Enhance Your Stock Study Using a First Cut   created by Bob Houle 10/7/2020 with Marcia Couey edits 6/1/2021

First Cut answers to these questions are….	Level 1	Level 2	Level 3
1. **Why is this a quality company? (comment on historical data, sales, earnings, etc.)**	General description of the company from Wikipedia or popular financial websites. Description of sales and earnings 10-year trends	Business description from 10K MD&A, highlighting the company's track record and growth strategy Comment on PTP%, ROE, and debt. Discuss 10- and 5-year trends and any anomalies	Explain if the company has. Durable Competitive advantage (DCA). Compares company to Peers, Industry, and general market (S&P 500).
2. **Describe how the company makes money.**	Lists products or services provided by the company	Discusses and compares different sources of revenue (geographies, divisions, product lines, etc.) and how the contribute to overall sales.	Discuss growth prospects, expansion plans, operational advantages, customer retention strategies, new products or services that will protect DCA.
3. **The projected annual growth rate for sales for the next 5-years.**	Uses "best guess" Analyst Consensus Estimates on SSG or average of Member Sentiment	Assess ValueLine, Morningstar, and Analyst Price Estimates to formulate a conservative sales growth projection.	Develops sales growth rate based on company growth strategy, trends in the industry, markets and general economy. Explain starting point for projections (Annual, Quarterly, Trend)
4. **The projected annual growth rate for earnings for the next5-years.**	Uses "best guess" Analyst Consensus Estimates on SSG or average of Member Sentiment	Uses Preferred Procedure calculation with defaults.	Listens to earnings call or reads transcripts and uses Preferred Procedure but applies judgements to one or more of the various defaults, based on research and historical data.
5. **Projected – High PE, Low PE, and Low Price**	Uses the Projected High PE/Low PE from the SSG without any adjustments. Projected low price recent market low without any other explanation	Considers outliers in data (lowering PE) and including earnings adjustment for future accretive addition (new products or acquisitions) Consider low price with other downside information in selecting.	Everything in "Level 2" AND discusses which EPS (TTM, Last Year, etc.) will be projected adding in other judgements on earnings. Uses – or considers using – variable earning rates within the 5 years of projections.