

Overview: The History of FMI Corporation

FMI Corporation Locations

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More Than 55 Years of Industry Knowledge

In 2008 FMI celebrated its 55th anniversary, providing a great opportunity for a look back at the history of the firm. The firm was started by Dr. Emol Fails, a well-known accounting professor at North Carolina State University. In 1953 Doc Fails, as his students called him, started assisting small businesses in Raleigh with their tax returns and accounting. This led to the creation of Fails and Shepherd Accountants. Interestingly, the firm's clients included an array of local subcontractors, many of whom were Doc Fail's former students. This began what is now more than 55 years of service to the construction industry.

In 1956 Fails and Shepherd Accountants housed the offices for the Heating and Air Conditioning Research and Development Association. They also did most of the association's work, and many of Fails and Shepherd's accounting clients were members of the association, thereby continuing the trend toward specialization in the construction industry.

By 1960 it became increasingly evident the company needed to find a different name than Fails and Shepherd "Accountants." It dropped "accountants" from the name and added a new department — Fails and Shepherd Consultants. During that period, the firm began receiving out-of-state business and continued to grow in revenue. By 1962 the Heating and Air Conditioning Research and Development Association had closed, but Fails and Shepherd continued to do business with many of its former members.

In 1963 Doc Fails organized Fails & Associates. These firms overlapped in many ways until 1966 when Fails and Shepherd closed, and Fails & Associates passed the \$100,000 revenue mark. At that point, Doc Fails knew it was time to expand.

In 1965 Dave Willis started a new firm, Fails & Associates of Tampa. In 1966 a separate corporation was set up, known as Fails, Incorporated. This corporation was the forerunner to Fails Management Institute. Fails Management Institute was organized and designed to produce educational programs. In 1967 Fails, Incorporated, ceased as a separate entity and was folded into Fails & Associates as a department. The following year, the Fails Management Institute was officially formalized.

The firm continued to grow — both in sales and staff. On January 2, 1979, Fails & Associates reorganized, incorporating as Fails Management Institute, Inc. Fails Management Institute, Inc. conducted the consulting, educational, printing and publication business designed specifically for the construction industry. At this same time, a Denver office was established with Hugh Rice serving as manager. Not long after, Fails & Associates of Tampa, Inc. merged into Fails Management Institute with Hoyt Lowder acting as the manager of that office. With these expansions, the firm began to extend its services to the manufacturer, distributor and retailer arenas.

In 1988, with a newly established management committee, the firm decided the name FMI Management Consultants was more descriptive. Shortly thereafter, the company reorganized

into product specialty groups (Mergers and Acquisitions, Marketing Services, Quality and Productivity Improvement, Corporate Planning and Evaluations, and Program Management), keeping the focus on the construction industry. It eventually added the Engineering and Architectural Group. In 1991 the firm officially changed its name to FMI Corporation.

Although Doc retired in March 1981, his legacy has continued through the years, and in 1996 the mourning from his passing extended across the country.

In 1998 the firm grew to 130 associates and generated more than \$30 million in revenue. A highlight of the year was the major success of the capital placements practice, which assembled contractors to participate in rollups into national firms with large public-capital investments. The firm also produced several large consulting projects staffed with teams of four to six associates. This new type of consulting assignment provided new opportunities and new challenges for FMI.

In 2007 FMI bought Analytical Consulting, a Phoenix-based firm offering executive-compensation research and consulting services to the engineering and construction industries. The addition of Analytical enhanced FMI's offerings in compensation consulting services to clients -- a critical element to winning the talent war.

In 2008 FMI integrated Advanced Management Institute (AMI), a Napa, Calif.-based firm offering leadership development, training and consulting services to architecture and engineering, into its organization. This additional capacity will allow FMI and AMI to offer more comprehensive products and services to the A/E/C industry.

Today, FMI is as committed to the success of the construction industry as Doc Fails was in 1953. As such, we will continue to look for strategic opportunities to provide greater value to clients and enable them to succeed in the market while also enhancing the construction industry.