

I have tried to purge all philosophy quotes from my brain.

One won't go away.

Aristotle reportedly said, "It is the mark of an educated man to look for precision in each class of things just so far as the nature of the subject allows."

In investing, far less precision is required than most people believe. The game isn't about channel checks, satellite images of parking lots, web scraping, or next quarter's earnings. Identifying the few variables that drive long-term returns and ignoring everything else is what pays off over time.

It comes down to a handful of questions.

First, who are the players?

Who runs the company? Who has financed it, and who is on the Board? Are they builders or promoters, owners or renters? Track records matter. Incentives matter. Culture matters. Over time, the business will converge with the quality of management. Learn everything you can about the people in control of the business.

Second, what is the playbook for creating value?

Exceptional companies leverage an established business system. Why does the world need its product? How is each dollar of capital turned into more value? The company may reinvest organically at high returns. It may acquire competitors at sensible prices. It may cut costs and raise prices in a niche with little opportunity to grow. The details aren't that important, but the pattern should be consistent. If there isn't a clear playbook, the company will likely drift with the wind of the economy and its industry.

Third, can the company be bought at a price that undervalues its optionality?

Optionality is the cost of participating in future opportunities. Unexpected acquisitions, new products, new markets, and stronger pricing can surprise investors on the upside. These are difficult, if not impossible, to model accurately. That is the point. If the current price reflects only the present business, and you are partnered with a shrewd management team, good things happen. You do not need forecasts. You need a price that is not demanding.

Investing success does not come from digging up every little detail. It comes from focusing on information with a long shelf life and accepting the limits of our knowledge. The answers to these three questions are often enough.