

# Six Steps to Presenting a Winning SSG

## By Kevin Gillogly, HDIC

Once you have finished with your SSG, the question is how should I present it? You undoubtedly have multiple sources of news. Included among them may be company news releases, a Value Line Report, a S&P “tearsheet” (a 2 page report on the company), and other information from the internet. So how do you squeeze all your work into a 15 or 20-minute time slot in the meeting? A: By summarizing.

No one really wants to hear EVERYTHING you know about the company. The key is to focus on the key points without getting lost in the details you now know about. The best example of a summary is the monthly Stock To Study (STS) feature in the Better Investing (BI) magazine. The STS has: a SSG (without judgment – but your SSG should have judgment), a VL company Report and a VL Industry Report, a three page written summary and a list of interesting articles.

Yours does not have to be THAT DETAILED but it does serve as a good guideline. Summarize your information into a readable format.

Here are six steps to take when presenting a SSG to your club.

- 1) **Complete the SSG:** This is the foundation of BetterInvesting stock analysis. Completing a SSG is key. But the SSG is NOT a black box where out spits an answer. You need to tell your club members why you settled on your judgment and base it on the reading you have done.

Don't waste your time presenting a SSG on a stock you would not purchase yourself. If the stock is not a quality stock, then pitch it and select a better company to study. If the stock is a quality stock, then see if it meets your investment goals, i.e. fairly priced, reasonable risk, adequate appreciation, good return, etc.

- 2) **Summarize:** Peter Lynch gave the best example of how to summarize. It comes from his book, *One Up On Wall Street*:

“Before buying a stock, I like to be able to give a two-minute monologue that covers the reasons I'm interested in it, what has to happen for the company to succeed, and the pitfalls that stand its path. The two-minute monologue can be muttered under your breath or repeated out loud to colleagues who happen to be standing within earshot. Once you're able to tell the story of a stock to your family, your friends, or the dog... so that even a child could understand it, then you have a proper grasp of the situation.” (pgs. 174-175)

- 3) **Create a cheat sheet:** Turn the Lynch monologue into a short one-page document on your findings. Here are the key points:
  - a. **Business Summary:** How does this company make money? Keep it short and sweet;
  - b. **Industry Summary:** What is the industry outlook. Again short and sweet.

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- c. Key metrics: VL, S&P and Morningstar all have independent (and proprietary) measures of the financial health of the company. Use them as your cross check. To learn more about these metrics (measurements) review how these independent research organizations come to their conclusions.
- d. Strengths/Weaknesses: What are the strengths & weaknesses of the company?
- e. Opportunities/Threats: What are the opportunities & threats to the continued success of the company?
- f. Key Judgments: summarize what your future sales and EPS growth will be and why. Do the same for your high and low P/Es and your future high and low prices.
- g. Recommendation: it amazes me that presenters fail to come to a conclusion. You need to tell your partners why this is a good stock to purchase and why. (And I hope you don't spend all this time on a stock that is a dog. If it can't pass muster in the first two parts of the SSG, then you should have dropped it from consideration long before you are here.)

- 4) **Keep things interesting:** Connect the research with the interesting points about the company. If you are presenting on a stock no one knows much about then it is important to tell them what the company makes and show them how it relates to them on a daily basis.

Case in point, I was presenting a SSG on Sysco (Ticker: SYY). They are the largest food supplier in the world. SYY supplies food to XXX. One of their competitors is MacLane, who was purchased by Warren Buffett's Berkshire Hathway, is the largest supplier to 7-11 stores and Wal-Mart. Now anytime a club member goes out to eat they look to see who the food supplier is.

- 5) **Practice your presentation:** Have you ever had to make a presentation to your boss at work?? It is the same here. If you want to succeed you need to rehearse your speech. Follow the steps above: research the issue; summarize it; prepare a summary sheet; and rehearse the speech. Nothing fancy is needed here. Just stand in front of your mirror and try to summarize the key points.

If you have a good friend in the club, then call them up and talk to them before the meeting on your findings. It will go a long way to making your presentation a success.

- 6) **Make this a fun presentation:** If you are excited about the company then show it in your presentation. Call up investor relations and ask for some company nick nacks. Many times the company's Annual Report will have color pictures of their products. Thinking outside the box can turn a boring presentation into a winning one.

Finally, apply some KISS (keep it simple stupid). Keep in mind this is to be a short, brief, yet informative presentation on a company you think is worthy of a stock purchase.

I hope this helps.