How do I create a sales forecast in Excel?

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Creating a sales forecast in Excel involves using the software's built-in formulas and tools to analyze historical data and predict future sales trends. This process helps businesses make informed decisions and plan for future growth. To create a sales forecast in Excel, one must gather and organize relevant data, apply appropriate forecasting methods, and generate visual representations of the forecasted data. By following these steps, users can accurately predict their future sales and make strategic decisions to achieve their business goals.

Create a Sales Forecast in Excel (Step-by-Step)

The following step-by-step example shows how to create a sales forecast in Excel.

Step 1: Create the Data

First, let's create a dataset that shows the total sales made by some company during 18 consecutive months:

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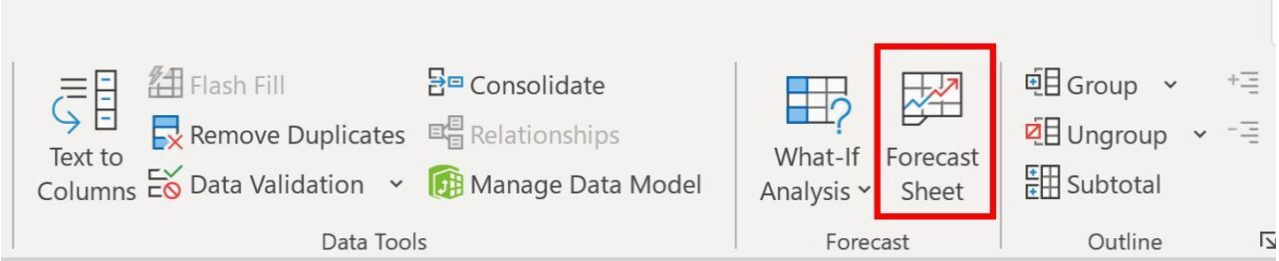
	A	B	C	D	E	F
1	**Date**	**Sales**				
2	1/1/2020	45				
3	2/1/2020	56				
4	3/1/2020	61				
5	4/1/2020	78				
6	5/1/2020	85				
7	6/1/2020	90				
8	7/1/2020	91				
9	8/1/2020	98				
10	9/1/2020	104				
11	10/1/2020	118				
12	11/1/2020	120				
13	12/1/2020	140				
14	1/1/2021	130				
15	2/1/2021	130				
16	3/1/2021	137				
17	4/1/2021	148				
18	5/1/2021	159				
19	6/1/2021	166				
20						
21						

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Note: In order to use the forecast functionality in the next step, make sure that each of your dates are at evenly spaced intervals. For example, the dates in the dataset above are each one month apart.

Step 2: Create a Forecast

Next, highlight the cells in the range A1:B19 and then click the Data tab along the top ribbon and click Forecast Sheet within the Forecast group:



In the new window that appears, click the Options dropdown arrow near the bottom to specify the Forecast Start and Forecast End dates, then click Create to automatically create a forecast:

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A forecast will automatically be generated for the future dates that you specified, along with 95% confidence interval limits:

	A	B	C	D	E
1	Date	Sales	Forecast(Sales)	Lower Confidence Bound(Sales)	Upper Confidence Bound(Sales)
2	1/1/2020	45			
3	2/1/2020	56			
4	3/1/2020	61			
5	4/1/2020	78			
6	5/1/2020	85			
7	6/1/2020	90			
8	7/1/2020	91			
9	8/1/2020	98			
10	9/1/2020	104			
11	10/1/2020	118			
12	11/1/2020	120			
13	12/1/2020	140			
14	1/1/2021	130			
15	2/1/2021	130			
16	3/1/2021	137			
17	4/1/2021	148			
18	5/1/2021	159			
19	6/1/2021	166	166	166.00	166.00
20	7/1/2021		172.5182434	159.90	185.14
21	8/1/2021		179.1243256	162.14	196.11
22	9/1/2021		185.7304079	165.28	206.18
23	10/1/2021		192.3364902	168.92	215.75
24	11/1/2021		198.9425725	172.90	224.99
25	12/1/2021		205.5486548	177.11	233.99
26					
27					

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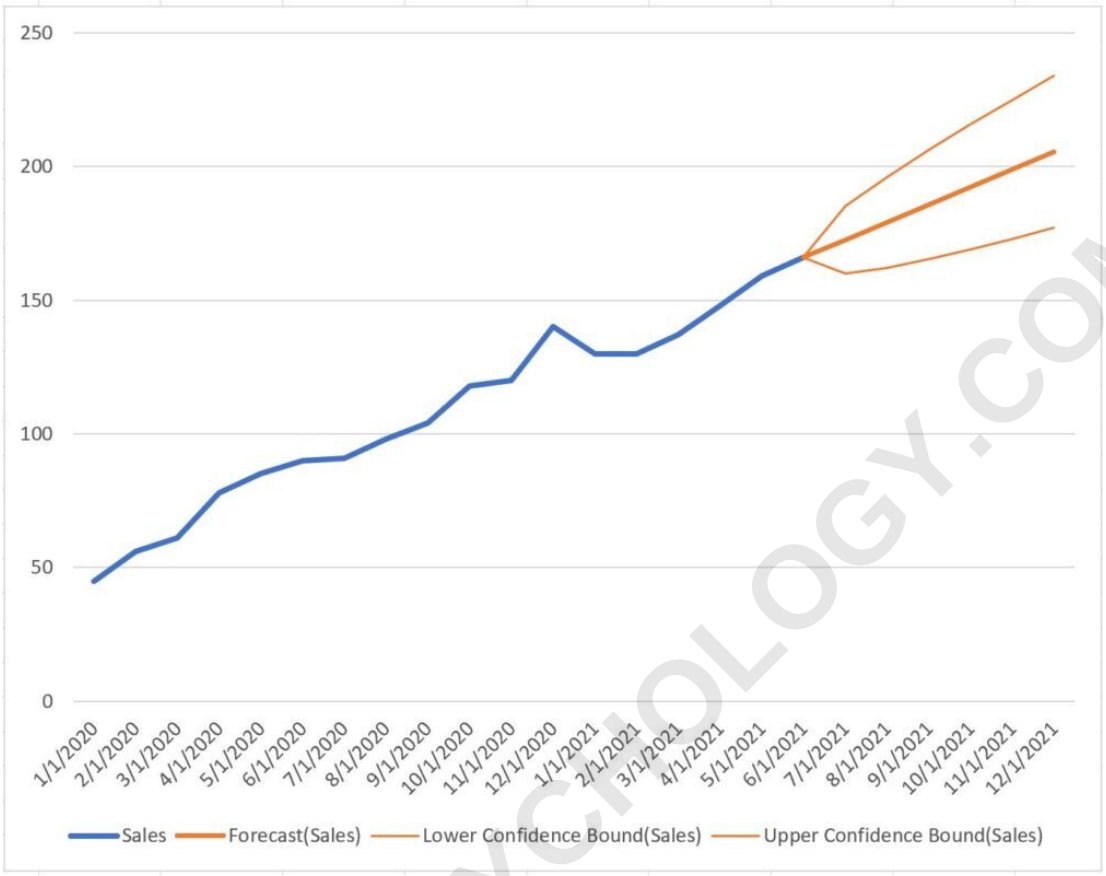
Here's how to interpret the output:

The forecasted sales for 7/1/2021 are 172.518 and the 95% confidence interval for this forecast is .The forecasted sales for 8/1/2021 are 179.12 and the 95% confidence interval for this forecast is .

And so on.

A line chart with the forecasted values is also produced

automatically:

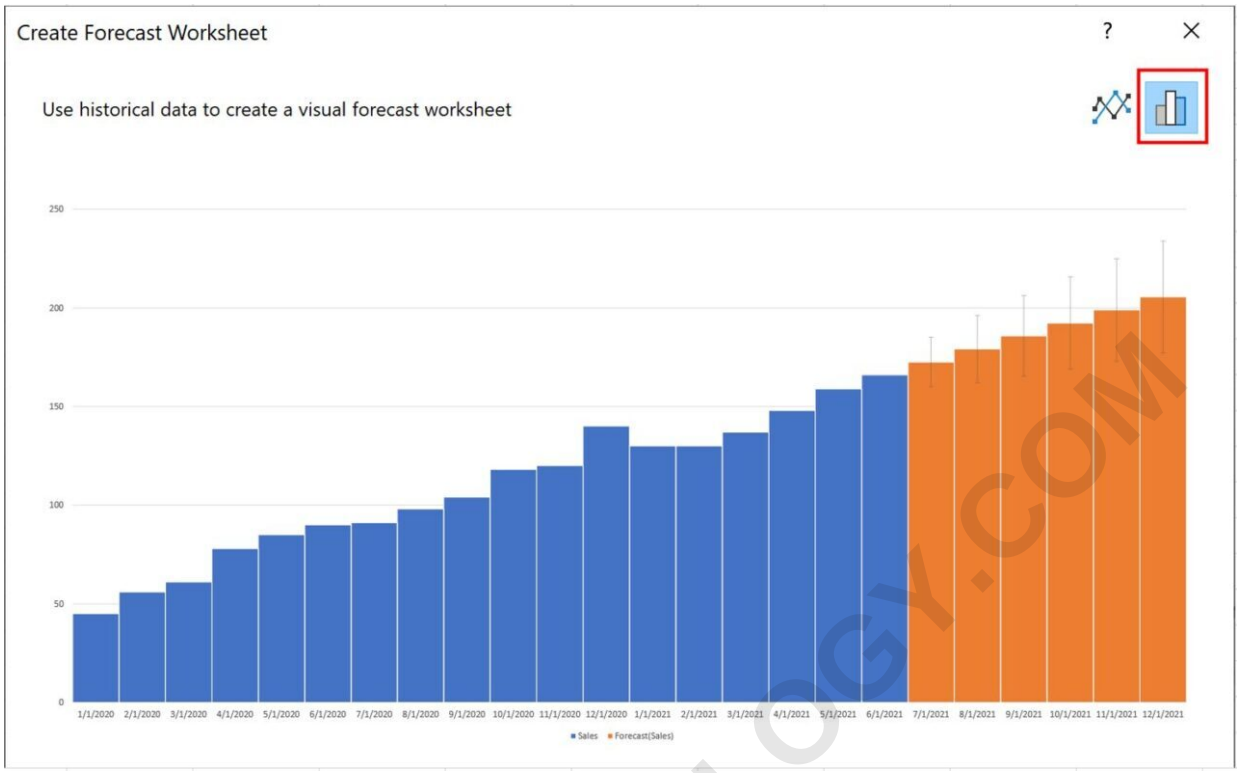


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The dark blue line represents the historical sales values.The dark orange line represents the forecasted sales values.The light orange lines represent the 95% confidence limits for the forecasted sales values.

Step 3: Modify the Forecast (Optional)

When creating the forecast, you can choose to display the results in a bar graph instead of a line graph by clicking the bars icon in the top right corner:



The blue bars represent the historical sales values and the orange bars represent the forecasted sales values.

Note that the confidence interval for each sales forecast will be represented with vertical error bars along the top of each of the orange bars.

Additional Resources

The following tutorials explain how to perform other common operations in Excel:

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