

	Max	RMV
Macro Ops Score Criteria	100	87.6
Financials		
Financial Resilience: (Fragile / Average / Fortress) (0 - 5)	5	4.5
Gross Margin: (<50%, 50% to 80%, >80%) (0 - 3)	3	3
Returns On Capital: (Low, Average, High, +1 If Rising) (0 - 3)	3	3
FCF: (Negative / Positive / Positive and growing fast) (0 - 3)	3	3
EPS: (Negative / Positive / Positive and growing fast) (0 - 3)	3	3
Total	17	16.5
Other idea: Gross profit per employee instead of gross margin?		
Other idea: Kindness of strangers? Does the company rely on external funding sources?		
Moat		
Network effect, product ecosystem (None / Weak / Strong) (0 - 15)	15	15
Switching costs (None / Weak / Strong) (0 - 15)		
Durable Cost Advantage (Scale / Distribution / Physical Location / Verticle Integration) (0 - 15)		
Intangibles: (Premium Brand, Patent, Trade Secret, License) (0 - 15)		
Moat Direction: (Narrowing / Stable / Widening) (0 - 5)	5	5
Total	20	20
Other idea: Counter position (competitor would be harmed to adopt business model)		
Potential		
Optionality: (None / Within Industry / New Industry) (0 - 7)	7	6
Organic Growth Runway: (G.D.P. / 2x or 3x G.D.P. / 15%+) (0 - 4)	4	4
Top dog And First Mover In Important, Emerging Industry And/Or Industry Disruptor:(0 - 3)	3	3
Operating Leverage Ahead? (Negative / None / Modest / Tons) (0 - 4)	4	4
Total	18	17
Customers		
Acquisition: (Expensive / Normal / Word Of Mouth) (0 - 5)	5	4
Dependence: (Highly Cyclical / Moderate / Recession Proof) (0 - 5)	5	5
Total	10	9
Reviews - do customers give this company/products/services glowing reviews? High Net Promoter Score?		
Mindshare -- Is the company's brand/service synoyms with the product and/or lowers searching costs?		
Snap test -- disappeared tomorow, would anyone care? Is the product/service GOOD for the customer?		
Company-specific factors		
Recurring Revenue: (None / Some / Tons) (0 - 5)	5	3
Pricing Power: (None / Some / Tons) (0 - 5)	5	5
Total	10	8
Management & Culture		
Soul in the game: (Founder/Family Run/Long Tenured CEO) (0 - 4)	4	2
Inside ownership: (None / Modest / Very High) (0 - 3)	3	2.5
Glassdoor ratings: (Overall Score, CEO approval, Recommend To Friend) (0 - 4)	4	2.6
Mission statement? (Simple, Inspirational, Optionalable) (0 - 3)	3	3
Total	14	10.1
Background of CEO - sales, accounting, operation, YODA (Young, owner, delivers, accountable?)		
Stock		
5-Year Performance Vs. S&P 500 Or Since IPO (+50%/+100%+ Gain) (0 - 4)	4	4
Shareholder Friendly Actions: (Buybacks, Rising Dividend, Debt Repayment) (0 - 3)	3	2
Consistently Beats Expectations? (+1 big beat, +0.5 beat, 0 miss) (0 - 4)	4	4
Total	11	10
Pre 'Garbage Bin' Test	100	90.6
The 'Garbage Bin' Test		
Customer Concentration: (>20% or Revenue or AR / One/Few >10%, None) (-5, -3, 0)	0	0
Industry Disruption: (Active / Possible / None) (-5, -3, 0)	0	-2
Outside Forces: (Commodity Prices, Interest Rates, Stock Price, Strong Economy) (-5, -3, 0)	0	-1
Big Market Loser: (>50% Loss To S&P 500 Over Past 5 Years Or Since IPO) (-5, -3, 0)	0	0
Binary Event: (Losing Patent Protection, Legal Ruling) (-5, 0)	0	0
Extreme Dilution: (>5%+ Annual Share Count Growth, 3% To 5%, <3%) (-4, -2, 0)	0	0
Growth By Acquisition: (Exclusively, Partially, None) (-4, -2, 0)	0	0
Complicated Financials (-3, 0)	0	0
Antitrust Concerns: (-3, 0)	0	0
Headquarters: (High Risk Country / Medium Risk Country /Low Risk Country) (-3, -2, 0)	0	0
Currency Risk: (>66% Foriegn, >33% Forign, <33% Foriegn)(-2, -1, 0)	0	0
Total	0	-3
High executive turnover? -5		
Accounting Irregularaties? -10		
Platform shift?		
CEO succession? Too big too succeed?		
Major supplier dependence?		
The snap test? -3		
Reputation damage? Toxic work culture? Illiquid		
Culture deteriorating? Arrogance/troubled growth. Dual share class? Over promise-under deliver?		
Final score	100	87.6