Welcome to the first 2019 edition of the “FMI Quarterly.”

Coming off several years of healthy economic conditions and strong construction backlogs, we’re beginning to see signs of a slowdown ahead.

With this in mind, we decided to make “how to recession-proof your business” the theme for this issue, knowing that even if the next downturn doesn’t begin in 2019, it will at some point. And even if it’s still a few years off, the recession-proofing advice you’ll find within these pages applies in all markets and business conditions.

Now, to be clear, here at FMI we’re not calling for a recession in 2019. However, construction spending growth is slowing, and there’s a lot of turbulence going on in the general economy. We think the engineering and construction (E&C) industry is at or near the top of the cycle. Knowing this, it’s time for E&C firms to start thinking about how to operate their businesses profitably when (not if) the recession hits.

Along with the theme of “how to recession-proof your business” come two particular articles in this edition of the “Quarterly” that all management teams and leaders will find interesting and useful. The first is about leveraging your board of directors in turbulent times. It points out that in the E&C industry, the overwhelming majority of boards are not leveraged for their maximum effectiveness.

In fact, most E&C boards spend the majority of their time dealing with historical events and financial performance, when at least 80% of their time should be focused on the future strategic direction of the business. This means focusing on tightening up operations, fine-tuning strategy, strengthening governance and partnering with leadership to successfully navigate difficult market conditions.
The second article, by Tyler Paré and Ryan Howsam, is about how to improve your performance in any market condition. It includes questions that all management teams should ask themselves: Is our current performance indicative of true operational excellence or just status-quo performance in a great market? Have our margins been expanding as a result of improved innovation and better operational execution? Or have they expanded because we’re at the top of a market cycle and there’s a lot of work to be had?

For many years we’ve noticed that contractors and clients across the industry ignore the need for internal improvements and operational execution during healthy and robust markets. Given everything that we see going on in the market today—and what’s sure to come—we think now is a great time to do so. Don’t wait until it’s too late to make those strategic moves that will help your organization weather the storm.

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About FMI

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.

Sector Expertise

- A/E and Environmental
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- Construction Materials
- General Contractors/CM
- Energy Service & Equipment
- Energy Solutions & Cleantech
- Heavy Civil
- Industrial
- Owners
- Private Equity
- Specialty Trades
- Utility T&D

FMI Client Highlights

- 73% of the ENR Top-400 Largest Contractors
- 65% of the ENR Top-200 Specialty Contractors
- 57% of the ENR Top-100 Design Firms
- 56% of the ENR Top-200 Environmental Firms
- 58% of the ENR Top-100 CM for Fee Firms