Transformation Action Plan (TAP)

Section 2: Research Methods' Ability to Provide Unique Insights

- The purpose of this portion of the TAP is to evaluate the most traditional research methods based on their ability to provide the unique insights required for great stock calls

STEP 1 of 3:
- In the table that follows, the first column consists of typical methods equity research analysts use to collect and analyze information
- Using the scale below, rank each method under the first empty column heading "*Method tends to lead to information that is*":
    - 1 = Not differentiated because it's *widely accessed* by other analysts
    - 2 = Possibly differentiated because it's *not widely accessed* by other analysts
    - 3 = Highly differentiated because it's *not typically accessed* by other analysts
- After completing this step, continue with the instructions that follow the table to complete STEP 2 and 3

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"How Unique Are Your Information Sources?" Table
- ■ Note, for STEP 1, ignore the 3 right-most columns with headings "Frequency", "Score" and "Goal to Change"

Research Method for Collecting Information	STEP 1: Method tends to lead to information that is…* 1=Not diff. 3=Highly diff.	STEP 2: Frequency 0=Never 3=Very frequent	STEP 3: Score	STEP 3: Goal to Change
1. Review company documents, website, and conference call				
2. Monitor financial press				
3. For buy-side only: read sell-side reports				
4. Speak with company investor relations contact				
5. For buy-side only: proactively interview sell-side analyst, beyond listening to their pitch				
6. Review industry trade journal, website, or blog				
7. Interview company management (other than investor relations)				
8. Analyze publicly-available economic data in a manner that differs from how it is delivered to the market				
9. Proactively interview buy-side analyst, portfolio manager, sell-side salesperson or trader to understand investor psychology of a stock				
10. Interview management of publicly-traded competitor of the stock being researched				
11. Interview management of publicly-traded customer of, or supplier to, the stock being researched				
12. Interview consultant, expert, or company retiree who is part of an expert network				
13. Analyze information from private forecasting service in a manner other than for which it was intended				
14. Interview journalist, blogger or noted book author for unpublished insights				
15. Interview government official, staffer, lobbyist or association executive				
16. Interview management of privately-held competitor of the stock being researched				
17. Interview management of privately-held customer of, or supplier to, the stock being researched				
18. Interview consultant, expert, or company retiree who is not in an expert network				
19. Conduct survey, formal or informal				

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STEP 2 of 3:
- In the table above, in the column titled "Frequency", rate the frequency in which you use this method, using this scale:
  - 0 = Never
  - 1 = Rarely (1x to 2x per quarter)
  - 2 = Moderately (> 2x per quarter, < 1x per week)
  - 3 = Very frequently (at least 1x per week)
- **Complete this step before proceeding to STEP 3**

STEP 3 of 3:
- In the column titled "Score" multiply the number from the two columns to its left
- Review your scores
  - Ideally, the highest scores will be near the bottom of the table because those are the more proprietary sources
  - If your highest scores are near the top suggests you are primarily relying on sources that provide information widely available to other analysts and therefore it's not unique
- In the right-most column titled "Goal to Change":
  - Put the word "Increase" or "+" sign if you would like to use this method more;
  - Put the word "Decrease" or "-" sign if you would like to rely on this method less
  - Note: you can't add something to your day unless you take something away and so for every item you intend to increase, there should be at least one corresponding item you intend to decrease