

Rotary
Club of
Charlotte



THIS WEEK'S PROGRAM

May 7, 2024

2023-2024 Board Members

President Edwin Peacock

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Past Pres William Bradley

Secretary John Cantrell

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Linwood Bolles

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David Head

Joel Ford

Membership Terri DeBoo

Foundation Joe Morris

Programs Andy Dinkin



Rodney Pitts, Chairman, Southern Elevator Group, Inc., 1991 - 2023

by **Susie Masotti**

Rodney Pitts, Chairman of Southern Elevator was introduced by his life-long friend, Linwood Bolles. Rodney, a proud husband and father to two children and is a graduate of Duke University. He sits on the Federal Reserve Industrial Board and was an Investment Member of Charlotte Country Day School.

Rodney thanked everyone for attending and was very pleased to see so many old friends in attendance. He began his remarks by telling the story of his father working with Dr. Sanger (of the Sanger Institute) in founding the 38th Evacuation Hospital which moved every two weeks for four years. During the war, his father treated a war correspondent who was injured in the head. Because they did not have today's technology, they used a soldier's helmet to create plates to cover his wound. When he came home, he wore a similar device for years and he eventually went to Walter Reed where they removed the helmet plate and put his permanent plate in place. His father's ingenuity always inspired him.

He took a moment to thank **Robert Shaw** who put together a wonderful history of the Otis Elevator and let everyone know that the basic principles of safety in those original drawings remain in elevators around world today. Rodney purchased Southern Elevator business in 1991 from the Toler family out of Winston-Salem. He saw it as a non-capital-intensive service that had a future. Their business practice is specifically not to serve as a subcontractor which shrunk the business back to a service business and they eliminated all new installations. From 1991 to 1993 Southern Elevator purchased seven other elevator businesses with all-

cash deals. Not having debt was the key to their success and growth because profits were used to grow their business. They still have seven branches today – in North Carolina, they have offices in Greensboro, Charlotte, and Greenville; in South Carolina, they are in Columbia, Greenville, and Myrtle Beach and they have one office in Roanoke, Virginia. Since those acquisitions, Southern Elevator has had a profit and grown EVERY year.

As they grew, they created a middle management team that led the way to creating new technology, so they went outside the industry and found the Serve Man System (which originally specialized in servicing commercial HVAC systems). They bought their system and trained every member of their staff to utilize it. Today Southern Elevator has a system that could run four or five businesses and they are one of the few elevator companies in the world to have its own IT Department.

Rodney is proud to tell everyone that they kept every member of their staff on board and working during Covid. They put safety measures in place for their employees and required their clients to follow the guidelines that were set forth. After Covid (in 2021) Rodney began to think about selling.

Duke University became a customer in 1992 but they had their own mechanics – Southern Elevator employees apprenticed with their mechanics, and it took about 6 years to convince Duke to utilize Southern Elevator's services for their service needs. They agreed because their top mechanic had announced his retirement and the #2 guy said when he leaves, I leave (they only had 3 elevator mechanics). The EVP of Duke Health decided to put their business out to bid – the bids included four international companies that they knew wouldn't be able to handle the work (they quickly dropped out). In the end it was Southern Elevator and Otis Elevator vying for Duke's business. At the time Otis had Durham and Southern had everything else. At the meeting, Otis went first and suddenly Rodney heard yelling and screaming and the Otis folks walked out of the building. In the end, Southern Elevator got all their business and their team works with ours.

In 2022 they actively began pursuing a sale. In August 2023 the sale took place to Plexus Capital. They were chosen as the buyer because they had spent almost 2 years studying the elevator business and understood Southern Elevator's way of doing business.

In the end, he believes that Southern Elevator is the leading elevator company in the U.S. and it was a wonderful experience to build the business.

Rodney was asked about Cherie Berry (whose name appeared on the inspection certificate in every NC Elevator for 20 years). He stated that she was the best Head of the Department of Labor that NC ever had and that she built a program that is modeled by other States. She took the time to understand the complexities including OSHA regulations, safety concerns, etc. She

ran the department well. Through her leadership, you can call up the Department of Labor today and ask for an inspection of your elevator prior to an OSHA visit and they are happy to comply – that does not happen everywhere.

Rodney asked if when they won the Duke business did they hire their Engineers. Rodney said that two of the three retired and the one remaining, Earl, took a job directly with Duke Health in an oversight position. When Southern was pitching their business, they brought the resumes of the three Engineers that would be working on the facilities in Durham – that move alone had Duke impressed and they asked for a written contract because they had never seen that with other accounts.

Rodney was asked about SC's system since elevators and amusement rides are covered by the same state agency, if Southern Elevator ever considered getting into the amusement ride business. His reply was that while they have their family outing at Carowinds, they never pursued the idea of getting into that line of work.

The question was then asked about the industry's labor force and how that works. About 90% of all elevator mechanics and apprentices are unionized. Apprentices spend 5 years gaining experience and must take a test at the end of each year to move on to the next step. They start off with a smaller salary and as they pass tests throughout their apprenticeship their pay is increased. An experienced elevator mechanic makes about \$40.00 an hour. Rodney also added here that during Covid, Duke Health provided them with PPE for all their employees which led to Southern developing their own safety guidelines during the pandemic for their employees. Because they run small, they were able to keep everyone working in the office or on-site every day – with no one losing their job, he believes that cemented their reputation in the industry of putting safety first.

Rodney was asked about the Charlotte Economic Club. He said he has been a long-time member and believes that his participation comes from the talks he had with his grandparents and parents about being a citizen of the entire community – work, friends, family, business acquaintances, and those around you are all included.

Finally, Rodney was asked if he ever found out why Otis' pitch to Duke blew up. He did find out and said that Duke had been specific about wanting a proposal for all elevators and the service that would be provided. Otis didn't include Duke's existing elevators in their pitch and Duke was unhappy that they hadn't included that element.

A recording of the meeting can be found here: <https://vimeo.com/943810328>
The program introduction begins at approximately 18 minutes 25 seconds.