

Quick Reference Card (QRC)

Potential Questions to Investigate When Researching a Company

Potential Questions to Investigate

As we note in our ICE™ framework for questioning¹, when interviewing information sources about a company, attempt to focus only on the critical factors and make the questions as specific as possible. Given the idiosyncrasies that make each sector and stock unique, we cannot provide the universal list of questions that need answering when researching a company, but we can provide broad list that should be explored. As noted in the columns below, some of this information can be obtained before, or without the help of a live interviewee.

Topic	Questions to be investigated	Company documents, data and web site	Market data & news	Industry trade journal or web site	Economic data	Company Investor Relations Contact	Sell-side report or model (for buy-side analysts)	Customer or supplier to the company	Information from forecasting service	Consultant, expert or company retiree	Sell-side analyst (for the buy-side)	Appropriate to ask executives at meeting
Strategy (CEO-level)	How does the company create value for its customers and shareholders?	•				•		•		•	•	
	What is the company's competitive advantage?	•				•		•		•	•	•
	What are the risks to the company maintaining its competitive advantage/returns?					•		•		•	•	•
	How does the company's strategy differ from its competitors?		•			•		•		•	•	•
	Which lines of business are the most and least valuable?	•				•				•	•	
	Which lines of business are seasonal, cyclical, defensive or growth?	•			•	•			•	•	•	
	Which lines of the business are going through transition?	•	•			•	•	•		•	•	•
	Where are the best areas of investment outside of the company's core business?	•				•				•	•	•
	Is management a good capital allocator (does the company earn its COC over a cycle)?	•									•	
	What are the biggest mistakes being made by the competition?			•		•		•		•	•	•
	Are there any material regulatory or legal risks that could impact margins or growth rates?											
Financial	Why have key financial metrics changed materially over the recent past (e.g. 2-3 years)*?	•				•	•				•	
	What are the key assumptions for the company to achieve consensus expectations?	•				•	•				•	•
	Has the company made, or intend to make, any changes to its accounting policies?	•				•	•				•	•

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	How will the company finance future capital needs?	•				•	•				•	•
Revenue	Does the company or its competitors have pricing power?	•				•		•		•	•	
	How does the company set pricing?					•		•		•	•	•
	Have there been any major wins or losses recently?			•		•		•		•	•	•
	Which factors are most likely to cause a material change in demand?					•	•	•	•	•	•	•
	Where will growth come from (economic, market share gains or new markets)?			•		•	•	•	•	•	•	•
	How is the company positioned in the highest and lowest margin market segments?			•		•	•	•		•	•	•
Costs	Are there likely to be any changes to the company's cost structure beyond typical inflation?					•	•	•		•	•	•
	Are there any major productivity initiatives? For publicly-stated targets, are they net of inflation?	•				•					•	•
	Where is the company making its major investments?	•				•	•		•	•	•	•
	How is management compensated and is it likely to change?	•				•					•	•
Mgmt	How does the quality of this management team compare to its competition?							•		•	•	
Valuation	How does the company's valuation differ from the past as well as currently from its peers?		•				•					
	Is there anything misunderstood by the market that is distorting the company's valuation?					•	•				•	•
	Are there any catalysts likely to impact valuation over a typical investment time horizon?					•	•				•	•

* Such as growth rates of EPS, FCF and revenue, as well as material changes in margins, ROIC and ROE

ⁱ See AnalystSolutions' DRC, Questioning Techniques for Obtaining Insights Using the ICE™ Framework