



NEXTERA ENERGY TOP TEN OPERATIONAL EXCELLENCE SUCCESS STRATEGIES

MEET AND GREET

Welcome to NextEra Energy, Inc. (also known as NEE). We are one of the largest electric power companies in North America with electric generation, transmission and distribution facilities located in 27 states in the U.S. and 4 provinces in Canada. We employ about 13,000 people and provide retail and wholesale electric services to more than 5.3 million customers.

Our largest subsidiary, Florida Power & Light (FPL), is the largest electric utility in the state of Florida and one of the largest electric utilities in the U.S. In the last 10 years, the company has invested in projects to modernize less-efficient fossil generation plants to produce more energy with less fuel and fewer air emissions, increased generating capacity at our nuclear units and upgraded our transmission and distribution systems to deliver service reliability that is the best in the nation. These investments have provided significant benefits to our customers, all while providing residential and commercial bills that are among the lowest in Florida and below the national average. With approximately 95% of our power generation coming from natural gas, nuclear and solar, we are also one of the cleanest electric utilities in the country.

QUALITY CULTURE

The NextEra Energy culture is Quality, starting with the three core values all of our employees wear proudly on their ID badges every day:

- We are committed to excellence.
- We do the right thing.
- We treat people with respect.

This commitment to Quality goes back for many decades and was especially evident 25 years ago when FPL was the first non-Japanese company to win the prestigious Deming Prize, the oldest and most widely recognized Quality award in the world.

This culture continues today with a thriving Quality Deployment infrastructure spread across all business units and affiliates. In the last 4 years, over 5,000* NEE employees obtained Lean Six Sigma (LSS) certifications and their Quality projects have generated over \$500M in net present value savings for the company (not counting the Yellow Belt “quick win” improvements that are not tracked).

We would like to share with you the “top 10” list of our best Operational Excellence success strategies.

TOP TEN SUCCESS STRATEGIES

1) *Focus on What’s Important*

While NEE has had a lot of successful projects, we want to make sure the projects we select are the ones that are most important to the goals of our business and our customers. In 2014, we invested in a new project tracking system that allows us to link all of our belt projects to the strategic objectives of the business. All projects entered into the new system must align to at least one of the corporate or business unit objectives. With a click, Senior Leadership can look at any of their objectives and see the drill down of projects that are being worked in support of attaining these goals.

* 34 Master Black Belts, 234 Black Belts, 956 Green Belts and 3,826 Yellow Belts

2) Start at the Top

Speaking of Senior Leadership, it really helps if the top leaders in the company understand Quality and the value Lean Six Sigma Quality practitioners bring to the business. Almost 25% of our Senior Leaders are Lean Six Sigma certified*, including our CEO. Nearly all of the business units view belt-certification as a differentiator when hiring and/or promoting employees, and a few have even incorporated Black Belt certification requirements into their leadership succession plans. This year we also launched a new Executive Belt training and certification program for director-level and above leaders who sponsor Quality projects.

3) Involve Everyone

In addition to the Executive Belt program, we redesigned our Quality curriculum over the last two years to make sure Quality training and certification was available for everyone in the company. Our current 2.5 day Yellow Belt Quality Workshop is open to all employees. In this workshop, employees map an existing process in their work area and use simple Lean tools to implement “quick win” improvements. For those bargaining unit or non-exempt employees not able to attend a full 2.5 day class, we developed a shorter White Belt version to do the same thing with a small work team in just 4 hours. Many business units now have goals to ensure that 100% of their employees are belt certified each year. This all-inclusive strategy encourages everyone to understand and own Quality in their daily work. Employees learn that Quality is not just a certification, but a way to do business every day.

4) Break Down the Silos

Over the last two years, we have also focused more time and energy on larger enterprise-wide projects that are designed to completely rethink the way we do business. To enable this effort, an 8-person Strategic Projects team of Black Belts and Master Black Belts, is dedicated to working full time with leaders and cross-functional teams across the company to break down silos and build synergies. The projects are called “Master Stories” with many smaller Black, Green, and Yellow Belt projects all working together to achieve larger business goals.

For example, last year, a Master Black Belt project composed of seven sub-projects, addressed our entire hiring process from position approval through background checks. This cross-functional initiative, with over 50 team members representing several different business units throughout the company, achieved a 53% reduction in the overall median recruiting cycle time, a 44% increase in recruiter productivity, and a 55 point increase in hiring manager satisfaction levels (as measured through a Net Promotor Score survey). This year, the same approach is being used to consolidate and streamline our disparate accounting and finance functions.

5) Value Hard and Soft Dollars

While increasing revenue and reducing operating costs are always important project goals, the business is quick to understand the value of safety, compliance and cost-avoidance projects that are hard to measure in terms of hard dollars and budget reductions. In addition, rather than focusing on headcount reductions, the focus is on increasing headcount productivity. This means that by eliminating one hour of a person’s time doing non-value-added work, we gain an hour of additional capacity to do more value-added work, or even better, improve a person’s work-life balance leading to happier, more engaged employees.

* 18 (2 Master Black Belts, 9 Black Belts, 3 Green Belts and 4 Yellow Belts) out of 75 Senior Leaders - Vice President and above

6) Share and Retain Knowledge

People are NEE's most valuable asset and what makes them so valuable is the knowledge they possess. In 2013, the company invested in a Knowledge Sharing program to make sure employees have access to the knowledge they need, when they need it, to do their jobs better. The program increases knowledge sharing and collaboration among employees, while capturing and preserving that knowledge long term. This includes both tacit and explicit knowledge.

The Knowledge Sharing program includes critical knowledge networks, or Communities of Practice, that have strong governance and standard processes in place to ensure their success. The program has experienced exceptional engagement and adoption across the company. To date, 22 networks have been established with over 9,000 unique members who have shared approximately 11,000 discussion entries. The program has brought both tangible and intangible value to the organization. Some of the intangible benefits include expertise location, employee relationship building and talent identification. Our program was also named as a "Most Admired Knowledge Enterprise" award finalist in 2016 for the second year in a row.



7) Practice What You Preach

In 2014, the Corporate Operational Excellence team partnered with the Quality Deployment Leaders (QDLs) in the business units to redesign our Quality training programs. By consolidating four different Yellow Belt classes into one, leveraging "soft skills" training already provided by NextEra University, and streamlining the Yellow, Green and Black Belt curriculum to build upon, rather than reteach, existing knowledge and skills, student and instructor in-classroom time was reduced by 30%. In addition, we converted to a paperless classroom eliminating inventory and paper waste and reduced record keeping, classroom set-up and other administrative work by more than 50%. Even with these improvements, our Quality training programs still meet or exceed industry standards (based on an extensive Lean Six Sigma training and certification benchmark study we completed in 2015) and receive consistently high ratings from our participants.

8) Harness the Power of Big Data

With about 4.8 million customer smart meters, customer call center volumes of over 22 million per year and sophisticated plant equipment monitoring over 46,000 MW of generating capacity throughout the U.S. and Canada, NEE has access to a LOT of data. The trick is to turn this data into information that can help us understand and improve the business for our customers and our stakeholders.

In recent years, more and more of our business improvements are being made using "big data" analytics. The NEE Fleet Performance Diagnostics Center uses complex algorithms to constantly monitor the changing conditions at our power plants to help detect and prevent problems before they occur.

Last year, one of our Quality project teams, called the Power Predictors", developed a new way to use smart meter data to actually predict single customer intermittent power outages before they occur. This is a first in the industry. As a result, in 2015, more than 3,000 single customer power outages were detected and repaired before they ever occurred. For these respective outages, the average interruption duration decreased by approximately 50 minutes. And minimizing wait and travel time reduced costs by almost 70%.

9) Build the Bench

Of course, sophisticated analysis requires sophisticated skills. NEE is committed to hiring the best, most highly skilled employees and providing them with the best ongoing education and training to keep skills sharp and current. The Corporate Operational Excellence team provides more than 200 hours of continuing professional education opportunities for our Quality practitioners each year. Quality skills enrichment courses offered this year included Project Management Professional (PMP) Certification, Transformational Change Leadership Certification, TRIZ Innovation, and Advanced Minitab and Statistical Analysis classes. We also conduct an annual one-day BB/MBB Quality Summit with keynote speakers and breakout sessions and a monthly Lunch and Learn series.

10) Value the People Who Get It All Done

Last, but not least, we celebrate success! To show appreciation for all of the hard work our employees put into continuous process improvement and operational excellence, the company celebrates each year with a huge Quality, Safety, and Innovation Expo featuring over 60 booths set up by NEE teams to display their latest accomplishments. This is done in conjunction with the annual James L. Broadhead Quality Award Competition, where each business unit has a preliminary competition to pick their best project to compete in the company-wide competition for the best project of the year. The 2015 winner was, as you might guess, the “Power Predictors” team mentioned above. This team later went on to win the 2016 State Team Showcase Competition at the Florida Sterling Conference earlier this year (see press release).



The company also hosts a quarterly NextEra Energy Excellence Awards Ceremony to recognize our newly certified Green Belts, Black Belts and Master Black Belts with certification plaques. The ceremony also recognizes excellence in Knowledge Sharing with 4 Diamond Awards for Collaborate, Capture, Collect and Courage.

With all of these rewards and recognition activities, there is a simple recognition all of the belts receive that seems to be more valued and appreciated than any of the others. That is the simple ID badge holder that is worn by all employees every day that is color coded to the LSS belt-level they have achieved. Those with Yellow, Green, Black or Red (MBB) badges are instantly recognized each day by their peers and by their leaders for their Quality certification and their personal contribution to Operational Excellence and the Company's overall success.

