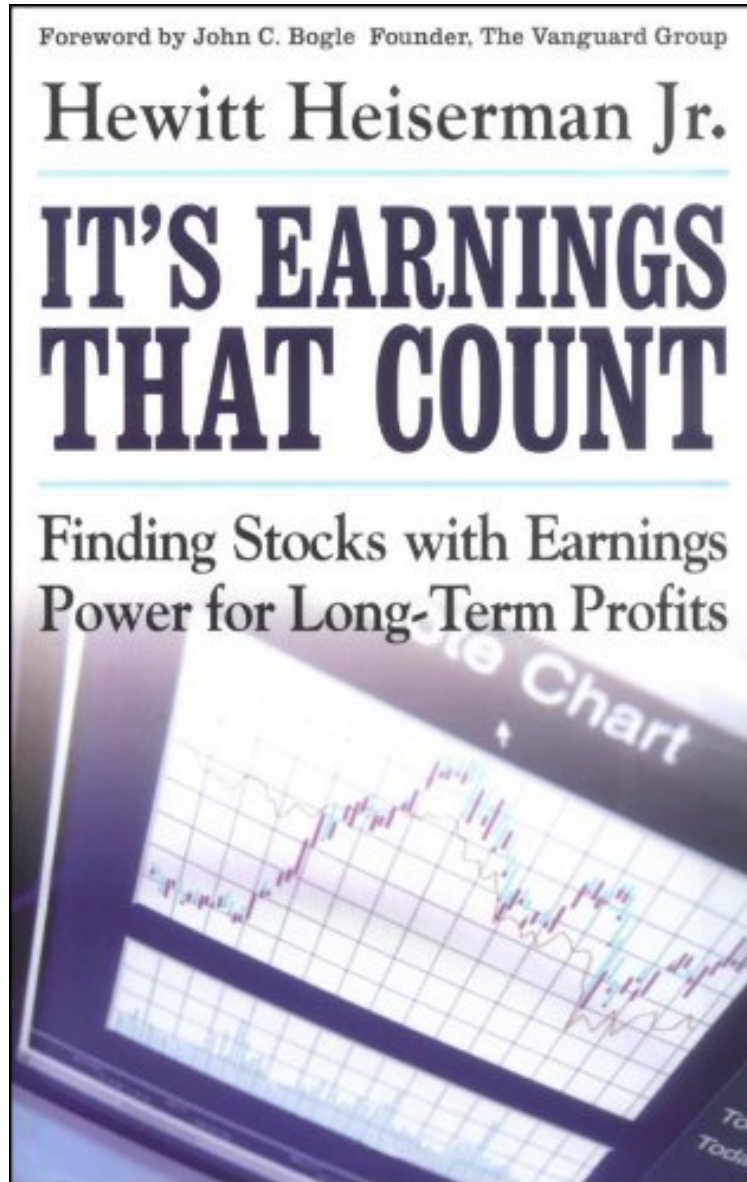


(Free pdf) It's Earnings That Count

It's Earnings That Count

Hewitt Heiserman

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Hewitt Heiserman : It's Earnings That Count before purchasing it in order to gage whether or not it would be worth my time, and all praised It's Earnings That Count:

An innovative way to see through a company's published numbers to discover its true investment potential This book gives you a blueprint for finding a great growth stock for the next decade without taking on a lot of risk in the process.

Inspired by the writings of Benjamin Graham, *It's Earnings That Count* examines a firm's earnings quality from the perspective of a "defensive" investor who wants to avoid committing ruinous mistakes as well as the "enterprising" investor who seeks Wall Street's next great opportunities. Unfortunately, as recent market history has shown, the traditional income statement is ill-suited to meeting the needs of these sometimes opposing viewpoints. As a result, investors can buy shares of a seemingly profitable company that, in fact, has poor earnings quality. However, the author's trademarked Earnings Power Chart combines Graham's two personalities to reveal, in picture form, whether a company possesses authentic earnings power for long-term growth. Using the world-famous William Wrigley Jr. Company gum-maker as a case study, you will learn how to build these two alternate profit-and-loss statements to protect yourself. Since this book is written in plain English, you do not need to be an MBA or accountant to follow these step-by-step instructions. Giving investors the tools they need to turn the tables in their favor, *It's Earnings That Count* covers:

- The four limitations of the income statement found in every annual report, 10-K, and 10-Q
- A quick-hitting, five minute test to sift out the obvious losers so you can save time and focus on analyzing potential winners
- How to spot when a company is forging an Earnings Power Staircase—your hallmark of a low-risk growth stock like Microsoft and Paychex
- Why the charts of Lucent Technologies, WorldCom, Enron, and Tyco signaled trouble ahead of traditional income statement.
- The 2 earnings power ratios you need before making your next investment
- 12 ways to check whether management's interests are aligned with yours
- A list of 15 items to check for to make sure the companies in your stock portfolio have a competitive advantage. (Hint: Great growth stocks always have competitive advantages.)
- 16 kinds of companies to avoid
- 20 indicators that it may be time to sell

From the Back Cover

A Powerful, Easy-to-Use Investment Tool for Delivering Long-Term Profits While Protecting Your Family's Savings

Investors today must look beyond balance sheet "earnings" to gauge whether the company behind a stock has the potential to deliver triple-digit capital gains. *It's Earnings That Count* shows you how to know, at a glance, whether a company has legitimate long-term earnings power—or whether its stock is little more than an attractively packaged time bomb, waiting to explode without warning in your portfolio. Praise for *It's Earnings That Count*:

- "Well-written, intellectually sound, 'accessible' to those who take the time to understand, and a poke in the eye to those who abused our capitalistic system and those (pros) who let them get away with it." --John C. Bogle, Founder and former CEO, The Vanguard Group
- "Clear and engaging, Heiserman shows how to easily evaluate a growth company's investment potential for both conservative and aggressive investors. The result? The 'cautiously greedy' investor wins." --Tom Jacobs, Senior analyst, The Motley Fool
- "In a single, easy to use index, Heiserman captures the essence of growth and value—a most insightful approach to stock picking." --Charles W. Mulford, Professor of accounting, Georgia Institute of Technology, Director, Dupree Financial Analysis Lab, and Coauthor, *The Financial Numbers Game*
- "A great addition to the literature! Hewitt Heiserman has crafted an easy read, basic tutorial on avoiding the most common mistakes caused by accounting phony baloney—combined with some age-old investment wisdom. Mandatory for the intermediate investor." --Kenneth L. Fisher, CEO, Fisher Investments, Inc., and Forbes columnist, "Portfolio Strategy"
- "If you are a long-term investor most companies are not worth touching; your focus must be on identifying that small minority of firms that have the potential go be great growth stocks for the next ten years without exposing your portfolio to excessive risk. My purpose is to share with you a hands-on approach for looking beyond what a company reports and what Wall Street says. In the end, you'll be able to form your own educated opinions based on your analysis and make the best investment decisions for you." --From the Introduction

Whether you invest in mutual funds or individual stocks—or, more likely, a combination of the two—you have undoubtedly lost money on companies that "looked good on paper." *It's Earnings That Count* introduces the easy-to-use Earnings Power Chart™ methodology, an approach that quickly identifies that small number of companies that possess high-quality earnings growth, and are positioned for growth over the long haul. This two-step methodology reveals not only if a company has the ability to finance its growth, but also how successful it is (and will continue to be) at creating value for its investors. Giving you the tools you need to take on both the back-office number crunchers and Wall Street sharks, *It's Earnings That Counts* reveals:

- The four substantive limitations of the income statement found in every annual report, 10-K, and 10-Q
- How those limitations can cost you money even if the company is "profitable"—and how to protect yourself
- A quick-hitting, five minute test for sifting out the obvious losers so you can save time and focus on analyzing potential winners
- The Earnings Power Chart—A powerful, picture-based investment tool for identifying great growth stocks for the next decade
- Case studies of real companies, from Enron and WorldCom to HealthSouth, Microsoft, and Wrigley

If recent history has taught us anything, it is that published financial reports can be questionable and even misleading to investors looking for solid investment targets, while a sound business foundation and legitimate earnings power provide the best insurance against a stock's collapse. Let *It's Earnings That Count* show you how to look beyond reported figures to find those needle-in-the-haystack companies that will power your portfolio with profits and growth proven to last for the life of the portfolio—not artificially enhanced growth destined to last only until the release of the next quarterly report.

About the Author
Hewitt Heiserman Jr. writes a popular column on earnings power for TheStreet.com's investment website realmoney.com. A financial

analyst for the last 15 years, Heiserman is a member of the Boston Security Analyst Society and the Association for Investment Management and Research.