

By Bill Sendelback

Fireplace Guys

The new FMI is not only better than its predecessor, it's dramatically different; the company has transformed from low-cost provider to high-end supplier.

Scroll through the scores of television channels you undoubtedly have, and you're bound to find more than a few of them discussing makeovers. It could be a makeover involving fashion, or hairstyle or cosmetics; it could be a makeover of your home or backyard; or tune in to Oprah or Dr. Phil and you might find a way to makeover your personality or attitude.

Occasionally, even companies can execute a complete makeover, but seldom are they successful. However, the FMI brand – now known as FMI Prod-

ucts – has done just that; it has completely reinvented itself.

There was a time when FMI was best known as a manufacturer of inexpensive, builder-box, zero-clearance fireplaces. In early 1999, the company was purchased by DESA International, but that did little to improve the FMI image – until 2000. That's when Mark Klein was hired as president of DESA Hearth Professional Heating. The makeover of FMI had begun.

"We went from years of being a low-end, builder-box supplier to having some innovative proprietary technologies that

were really doing well in the marketplace," says Klein. "We developed a good product line, and we had a good strategy – and we had a good team." The team was headed by Klein, along with Glenn Thomson, who had joined DESA in 2006 as vice president of Sales and Marketing, and John Gurrola, who was DESA's chief financial officer.

"I keep emphasizing 'team' because this is the team that came back together and bought this business. We are true hearth guys with a total of 76 years in this business. We have a complete company – from senior management to the sales force to the operational people – that is made up of fireplace guys. Even if you look at our sales team, everyone has 20-plus years in the hearth business. That's what makes us different from our competitors. We are a company full of fireplace guys."

That team – Klein, Thomson and Gurrola – purchased DESA's hearth division in March, 2009, for \$7.4 million to form FMI Products, a privately-owned company. In the purchase, the three team members retained their titles; Klein is CEO, Thomson is senior vice president of Sales and Marketing, and Gurrola is CFO.

Klein began in the '80s as a general contractor before starting a fireplace installation and distribution company in Southern California. He then created manufacturer Timberline Gas Logs that, in the mid-'90s, he sold to Vermont Castings (it later became part of CFM). After fulfilling his contract with CFM, Klein joined DESA in 2000.

Meanwhile, Thomson had joined Majestic in the late '80s with a background in building products and business development. When Majestic was acquired by CFM in the mid '90s, Thomson became president of U.S. operations where he met Klein. With changes at CFM, Thomson left to start a hearth distribution company, which he later sold to hearth distributor Edward George Company; that company was in turn purchased by Hearth & Home Technologies. In 2006, Thomson joined



L. to R.: Mark Klein, CEO; John Gurrola, CFO; Glenn Thomson, executive vice president of Sales and Marketing.

utes with no cutting, filling or grouting.

“It’s our overall strategy for our customers, specifically hearth dealers, to bring them additional, incremental opportunities so they can make some money,” continues Klein. “Ten years ago if you thought of FMI, you thought low-end builder-boxes. Now you see an entire spectrum of innovative, higher-end products.”

Current innovation at FMI includes its recently-introduced, open-faced, wood-burning, zero-clearance fireplace certified to EPA’s Phase 2 requirements. The company partnered with Clear Skies Unlimited, a manufacturer of catalytic combustors retrofitable to fireplaces, to exclusively use Clear Skies’ catalytic technology in wood-burning, UL 127 zero-clearance fireplaces.

FMI claims the technology reduces the emissions of its fireplace by 70 percent without changing the appearance of an open-faced, wood-burning fireplace. “There isn’t anything like it out there at an affordable price,” claims Glenn Thomson. That technology won Clear Skies the 2009 Vesta Challenge award for Wood-Fired Retrofit Technology for Existing Wood-burning Fireplaces.

FMI is also continuing development of an ethanol fireplace, introduced as a prototype at the 2008 HPBExpo. Unlike ethanol models on the market from other manufacturers, FMI’s unit is planned as a zero-clearance fireplace with electronic ignition, a unique fuel-feed system, larger flames and a larger fuel capacity.

“We’re moving the company toward



Citadel II.



Devonshire.

With the Citadel II, you’re looking at the tallest opening of any direct-vent fireplace on the market, according to the manufacturer. The Devonshire direct-vent fireplace is available in 36- and 42-inch sizes. Both have a 50 percent turn-down, hidden controls under the unit (just move a brick) and ceramic glass. New logs are extremely realistic with lots of flame and glow.

a series of unique specialty products that augment the full breadth of our product line,” says Klein. “We are not interested in selling one or two coffee-table fireplaces. We want to find technology to fit the market and that our customers can sell in large quantities and make some money.


“What is refreshing about our new product development is that it comes from our customers,” says Klein. “It’s a reaction to what they feel they need. That’s really the key. We’re developing products that fit what they need in the marketplace.” According to Klein, FMI

has a full array of builder products, but he emphasizes that is not the company’s product development focus. “Our focus is really development of the next game changer, the new innovative products that the market needs and will embrace.”

Along with innovative new products, FMI also stresses developing its customer relations. “We really want to be known as the most customer-friendly business in the hearth industry,” claims Thomson. “We’re not keen on layering distribution one on top of the other. We are picking the key guys that we want in key markets, and we will support those guys.

“Unlike a lot of other companies, we are not owned by an equity firm that buys a company on a three- to five-year plan. We don’t have any bank debt, and we’re in it for the long haul.”

Although FMI does not disclose its sales, Klein says, “You have no idea how nice it is not to worry about month-ends or quarter-ends. Obviously we look at the numbers, and we have to be profitable, but we don’t have to make stupid, short-term decisions that dictate how the monthly, quarterly or yearly numbers look.”

Given FMI’s transformation, which includes the creation of innovative new products, providing stellar customer service and the ability to make quick, sensible decisions, chances are those monthly, quarterly and yearly numbers will take care of themselves. 



Employee pouring a concrete log.



Inside the FMI plant.

DESA, reconnecting with Klein.

Gurrola in the early '80s left a big CPA firm to join a hearth distributor. Later he was with Superior Fireplace and Temtex Industries with its Temco brand, before joining DESA as CFO, thus meeting Klein and Thomson.

"The transformation of FMI started in 2000," says Klein. "When I joined DESA and was asked to run FMI, everything was going in the wrong direction. The product line was old and tired. We had a choice to either invest in it or divest of it. We made the decision to invest in it, and we completely changed the product line."

Today, the remade FMI offers a full line of direct-vent, B-vent and vent-free gas fireplaces, vented and vent-free gas logs, wood-burning fireplaces including new modular masonry models, electric fireplaces, vent-free gas space heaters and a line of cast-concrete and wood mantels and cabinet mantels. Its brand names include FMI for one-step installing distributors, Vantage Hearth (formerly Vanguard) for

two-step distributors and LP customers, Comfort Glow for hardware coops and Design Dynamics for higher-end specialty retailers.

When Klein and his team purchased FMI's hearth division, the sale included the rights to the products, but the Vanguard brand name was sold to another company, hence the new Vantage Hearth brand name for the former Vanguard models.

"Before the purchase, we were kind of a bastard stepchild to DESA, and they made us feel that way, too. It's strange that a year later DESA is gone and our group, the bastard stepchild, is standing strong. We have our same purchasing, manufacturing, customer service and salespeople who know all our customers and all the products."

"The deal had not yet closed for the 2009 HPBExpo, but we were there with just a banner and ourselves," chuckles Gurrola. "Our competitors had a lot of fun with that. They said, Those guys won't be around; they have no substance. Well, at this year's show they

saw our crowded booth and the real substance we now have. And some of those competitors did not even show this year!"

The deal, by the way, closed on March 23, 2009, shortly after the 2009 trade show.

The deal also included a 150,000 sq. ft. plant and offices in Santa Ana, California, and a 106,000 sq. ft. plant in Russellville, Alabama; FMI now employs 250 people.

"Four years ago, we were going down with the falling builder business because we were strictly a builder-oriented company," says Klein. "So we made the decision to move our product line, our R&D and our technology more toward the luxury home builder and the specialty hearth dealer."

He points to FMI's patented Mosaic Masonry fireplace firebrick-lining system that "got the fireplace guys into the masonry business without having to be a mason." And he points out the company's precast concrete mantels; dealers are able to install them in about 30 min-