

Revised: January 11, 2010

Case 2: Yogi Berra, CEO

Yogi Berra recently accepted a position as CEO of Willards, Inc, a privately-held chain of department stores with more than 100 locations, mostly in the South. Willards owns a number of undeveloped retail sites and Yogi is considering expansion. However, he is concerned about the economic outlook.

Yogi engages you as a forecasting consultant and gives instructions for your first project:

“I visit our big stores on a regular basis because you can observe a lot just by watching. Look at our Post Oak store—that store used to be so crowded that nobody went there anymore. Now, nobody goes there because the store is empty. I need to know if we can expect significant sales growth because I can’t sit on these undeveloped sites much longer.

Here is what I want you to do: Look at retail sales, both for the economy and for department stores, and tell me if things are turning around. Also, look at consumer sentiment. I heard about the University of Michigan consumer sentiment index on the news the other night. Take a look at that and tell me if consumers are going to increase spending this year. I don’t want an exact forecast – I just want to know if things are going to get better or worse.

By the way, I also heard about the Conference Board consumer confidence index. What is the difference between sentiment and confidence? Is one more accurate than the other?

Remember this: You have to be very careful if you don’t know where you are going, because you might not get there.”

Perform a pressures analysis using the most current data for total retail sales, department store sales, and consumer sentiment. Note that there are several different totals for retail sales depending on the components – choose the most appropriate. Write a report for Yogi interpreting the pressures. Yogi has never seen pressures before, so your report should explain the concept. Your report should also explain the University of Michigan consumer sentiment index and how it differs from the Conference Board consumer confidence data. Finally, give Yogi an opinion about the value of consumer sentiment and confidence data in forecasting.