

Video Transcript: Public Versus Private Companies

Hi, I'm Stephanie. I'm going to explain why it's easier to research a publicly-traded company versus a privately-held company. Then I'll show you how to use the library database, Mergent Intellect, to determine if you're researching a public company or a private company. First, let's define what it means to be public versus private. Public companies are easier to research for a few key reasons. A privately-held company goes public when it issues its first sale of securities to the public at an initial public offering. Publicly-traded companies issue securities, such as stocks, bonds or options, that can be owned by the general public. A company can benefit from public investment because it will have access to more money to pursue new business endeavours. A company's business potential grows when its value grows. Once it goes public, a company receives a unique ticker symbol that identifies its securities on a stock market, like the Toronto Stock Exchange. Because members of the public can invest in publicly-traded companies, they are heavily regulated and must follow disclosure rules set out by securities legislation. They must submit filings like annual reports and financial statements to securities regulators, such as the Ontario Securities Commission. This allows companies to be transparent to their shareholders, as well as potential future investors! For example, if you're interested in buying stocks for a publicly traded company like Loblaw Companies Limited, you can download their most recent annual report and financial statements to make an informed decision. This transparency also makes publicly-traded companies easier to research! A good place to find out if a company is publicly-traded or privately-held is its corporate website. For example, let's compare the websites of two grocery stores: Metro and Price Chopper. Type Metro and then investor relations in your browser's search engine. That's a lot of information! Look at all those annual reports, quarterly results and share prices. But notice there's no related industry information or information about their competitors. Would this give you sufficient information for a company research project? It's a start - but probably not enough. That's where the library database, Mergent Intellect, can help. Launch Mergent Intellect from the Libraries' homepage. Type Mergent Intellect in the search field and click Find. From here, click to access this resource. Next, uncheck the box that says Results will only include U.S. Companies. Type Metro Inc and select the first entry from the dropdown list. Scroll down the page. The company type is listed under Key Information. Here we see that Metro is indeed a public company. Mergent Intellect also provides an industry details tab with links to reports about the various industries the company operates in. Back on the Company Details page, you can click the Competitors List to see Metro's competitors. Click any of the names to go to the competitor's report page in Mergent. Now you'll have a good foundation for researching this publicly-held company! Next, what about private companies? How do we find information for them? Privately-held companies are not traded on stock exchanges or over-the-counter markets. Instead, they're generally owned by a small number of investors, like company founders, key employees or family members. They may also have shareholders, but the stock is traded privately and is not available to the general public. Private companies aren't required to submit filings to securities regulators, except in special circumstances. And since they don't have to disclose their financial information, it's difficult to find or verify information, or even locate detailed third-party research reports on this kind of company. Let's use Price Chopper as an example. Type the name of the company plus investor relations in your browser's search field. There's not a lot of information on this site, so it's time to go digging. The About Us section informs us that the Golub Corporation is Price Chopper's parent company. Let's use Mergent Intellect to verify its ownership. This database covers both public and private companies, so it's excellent for this kind of task. Access Mergent Intellect from the Libraries' homepage. Remember to uncheck the box that says Results will only include U.S. Companies. Enter Golub Corporation. Select

the first entry from the dropdown list and click the magnifying glass to launch the company record. You'll find the Company Type in the Key Information section. Voila! It shows that Golub is indeed a private company. Since Golub Corporation is a private company, you won't be able to find annual reports or detailed financials. However, as I mentioned earlier, Mergent Intellect provides other useful intel such as Competitor lists and industry reports. You'll want to check out other handy sections like Executive contacts. The Family Tree also provides information about Price Chopper that's not available on its corporate homepage. So our sleuthing has paid off! Now you know which type of company is easier to research and how you can use Mergent Intellect to get started with your initial company research! For more tips on business research, check out all the demos on the BRYT site or the Bronfman Library's YouTube channel.