



BUSINESS PROFILE BUSINESS PERSON OF THE YEAR

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Dynamic leader of engineering company has made it his business to see the company, and the communities in which it invests, thrive

Story by MARY TATKO OF THE TRIBUNE

Each year, the Lewiston Tribune chooses a business leader to be featured as Business Person of the Year, an honor based not on annual income, but by the principles demonstrated in business and civic areas.

PULLMAN — Ed Schweitzer's influence on the local economy, through Schweitzer Engineering Laboratories' growing Pullman campus and new manufacturing facility that will open in Lewiston after the first of the year, is matched by a dedication to the communities in which he does business.

When he was selected as Business Profile's first Business Person of the Year in 2000, Schweitzer presided over a thriving company that employed more than 1,000. Today, as he is recognized as the first repeat winner of the designation, Schweitzer oversees an entirely employee-owned company of 3,000.

We sat down with him and his wife, Beatriz, SEL's business development director, at the SEL campus in Pullman to learn more about the company's growth over the past decade.

Business Profile: What was the process behind the decision to locate your new manufacturing facility in Lewiston?

ES: "Well, we keep growing. I think our growth rate is something around 15 percent or better per year, and more and more folks are joining SEL who work in the valley — Lewiston and Clarkston and surrounding communities. A year and a half ago, when we were looking at what to build where next, I asked our H.R. folks if they would let me know how many people already worked for us that live in the Lewiston-Clarkston Valley. And the answer I think at the time was 114."

Today, Schweitzer said, that number is 200, and, even factoring in carpooling, those employees are racking up about 700,000 miles and 70,000 gallons of gas a year and one and half hours per employee, per day, commuting. "These are approximate figures, but that's a lot," he said. "So what happens now is these folks that are driving 70 miles will drive one, two or three miles. And that hour and a half, well somebody can go back to school with that time; they can run home at lunch and be with their family, which is especially nice

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> Edmund O. Schweitzer III

AGE: 64

OCCUPATION: President and chief executive officer, Schweitzer Engineering Laboratories

RESIDENCE: Pullman

FAMILY: Wife, Beatriz Schweitzer; children Eddie Schweitzer and wife, Laura; Stephanie Schweitzer and husband, Nic Seeley; Paul Schweitzer; Sarah Marron and husband, Javier D'Acosta; two grandchildren

EDUCATION: Bachelor's and master's degrees in electrical engineering from Purdue University; doctorate from Washington State University

PROFESSIONAL: Fellow, Institute of Electrical and Electronics Engineers; will receive 2012 IEEE Medal in Power Engineering; member, National Academy of Engineering; recipient, graduate alumni achievement award, WSU, and outstanding electrical and computer engineer award, Purdue

Schweitzer Engineering headquarters is located on an expansive campus in Pullman. At its helm is Edmund O. Schweitzer, pictured above with his wife, Beatriz, who is SEL's business development director.

Tribune/
Barry Kough



> Schweitzer Engineering Laboratories

FOUNDED: In 1982 by Edmund O. Schweitzer III

LOCATED: Headquarters are in Pullman, offices in 45 U.S. and 35 international locations, manufacturing operations in Pullman, Lake Zurich, Ill., San Luis Potosi, Mexico, and shortly in Lewiston

EMPLOYEES: 3,000 company-wide; 1,800 in Pullman; will start with about 80 in Lewiston, doubling within the first half of the year, with up to 350 within three to five years

PRODUCTS/SERVICES: SEL employees invent, design, manufacture, distribute and service equipment that makes electric power safer, more reliable and more economical

SCHWEITZER: Lewiston plant good for employees, business

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when the kids are little; and go over to school for functions and get back to work. So it really, really adds to the quality of life. And it's good for the environment, it reduces traffic. It just works."

BP: You are coming to Lewiston just as the valley is reeling from Clearwater Paper's sale of its sawmill. What are your thoughts on becoming the region's largest private employer?

ES: "It's just sad to see the big run-up in the housing that was just fueled by foolishness, mainly in Washington, D.C.," Schweitzer said. "Look what it does. Finally the bubble burst, and that kind of game playing by the money men of the world has a lot of bad consequences, especially in this particular case, wood products. But it'll come back. After awhile the housing stock will be used up and they'll start building homes again."

BP: Did you consider building somewhere else entirely, in the United States or in Mexico where you already have one manufacturing facility?

ES: "Well, we are considering other places all the time, and we do have growth here," Schweitzer said. "We're finishing the solution delivery center right here in Pullman, which is about a 90,000-square-foot building versus 109,000 in Lewiston. So we're growing in both communities."

Schweitzer took a few moments to describe expanding operations at several of SEL's domestic locations, including Lake Zurich, Ill., King of Prussia, Penn., and Charlotte, N.C.

"We have people all over the world and in virtually every state," he said. "We're leasing in many of these other locations, and that works out pretty well, especially at the beginning. But after a while we'll decide what to do on a more permanent basis, and I like to own our own buildings. (If) we own our own businesses it shows our employee owners in the communities we're in that we're there. We intend to be there."

BP: What about government incentives?

ES: "We'd like to go to a state that's got a sign on the border that says 'Locate here because we don't pick favorites and we do practice fair, free and flat open government,'" he said.

Giving a major manufacturer a big tax break is counterintuitive to Schweitzer, and he refuses to accept such offers. "Isn't that going to make it a lot tougher for the state to provide the services that it has taken a lot of responsibility to provide, such as public education and public safety and certain welfare activities? I think, going forward, we'll favor states like Idaho and some others that don't tend to play favorites," he said, but added even Idaho is on the list of states now offering incentives.

"I think we're fools in some ways, and you can put that in the article, because I read about a business that built a \$160 million plant somewhere and got \$158 million of government money to do it. And I don't think that's right."

BP: What are some of the most significant changes at SEL in the past decade?

ES: In addition to SEL becoming 100 percent employee owned, a process completed in 2009, Schweitzer outlined three ways the company has grown and continues to grow: new products and services, new industries (in addition to the electric power utility industry, SEL's customers now in-



Tribune/Barry Kough

Ed Schweitzer listens to his co-worker and his wife, Beatriz, who is SEL's business development director.



clude industry segments as diverse as petrochemical, pulp and paper, pharmaceutical, water and wastewater, metals and mining, universities and hospitals) and international growth.

"Our catalog today probably has on the order of four times as many products as it did 11 years ago. In addition to that, we have a broad range of services. Our engineering capabilities take us to countries all over the world," Schweitzer said, mentioning not only Mexico, the United States and Canada, but Saudi Arabia, Kazakhstan, India and Australia.

BP: Do you go to these places?

ES: "Some of them. At this time last year, my wife and I were in — where — Egypt?" Schweitzer said. "Bahrain," they said together, "Saudi Arabia," she said. Much to the relief of those waiting back in Pullman, the Schweitzers left Egypt before protests against then-President Hosni Mubarak filled the streets of Cairo.

Short of traveling the world, the company's weekly Friday lunch — during which a program is presented and every SEL employee at every location is provided a meal — offers another way to appreciate the company's reach. "We get to see new countries or interesting orders that have gone to various countries around the world," Schweitzer said.

Every day, he said, SEL ships to about 30 different countries, with products reaching 140 countries in all.

The Pullman campus itself has a bit of an international feel, added Beatriz, who herself hails from Mexico City. At any one time, she said, there

are up to 35 languages spoken there.

BP: With SEL's expansion into new markets and industries, do you have different competitors?

ES: "No matter what you're doing or what you're making, you have competition, either direct or indirect," Schweitzer said. "We pay attention to competition, and our strategy then is to lead in price, quality, features, innovation, delivery and service, and keep pushing for that all the time to stay ahead."

SEL's competitors include well-known names such as Siemens, ABD and General Electric, he said.

"And then there's smaller niche players that may do one or two of the things that we do. New competitors

come and go. And you never know what the next competitor is going to do because you don't know until they do it. So you have to be very, very adept, forward-looking."

BP: What role does your 10-year warranty play in that competition?

ES: "We have still never charged anybody a penny to fix, repair or replace anything we've ever made," Schweitzer said. "Our concept is we want our customers to talk to us about trouble with something that we made so that we can get to the root cause of the problem and make things better."

In addition, he explained, the nature of the industry brings an ethical responsibility to make sure products work. "There's a tremendous amount of energy flow oc-

curing at the speed of light with electric power systems," he said. "If the customer does have a problem, we need to know. Not just for that customer, but on behalf of all our customers in that industry. It's our responsibility."

SEL has a product hospital in Pullman, with outposts in Mexico and Brazil, where products returned by customers are tested and repaired, usually within 72 hours.

"One of our competitors decided that since we had a 10-year warranty they should have a 12-year warranty," he said. "But then if you read the fine print, it only applies to certain products, it only applies in North America — all these restrictions."

BP: How do you choose which projects in the community SEL will be a part of? With your expansion to Lewiston, do you have your sights set on anything in the valley?

ES: "It's going to come from our employee owners," Schweitzer said. "And then I think the corporate part of this is we tend to focus on educational-related things. We like to support the Palouse Discovery

Science Center, for example."

SEL has established a program through which each employee can direct \$100 of company money annually to a school of his or her choice and has contributed to nonprofit organizations on the Palouse and in the valley, including Boys and Girls Clubs, YMCA, hospitals, Red Cross and United Way, with which it has been particularly involved.

BP: Any additional thoughts you'd like to share?

ES: "We try to run our business the way our mothers would want us to," Schweitzer said.

"We teach a little course on ethics, so we were looking around for ethics books — this is a good example. So one of the books that showed up was this little book just called 'Ethics 101,' short little book. And in the beginning, the author says that he was asked by a friend if he would write a book about business ethics, and the author said, 'I can't do that. I could write a book about ethics, but you can't separate business ethics from ethics.' Wow, that's good."

The first thing the author discussed was the Golden Rule, Schweitzer said, and how it is represented in virtually every major religion, from Judaism to Christianity to Hinduism.

"I guess that gets back to that mom thing," he said. "If we think like that, I think we'll be OK."

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