

No Train. No Gain

Rail Exchange, Inc. is proactive when it comes to employee education and training. For years, the company's strength has been rooted in having multiple work centers making parts to customers' specifications while knowledgeable supervisors and foremen oversee the run.

As the years have passed, many of those skilled craftsmen have retired so Rail Exchange has had to work hard to bring younger people up through the ranks.

To that end, the company recently retained an expert consultant in the forging industry to conduct classroom and hands-on training sessions for selected employees to further hone their skills. The sessions were held for three hours, three days a week for the past six months and covered everything from the basics of forging to expert techniques and on-line troubleshooting.

The long-term objective is to take these skilled craftsmen and educate them further in the principles of

leadership, supervisory skills and the know-how needed to be a manager. "We hate to see long-term employees move on to retirement, but we won't lose our strength in manufacturing as long as we continually replenish our employee base with skilled craftsmen through ongoing training," says Mike Bartolini, Rail Exchange general manager.

To date, the program has netted nothing but positive results. "I can't put my finger on one specific aspect of the training that I learned the most from because all of it was beneficial," says Darren Wallace, line foreman.

"I liked everything about the training program," adds Juvenale Gonzales, line foreman. "Most important was how to solve problems with the forge."

Tyrone Adamore, line foreman, echoes Gonzales enthusiasm for learning how to troubleshoot on the floor. "I've been promoted to supervisor so it helped me out a lot in solving problems.

Ken Nelson, forge foreman, is continuing the employee education program with weekly one hour classroom sessions for each shift. "We'll bring in every operator and teach them the fundamentals of forging to help

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Juvenale Gonzales (right), one of the participants of Rail Exchange's six-month training program, shows Guadalupe Carrillo, operator, how to troubleshoot a problem on the shop floor.



Education and Responsibility— Conditions of Employment at Rail Exchange

The idea that without training there will be no gain is one I've taken to heart. I firmly believe that companies who do not take the time and make the investment in training their people commit a fatal error.

Until an employee is shown how to carry out a task and do it to the company's quality standards, he or she cannot perform the job. It is the responsibility of management to provide this instruction and direction.

To that end, Rail Exchange has instituted a comprehensive training program, which we're showcasing as the cover story in this issue's newsletter. In short, we're telling our people how to do their jobs even better, showing them new ways to do their job, letting them employ the new techniques, and then, we're watching the results. Along the way, we're coaching the participants and providing feedback, which further rounds out their knowledge base. Finally, we recognize, reward and give incentives to those who do a good job.

It is only by training that we can expect to achieve the quality standards we've set forth for Rail Exchange, quality standards that you, our customers, demand.

So what exactly is quality and how do we measure it? Those are questions we answer for you in our quality story on page three of this issue. If our quality falls off, we know we've done something wrong and go back to the drawing board with our employees. A lack of quality means more training is needed. If and when that happens, we don't hesitate to roll up our sleeves and lead by demonstrating how quality is achieved at Rail Exchange.

At Rail Exchange, delivering quality is a condition of employment and is everyone's responsibility.

Thank you to our customers and vendors for making 2005 such a successful year for us. Thank you for entrusting your quality needs to us. Here's to an equally as prosperous 2006.



Dean M. Bartolini
President & CEO

Quality \kwäl-et-ç – 1a: degree of excellence b: superiority in kind

What is quality? “Quality is making a part to a customer’s requirements,” answers Mitch Pakosz, quality control manager at Rail Exchange. “Working with a customer’s print that shows all the dimensions of a part from the thickness of a grab iron’s foot to the radius of a hole, we have all the information we need to make a quality part. There’s no guesswork involved.”

So how do bad parts happen? “It’s the nature of forging,” Pakosz explains. “Parts can shrink and set-ups can move if they are not tightened properly, to name a few.” Bad parts also result when inexperienced online operators don’t spot problems when they should because they don’t know what they are looking for and if they do spot a glitch, they aren’t sure how to fix it.

To ensure that all operators know how to spot and fix problems when they occur, Rail Exchange has instituted a training program for operators to identify non-conformances. It blends a combination of classroom instruction with one-hour manufacturing sessions that show operators how to spot problems and how to fix what they spot.

“We achieve quality parts here through training and people wanting to improve themselves. Continuous improvement is our goal here. We can’t stop with one class. We must continually teach and



Mitch Pakosz, quality control manager, (right) and Cesar Flores-Garcia, quality control inspector, inspect parts to ensure they meet customer specifications.

work with people so that they are improving on a daily basis. The only way we would stop training is if we had no scrap and all good parts,” says Pakosz, pointing to the company’s M1003 certification and various customer awards for quality of which the company is extremely proud.

“I like it when customers come in and audit us. Many give us valuable information to improve our process. I

appreciate their constructive criticism,” says Pakosz.

After all, there’s always more room for improvement.

Looking Back While Looking Forward

March 1 marked the beginning of Rail Exchange's 28th year. When looking ahead, it is hard not to look back at the accomplishments of the past year.

In doing so, we wish to extend a special thank you to everyone—customers, vendors and employees—who helped make 2005 such a successful year for Rail Exchange. We appreciate our customers' loyalty and steadfastness in standing by us through the lean years.

Now that the tide is changing, we look forward to continuing our relationships with all of you and wish you the very best in health and success in 2006 and beyond.

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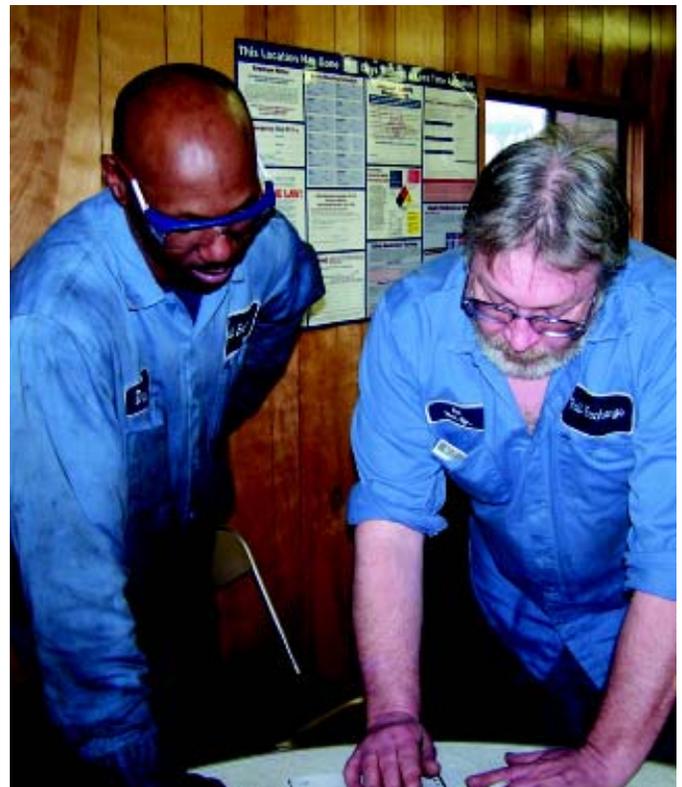
Training Replenishes Knowledge Base

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improve production, set-up times, reduce scrap and continue to improve quality," adds Bartolini, explaining that the short-term goal is to continually add more and more advanced techniques. "It takes more than a basic knowledge of the equipment to make a good part."

Because forging relies upon many variables—heat, material, tooling, the machine and the operator—it can be challenging to pinpoint exactly where an error occurs that results in a bad part. The training sessions are focusing on sharpening each operator's skills in spotting quality problems and giving them the ability to trace any errors to the origin of the problem.

"You can never be satisfied with the status quo," Bartolini says. "We must constantly improve ourselves because without good people, we wouldn't get the job done."



Ken Nelson, forge shop manager, (right) reviews classroom notes with Darren Wallace, line foreman, during a training session.

No training is draining on a company's resources