

Index

A

- Alternative hypothesis, 47, 48
- Analysis of variance
 - critical F, 319
 - factors, 312
 - hypotheses, 313
 - options in Excel, 321
 - vs. regression with indicators, 320
 - treatments, 313
- Approximate 95% confidence intervals, 56–57
- Association between categorical variables, Excel, 244–245
- Attribute importances, 311

B

- “Bottom line” title, 9

C

- Categorical, 11
- Central tendency, 14
- CHIDIST(chisquare,df), 248
- Chi square distributions, 234
- Chi square (χ^2) statistic, 233
 - Excel, 246
- Chi square test of association, 233
- Clustered column chart, 75–80
- Column chart, 84–85
- Conditional probabilities, 231–233
 - Excel, 244
- Confidence intervals, 47–99
 - for a population mean, 54–56, 74–75
 - for a population proportion, 63–65
 - for difference between segment means, 62–63, 81–84
 - for the difference between alternate scenarios or pairs, 88
- Confidence level, 55
- Conjoint analysis, 308
 - attribute importances, 311
 - Excel, 326–327
 - orthogonal array, 309
 - part worth utilities, 309, 310
 - Excel, 323–325
- Conservative confidence intervals, 65–67
- Contingency analysis, 231–259
 - hypotheses, 232
 - sparse cells, 235–237
 - with summary data, 248–251
- Correlation, 154
 - Excel, 171
 - regression, 157, 158
- Critical p value, 53
- Critical Student t , 55

Crosstabulation, 231

- Excel, 244–245
- Crystal Ball, 113–114
- Cumulative distribution plot, 6

D

- Decide Whether Insignificant Drivers Matter, 274–275
- Describing your data, 5–46
- Descriptive statistics, 17–24
- Difference between alternate scenarios or pairs, 67–71
- Difference between segment means, 80–81
- Difference between two segments, 58–62
- Difference in levels between alternate scenarios or pairs, 87
- Dispersion, 14
- Durbin Watson (DW) statistic, 149

E

- Empirical Rule, 12–13, 49
- Excel shortcuts, 34–35

F

- Forecasting, 341–396
 - Durbin Watson (DW) statistic, 149
 - Excel, 360–362
 - illustrate fit and forecast, Excel, 376–377
 - inertia, 344–345
 - leading indicators, 344–345
 - lengths of lags, 346–349
 - recalibration, 354
 - trend, 346
 - validation, 138, 341, 345

H

- Histograms, 5–9, 17–24
- Hypothesis tests, 47–99

I

- Illustrate fit and forecast, Excel, 376–377
- Inference, 47
- Interquartile range, 6, 9

J

- Joint probability, 231–233

M

- Margin of error, 57–58
- Margin of Error is Not Constant with a Nonlinear Model, 406
- Mean, 10
- Median, 10
- Memos, 196

- Mode, 11, 14
 - Model building process, cross sectional vs. time series, 139, 342, 343
 - Monte Carlo, 433–437
 - Multiple regression
 - conjoint analysis, 308
 - attribute importances, 311
 - part worth utilities, 309, 310
 - F test, 265
 - goals, 261
 - identify drivers, 261
 - illustrate fit and forecast, Excel, 376–377
 - indicator, 305
 - joint impact of multiple drivers, 261
 - marginal impact of drivers, 292
 - marginal influence of drivers, 263
 - marginal slope
 - hypotheses, 268
 - t* statistic, 268
 - model building process, cross sectional vs. time series, 139, 342
 - model hypotheses, 265
 - multicollinearity, 265
 - remedies, 269
 - symptoms, 267–269
 - nonlinear, 397
 - Excel, 415–429
 - gains vs. linear, 413
 - rescaling variables, 398
 - sensitivity analysis, 406–412, 453–455
 - sensitivity analysis, synergies, 429–433
 - skew, 399
 - nonlinear rescaling variables back, 405
 - one tail test, 267
 - predict performance under alternative scenarios, 261
 - rescaling variables back, 405
 - rescaling variables, synergies, 401
 - sensitivity analysis, 276–280
 - Excel, 286–293
 - nonlinear, 406–412, 453–455
 - vs. simple regression, 261
 - time series
 - vs. cross sectional models, 341
 - Durbin Watson (DW) statistic, 149
 - inertia, 344–345
 - leading indicators, 344–345
 - lengths of lags, 346–349
 - recalibration, 354
 - trend, 346
 - validation, 345
 - variable selection
 - lengths of lags, 346–349
 - logic, 261–264
 - Multiple regression model, 261–304, 360–362
 - Excel, 281–286
- N
- Naïve models, 402
 - Nominal, 11
 - Nonlinear Models Inform Monte Carlo Simulation, 412
 - Normally distributed, 11
 - Null hypothesis, 47
- O
- One sample *t* test, 73–74
 - Ordinal, 11
 - Orthogonal array, 309
 - Outliers, 13
- P
- Paired *t* test, 87
 - Pareto chart, 14
 - Pie chart, 66, 85–87
 - Plot a cumulative distribution, 26–29
 - Population proportion, confidence interval, 63–65
 - Population standard deviation estimate, 51
 - Portfolio analysis
 - beta, 209
 - correlation, 212
 - Excel, 221
 - regression estimate, 212
 - Efficient Frontier, 216
 - Efficient Frontier, Excel, 222–225
 - expected rate of return, 209, 215
 - rate of return, Excel, 220
 - risk, 215
 - PowerPoint presentations, 189
 - PowerPoints
 - colors, 196
 - Design, 195
 - font, 195
 - notes, 194–195
 - slide sorter, 193
- p* value, 52
- R
- Range, 6, 10
 - Recalibration, 354
 - Regression
 - correlation, 157, 158
 - Excel, 159–160
 - forecasting, 137
 - F test, 146–149
 - F test of model, 147
 - intercept estimate, 138
 - Mean Square Error, 145
 - Model Sum of Squares, 146
 - quantifying the influence of a driver, 137
 - residuals, 144
 - Rsquare, 146–149
 - simple linear, equation, 138

- slope
 - 95% confidence interval, 143
 - estimate, 138
 - hypotheses, 140, 141, 147
 - one-tail test, 141
 - standard error, 144–145
 - Sum of Squared Errors, 145
- Regression, equation, standard format, 153
- Regression Sum of Squares, 146
- Round descriptive statistics, 9
- S
- Sample means, 47–51
- Sample size, 57–58
- Scale, 10–11
- Simpson's Paradox, 237–242
- Skewness, 14
- Standard deviation, 10
 - of difference, 88
 - of the sample proportions, 64
- Standard error
 - of difference between segment means, 61
 - of sample means, 49
 - of sample proportion, 64
 - Standard error estimate, 51
- Standardized sample means, 51
- Student *t*, 51
- Summary statistics, 5–9
- T
- t*, 73
- Trend, 346
- t* test
 - of difference between alternate scenarios or pairs, 67–71
 - of difference between segment means, 62
 - of matched pairs, 67
 - of a population, 73–74
 - of repeated samples, 67
- T.TEST(array1,array2,tails,type), 81, 87
- V
- Validated, 138, 341
- Variance, 10