

The graphic features a dark blue vertical bar on the left containing the text 'FMI QUARTERLY ISSUE THREE 2018'. To the right, a yellow background contains a stylized illustration of a person in a blue suit standing on a white arrow, holding a steering wheel. The background is filled with circuit-like patterns, clouds, and various data icons like a bar chart and a line graph. Several white arrows point upwards and to the right, suggesting growth and progress.

**FMI**  
QUARTERLY  
ISSUE THREE  
**2018**

## Building Leaders and Legacy in Today's Digital World

By Chris Daum, CEO, FMI Corporation

Welcome to the third edition of the 2018 “FMI Quarterly.” We’re now well into the second half of the year, and our authors are all thrilled to be able to share a fresh batch of insights, advice and trends with you over the next few pages.

This edition of the Quarterly focuses on C-suite leadership, corporate governance, field leadership, ownership transition, risk management and the importance of leaving a legacy for your company. And while bench strength is a key imperative for today's E&C companies, it's important to remember that leadership development is not just about grooming your firm's next CEO. In fact, leadership development occurs at all levels of the organization—from your corporate staff team to your business development units to your field crew—and everywhere in between.

In this issue, we share an interesting article that is based on a recent study conducted in collaboration with the Construction Industry Round Table. Authors point out that while there appears to be broad awareness of organizational performance relating directly to a firm's willingness to take existing talent to new (and more impactful) levels, E&C companies' talent development practices tend to fall short at the highest level: the board. Virtually no time, effort or money goes into developing board members to prepare and advance them in their key roles. This article debunks a number of myths that we take for granted in relation to effective board service. It also points us to the various areas where we have the opportunity to improve and close this talent gap.

There's another excellent article in this edition that's focused on the importance of developing the softer leadership skills of field leaders. Many of our field leaders and managers advanced into their positions due to strong technical skills and industry experience. But the reality is, the more we invest in equipping and developing these field leaders with soft skills, the more we can drive all the hard numbers in the right direction.

With 99% of E&C firms being privately owned, the stark reality is that more than 90% of these companies will not transition their ownership through some form of third-party sale. Instead, they will transition from one generation of ownership to the next. To help companies address this issue, we've included an article that focuses on the effective use of employee stock ownership plans (ESOPs) and several factors that you should take into account when considering whether an ESOP could be right for your company.

Focused on quality people effectively managing risk, the E&C industry is constantly evolving and morphing. And as our baby-boom generation increasingly heads toward the exit door and retirement, good corporate governance and effective leadership development at all levels of the organization are the keys for your firm not only to survive but also to thrive—and for our industry as a whole to prosper.

Enjoy this edition of the Quarterly and here's to a prosperous rest of the year.

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For over 65 years, FMI has been the leading **management consulting and investment banking** firm dedicated exclusively to **engineering and construction, infrastructure and the built environment**.

FMI serves all sectors of the industry as a trusted advisor. More than six decades of context, connections and insights lead to transformational outcomes for our clients and the industry.

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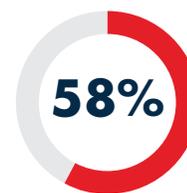
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