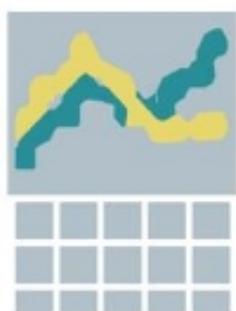




Let's Change Terminology: Forecast? Prediction?

A potential new client recently asked me how often preapproval product forecasts hit the mark and match actual sales. The answer is, “rarely,” and that applies to the entire forecasting discipline in our industry. I shared with him a recent McKinsey study mentioned in our last e-newsletter. McKinsey studied forecasts among 260 drug launches from 2002 through 2011 and found that the forecaster usually got it wrong: more than 60% of the forecasts were over or under by more than 40% of actual peak revenues.¹



Let's not use the term “forecast” anymore, since it is not what we do in this industry. It's nearly impossible to forecast with certainty 5-year sales for a new biologic or pharmaceutical product launching today, considering the external factors that are in control of our healthcare environment and our business.

The term “guess” is much too soft—and who would spend time and money to build models that guess at the opportunity for a new product?



Let's use "prediction"; that has just the right balance of guesswork and sophisticated forecasting models based on quantitative and statistically sound research with healthcare professionals, pipeline information, payer insights, and patient input. Starting today, I suggest the industry replace the term "forecast" with the term "prediction."

Are you in? Will you replace the word "forecast" as well?



Debbi Hick
Managing Partner

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1. Cha M, Rifai B, Sarraf P. Pharmaceutical forecasting: throwing darts? *Nature (Reviews)*. Vol 12, October 2013. 737-738.



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