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Baltimore consulting firm ready to put 25 companies under one name

CRITICAL MASS

FTI has found 'a cash engine' in the corporate turnaround business

By DANIELLE DOUGLAS

With several acquisitions over the past decade, FTI Consulting has become a formidable contender in the advisory business, though the Baltimore-based firm suspects few clients recognize the full extent of its reach. That's because until this year, many of its divisions operated under different names, gaining individual glory that contributed nothing toward a brand identity.

Now the company is on track to convert all of those entities to the FTI Consulting brand by November, capping off the integration of some 25 companies.

"We've reached a point where we have enough critical mass, so it's very

important to institutionalize all of our activities under one brand," said Jack Dunn, president and chief executive of FTI. "We're just looking to have all of the momentum we can get."

FTI has more than 3,700 employees from Bethesda to Beijing, who provide expertise on corporate litigation, forensic accounting, restructuring, bankruptcies and regulatory matters. The company, founded in 1982, has been involved a slew of high-profile cases, including Enron's bankruptcy.

"They've come from essentially out of nowhere in the last 10 years to become one of the premier names in business consulting," said Sidoti & Co. analyst David Gold. Because of the diversity of FTI's practices, "they're positioned well for up and down cycles."

One of FTI's primary growth engines, he noted, has been its corporate restructuring business. The company jumped into the space in 2002 with the \$250 million purchase of Pricewater-

houseCoopers' turnaround division. That deal gave FTI a well-heeled cadre of 350 specialists, just as a spate of accounting investigations and complex bankruptcies emerged.



Dunn

Entering the turnaround segment, Dunn said, gave FTI "a cash engine that provided a lot of the money we've used to do everything else."

In recent quarters, however, the restructuring business has softened amid a slowdown in corporate defaults, nibbling away at FTI's revenue. Sales in that segment of the company penciled in at \$107.3 million in the first quarter, compared with \$117.5 million a year earlier.

"The decline in corporate restructuring has kept the company's organic growth at a relatively muted pace, but the rest of its businesses have been growing in the 10 to 15 percent range,"

said Timothy McHugh, an analyst at William Blair & Co. Most of FTI's business lines, he noted, are poised for growth, especially transaction support and the technology segment.

Dunn agrees FTI's technology support will be a growth driver, as will governmental affairs and economic consulting, especially across the pond. "We're building out an operation in Europe and there's been vibrant merger and acquisition activity, white-collar crime and securities litigation," he said.

FTI made significant inroads into Europe in March by snagging LECC Corp.'s tax consultancy, financial advisory and policy practice on the continent for \$30 million. The deal gave FTI more economist and forensic accountants in Europe, which Dunn said has "filled out FTI's dance card."

Dunn, who would like to double FTI's footprint in Asia and Latin America in the next five years, is actively looking for more deals.

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