

BUILDER OF CHOICE

The Fischer Homes Story



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INTRODUCTION

Fischer Homes: Why We Exist

We started our company more than four decades ago with two homes and one conviction: we could build a business that would stand out and stand the test of time.

1980 wasn't the easiest time to start a new company, especially in the homebuilding business. The U.S. economy was in a recession. Interest rates were high. It was hard for builders to get loans to build houses and just as hard for customers to get loans to buy them. Custom builders competed at the top end of the market, and production builders competed in the middle and entry levels of the market. There wasn't a lot of space for a new home builder to grow.

Henry and Elaine Fischer knew all this but persevered, nonetheless. They had a clear vision and a fairly simple system. They were committed to doing three things:

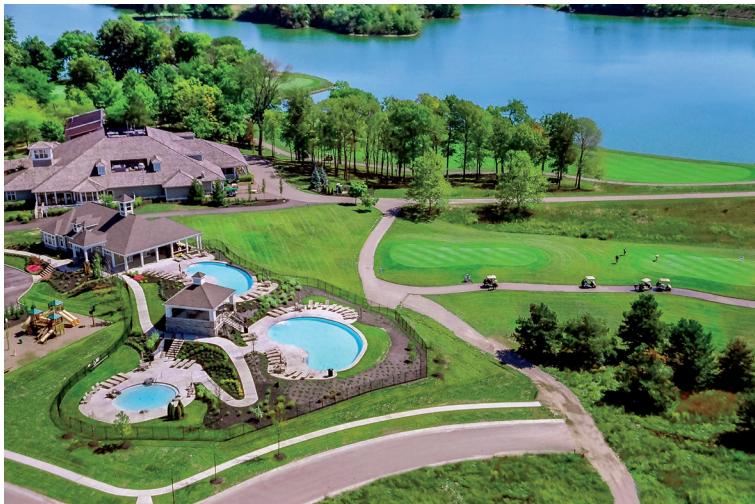
- Building homes for customers stepping up from their first or second house.
- Providing a customer experience that was more personalized than a production home and more affordable than a custom one.
- And perhaps most important, building homes in communities that would last for generations.

In short, they wanted to provide the best new home solution and customer experience in the market, bar none.



PLAN #420 "THE REGENCY" EXTERIOR "A" (WHISPERING WOODS MODEL)

That simple approach paid off. We've since built tens of thousands of homes in hundreds of communities in Northern Kentucky, Cincinnati, Columbus, Indianapolis, Atlanta, Louisville, Dayton, and St. Louis. Sales have grown nearly every year that we've been in business. In 2021, we became one of Greater Cincinnati's billion-dollar companies.



Our challenge now is to ensure another four decades of success while staying true to the values and principles on which our success has been built. This is one of the most difficult challenges that any organization faces: how to maintain a high level of operational excellence over a sustained period of time.

Meeting this challenge requires a clear articulation of our culture—the repeatable beliefs and practices that guide how we treat people, how we execute every aspect of our business, what we celebrate, what we tolerate and what we don't, how we measure success, and how we help ensure the professional growth of everyone in our organization.

Our Mission is simple and clear:

***We Want Fischer Homes to be the Creators of the
Best Total New Home Solution and Builders
of an Exceptional Experience.***

The fundamentals of our business are reflected in six critical success factors:

1. Grow by creating an exceptional customer experience.

We focus on operating an integrated new-home delivery process that meets our customers' expectations for a personalized "Exceptional Customer Experience" through which we promise only what we can deliver and deliver what we promise. We continually identify and attract the profitable target market segments we choose to serve. And we deliver or modify new designs that satisfy the personalization needs of our customers while striving to be the most efficient producer of that product.

2. **Improve operating costs by becoming the most efficient home builder.** We continuously improve and document our operating processes with the objective of adding value and reducing cost, primarily by striving to do the best job possible the first time every time.
3. **Acquire homesites in the right neighborhoods under the right terms and conditions.** We plan three to five years out and operate conservatively to ensure we can grow consistently while maintaining flexibility to adjust to changing conditions.



4. **Maintain strong financial resources and conservative debt structure.** We operate our businesses to achieve both individual and collective performance objectives. We deliver against our planned Return on Investment (ROI) standards. And we manage risk appropriately.
5. **Hire, develop, and retain a team of high-performing individuals.** We provide an environment for increasing individual responsibility. We communicate expectations and provide tools and training that empower people to grow. We measure and manage individual and team performance, and we reward great results.

6. **Develop an information system consistent with continuous process improvements.** We fully leverage the power of data, information, and technology to reduce costs, increase productivity, and provide accurate, timely information to the people accountable for making the right decisions.

Our business is designed around four pillars: Strategic Planning, Sales and Marketing, Construction, and Land Strategy and Acquisition. These four pillars are mutually reinforcing:

- We evolve our growth strategy on a rolling five-year basis, with a dual focus on growing in our existing markets and identifying the most attractive expansion markets.
- We set, achieve, and strive to exceed sales goals with a sales and marketing organization that we're confident is one of the best in the industry nationwide.
- We build homes with exacting attention to quality, detail, and personalization.
- We acquire land in a financially disciplined way that ensures we can grow profitably in every market we serve and create communities our homebuyers will love.



This narrative, *Builder of Choice*, is a blueprint for how we operate. It is written for new Associates joining our team and for experienced colleagues who've been part of the Fischer Homes family for years. We want to capture the "pearls of wisdom" that represent the best of our company's heritage while also looking ahead to the future we're building together and how we'll do it.

By being clear about our purpose, mission, success factors, business pillars, and the quality of our organization, we've built a company designed to lead and to last for generations to come.

This is the essence of Fischer Homes.



CHAPTER 1

Our CULTURE

WHAT WE BELIEVE:

The Fischer Homes Philosophy



Building someone's home is a privilege. They're trusting us with what may be or often is the largest financial investment they'll ever make. They're relying on our honesty and competence. They're counting on us to remain in their community from start to finish—and not to exit when times get tough, leaving their community to erode in appeal and value. They're investing in a relationship that they expect to be as important to us as it is to them.

We operate with great respect for the role we play in our customers' lives. Our operating philosophy is built on a few simple but enduring principles:

- “We Promise Only What We Can Deliver—and Deliver What We Promise.”
- “We Believe in Doing It Right the First Time, Every Time.”
- “We Have a Responsibility to Create a Place Where Everyone Can Do the Best Work of Their Life, Every Day.”
- “We Are What We Tolerate. The Minimum Level of ‘Acceptable’ Performance is a Neon Billboard to Team Members. We Set the Bar High.”
- “No Margin . . . No Mission!”

These principles are the cornerstones of our culture. They drive our focus and accountability. They inform us of the discipline with which we work. And they remind us of what's gotten us to this point and will ensure our success for generations to come.

The way we operate is pretty simple. We treat customers with respect by being as honest and transparent as possible at every step of the homebuilding journey. We push decision-making into the field where the work gets done. We ensure that our contractors are able to do the quality work we hire them to do, safely and efficiently. We're conservative in our business dealings and are rigorous about managing cash and costs—because this enables us to invest in our business and to keep our promises to customers, no matter how the external environment might change.

Defining and nurturing a strong culture takes hard, persistent work. But it's worth the effort. It's the key to a successful business, especially one built for the long term. It attracts the best people and creates opportunities for everyone who is part of it. And it drives our ability to improve the lives of those we're in business to serve.



Our principles inspire us. We take time to know our customers—their aspirations, lifestyles, needs, and resources. We take time to know our partners, as well, especially the contractors who are a critical part of the homebuilding experience. We want to be their Builder of Choice—the company they choose to work with first because they know we're committed to quality; they know our homesites will be ready for them when they show up; and they know we care about their success and profitability just as much as we care for our own.



And, of course, we take time to know and support one another as colleagues. We invest in our people from Day One with the tools they need to do their jobs, the training that will expand and sharpen their skills, and career path options that allow them to grow in any direction they desire.

That's the kind of company we've become—the kind of company that Henry and Elaine envisioned when they began, with the staying power to lead and grow for generations.



CHAPTER 2

Our WHO

CLARITY OF PURPOSE: ***Knowing Who We Serve***

The homebuilding market attracts an incredibly diverse mix of customers: first-time buyers, trade-up buyers, value-oriented and premium-tier customers, singles, couples, growing families, blended families, multi-generational families, and empty nesters.

We respect them all and want to serve as many of them as we can. We're trying to be head and shoulders above our competitors for the customers we're best equipped to serve. And we are upfront with our customers when we're not convinced that we can delight them at every step of the journey based on what they need or expect.

This clarity and transparency has been part of the Fischer Homes business model from day one. Henry had a system in mind when he started the business. He knew how much flexibility he could offer a customer and still build a quality home on time and on budget every time.

"I knew what I could do and couldn't do," Henry said, "in terms of features, options, plan changes, finish levels, and so on. People would ask me if I was a custom builder, and I told them the truth: I was offering as much of a custom experience as I could offer profitably. If they needed more than that, I wasn't the best fit for their needs—and I encouraged them to look elsewhere. It was just a matter of honesty."

It's important to know what you're good at and what you're capable of delivering consistently. We're deeply committed to innovation and to the expansion of our business, but we're also committed to growing from our core. Diversifying offerings outside core competencies brings complexity that can lead to customer dissatisfaction, associate and contractor frustration, timeline slippages, higher costs, and eroded margins.

We avoid this trap. We're recognized for our efficient, high-value delivery of quality homes that meet and exceed customer expectations. We emphasize quality over volume, bottom-line growth over top-line growth, and markets that match our capabilities.



It starts with our neighborhoods. Customers tend to select neighborhoods they can see themselves living in comfortably and proudly, so we put a lot of emphasis on community design and standards, with a strong conviction inspired by Henry's dictum that "you only get one chance to make a good first impression."

We then focus on the model home experience. Models are places where emotional engagement occurs. We showcase the experience of living—what it will be like to live life in our homes. But what's important is to align our models with our target customers and markets. It does no good to bring a prospect into a home that's way out of their price range or into a home that's way under what they can afford. We design models and engage with customers to get this balance right in community after community.



And finally, we focus on the 16 components of value that matter most to a customer's purchase decision. Sixteen may sound like a lot, but it's the right mix. The interdependence of these components is what creates the greatest possible value, which is why we track and leverage them holistically to create the best total new home solution and an exceptional customer experience.

16 COMPONENTS OF VALUE

Price	Craftsmanship
Operating and Maintenance Cost	Materials
Life Expectancy of the Home	Product Engineering
Resale Value	Suitability to Task
Uniqueness	Ease of Operation
Alignment with Needs and Wants	Service and Warranty
Brand	Selling and Purchasing Procedures
Name Recognition	Terms and Conditions
Appearance	

There's no room for trade-offs between these components. We hold ourselves accountable for delivering consistently and successfully against every measure because we've designed them to be highly interdependent. Together, they drive overall customer satisfaction, which is our #1 measure of success.

When we design communities people want to be part of, build models they want to live in and show how we can create value in every one of the areas that matter to them, we nurture the perfect conditions for self-selection: the customers we can serve best see us as the builder they want to work with most.

And strong, long-term relationships are born.

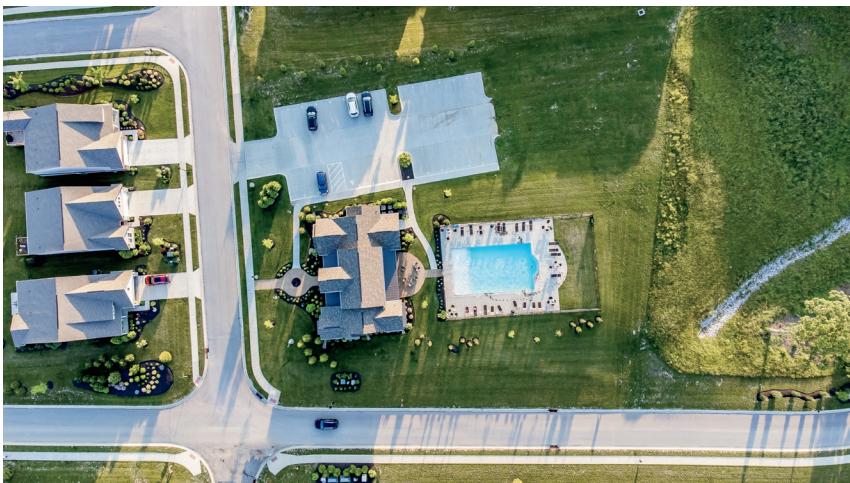


CHAPTER 3

Our HOW

CREATING COMMUNITIES: *Designing Neighborhoods That People Love*

The neighborhood is the first decision home buyers make. They consider the broader community, of course—schools, shopping, dining, recreation, and other factors—but we don't get an opportunity to sell and build a home until we've created a great neighborhood that people are excited to join.



Communities create value. A home in a great community is worth more to the customer long-term. Great communities feature well-built and well-placed homes. They're designed to age well. And they attract neighbors who take great care of their

properties. As a result, homes sell faster at higher prices for much longer periods of time.

The first rule of a neighborhood's appeal is "what you see first matters most." The second rule is that what you see later—in high visual impact areas throughout the neighborhood—matters, too, but not as much as what you see first. The third rule is that if you take proper care of the first rule and the second rule, what comes after generally takes care of itself.



The best opportunity to make a good first impression is the proper design and implementation of a well-thought-out plan. We leave no aspect of a community's design to chance.

The important components of a community plan include a land plan that defines a number of key factors:

- The entrance and initial streetscape of the community
- Early-stage market home planning nearest the entry
- Community naming and theming
- Entry monumentation

- Hard and soft landscaping
- Model selection and positioning
- Improvements to the external access route nearest the community
- An external and internal advertising signage plan



We work as thoughtfully on our communities as we do on the homes within them. We identify and act on what customers generally can't articulate. They don't necessarily know *what* creates strong community appeal, but they *feel* it. They know whether the neighborhood feels great and aspirational to them or not. Our job is to be experts in that appeal. We understand these elements with great precision, and we bring both art and science to the design and execution of a community that we're proud to brand as a Fischer Homes neighborhood.



Landscaping is an example of this expertise and attention to detail. When we plan a streetscape, we picture all the seasons—and we envision the community ten years after it's developed. Trees are an important component because they're what make the community feel great a decade later – a reflection of our commitment to create communities designed to stand the test of time. Manicured maintenance of community landscaping is also critically important. We want our communities to look beautifully groomed throughout the year.



We operate as either the exclusive builder in a community or as part of a builder program where we retain influence over the quality of the community. Our goal is to purchase 50% of the lots in our land portfolio from other developers on an option basis as a long-term strategy to properly manage financial risk. This prevents us from accumulating debt and excessive land inventory that can become financial liabilities if the homebuilding market enters a down cycle.

Our neighborhoods are a strategic asset and a source of pride for all of us at Fischer Homes. We look to the future as we design them, and we also look back in time. Our community philosophy has been inspired by iconic neighborhoods in every market we serve – places like Clifton and Mariemont in Cincinnati, Grant Park in Atlanta, Dayton View in Dayton, Lafayette Square in St. Louis, and Old Louisville. We're not looking to replicate these great neighborhoods, but we do study the characteristics that make them great—and then draw inspiration from them for new neighborhoods that we create.



We do the same thing by exploring the very best communities on a national basis, beyond the markets in which we currently compete. Our architectural teams stay on the pulse of home and community design trends throughout the country and pull their learning into our designs.

We will always be committed to great neighborhoods as part of our business model. A big part of why a Fischer Home is a Fischer Home is because it sits inside a Fischer Homes community.

OPERATING WITH RIGOR: *The Power of Executional Discipline*

Rigor is a key driver of our reputation. There is no substitute for quality, reliable, consistent execution. Henry set the standard years ago: we need to enable and empower every person in our organization to do what is right every time. This means doing the right thing, of course—operating ethically and honestly—but it also means doing things right the first time so we don't have to do them over again.

This is at the heart of executional discipline.

For example, we have a simple practice that has positive ripple effects throughout the entire homebuilding journey: touch dirt once. If we move dirt more than once, we create unnecessary costs for ourselves or for our customers. We make it harder for other crews to come in and do their jobs. And we leave a messy job site that is unappealing to potential buyers and unacceptable to those living nearby.



This is not how we operate. We have a tightly integrated process that drives efficiency, ensures quality, improves productivity, and creates value for our customers, our partners, and our business at every step of the way.

Standards are another example of rigor. They are the bar to which we hold ourselves and one another accountable. Standards drive performance, and performance ensures quality. It's as simple as that.

We define standards in every part of our business: Sales and Marketing, Construction Administration, Service, and Financial Performance.

STANDARDS OF PERFORMANCE: TOP TEN MEASURES

Company Sales, Starts, and Closings

Starts Leveling

Sale to Released to Start

Average QI Scores per Division

Customer Satisfaction

ROI

Gross Profit % and Net Expense %

Production Schedule

Job Cost Control

Services Outstanding

As with the components of value, these standards are interdependent. Hitting our sales targets only to delay starting the build process, for example, is not acceptable. Delivering all of our sales, marketing, construction, and service standards but falling short on profitability is equally unacceptable. If we want to be head and shoulders above our competition in every market, we have to meet or exceed *all* these standards *all* the time.

This is hard work in a tough business, which is why we place so much emphasis on leadership and accountability. Our measure of a leader is how well his or her team performs. We believe in establishing clear standards that guide and inspire excellence and then taking the necessary steps to ensure the standards are met, including empowering a team to perform at its peak potential.

You'll hear the word "excellence" a lot in our company. Excellence is the pursuit of maximum customer value and maximum shareholder return. It's a philosophy of constant improvement and getting things right the first time, every time. It's measuring ourselves against our own history, our competitors, and the standards to which we hold ourselves accountable. It takes good problem-solving skills, analytical skills, and no small amount of motivational skills to lead and operate at this level. This is what we hire for. It's what we train for. And it's what enables us to push decision-making to the field where it's needed most.



Rigorous execution is the decisive factor in success. The strategy sets direction, but the execution is what ultimately creates value. No other factor has had more impact on the success of our company – and no other factor will have as important a role in our future success. If we want to stand out, we have to keep the bar high.



CREATING VALUE: *Delighting Customers from the Ground Up*

We've designed a lean and highly interdependent organizational model, with construction as the center of the bullseye. Everything we do is designed around and in support of our ability to build superior homes in outstanding communities—on time, on budget, and with exceptional quality, every time.

Henry Fischer began his career in construction. By the age of 14, he knew how to lay out a footing and frame a subfloor, learning at the side of his father, who had a small homebuilding business of his own. By the age of 18, Henry was a crew leader framing houses and working his way through college as a framing carpenter. Constructing homes from the ground up is in Henry's DNA and in the DNA of the company that he and Elaine built.



Our construction organization is designed for efficiency and seamless flow from start to finish. The construction-focused teams include:

- Architecture and Design
- Construction Services
- Supply Chain and Purchasing

- Internal Operations
- Urban Development
- Construction Administration
- Customer Care

Our Construction Services Leaders operate with three core objectives in mind:

- Create home designs that produce the greatest value for the customer and that we can build with uncompromising quality at a reasonable cost.
- Provide design options that allow customers to personalize their homes in a controlled manner.
- Manage every aspect of the construction process with excellence and efficiency.

When a home is completed, we do a thorough quality assurance review and then walk our customers through their finished home to ensure they are 100% satisfied and ready to move in. If they're not 100% satisfied, we do what's necessary to get them there without exception. While this process may not be entirely unique in the homebuilding industry, we believe ours is the most efficient, tech-enabled, customer-focused approach to building quality homes that exist in any of our markets.

An important part of our construction culture and capability is product innovation. We continually refresh our home designs to ensure they reflect customers' changing preferences. And, importantly, we never create designs based on a specific plot of land. We design for our customers and then develop construction sites that will work for particular designs once they become part of our portfolio.



Every decision to refresh an existing home design or to create a new one requires unanimous support from the company's Architecture Committee. The same is true for our portfolio of collections and designs. If our portfolio is too small, we may not be offering a sufficient range of design choices. But if it grows too large, we overwhelm customers with too many options, and we undermine our ability to operate with the discipline that Fischer Homes is known for. Maintaining the right balance between the two options is an important factor in our success.

Today, we offer multiple collections that include dozens of home designs, including single-family and attached homes. We refresh our portfolio on a rolling basis, typically focusing on one collection per year. Our Architecture Committee and design teams review each design in the collection and recommend changes. Our rule is simple, though: if we add a new design, we retire one. The portfolio stays strategic and tight.



The design change process is externally driven and highly inclusive. Our Architecture, Design, Strategic Marketing, and Internal Operations teams monitor external trends in homebuilding, interior design, smart-home technology, materials science, and other drivers of homebuilding innovation. They bring insights and perspectives that inform the creation of entirely new designs and the invigorating refresh of existing ones.

Historically, we would build a prototype home and then seek input from Fischer Homes teams and external partners, but this was an expensive and time-consuming approach. Today, we create a 3D digital prototype that includes every layer and sublayer of the home, including HVAC, plumbing, electrical and other infrastructure, and the living experience of the home inside and out. This gives us the ability to gather a mix of insights and ideas before the first home is ever built. As a result, we ensure we maintain a diverse mix of plans with the same discipline and efficiency with which we run every other part of our business.

From design to delivery, our construction mastery is tested every day. It's tested by how well we manage the build, by how efficiently we use our contractors' time and expertise, and most importantly, by how our customers react when they see their finished home for the first time and when we come back after they've moved in to ensure the one thing that matters most to us: that their Fischer Home is their Dream Home.



SELLING VALUE: ***Helping Home Buyers Make One of Their Most Important Decisions***

Creating an exceptional experience for Fischer Homes customers begins with our Sales organization. When a customer walks into a model home, we operate with the belief that we have about seven seconds to make a good first impression. That means the only thing that matters is taking exceptional care of that customer from the moment they walk in our door. The same thing is true if they call us, text us, or send us an email. The customer is always our top priority.

Our standard for customer experience is “world class.” We want every customer, even those who ultimately choose another builder, to feel that they received world-class, concierge-level treatment while in the care of our team. We want their experience with Fischer Homes to set the standard for every other experience they have, inside and outside the homebuilding industry. It’s a very high bar, and we reach for it every day.



At the heart of this “world-class” customer experience is a customer-centric sales process that we call the “FUSE” Model of Selling—**F**ischer **U**niversity of **S**ales **E**xcellence. We first focus on building trust and rapport, which allows us to discover what we call “the real situation”—the compelling reason that a customer is considering a new home and community. We listen carefully to understand the concerns or objections a customer might have and then propose possibilities for how we can best meet their needs and aspirations. We guide the customer through the sales process step by step, checking in along the way to ensure we’re on the right track, which ultimately enables us to close with confidence.

Today, the customer journey most often begins online. Digital engagement has become a growing source of competitive advantage for our company. We’ve created a fully dedicated digital sales team to ensure that when a customer visits our website, posts a question, or responds to a prompt, we are ready to connect with them immediately. We know that if we fail to respond to a customer within five to ten minutes of an inquiry, we lose up to 40% of our leads. But when we’re there, ready to engage and answer their questions, we significantly increase the likelihood that we can arrange a visit to one of our communities and a tour of one of our homes.

Our digital presence transcends visits to our website. That’s our digital front door, for sure, but we also strive to be present wherever customers might want to engage with us. We’re present in relevant social media communities and visible on platforms tailored to every segment of our customer base. We work hard to be wherever the customers we can best serve want to meet with us.

These virtual engagements bring customers into our homes. When they visit us in person, we encourage our Sales

Counselors to take the first few minutes to connect with our customers on any topic other than the actual home purchase. The goal is to immediately start building trust and rapport. This sets the tone for our time with the customer, sets us apart from other builders, and is key to delivering a world-class sales experience.

We want every Fischer Homes Sales Counselor to be a master of genuine conversation. The more we learn about our customers, the better positioned we are to help them. And the more they share with us, the more they come to trust us. Building trust and rapport doesn't stop after the first five minutes. It continues throughout the sales process.

We also think about those first moments with a customer as an opportunity to treat them the same way we treat friends when they come into our own homes. During their visit, we're respectful of their time, but we don't want them to feel rushed. We want them to feel welcomed.

To let the customer know what they can expect during our time together, we use a simple "Upfront Contract." This puts the customer at ease and allows us to ensure we're on the same page. We share our agenda, how it benefits the customer, and gain agreement. Effectively, this is how we transition from building trust and rapport to the business of purchasing a home.

Once we've gained agreement to our Upfront Contract, we tour the model home. Touring the model allows us to showcase the distinctive features of our homes and our quality of construction while asking a series of strategic questions to learn more about the customer's wants, needs, and frustrations that are motivating their interest in a new home.

We ask about their current situation, what they like, and what they would change. We clarify their priorities for their next

home, homesite, and community. We identify our competition. Are they looking anywhere else? Are they working or talking with other builders? If so, where are they in the process? By the end of our conversation, we know enough to guide a customer's choices and propose a community, home, and homesite that will meet their needs and solve their frustrations.

The next step in the journey is asking for the sale or closing. It's possible at this point that the customer gives us an objection such as "I want to wait," or they may insist a competitor's pricing is lower than ours even though we may be offering higher quality features that justify our pricing. Some customers may just want the opportunity to negotiate a lower price. Our Sales Counselors use a four-step approach to overcome objections: Acknowledge, Probe, Address, and Confirm. Then, assuming we are able to overcome the objection, we ask for the sale again.

Henry Fischer's conviction from the time he and Elaine started the business was to "set a fair price and get it!" Our job is to ensure customers are informed as they consider their homebuilding decision. We know our competitors, the market, and our unique selling proposition. We empower our Sales Counselors to present our story with clarity, confidence, and transparency.

We know and believe that following our sales process with every customer delivers an exceptional experience. We're able to save our customers time and provide them with the information they need to make a well-informed decision. If they aren't able to come to a decision, our commitment to the customer continues in proactive and timely follow-up.

Honest, proactive communication is a critical driver of a superior customer experience. We maintain this level of communication with our customers from start to finish,

strengthening their trust in us at every step of the way. Our Sales Counselors stay engaged with customers throughout the building process, long after the sale is made. They ensure a smooth closing, and they follow up with the customer following their move-in experience to ensure satisfaction and ask for referrals. We take pride in the high percentage of our customers who tell us at closing that they would refer a friend or family to build with Fischer Homes.

What does it take to become a Fischer Homes Sales Counselor? We look for coachability and drive. Selling experience is not a requirement. In fact, it can sometimes be a liability if someone has internalized sales approaches that don't align with our culture and model. We hire people who want to win, are ready to learn, and share our passion for delivering an exceptional customer experience.



DOING THE BEST WORK OF YOUR LIFE, EVERY DAY: *Growing Top Talent and Creating Careers*

When Henry Fischer stepped away from his role as CEO, he delivered a simple but inspiring truth to the organization: “This is now your business to grow.”

In that moment, he set the trajectory for the company’s future by making it clear that the Fischer Homes family, not the Fischer family, would grow the company for generations to come while staying true to its core purpose and values.

At the heart of those values is a belief that every individual in the company has the *potential* to achieve whatever he or she wants to achieve—and the *responsibility* to develop the skills and experiences necessary to achieve that potential. The company’s responsibility, in turn, is to provide opportunity, training, mentoring, and one unequivocal promise: every Fischer Homes Associate will be part of an exceptional organization.

The best way to be the best is to work alongside the best. Henry has always believed this. Early in the company’s history, he told team leaders, “Your minimum level of ‘acceptable’ performance is the level of performance of your lowest performing individual who is still on your team. This is a neon billboard to other team members.”



We see this as an empowering statement. We value mastery, craftsmanship, and individual contribution, along with collaboration and leadership. We want people on our team who are accountable for their performance and growth and who both expect and help enable strong performance and growth in those around them.

We grow talent by hiring with high standards and by thinking in decades about people's growth, career success, and financial well-being. We want the best people to join our company and to build their careers with us because they feel valued, see opportunities to grow and advance their careers, and are eager to work with exceptional colleagues.

One important way we attract and retain top talent is our approach to compensation. Our incentive compensation systems are designed for the whole organization, not just for a few senior leaders at the top. Everyone participates in the company's growth.

We're transparent about performance measures and progress in every part of the business. Everyone on our team knows that the more the company grows—and does so profitably—the more we all benefit, financially and otherwise. So, it's in our interest not only to perform individually but also to reach out and help anyone who may be falling back. We don't compromise on "acceptable" performance, but we do join hands to lift everyone up to exceptional performance.

Our Sales organization is a good illustration. Personal growth for our sales teams is not limited to once-or-twice-a-year training. It's managed on a weekly basis, and it starts from Day One. Newly hired Sales Counselors spend their first 90 days working in the field alongside an Elite Coach who they watch and learn from.

The learning doesn't stop at the end of 90 days. Every Sales Manager is expected to conduct weekly practice sessions with their teams, honing their skills as Sales Professionals who do what's right for customers, communicate proactively and transparently, and close sales with confidence and trust. Sales Managers are also expected to work with every individual on their teams, with a particular focus on coaching and development.

Our Construction teams operate in much the same way. Field leaders spend time with their teams in the field and are supported themselves by Market Presidents and other Market leaders. We place the same priority on working with subcontractors and tradespeople who are as much a part of our business as our Associates are.

We strive to be the Builder of Choice for the best talent in our industry. We've seen the power of this aspiration in our ability to recruit top talent at top universities in the markets where we operate. We take a high-touch approach. We're visible on campus to ensure students know who we are. We work closely

with professors and with career development managers to ensure we know the students with whom we should be building relationships. We provide co-op opportunities that turn into job offers—and we celebrate those offers with unbridled pride and fun, hosting a “Signing Day” event that feels a lot like an NBA or NFL draft!



When you’re doing the best work of your life every day—and when you’re working alongside many of the best people in our business—it’s invigorating. It drives incredible pride, a strong sense of belonging, and the exceptional customer experience that’s at the heart of all we do.

EXPANDING AND GROWING:

Executing a Simple, Clear Strategy for Reliable Long-Term Growth

We've focused on how we grow our business organically in our existing markets. Let's turn now to how we grow in new markets—and how we reapply what we've learned from our founding markets.

We entered the Columbus, Ohio, market in 2008. We achieved success very quickly but also began to see opportunities to optimize our model, which we've continued to improve with each new market we've entered.

Our "expansion blueprint" begins with our growth strategy. This is the first component of our model. We refresh the company's growth strategy on a rolling five-year basis as we explore how we can grow in our existing markets and where we might expand to new markets. Our approach is led by a small strategic marketing team and our Market Presidents. We are highly data-driven, examining a range of factors, including economic and population growth, projected mortgage interest rates and other financial dynamics, and national and regional home buying and design trends.

We're rigorous about getting this analysis right. We project home sales for every division at every price point, then look at our existing land portfolio to determine the gap between how much land we have versus how much land we will need. That analysis becomes the basis of our land plan and provides our land acquisition managers with the clarity they need to negotiate purchases and options.

The second component of our model is market expansion. We look for markets that are geographically proximate to our

existing divisions while meeting the essential requirement that the new market can be efficiently supported by our hub-and-spoke business model, which we'll explain in a bit more detail below. We look at demographic drivers. And we look at other factors, such as the competitive landscape, who has the greatest influence on land availability, and whether there is a sufficient pool of experienced trade professionals in the market.



Once we qualify potential markets that are a good fit for our business, we look for the optimal way to enter. Most often, the best path is to acquire a successful builder who is interested in selling their business. When acquisition opportunities exist, we bring the same rigor—and the same commitment to building relationships—that we bring to every other part of our business. This results in successful acquisitions that work culturally, operationally, and financially.

We acquire only select assets: select land deposits, necessary property and equipment, and desired model homes. We ensure that the company we're acquiring retains responsibilities

and liabilities associated with homes that have been previously completed or are under construction at the time of acquisition. This approach positions us for accelerated growth. It also provides assurance to people who've bought homes in the communities we're entering that the integrity of the community will remain intact and that a professional builder is in place who will deliver a quality product and be committed to the community for the long term.



The third component of our blueprint is to operate as a hub-and-spoke company. The role of our corporate team is to support the markets. Providing strong centralized capabilities and ensuring the markets have 100% of the support they need to thrive is a winning formula.

Each market is a profit center and functions mostly autonomously. Markets update their strategic plans on the same rolling five-year basis on which we update our corporate strategy, and they make growth commitments to the company overall,

but we don't micromanage them from the center and certainly not from the top down.

Our Market Presidents have responsibility for strategy, sales, construction, land acquisition, services, and talent. They spend time in the field. They draw on our enormous centralized functional offerings to run their businesses. And they continually strengthen our culture.

The fourth component of our model is our land strategy. Land is a critical part of our business strategy. We own about half of the land we build on, and we have options with external developers to buy the other half, which mitigates our risk while still ensuring that we have sufficient land available to meet customer demand. We also project land acquisition needs on the same rolling five-year basis that we use to refresh our growth strategy.



We are highly disciplined about this process. Our objective is to buy the right amount of land in the right places at the right price—and not to overcommit. In the homebuilding business, if you get too far ahead and end up with too much land in the wrong places, for which you paid too much, you can quickly be overexposed and face a liquidity crisis.

The fifth component of our blueprint is supply chain and resource management. We see supply chain management as an art of managing costs, channel dynamics, innovation, and process efficiencies. It's also the discipline of managing resources, which includes managing and projecting future costs while controlling current costs, ensuring we have sufficient product and labor capacity, and maintaining a full understanding of the total cost of ownership. When we get these things right, we outperform the competition in every market. This is an enormously important advantage and a key driver of our expansion strategy.

Taken together, these five components have enabled us to expand strategically and with discipline into all the markets we now serve—and in markets we're not yet serving. We're careful and deliberate about how and where we expand. We move decisively when an acquisition opportunity emerges, but we don't pursue acquisitions under pressure to meet overly aggressive sales targets.

We focus on the long game. We're in business to endure.

BUILDING RELATIONSHIPS: ***Creating Advantage as the Builder of Choice***

Our commitment is to ensure that Fischer Homes is seen as the best home builder in the industry. As a result, we have the best opportunity to work with the best people in every market where we compete.

This is important to us. Our business is dependent on the strongest relationships with the most valuable players in our industry: our Associates and recruits, contractors, subcontractors, bankers, regulatory and zoning partners, community stakeholders, and others. Our unrelenting goal is to be the Builder of Choice for all of them.

Being the Builder of Choice is an enormous competitive advantage. When the best people want to work with us, ahead of any other builder, we're able to deliver the quality that we promise, build superior homes on time and on budget, grow the people on our team and in our network, and suffer little down-time managing attrition, supply chain, and other issues that can consume significant time and costs.

We do four things to strengthen our reputation as the "Builder of Choice":

- **We put the customer first** and build relationships with colleagues and partners who share this deep commitment.
- **We focus on joint value creation**. We care as much about our Associates' and external partners' success as we care about our company's success.

- **We invest in relationships that will last a lifetime.**

We're looking for more than transactional connections. We want to build and grow relationships with the best companies and people in our industry—for generations to come.

- **We operate with an uncompromising belief in the power of honesty, integrity, and transparency.** We talk straight, promise only what we can deliver, and deliver what we promise.

The way we work with our trade partners is a good example of how our approach shows up in our relationships. We simply don't draw a line between our internal organization and our external partners. It takes all of us to create the quality and experience that we're mutually committed to providing for our customers.

We ensure that tradespeople have what they need and are compensated promptly for every job they do with us. As we mentioned earlier, this means job sites are ready for them when they show up, the materials they need to do their work are on-site and easily accessible—even at times when materials may be scarce and difficult to obtain—and the site is clean and organized so they can do what they need to do, both safely and effectively.



Our companywide use of leading-edge digital technology enables our trade partners to plan their schedules effectively and efficiently, most often without ever touching a piece of paper. From their computer or mobile device, they can easily see the entire job flow and where and when they fit in, including with other tradespeople they may be working alongside. And they're able to show up with confidence that they won't have to waste their valuable time waiting on us.

In fact, we spend our time to protect their time. We learn how they plan their days, who manages job flow, pulls materials, and supports the field teams. We then integrate this understanding into *our* job flow so that, together, we can jointly create value for their business and ours at every level of operation.

In addition, our trade partners know we'll pay them promptly. We pay our small trades, in particular, on a weekly basis — and in some cases, the same day they do their work. This is a highly differentiated approach that has become a source of competitive advantage for us.

On top of all this, we invest in the personal growth of the trade professionals we work with, whether they work for a corporate contractor or serve us as an independent small-trades professional. We offer skills training, and we recognize great work, important milestones, and mastery.

We also work hard to benefit from the expertise and best practices of leading-edge partners in other parts of our business. Examples include firms such as Do You Convert, an online sales consulting company; MiTek, an ERP provider; Zillow; and other experts in areas that range from land to architecture to legal.

Every relationship matters and is built on a foundation of respect and trust. This is what lasting relationships are built on. It's what being the Builder of Choice requires.



CHAPTER 4

Our VISION

OUR NEXT 40 YEARS: *Nourishing a Culture Designed for Decades*

The world and our industry will no doubt change dramatically in the years ahead, but we remain confident that the fundamentals on which we've always run our business will remain relevant. Focus on the customer, and disciplined execution will never go out of style.

As we look toward the next four decades and beyond, we're inspired by the same vision with which Henry and Elaine created Fischer Homes in the beginning: we can stand out and stand the test of time by designing, building, and selling superior homes in prime communities at competitive yet profitable prices in every market we serve. Our strength is our extreme care in design, construction, and service to deliver the best-built home and the best customer experience possible.

A satisfied customer, in the final analysis, is our best assurance of future success.