Build a Driver-Based Quarterly Forecast

FP&A | Intermediate | 75-90 minutes (estimate) | FPA-01 and forecasting basics

Worked numerical schedule

Measure	Value	Unit
October base units	1,100.00	units
November base units	1,155.00	units
December base units	1,212.75	units
October revenue	110,000.00	USD
November revenue	115,500.00	USD
December revenue	121,275.00	USD
October operating profit	13,800.00	USD
November operating profit	15,890.00	USD
December operating profit	18,084.50	USD
Base quarter profit	47,774.50	USD
Downside October profit	5,660.00	USD
Downside November profit	7,343.00	USD
Downside December profit	9,110.15	USD
Downside quarter profit	22,113.15	USD
Downside less base profit	-25,661.35	USD
Base profit reconciliation	0.00	USD

Interpretation and recommended actions

Base units are 1,100 / 1,155 / 1,212.75. Base monthly profits are $13,800 / $15,890 / $18,084.50, totaling $47,774.50. Downside profits are $5,660 / $7,343 / $9,110.15, totaling $22,113.15; the shortfall is $25,661.35. Validate demand with Sales, realized pricing with commercial finance and unit cost with Operations. Examples of triggers: confirmed order volume below the base path and signed supplier rates above $62. Do not present scenario volume as committed orders.

Scoring rubric - 100 points

Dimension	Points	Awarding guidance
Calculation	40	Monthly base drivers and P&L 20; downside 15; quarter bridge 5.
Interpretation	25	Correct application of the case rules 10; explain the business decision 10; identify evidence or limitations 5.
Controls / audit trail	20	Traceable formulas 8; independent reconciliation 8; explicit units and signs 4.
Communication	15	Decision and numerical headline 5; actions with owners and evidence 5; concise response covering all required deliverables 5.

Award method credit after an isolated arithmetic error rather than repeatedly deducting for it. Equivalent account labels and well-supported alternative recommendations are acceptable. Numerical tolerance is 0.01 in the stated units; no universal passing score is prescribed.

Common mistakes

Applying 5% growth to September every month; changing profit directly; describing the downside as a quantified probability.

Staged hints

Carry October units into November. Keep monthly fixed cost unchanged in both cases. Reconcile quarter profit independently from quarter revenue and cost.

Instructor notes

Prerequisites: FPA-01 and forecasting basics. Suggested use of the estimated 75-90 minutes: spend roughly 15% on the lesson and smaller example, 55% on the independent task, 20% on comparing approaches and 10% on the decision discussion. Timing is untested. Ask learners to explain why the numerical check is necessary but not sufficient.

For a simpler class, provide the model structure and work through one driver. For an extension, change one operational assumption and require a new reconciliation and recommendation. Verify the new key before distributing any variant. Open files in the intended spreadsheet application before class. Solutions are learning resources, not secure hiring examinations. Expert review remains pending.