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Women Can Be Great Stock Investors: It's All in the Instincts

By Tracey Ryniec

Several years ago, at the height of Krispy Kreme mania in Chicago, when people were driving hundreds of miles to buy donuts and others were waiting in the dark for hours for a new store to open, my friend Sheila and I talked about investing in the company. What wasn't there to like? Krispy Kremes were a cultural phenomena in the South, and many people had grown up with the memory of the aroma of the donuts and the sweet taste as they came out of the oven all warm and gooey. It was the ultimate comfort food. And now you didn't have to go to the South to get it. It was right in the middle of the Loop.

The brand seemed strong with office workers making runs to stores during the middle of the day for their "fix." The company could only go higher from here, I said. But Sheila made a face. Sheila was a marketing executive and mother of three who spent many a harried day at gas stations and convenience stores on the way to and from soccer games and work. She said that she had recently seen a box of them, cold and uninviting, at the local gas station next to the newspapers piled on the counter. Days later, she also saw them at the neighborhood convenience store. Again, cold and uninviting.

Neither Sheila nor I knew it, but she was predicting the problems of Krispy Kreme long before they were recognized by the "experts" on Wall Street. There was no aroma or warm donut at the gas station. The very thing that people loved about the brand was missing when you bought the product there. Krispy Kreme, in a rush to get its product out, was over-expanding. It would ultimately almost kill the company. Sheila's instincts, just by seeing them in the gas station, told her that the Krispy Kreme "story" was over. And it was. The brand had over-extended and Sheila could see it as plain as day. The company has had difficulties ever since. Women in gas stations 1, Wall Street 0.

Many times women think they can't invest in stocks because they don't understand the ticker that is at the bottom of the screen on the financial shows or they don't understand all of the graphs and charts. It seems so foreign. Yet women, if they learn to trust themselves, are uniquely positioned to be far better investors than men. Let's face it- it's usually the women who do most of the shopping in the family. Women have great instincts about what is "in" and what is "out."

One of the many questions women often ask is, how do I know what stocks to buy? In 1991, Jennifer was a stay at home mother of two pre-teenagers living in Glencoe when she happened upon a new coffeehouse called "Starbucks." The Chicago area was the first expansion city for the Seattle based chain and Glencoe was among the first towns to see the new coffeehouse. Jennifer loved it. She loved it so much that she drove her family crazy by insisting that they keep going there.

In 1992, Starbucks finally went public and Jennifer, just for fun, bought 100 shares of stock because she really loved their coffee. As we now know, the company and the stock have been a huge success. Jennifer never sold her shares and now has 3600 shares due to stock splits. She's built quite a nice little nest egg all because she just really liked that little coffeehouse in her neighborhood.

We all have products in our lives we can't live without. Do you shop at the Nordstrom's shoe department once a month? Does your brother insist on stopping into the Apple store every single time you are on Michigan Avenue? Do your friends get urges for the tacos at Chipotle? It's easy for women to find good stocks to invest in. The key is to look around you and trust your instincts. Jennifer did and it paid off big.

Once you decide that you're going to invest in, say, Chipotle, then what? Fundamentals still do matter and you should research every stock that you buy. Instincts are important, but cold hard cash is even more so. If the company doesn't make any, it's not worth buying no matter how much you love their product.

The internet now gives investors a wealth of information to investigate their favorite companies. Yahoo Finance (www.finance.yahoo.com) and Marketwatch.com (www.marketwatch.com) are two of the easier websites to use. You don't even have to know the stock ticker symbol. In the box at the top of the page simply start typing in the name of the company you're interested in and you'll see the name and the ticker symbol pop up. Yahoo has a great link on its stock page, once you have found the company you're interested in, called "Key Statistics". Here, you can get all of the key financial statistics such as cash on hand and P/E ratio. The Motley Fool website (www.fool.com) has an explanation of these financial terms, like the P/E ratio, on their investing page that is simple to follow or you can read up on it in the fun "Investing for Dummies" book series.

Still afraid to trust your instincts? Start small. Companies like BuyandHold.com (www.buyandhold.com) and Sharebuilder.com (www.sharebuilder.com) allow you to buy small amounts of stock a month for little money. Buy and Hold has a \$6.99 a month, two trade plan. Sharebuilder has a one trade \$4 a month plan. That's the cost of a latte. Both sites are easy to use and setting up an account takes only a few minutes. You say you only have \$50 or \$100 a month to spare? That's no problem. There are no minimums.

Don't be intimidated by Wall Street. You might be surprised by the hidden investing power that lurks within you as you jog in your Nikes, wearing your Under Armour fleece jacket, to your favorite tune on your iPod. Embrace what you already know and you'll find that stock investing is easy, and fun. Trust your instincts.