

Highlights:

- Schweitzer Engineering Laboratories (SEL) has committed to keeping production close to its North American customer base
- SEL is a long-time Phoenix Contact customer, and the two companies share similar values
- Both companies prioritize local manufacturing to better serve customers and improve sustainability
- Through this trusting partnership, Phoenix Contact will develop new connector technologies to help SEL enhance grid resilience

"I'm excited to work with Phoenix Contact, as they bring components previously built overseas back to the United States." – Angelica Salazar, Purchasing Manager at SEL

Customer profile:

Schweitzer Engineering Laboratories (SEL) invents, designs, and builds digital products and systems that protect, automate, and control electric power systems around the world. This technology prevents blackouts and enables customers to improve power system reliability, safety, and cost. SEL has manufactured products in the United States since 1984 and now serves customers worldwide. SEL provides unmatched technical support and customer service and a ten-year worldwide warranty (Figure 1).



Figure 1:

Schweitzer Engineering Laboratories (SEL's) mission is to invent, design, and build products and systems that protect, automate, and control electric power systems around the world.

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"We make electric power safer, more reliable, and more economical," said Kelly Van Nuland, supply chain director at SEL.

"That safety aspect is when there's an incident, we're going to turn off the power," said Joshua Hughes, engineering manager. "In terms of reliability, we're going to turn on the power as quickly as we can. And we're also going to limit damage to equipment. Obviously, if the equipment is getting damaged, it's going to reduce the overall reliability of the power system."

SEL is a 100 percent employee-owned company headquartered in Pullman, Washington. SEL conducts business following a strong set of core values: quality, customer focus, discipline, communication, integrity, creativity, community, ownership, and dignity of work.

"Our founder, Dr. Schweitzer, uses a phrase that summarizes our value statements: We do business the way our mothers would want us to," said Kelly.

"SEL values are demonstrated in the quality of the products that we ship to our customers," said Joshua. "They have the highest quality, and we take ownership in designing those products to get the highest quality" (Figure 2).



Figure 2: SEL makes electric power safer, more reliable, and more economical.

Challenge: Prioritizing local manufacturing

"We have a very strong customer base in North America, so our ability to build our product close to our customers is very important to us," said Kelly (Figure 3).

"We've had a big initiative to move our supply chains closer to home in North America," Ryan Bradetich, senior vice president of research and development, explained.



Figure 3: SEL manufactures in five U.S. locations, including at its headquarters in Pullman, Washington.

"If you look at some of the parts as they're manufactured around the world, they may cross the world two or three times before they're actually delivered to us. If we can have parts that are created closer to where they're actually going to be used, we can eliminate that waste."

Solution:

A partner with similar goals and values

SEL is a long-time Phoenix Contact customer. Over the past few decades, Phoenix Contact has created numerous custom solutions and unique configurations for different SEL projects (Figure 4).

"A few years ago, we started the conversation with many of our supply partners, and we've had this conversation many years about sourcing components closer to us,"

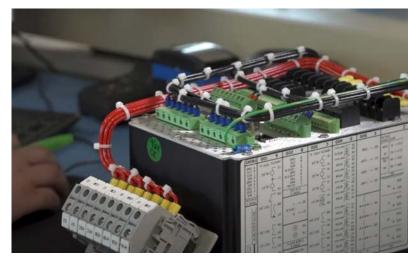


Figure 4:

Phoenix Contact and SEL have a long-time partnership, and Phoenix Contact has created numerous custom solutions and unique configurations for different SEL projects.

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said Angelica Salazar, purchasing manager at SEL. "What I found very impressive about Phoenix Contact is they listened to our needs, and they listen to their other customers. They not only talked about a solution, but they also implemented a solution.

"Phoenix Contact has similar goals and values to SEL's," said Chris Beevers, director of the electronic channel at Phoenix Contact. "We believe in friendly partnerships and being transparent with our suppliers and customers. As we opened up these discussions about moving production to North America, we identified that our two companies align really well and there were lots of opportunities to work together."

North American manufacturing is not new to Phoenix Contact. In 2005, the company established a Development and Manufacturing (D&M) company focused on the Americas market. It opened its U.S. design and manufacturing center in 2014. And in 2021, Phoenix Contact began a \$19 million upgrade to the manufacturing center. These changes will better serve the North American market, reduce supply chain risk, and better use the facility's overall assets. The project is still ongoing, but over the past few years, Phoenix Contact has added numerous new machines and production lines to its U.S. manufacturing operations (Figure 5).

"When we got together with SEL and told them about our strategy of moving more production to Harrisburg,



Figure 5:

Phoenix Contact has been expanding its production capabilities in the U.S., which aligned perfectly with SEL's initiative to bring its supply chain closer to home.

SEL came to us and said, 'Wow, we love that. We have the same strategy. We want to move more stuff to North America. We want to do it right now,'" said Chris. "Our biggest challenge was that we needed to build an injection mold department. To do that, we need to transition some pretty heavy equipment."

As Phoenix Contact expands its manufacturing, quality remains the highest priority. "Timing is a big challenge," Chris stated. "With our production here, going from injection molding straight over to our automated production, we're monitoring the entire process of how those parts are made to ensure everything is within very tight tolerances. We then go through the production process and perform 100% testing on anything that leaves that machine, so SEL knows that they're getting the highest quality product from Phoenix Contact every time."

Results: Long-term commitment

Angelica stated, "Right now, we're working together on many opportunities and projects, starting with headers and plugs. I'm excited to work with Phoenix Contact, as they bring components previously built overseas back to the United States. This allows us to source our components domestically."

"As Phoenix Contact further expands production in North America, we'll continue to work with SEL and come up with new connector technologies to help them make a more resilient grid," Chris said.

"Phoenix Contact has been wonderful to work with," said Angelica. "They're a company that puts their customer first, a company that actually listens to our needs, and it's a company that comes to us with solutions."

"The fabulous teams on the SEL side and on the Phoenix Contact side came together, very committed to making this happen. The commitment went all the way up to the executive leadership in both companies. It honestly culminated in a commitment to each other that we're going to do this project, and we're going to have a long-term perspective on making sure that this was a successful endeavor for both parties," Kelly concluded.

To learn more, watch a video about the partnership.

Phoenix Contact USA, Inc.