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Important Dates

In the past several days, we have mourned the loss of two giants, both residing in the greater San Francisco region.

One universally adored, beloved. The other, well, mocked and disliked. Both men were visionaries in their own right, and were steadfast in doing what they felt was right.

Obviously the adored one is Steve Jobs. I am not going to eulogize him. It has been done by better people than I. I never met the man. Surely, we are going to be flooded with stories, books, and made-for-iPod and iPad download lionizing the man.

He touched billions. And his managerial/CEO style and impact will become a model going forward.

Interestingly, there probably won't be any books, or movies, etc. about the other guy that passed away. His name was Al Davis and he was the owner of the NFL's Oakland Raiders. Outside of Raider Nation and those that go back "always", Al Davis was a divisive character and overseer. He was brash, outspoken, of single mind and purpose. He was a scout, coach, general manager and football league commissioner. He was also a winner.

He moved the Raiders to LA and back to Oakland. His very public decisions have been mocked throughout the sports world over the past 10-15 years. Yet, he too was a visionary in the hiring world, color-blind, not caring about gender or ethnicity.

Why do I mention this today?

I do it because of the date July 4th.

I find it bizarre that three of the most divisive and widely hated sports owners, including Al, were born on July 4th.

Let me be more specific. Both Al Davis and current Baltimore Orioles owner Peter Angelos were born on July 4, 1929. The late George Steinbrenner was born on July 4, 1930.

Crazy coincidences, or not?

After well over a decade of losing and squandering opportunities, there is a reason why the widely successful attorney Peter Angelos is at the top or near the top of the worst owners in sports. Al Davis made similar lists, and while alive, those outside New York were not fans of ol' George who in addition to rebuilding the winning tradition of the Yankees, demanded excellence on and off the field.

All 3 men children during the Great Depression and have been known for their unwavering style, convictions, and focus. Each man is of course all noted for his great philanthropy as well.

I am no believer in astrology but it is interesting that they share the same birthday and hatred by the sports fan. What is more interesting is that love them or hate them, they represent (literally) a dying breed.

In an era devoid of leadership and direction, they epitomize leadership, conviction, single purpose, and commitment to excellence. These men did not grow or manage their businesses or reputations through consensus-building but have had huge successes. Old school, baby.

In the microcap world, it is not uncommon to find first-time CEOs. Sure, if a CEO has a history of success it will give us a good deal of confidence as investors. And oftentimes, an investment at this stage is as much a bet on management as it is on the underlying business model.

A Steve Jobs comes around once every few decades. In an era of adaptability and flexibility, the "my way or the highway" attitudes of these dinosaurs make leadership, business model execution and implementation are easier to accomplish when there is a single purpose.

Why were/are these three owners hated? It is not the individual successes they enjoyed. It is the fact that they had no problem giving the world the finger instead of spreading their arms wide and welcoming new ideas that the world can buy into regardless of consequences. They also have not had a history of their own accountability.

That does not cut it anymore.

Show me a company with long term management that has not displayed any flexibility and I will show you a stock that does not trade or move higher. Show me a management team that does not care about communication with the Street and I will show you a stock that has little to no institutional sponsorship.

Show me a company with a former leadership position in its industry segment that let the world pass it by and I will show you a loser of a stock.

Scrutinize management teams and their style. See how they deal with adversity.

Al, George and Peter had the right attitudes for their times. If you are "the guy" and don't have to create consensus, that makes things a little easier. In this day and age, the winning stocks will be those led by men who can adapt and demonstrate success in all environments.

Check out the birthdays too. It might be telling.

Predictions: Rewind

Last week we made four predictions for Q4. In one week, we can already see that we may be on to something. Two days after *The Goldman Guide* was published, Forbes introduced 5 stocks that they felt were takeover candidates. Three of the five on our list was on the Forbes list. Last week, 2 of the stocks were actively discussed as candidates as well.

Not bad. As a reminder, the stocks we noted were NOK, AOL, RIMM, and YHOO.

We also noted that we thought small caps would lead the market higher. It did last week with small caps outperforming large caps, on a nice up week, by more than 50%. Granted, we thought the rally would not occur for a few weeks, and still hold to it. But, we think this is a precursor of things to come, along with a market downturn this month.

So much for our baseball predictions. We had the Phillies over the Yankees and both were eliminated. Oh well. I will stick to football.

Until next week....

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Rob Goldman has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell-side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

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