

Chapter 10

Get the Most from Interviewing for Insights

Ask questions that will help to understand how management thinks rather than just get the answer. Rather than asking the margin for a new contract, ask how pricing is set to ensure there is enough margin—is it cost plus or market based pricing?

—*Buy-side analyst with over 10 years of experience*

Introduction

The most valuable, unique insights gained during my career came from interviewing industry contacts and company management. This isn't just my view; in broker votes, the buy-side often places as much value on the management access provided by the sell-side as the sell-side research itself. Mike Manelli, an analyst with sell-side and buy-side experience, remarked on this topic, “A lot of research is just making the calls to check the facts.”

Given its importance to the research process, great efforts should be taken to ensure that you get the most from your interviews. In discussing this best practice, it's important to appreciate that good interviewing skills are impossible to acquire without good *listening* and *influencing* skills, which were discussed in Chapter 4.

To ensure that they get the most from interviewing for insights, analysts should have a strategy for each of the following elements in the process:

- Thoughtful preparation
- Lead an interview to obtain insight
- Read body language to detect deception
- Triangulate to derive unique insights
- Document the meeting for future reference

Thoughtful Preparation

Routinely, I would witness sell-side competitors showing up ill-prepared for meetings with management, as evidenced by the lack of thoughtful questions. If you're going to the trouble of setting up an interview, possibly requiring a plane flight, dedicate some time to prepare. Obviously, your experience level with the company or information topic will dictate the amount of preparation required, but in general expect to spend at least 30 minutes of preparation for every hour of formal interview time. (If it's your first time meeting company management and you're doing most of the questioning, expect to spend two to three times this ratio.) The more you know going into the interview, the higher the level of discussion, which results in higher-level answers. Never use an interview with a C-level executive to get basic questions answered, such as, "What lines of business are you in?" "Where do you operate?" or "What are your margins?" unless it's a very obscure company or he or she asked for the meeting (see Exhibit 8.2 for a list of questions to explore before and during a meeting with management). Such questions damage your credibility and waste everyone's time.

Try to cultivate a relationship with your interviewee well before the interview because it will make the interviewing process easier. (Refer to Exhibit 9.3 to see how to keep the right distance with company management.) In cultivating the relationship, don't compromise your

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