



THIS WEEK'S PROGRAM

September 5, 2023

2023-2024 Board Members

President Edwin Peacock

Pres Elect Kim Brattain

Past Pres William Bradley

Secretary John Cantrell

Treasurer Craig Field

Exec Sec Christine Cipriano

Directors 2022-2024

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Glenn Bouley

Margaret Donovan

Laura Little

Mark Norman

Diego Ramon

Robert Shaw

Directors 2023-2025

Patrick Baker

Linwood Bolles

Terri DeBoo

Andy Dinkin

Donna Dunlap

David Head

Joel Ford

Membership Terri DeBoo

Foundation Joe Morris

Programs Andy Dinkin



The SteelFab Story

by Rick Handford

President **Edwin Peacock** introduced Glenn Sherril, CEO of SteelFab, Inc., his long-time friend and Country Day classmate and basketball teammate. Edwin watched Glenn's 25-year

leadership journey that led to his becoming CEO in 2017. SteelFab is now the nation's largest steel fabrication company, with 13 plants and 16 offices across the country. It has operations in 41 states, employs 1,600 people, and has revenues of \$2.3 billion.

Glenn graduated from NC State with a BA in business management in 1993 and went to work in the family business. He founded SteelFab of Alabama, and subsequently moved on to SteelFab of Atlanta and rose to President of that division before moving back to Charlotte and becoming CEO. Glenn is very involved in the civic and philanthropic endeavors of Charlotte and serves on multiple boards, notably the board of the Federal Reserve Bank of Richmond, which he chairs.

Glenn is the proud father of two young adults, Jack and Will. In the audience were his mother and stepfather, Robin and Bill Branstrom, and his fiancé, Jennifer Hunter.

When Edwin asked Glenn to speak to our club he was flattered by the invitation but wondered why he would be asked to come and tell us about his family business. He did some research into the Charlotte Rotary Club and learned that he would be joining a long list of distinguished speakers at our very active club. He also learned that we meet weekly, which means that we have to come up with fifty speakers every year, which is no small task. He stated that he hoped that his story would keep us interested and perhaps give us some nuggets about leadership that might

help us to be better leaders in our own endeavors.

He started at the beginning, with his grandfather, J. Glenn Sherrill, an interesting and introverted man whose formal education stopped in the eighth grade. J. Glenn's father was a part-time sharecropper in Gaston County, where he also worked in a textile mill. It was during the great depression and money was scarce, so J. Glenn dropped out of school and went to work in the textile mill to bring in some money. Fortunately, he hated it and left the job after nine months. People said that he was something of a mechanical genius and could fix anything with a motor, and his older brother helped him get a job in a full-service gas station repairing cars. This led to his working on the maintenance crew at Southern Engineering Company on Wilkinson Blvd., which, at the time, was one of the largest steel fabricators in the United States. Steel fabricators take the bulk steel product coming from steel mills, cut it to size, attach the connection plates, and drill the holes for bolts or rivets that allow the pieces to be joined together into the steel frame that forms the skeleton of a steel building.

In a relatively short period of time, J. Glenn determined that he could make more money working in the fabrication shop than on the maintenance crew and started in the fab shop learning how to make handrails and stairs. He was soon promoted to supervisor. This put him in a position to make a very wise move and marry Blanche Sparks, a tough and strong woman who later helped him realize his ambition of owning his own business.

When WW II broke out, J. Glenn was exempt from the draft because he was working to fabricate handrails for battleships. After a year, he felt guilty about being out of the war and enlisted in the Navy, where he served in the South Pacific until the war was over. He returned to Southern Engineering in the fall of 1946 and worked there for the next seven years. He was then offered a 1/3 partnership in a start-up steel fabrication facility in Salisbury. His partners were the Wagner brothers, who also owned a construction company. J. Glenn, Blanche, their daughter Marie, and son Ronald (Glenn's father) moved to Salisbury to start work at the new company, which the partners named Sherrill Steel. After two years, he became bitter about the fact that the Wagners would not allow him to pay bonuses to the employees and decided to quit.

Blanche was instrumental in convincing him to sell out his 1/3 share, return to Charlotte, and use the money to start his own company, where he would own 100% and no one could tell him how to run it.

By that time, he had a wife, three sons, and a daughter to support, but he took the risk and started SteelFab in January of 1955. He bought some used equipment, hired three employees away from Southern Engineering, and with Blanche handling the books, spent the next five years working six days a week fabricating patio rails for ranch houses. In the early sixties, he expanded into fabricating small structural steel frames for elementary schools, drug stores, grocery stores, and warehouses.

In 1970, Glenn's dad Ronnie entered the business, and J. Glenn bought some property on Old Dowd Road near the airport and started construction of the Fabricating Plant. Ronnie worked three days as a draftsman and 2-1/2 days working in the fab shop helping his dad. At that time, SteelFab had 12 employees and around \$500k in revenues. In 1971, they were introduced to the world of balance sheet management when their banker told them that they had violated some of the bank covenants by drawing down their cash reserves to build the new plant. The banker said that they needed to restore the money as quickly as possible and that he had been told to pull their line of credit.

Ronnie was able to find a small community bank named First Republic that agreed to finance the completion of the plant and provide the cash to meet the payroll. First Republic was eventually bought by First Union, which was bought by Wachovia, which was bought by Wells Fargo, which remains SteelFab's bank to this day. The loyalty shown by First Republic in lending to SteelFab when nobody else wanted them was returned by SteelFab for sticking with the bank through all the mergers and transitions. The flip side of that loyalty coin was shown later that year when the broker who had handled all the sales for the company decided to build his own plant. Ronnie moved into the office and learned how to estimate, sell steel, and manage jobs. Turned out that he was pretty good at all of that.

In 1975, Ronnie's two younger brothers, Donnie and Phillip, came into the business, with Don helping Ronnie in the office and Phillip taking over the day-to-day operation of the plant. The brothers installed job cost accounting systems, borrowed money to modernize their equipment, and expanded the business by building additional plants in York, SC, Florence, SC, and Emporia, VA. Ronnie focused on relationships to expand sales, creating lifelong friendships not only with general contractors but also with developers. Every contractor and developer of significance in the area became a client of SteelFab. These relationships put them in a position to provide the steel for virtually every building in SouthPark and Ballantyne. Don focused on operations—the estimating and project management departments, and eventually the IT department.

In the late 1990's they got their first chance to build a high-rise downtown, being awarded the contract for what is now the Fifth Third Tower. Since then, they have gone on to build every major steel-framed building in downtown Charlotte, including the Hearst Tower, the NASCAR Hall of Fame, the Convention Center, the Baring's Tower, the Allied Tower, Bank of America Stadium, Charlotte Knight's Baseball Park, and the Bank of America One Tower.

The family believes that in order to be successful in the business you need to learn it from the bottom up. Glenn started working full-time at SteelFab in 1993, and like his dad and uncles before him, while in school he spent his summers working in the Plant. When he graduated, he spent another four months working in the shop and then moved into the office to learn how to estimate and project manage. His brother Stuart joined the Company full-time in 1996, and they were offered a partnership opportunity if they would move to Atlanta and open an office there.

SteelFab pays its partners comparatively small salaries, and most of their compensation comes from bonuses and distributions tied to the profitability of their part of the firm. In short, if the partners don't perform, they don't get paid. This is true of partners that are not part of the family as well as those that are, and Glenn attributes a great portion of the Company's success to non-family partners. The structure of the partnership keeps everyone motivated to be successful, which he also believes to be useful in keeping new family members motivated and productive. They don't get paid more than the value of what they produce.

In 2003 Glenn was moved back to Charlotte to take on more responsibility for their affiliated companies. Stuart remained in Atlanta to run that division until returning to Charlotte this year. The Company experienced steady growth until the 2008 recession, and revenues in 2010 were 60% less than in 2008. Even so, they remained profitable through those years when many others, including Southern Steel, were closing their doors, and by 2012 they had built revenue back up to 2008 levels.

SteelFab had mostly grown through internal expansion, building new plants, and opening up new offices as the need arose. In 2012, Glenn and Stewart convinced their dad that growth through acquisition would be a better way to go, and that year they purchased Alpha Steel (SteelFab Texas), giving them a plant and office in Texas. Since then, they have acquired plants in Oregon, Texas, Baltimore, Spokane Washington, and Fayetteville.

As they grew to become a multi-billion dollar per year company, they started to focus more on civic responsibility and leaving the world a better place than they found it. Although the SteelFab Foundation has been in existence for more than ten years, their giving has not been very focused, mostly supporting non-profits that their clients asked them to support. They now have decided to make a major impact in West Charlotte, where their home office and largest plant is located. Not only are they giving to multiple non-profits working in that area, but they are also actively working to employ disadvantaged youth in that area and provide them with careers. They are also getting involved through participating with local organizations such as Habitat for Humanity and Harding High School.

As they enter the fourth generation of SteelFab, Glenn will be focusing on Board governance, internship programs, mentoring the incoming generation of leaders, and planning for the retirement of the current generation of partners. SteelFab's culture is the source of its success, not only in the performance of ongoing operations but also in making successful acquisitions. J. Glenn started the Company not to get rich, but to be able to take care of his family and his employees. His philosophy was that if you work hard, follow the Golden Rule, and always do what you say you will do, then the profits will come. The leadership of the Company has steadfastly lived by this philosophy, and it has generated one of the greatest success stories of our time.

When asked about how to spread the culture throughout a Company, Glenn responded that you do it by example. Always be fair and honest with people inside and outside the Company, work

hard, remember people's names, and take time to ask them how they are doing and listen to the answer. Spend time on the shop floor and ask the people how you can help them and do things better. Take care of your people, your clients, and your vendors, and always treat others as you would wish to be treated. It works.

When asked about interest rates and their effect on the economy, he noted that their backlog is down some 25% and that he expects a mild recession in the latter part of 2024. While office construction is down due to changes made as a result of COVID, SteelFab is building a bigger backlog of data centers and manufacturing projects (many involving batteries) resulting from the re-shoring of capacity that had moved overseas. In many ways, recessions can be opportunities for improvement.

A recording of the meeting can be found here: <https://vimeo.com/861739343>
The speaker's introduction begins at approximately 23 minutes.