

SEL Principles of Operation



Making Electric Power Safer, More Reliable, and More Economical



Our purpose is to: **Make Electric Power Safer, More Reliable, and More Economical**

SEL Values

The following philosophies and values guide our business activities:

Quality

Our business requires continuous improvement of our performance.

- Identify, measure, and improve our processes.
- Work in a spirit of continuous improvement.
- Recognize, offer, and accept criticism as an invaluable tool for improvement.
- Seek simplicity.
- Use the best available processes and tools.
- Get to the root of every problem.

Customer Focus

We commit to offer customers unmatched value in our products and services.

- Price
- Quality
- Features
- Innovation
- Delivery
- Service

Discipline

Society depends on us for the safe, reliable operation of electric power systems.

- Manage resources, projects, and work wisely.
- Commit and deliver.
- Practice neatness, cleanliness, accuracy, and organization.

Communication

We communicate our needs and expectations efficiently, clearly, and respectfully.

- Listen carefully to our internal and external customers.
- Use whiteboards, charts, and graphs for visible, fast, and open communications.
- Transmit and receive: up, down, left, and right.
- Ask for help, information, and understanding when in doubt.

Integrity

We practice unquestionable ethics.

- Make clear promises to customers and exceed their expectations.
- Assume responsibility; be accountable.
- Depersonalize problems to solve them.
- Treat each other with dignity and respect at all times.
- Understand that it is just as important to be a good customer as it is to be a good supplier.

Creativity

We think, learn, and evaluate; creating is hard work!

- Have ideas, share them, and work together to develop and evaluate ideas.
- Be an inventor.
- Ask “Why?” five times.
- Expect, encourage, and enjoy change in the spirit of creativity and improvement.
- Be a problem solver. A hero is someone who solves a problem.

Community

We participate in the development of our communities.

- Be the best employer and employee possible.
- Share your and our successes with others.
- Be an asset to your community.

Ownership

We recognize the Four Rs of working at SEL: Risks, Rights, Responsibilities, and Rewards.

- Be professional at all times.
- Share your expertise with others to help us all succeed.
- Expand your knowledge into new areas.
- See beyond today and envision both the big picture and our future.

Dignity of Work

We appreciate that work is a significant part of our lives.

- Appreciate, respect, and enjoy diversity of thought and opinion.
- Achieve personal satisfaction from your creations and contributions.
- Help others recognize, appreciate, and enjoy individual and team success.
- Enjoy pursuing our purpose and vision.
- Balance the interests of our customers, employees, stockholders, suppliers, and community.

General Management

There are many facets of general management. These include:

- Hiring, developing, and retaining great employees.
- Promptly and fairly addressing performance issues.
- Defining and approving procedures.
- Identifying and avoiding conflicts of interest.
- Setting, following, leading, and modeling standards of conduct consistent with our values.
- Ensuring legal issues are promptly handled.
- Ensuring environmental and regulatory compliance.
- Managing records and documentation.
- Assuring the security of people and physical and intellectual property.
- Understanding and maintaining the correct types and amounts of insurance.
- Managing the invention process and promoting an atmosphere of innovation.
- Promoting creativity.
- Ensuring proper use of computers, telephones, company information, email, and other tools.

Management ensures that these important facets are properly handled and that all employees understand their importance.

Managing People

Managers are responsible for individual employee performance as well as group performance. In order to ensure every SEL employee is able to meet or exceed expectations, managers must regularly set clear and reasonable objectives and expectations with their employees and establish metrics for success and follow-up, which provide an environment for achievement and success for SEL employees.

People must manage, be managed, and perform in accordance with our values at all times.

Managing Projects

Projects must be organized and managed wisely; they also need to be monitored and measured in order to meet promises of performance, quality, cost, and schedule. The level of effort of project management needs to be proportional to the size of the project. Project management requires keeping the team and senior management together as the project progresses.

Financial Management

SEL measures our financial performance for two reasons. First, we need to understand how expenditures and investments add value to our company, looking both forward and backward, so that we make wise business decisions. Second, law, such as tax law, requires consistent and accurate measures.

All employees must use financial resources wisely and act responsibly to ensure these resources are never misused or misappropriated.

Manufacturing

Manufacturing within SEL is the process of obtaining quality materials and effectively processing them to produce a superior end product. We view our suppliers as part of our team and process, and we educate them in our purpose, values, and processes. Processes must be measured routinely to ensure that they are under control and are continuously improving. SEL manufacturing is world-class manufacturing.

Sales and Service

The purpose of sales is to understand the true requirements and objectives of a customer; determine how we can provide solutions exceeding those objectives; teach the customer our solutions; and reach an agreement to supply the products or services that best meet their needs. At SEL, selling is teaching.

We provide the customer with service in the specification, acquisition, and use of our products and services. Being efficient and aware of the cost of service helps us provide exemplary service “for free,” when possible, and appropriately decide when services must be “for fee.”

Because SEL products and services are innovative and technologically advanced, selling is largely about teaching our customers.

In accordance with our values, SEL never tolerates unethical sales practices (misrepresentation, bribes, kickbacks, paying for sales, etc.).

Engineering

SEL views engineering as a disciplined, creative process, one in which we specify, design, implement, test, and qualify every outcome throughout its entire course.

For this reason, engineers keep notebooks and document their work so that another engineer skilled in the art can follow their line of thinking and reproduce or modify their work. Engineers also work very closely with their managers; they are encouraged to think of managers as their lab professors when they invent, design, test, experiment, and record their work in their lab books. Documentation is critical to mapping our progress in innovation.

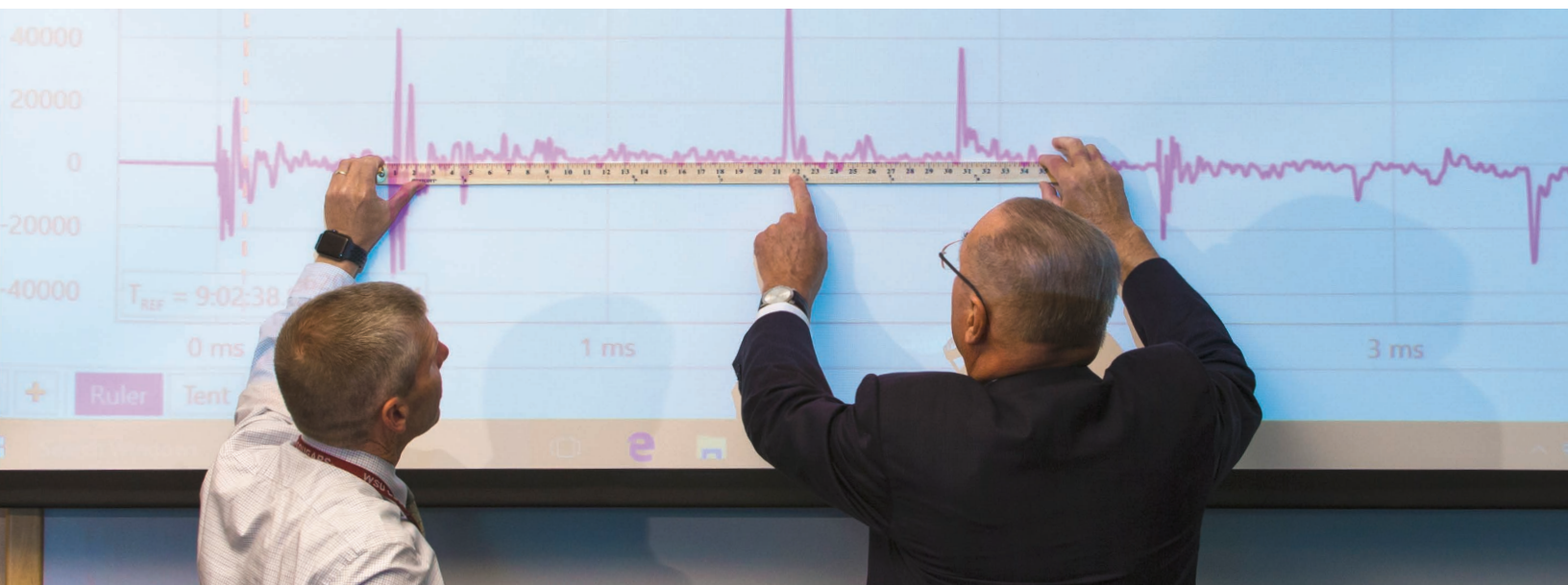
SEL makes sure that designers have the depth to do work assigned to them, the breadth to understand the work being done by others, and a clear understanding of product applications. Every SEL engineer must be able to clearly define and explain his/her work to coworkers, managers, and customers when needed.

It is critical for engineers to keep designs simple and teach their peers to understand their designs using clear and complete records.

SEL engineers keep meticulous measurements so that mistakes made yesterday are lessons learned and understood by everyone today.

SEL engineers are expected to reuse what they can for efficiency and proven quality as well as to invent truly new solutions.

A key educational opportunity for SEL engineers is to participate in peer reviews in order to help each other, exchange ideas, and learn.





Training and Learning

We must all efficiently learn and teach the skills necessary for our work. Find the process by which we do our work, and learn it. If the process needs to be improved, improve it. If the process does not exist, prepare it. We are expected to develop skills and depth in the areas specific to our work and to develop skills in some breadth so that everyone is able to understand the work of our peers.

SEL has an expectation as an organization that each of us teaches others what we know in organized ways that can be reproduced (e.g., videos and presentations).

All of us have an obligation to make sure that we have depth in the critical skills necessary for the success of our business. We seek learning opportunities at SEL to apply new ideas and enhance creativity.

Quality

SEL represents quality by continuously improving methods of operation, service, process, and product development.

Quality must be defined and followed in every department of the organization.

Several of the SEL values speak to quality. For example, getting to the root cause of every problem creates the opportunity not only to improve quality but also to improve our methods of delivery and service. You are at root cause when you can turn the problem on and turn the problem off.

“Ask why five times” is another important concept that fosters quality and innovation through discovering and recognizing root cause and in depersonalizing issues.

Physical Property

Physical property must be wisely selected, acquired, used, maintained, protected, and eventually retired. Having the appropriate tools in good repair is essential to performing quality work.

We must all take pride in the maintenance of physical property, including buildings, phones, furniture, computers, vehicles, and equipment. If such property breaks, fix it or replace it. Do not attempt to work without the appropriate tools; it is neither safe nor smart.

Keeping records required for purchase, lease, depreciation, and maintenance of assets is part of our financial responsibility to SEL.

Intellectual Property

All of us must protect and ensure the proper use of our intellectual property. Be aware that other people want to have our intellectual property and will try to steal it. To protect our intellectual property, it is important to:

- Apply for patents and defend our existing patents against infringement.
- Protect our designs, computer programs, test procedures, processes, measures, financial information, customer lists, employee records, etc.
- Be vigilant in communicating, storing, reporting, sharing, and controlling information.
- Be cautious with computers, telephones, conversations, websites, photographs, and other tools and resources. Never assume that others will have the same level of respect for SEL security that each of us must have.
- Respect the intellectual property of others. SEL treats the mishandling and abuse of intellectual property seriously.

Record Keeping

SEL corporate records illustrate and represent how the company operates.

Clear documentation is critical to the life and history of the organization as well as serving as a legal safeguard for SEL and our innovations.

All documents (hard copy and electronic) need to be protected, maintained, and retained.

Any SEL system of documentation must include a directory illustrating the document location, identification, and ownership or another clear method of the documentation's location.

Processes and Procedures

Processes and procedures are the methods by which we work. For example, many of us learned in school to plan experiments according to the Scientific Method: Purpose, Apparatus, Procedure, Results, Conclusions.

Ensure that the process or method you use to do your work is clear and can be repeated by another person skilled in the art.

Many times, the process is identified, designed, published, and controlled—such as circuit board assembly. The other extreme is a process that is identified at the outset of work (e.g., a program plan or experiment) and modified along the way based on experience.

The common factor: Can I understand what you did, and if I do it myself, will I get the same results?

Caring About What You Do

SEL provides an environment in which you have the tools, resources, support, and people that generate success for you and for the company. A key element to assuring that you meet success is caring about what you do.

It may seem to be an intangible element, but without it, all of the other activities we undertake can only take us so far and never take us to the highest levels of success. Engaging in your work and your development at SEL will help us all to succeed. Being accountable for your decisions and mistakes, as well as your best moments, helps us all to grow.

You have a unique opportunity to grow while working at SEL. We welcome you to do that wisely.

SEL SCHWEITZER ENGINEERING LABORATORIES

Making Electric Power Safer, More Reliable, and More Economical
Tel: +1.509.332.1890 | Email: info@selinc.com | Web: www.selinc.com

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