Point 0: Does the company have at least two or three years of commercial operation and one year of operating profit?

Point 1: Is there evidence of a lack of strong management sense of trusteeship for stockholders?

Are executive salaries significantly above industry norms without clear justification?

Are relatives of executives employed by the company, and if so, are they overcompensated relative to their roles?

Does management or their family own properties leased or sold to the company? Are these transactions conducted at or above market rates? Are such arrangements disclosed transparently in filings?

Do vendors or service providers have ownership or financial ties to insiders or their relatives?

Has management issued themselves stock options in excessive quantities?

Do equity grants appear misaligned with company performance or shareholder interests?

Are option grants structured to benefit insiders disproportionately?

Does management demonstrate a fiduciary attitude toward shareholders?

Are there signals (e.g., long-term stewardship, restrained compensation, transparency) of ethical governance?

Do insider trading activities (Forms 3, 4, 5) suggest opportunistic behavior?

Has leadership faced shareholder disputes?

What do competitors, suppliers, former employees, or industry peers say about the integrity of management in regards to shareholders?

Are there consistent reputational indicators of trustworthiness or lack thereof?

Prompt 2: Does the company have products or services with sufficient market potential to make possible a sizable increase in sales for at least several years?

Is the projected sales growth a short-term phenomenon, or can it be sustained for more than just a few years? You must distinguish desirable long-term growth from a one-time profit or a sales increase that lasts only for a few years.

Is the company's growth reliant on a single product spurt, or does its management have a history of developing new product lines to create continuous growth? The best results are found in companies where growth happens in a series of more or less continuous spurts, instead of a single, isolated spurt of growth.

Can the company be categorized as "fortunate and able"? This identifies if a company has the high degree of skill needed to capitalize on favorable background conditions and new markets that arise from influences completely beyond its own control.

Can the company be described as "fortunate because they are able"? This identifies if a company uses its brilliant business and financial judgment teamed up with superb technical skill to successfully launch new products and create its own growth, even when its original industry has less appealing prospects.

Does the company possess a high order of management ability? A high order of management ability is a must for long-term growth companies, and without it, the sales growth will not continue.

If the company is in an industry subject to technological change, is the management team adept at using these changes to create future growth opportunities? Outstanding management in a technological industry can leverage its skills to build up sizable new businesses.

Is the company a key supplier to a growing industry? Sometimes the most successful producer and best investment is not the maker of the end-product, but a technically proficient supplier of a key component seeing "a major source of new business".

Prompt 3: Does the company have an above-average sales organization?

How does the company's sales, advertising, and distribution efficiency compare to that of its key competitors?

What is the opinion of the company's customers and competitors regarding the effectiveness of its sales force?

Does the company make a significant and continuous investment in training its sales personnel to keep them effective and abreast of changing technology?

Prompt 4: Does the company's management have a determination to continue to develop products or processes that will sustain sales growth long after the potential of its current product lines has been exploited?

What is the company's stated long-term strategy for developing new products or entering new markets? A company's official strategy reveals its forward-thinking and plans for growth beyond the immediate future.
Is there evidence of a continuous effort in research and development (R&D) aimed at improving existing products and creating new ones? Consistent investment and activity in R&D are tangible indicators of a commitment to developing future revenue streams.
Does the company's research and development appear to be focused on products related to its current business activities, or is it venturing into many unrelated fields? Focused innovation in related fields often yields better results than scattered efforts in unconnected industries.

Prompt 5: Does the company have outstanding executive relations?

Do executives have confidence in their president and/or board chairman?
Is there a general sense, from the lowest levels upward, that promotions are based on ability rather than factionalism or favoritism toward a ruling family?
Are salary adjustments reviewed regularly so that executives feel merited increases will be granted without having to be requested?
Are executive salaries at least in line with the industry and local standards?
Does executive management avoid bringing in outsiders for roles beyond entry-level positions unless there is no qualified internal candidate available?
Does top management acknowledge the inevitability of some factionalism and interpersonal friction, but refuse to tolerate individuals who disrupt team cooperation, thereby minimizing such issues?

Prompt 6: Does the company have outstanding labor and personnel relations?

Does the company experience frequent or prolonged strikes or other major work stoppages?
Is the workforce unionized? If it is, how cooperative and mutually respectful is the company’s relationship with the union? If it is not, is there evidence that constructive

personnel policies account for the absence of union activity?
How does the company's labor-turnover rate compare with local or industry peers? Is there evidence of an unusually large pool of applicants seeking employment at the company?
Are employee grievances resolved promptly through established procedures, preventing small issues from escalating?
Do wages and benefits meet or exceed area and industry standards, or is profitability dependent on below-standard compensation?
Does top management show a consistent sense of responsibility toward ordinary employees—for example, by avoiding mass layoffs prompted solely by short-term profit swings and by fostering dignity and inclusion in the workplace?

Prompt 7: Does the company have a short-range or long-range outlook in regard to profits?

Does the company consistently seek the lowest possible price from vendors, or are there documented instances in which it is willing to pay above-contract costs in order to keep a dependable supply chain and build goodwill for the future?
When regular customers face unexpected difficulties, does the company incur additional effort and expense to assist them, even if that lowers profit on the specific transaction, in order to deepen the relationship and enhance long-term returns?
Can you identify clear examples where management deliberately curtailed maximum immediate profit to secure greater overall profits over a period of years (e.g., pricing policies, warranty extensions, or service commitments)?

Prompt 8: Does the management talk freely to investors about its affairs when things are going well but "clam up" when troubles and disappointments occur?

Do earnings-call transcripts of the company show forthright acknowledgment of problems and underperformance when they happen, or are difficult topics avoided or minimized?
Are negative developments at the company disclosed through 8-K filings and press releases with sufficient context, or are such disclosures delayed, vague, or overly optimistic?
In MD&A or investor presentations, does the company address business risks, operational challenges, or strategy setbacks with meaningful detail?
Is the tone of investor communication consistent across good and bad quarters, or does the company shift toward evasive language when performance weakens?
During analyst calls or investor events, does management answer critical or difficult

questions directly, or tend to deflect or avoid them?
When prior goals or commitments of the company are missed, does management openly revisit them and explain the causes, or do they go unmentioned?

Prompt 9: Are there other aspects of the business, somewhat peculiar to the industry involved, which will give the investor important clues as to how outstanding the company may be in relation to its competition? In industries where leasing is material (e.g., retail), do the company's lease terms and related occupancy costs compare favorably with peers, indicating superior site selection and negotiation skill? Does the company maintain lower credit losses or demonstrate more disciplined credit policies than competitors, suggesting more effective risk control? Where insurance is a significant expense, are total insurance costs (relative to sales or assets) materially lower than industry averages, reflecting stronger control of accidents, damage, and waste? If the company is a large firm, does a strong but not over-relied-upon patent portfolio broaden profit margins? For smaller firms with unique products, is the patent protection sufficiently broad to deter larger rivals? Does continuous product or process improvement, rather than static patent protection alone, provide the primary competitive edge? Based on the company's business model, operating environment, or sector characteristics, are there any other distinctive aspects (e.g., logistics, supply chain strategy, regulatory positioning, customer switching costs) that may offer a significant competitive advantage or disadvantage? Provide all relevant information found ONLY; don't answer the question directly and do not add any context in your final output other than the information presented.

Prompt 10: In the foreseeable future will the growth of the company require sufficient equity financing so that the larger number of shares then outstanding will largely cancel the existing stockholders' benefit from this anticipated growth?

What level of external capital will be needed over the next several years based on management's disclosed capital-expenditure plans, acquisitions, and growth initiatives? Given current cash, projected operating cash flow, and prudent borrowing capacity (using industry-standard leverage norms), could these needs be met without issuing new equity?

Does management indicate—by statement or past practice—that it will exhaust reasonable debt capacity before turning to equity, and has it historically followed this approach?

Are there shelf registration statements, announced equity offerings, or other signals that material share issuance is planned within the foreseeable period? If so, what is the expected magnitude relative to the existing share count?

After accounting for all outstanding options, warrants, convertibles, and any reasonably expected new equity, what is the estimated fully diluted share count, and how would this affect prospective per-share earnings and the economic benefit to current shareholders?

Prompt 11: Does the company have a worthwhile operating profit margin?

To consistently calculate and compare operating profit margins without inconsistency, YOU MUST USE the following standardized approach. THE MOST IMPORTANT PART OF YOUR RESEARCH IS THAT

Begin by defining **Operating Profit Margin** as **GAAP Operating Income divided by GAAP Operating Revenues**, expressed as a percentage. These figures should come directly from a company's audited financial statements—specifically the Consolidated Statement of Income in its Form 10-K or 10-Q.

First, locate the **Operating Income** line item. It may appear as "Operating Income" or "Income from Operations." Do not use "adjusted" or "non-GAAP" versions such as "operating earnings," "core EBIT," or "segment EBIT," even if they are highlighted in earnings presentations or third-party sites. These adjusted metrics often exclude depreciation, hedge marks, impairments, or restructuring charges, and are not suitable for consistent peer comparison.

Next, identify the **Operating Revenues** (sometimes labeled "Net Sales") for the same fiscal period. Ensure that both operating income and revenue figures are taken from the same report and are stated in matching units (e.g., both in millions or thousands of dollars).

Then compute the margin by dividing operating income by operating revenues and multiplying by 100 to get a percentage. Use this GAAP-based formula without adjustments. Even if the company experienced unusual events like asset sales, fuel hedging losses, or storm recovery costs, these should remain in the calculation. They may be discussed qualitatively as sources of volatility, but they must not be excluded

from the margin formula.
To compare margins across years or companies, repeat the exact same method using only fiscal-year GAAP data. Do not substitute trailing-twelve-month numbers or selectively adjusted periods.
By applying this consistent definition—GAAP operating income divided by GAAP operating revenues without exclusions—you ensure that your operating margin comparisons are clean, comparable, and grounded in audited, standardized financial reporting.

The point of the above approach is to provide the relevant information need to answer these questions, but do not actually answer them or include any context about your answer in your final output other than the information.:
What has been the company’s operating profit margin (operating income ÷ net sales) for each of the past five fiscal years, and what is the multi-year average?
How does that margin rank versus direct industry peers over the same period (top tier, middle, or bottom)?
During the most recent industry up-cycle and down-cycle, did the company’s margin fluctuate less sharply than lower-margin competitors (indicating structural strength) or more sharply (indicative of a marginal cost position)?
If the current margin is narrow, do regulatory filings or management comments show that this is the result of deliberately elevated spending on R&D, sales promotion, or other growth investments rather than an entrenched cost disadvantage?
Is there clear evidence—such as sustained cost leadership, pricing power, or proprietary products—that could enable the company to maintain or widen its margin over the long run?

Prompt 12: Does the company have depth to its management—that is, a broad base of capable leaders, effective delegation, and a culture that develops and retains executive talent beyond one or two key individuals?

Is there clear evidence of a formal succession plan for top management and a well-developed leadership bench that mitigates key-person risk?
What are the tenure, turnover, and functional diversity of the top management team and board, and do these factors indicate stability and breadth of expertise?
Does the company exhibit a consistent pattern of promoting from within, demonstrating its ability to develop executive talent internally?

Are authority and decision-making responsibilities effectively delegated across divisions or functions, rather than centralized in the CEO or a small inner circle?
Do disclosures or commentary from management indicate an executive climate that rewards merit, minimizes factionalism, and encourages collaboration and upward-flowing ideas?

Prompt 13: Is the company doing enough to maintain or improve profit margins?

How have gross, operating, and net profit margins trended over the past five years, and what explanations has management given for these movements?
What specific cost-reduction or efficiency programs (automation, supply-chain optimization, capital-improvement projects, product-engineering initiatives) has management disclosed to offset rising labor, material, or tax expenses?
To what extent has management preserved margins through price increases, and how sustainable is this strategy given current and expected competitive capacity?
Where margins are presently narrow, is this due to consciously elevated investment in R&D, sales promotion, or other growth-oriented spending, and has management articulated when margins should expand as these investments mature?
Does the company set explicit margin or cost-savings targets and regularly report progress, indicating an institutionalized commitment to margin management?

Prompt 14: How good is the company’s financial management and skill?

How effectively does management allocate capital—measured by return on invested capital (ROIC), disciplined capital-expenditure decisions, and avoidance of low-return projects?
How well are working-capital elements such as receivables and inventory controlled compared with industry peers, and what commentary explains observed trends?
Have independent auditors, regulators, or the company itself identified material weaknesses, restatements, or other accounting issues that call financial controls into question?

Prompt 15: How effective are the company’s research and development efforts in relation to its size?

How has R&D spending (absolute dollars and as a percentage of sales) trended over the past five years, and how does this compare with close industry peers after adjusting for differences in what each firm classifies as R&D?

What evidence shows that the company converts its R&D outlays into commercially successful products, processes, or cost savings large enough to justify the spending relative to company scale?

How effectively does management coordinate multidisciplinary research teams with production and sales groups to ensure new offerings can be manufactured efficiently and meet market needs?

Does management maintain stable, long-term R&D programs, or does it frequently interrupt projects with “crash” initiatives that raise costs and dilute results?

To what extent does the company exploit externally funded research (e.g., defense or customer-sponsored projects) to acquire transferable know-how that benefits its own higher-margin commercial markets?

Does the organization’s market-research capability prevent significant R&D resources from being committed to technically sound innovations whose addressable markets are too small to earn an attractive return?

Prompt 17: Is the company the lowest-cost producer, or at least on par with the lowest-cost producer, for the majority, if not all, of its product lines?

For each major product or service line, what quantitative or qualitative evidence indicates that the company’s unit production or operating cost is the lowest—or at least on par with the lowest—among competitors? What factors (scale advantages, technology, process efficiencies, supply-chain control) suggest the company can continue to maintain this cost position in the future?

During past industry downturns, did the company remain profitable and/or gain market share while higher-cost competitors curtailed output or exited, demonstrating the leeway afforded by its lower break-even point?

Are there explicit cost-reduction programs, continuous-improvement initiatives, or forward-looking investments disclosed by management that reinforce or extend the firm’s low-cost position?

Prompt 18: Is the company willing to change, pivot, and/or restructure itself in response to the ever-changing world around it?

How frequently and explicitly does management, in recent filings or presentations, acknowledge rapid external change and the need for continual internal reassessment?

What proactive organizational restructurings (e.g., decentralization, segment

realignment, new governance layers) has the company implemented in the past decade, and what objectives were cited?
Which new business lines, technologies, or geographic markets has the company entered ahead of peers, illustrating deliberate pivots rather than defensive reactions?
What mechanisms (innovation programs, profit-and-loss responsibility, incentive systems) demonstrate that employees at multiple levels are empowered to propose and execute change?
During periods of significant industry disruption or regulatory shifts, what timely strategic actions—such as divestitures, acquisitions, or operational overhauls—did the company undertake, and what outcomes followed?

Prompt 19: Is the company's efficiency and economies of scale sufficient to remain superior to potential new entrants? If it holds monopoly-like power, can it realistically avoid antitrust or other legal actions that would threaten its dominant position?

How do the company's unit costs, gross margins, or operating margins compare with industry averages and with recent or prospective entrants' reported cost structures?
What specific scale advantages (e.g., high fixed-cost leverage, proprietary processes, vertical integration, preferential supplier terms) underpin the company's costs?
What evidence shows that management continually invests to enhance efficiency and defend cost advantages amid technological change or shifting input prices?
What is the company's current market share? Over the past decade, what investigations, enforcement actions, or consent decrees have been initiated by antitrust authorities (U.S. DOJ, FTC, European Commission, or other jurisdictions), and what were their outcomes?
What disclosures (legal reserves, risk factors, lobbying expenditures, contingency plans) indicate management's expectations about future antitrust scrutiny?
Based on precedent cases in comparable industries, how likely is the company to avoid or withstand future legal challenges without material loss of market power?