0. Business Statistics (Italian origin, relevant to State) provides justifiable answers to the following concerns for every consumer and producer (and service provider):

- What is your or your customer's, Expectation of the product/service you sell or that your customer buys? That is, what is a good estimate for $\mu$?

- Given the information about your or your customer's, expectation, what is the Quality of the product/service you sell or that your customers buy from your products or services? That is, what is a good estimate for quality (e.g., $\sigma$, or $C.V. = 100\sigma/\mu\%$)?

- Given the information about your or your customer's expectation, and the quality of the product/service you sell or you customer buy, how do the product/service compare with other existing similar types? That is, comparing several $\mu$'s, and several $\sigma$'s.

- Finding any (linear) relationship for prediction purposes. For example, sales ($S$) as function of advertising rate ($A$) for a specific budget, for a duration of campaign ($T$). $S = mA + b$.

1. Statistical techniques are methods that convert data (information) into useful knowledge to make decision under uncertainty. Descriptive techniques describe and summarize data to extract useful information. Inferential techniques allow us to make estimates and draw conclusions about population from samples. We need a large number of statistical techniques because there are numerous statistical objectives.

2. There different classifications of data: quantitative (real numbers) vs qualitative (i.e., categories), continuous (measurable) vs discrete (countable), NOIR (nominal, ordinal, interval, and ratio). Each type of data and statistical objective requires specific techniques.

3. We gather data by various sampling plans. However, the validity of any statistical outcome dependents on the validity of the sampling, such as randomness.

4. The sampling distribution is the source of statistical inference. However, the interval estimator and the test statistic are derived by extending sampling information to population with certain level of uncertainty expressed by probability (to probe for something that is difficult to know). Examples of probabilities are significant levels, and confidence levels. There is a duality between confidence interval and test of hypothesis.

5. All inferences are actually probability statements based on extending our knowledge from the sample to the population. Because the probability of an event is defined as the proportion of times the event occurs in the long run, we must interpret confidence interval estimates in these terms.

6. All tests of hypotheses are conducted similarly. We need to set up the null hypothesis ($=$), alternative hypothesis, and a desirable confidence level that determines the sample size $n$. We then compute the value of the test statistic. If the difference between what we have observed (i.e. calculated) and what we expect to observe (the critical values for a related statistical table) is too large, we reject the null hypothesis. The standard that decides what is "too large" is determined by the probability of a Type I error and the sample size (of at least 2, d.f. $n-1$).

7. In any test of hypothesis (and in most decisions) there are two possible errors, Type I and Type II errors. The relationship between these errors helps us decide where to set the standard. If we set the standard so high that the probability of a Type I error is very small, we increase the probability of a Type II error. A procedure designed to decrease the probability of a Type II error...
must have a relatively large probability of a Type I error. To reduce both errors one must have more information, i.e., larger sample size(s).

8. When you take a sample from a population and compute the sample mean clearly different samples (almost always) result in different means, thus it is random variable having a density function. The distribution of all possible sample means values, for sample of a particular fixed size, is called the sampling distribution (of means).

9. The variability of the distribution of sample means depends on how large your sample is and on how much variability there is in the population from which the samples are taken. As the size of the sample increases, the variability of the sample means decreases (for variance, by factor of 1/n).

10. A normal distribution is bell-shaped. It is a symmetric distribution in which the mean, median, and mode all coincide. Many natural random variables, such as height and weight, have distributions that are approximately normal. The mean of standard normal is 0, and the standard deviation is 1. Using Z score all normal distributions will be reduced to the standard normal.

11. The Central Limit Theorem states that for samples of a sufficiently large (fixed) size, the distribution of sample means is approximately normal. That's why the normal distribution is so important in data analysis for population mean μ: Testing and confidence interval


12. A confidence interval provides a range of values that, with a designated likelihood (i.e. probability, chance, odds), contains e.g. the population mean μ, or standard deviation σ.

13. The variability in a population can be estimated by sample standard deviation. It is an indication of "good" quality if the values of random are close to, what one expects, i.e. the expected value. The variability is related to quality because one of the key characteristics of quality is consistency, i.e., having low variation; that is needed for good managerial planning.

14. All statistical studies required that the population be homogeneous and the sample be random. The first requirement is checked by relative (frequency) histogram must have one single mode; the randomness is checked by Runs-test.

15. The statistical tables are used to find critical values are the standard normal, Student-t, $\chi^2$ and the F table (The last three required the Normality of the populations).


17. Statistical skills enable us to intelligently collect, analyze and interpret data relevant to their decision-making. Statistical concepts and statistical thinking enable them to: Solve problems in a diversity of contexts, Add substance to decisions, Reduce guesswork.