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## Welcome to Our Newsletter, The Frog Rocks...

the new quarterly newsletter of the Frog, Switch and Manufacturing Company. We will feature articles on our dealers, share our success stories, and keep you informed of our new products, new patterns, and what's new in our industry.

If you have any article suggestions, or would like to submit a question to our upcoming Q&A section, please contact Lynn Hofer: lhofer@frogswitch.com.

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# The Frog **ROCKS**

From the Harrisburg Patriot News, Sunday, October 9, 2005

## Frog, Switch Enjoys Economic Turnaround

by Dan Miller, Patriot News Carlisle Bureau  
*Excerpts reprinted with permission of Harrisburg Patriot News*

Two years ago, workers from The Frog, Switch & Manufacturing Co. agreed to a wage cut and to pay more for health insurance. Frog, Switch said the concessions were essential for the company to survive foreign competitors.

The company makes hardened steel parts that the mining industry and other industries use in machines that crush rock. Steel parts also are made for companies that grind scrap metal into small chunks.

At the urging of a bank that loaned money to the company, the Frog, Switch board of directors in January 2005 hired Pittsburgh-based consultants Compass Advisory Partners to develop a plan.

Early that year, the board tapped Compass partner Warren P. Bieger—former president and CEO of CitiSteel USA—as new CEO at Frog, Switch to carry out the plan.

The Patriot-News recently talked with Bieger and William C. Walters, vice president of sales and marketing, to see where the company is heading. Their thoughts are listed below in a question-and-answer format.

Bieger said the lender, whom he would not identify, considered pulling the loan, a move that would have sent Frog, Switch into a financial tailspin. "We said, 'There's no reason to do that. There is a future here, we can turn the thing around and it's in everybody's best interest to do that,'" Bieger said.

The bank gave the company loan extensions.

The company's position has improved to the extent that four other banks are will-

ing to lend to Frog, Switch and take over the position of the current lender.

"We're in the process of finalizing that deal by the end of this year," Bieger said.

The first public sign of a turnaround was in July, when negotiations toward a new four-year contract between Frog, Switch and union workers ended ahead of schedule.

The contract restored the 5 percent cut and offered the first net wage increase in five years.

Walter Hockley, local president of the Frog, Switch United Steelworkers of America, talks of 2005 being the second-busiest year in the company's 124-year history.

Forty percent of the present Frog, Switch work force has been with the company less than two years, said James

Battaglia, another Compass partner brought on board with Bieger.

Robert Wolf, a 52-year-old welder from Mount Holly Springs, is among veteran workers who have survived the tumult. He has been with Frog, Switch almost 32 years. Wolf, a member of the union bargaining team, gives Bieger and the new management credit for turning an old company around.

"They listened to the workers," said Wolf. "We all have to get along in order to make this company viable. That's the bottom line, and, if we don't get along, we aren't gonna be here. If you're not concerned about the future of the company you work for, it's stupid. I think the average person is satisfied, I really do."





**Interview with Warren Bieger and Bill Walters:**

**Q:** Is 2005 the second-busiest year in the company's 124-year history?

**Bieger:** The company is definitely on a rebound. This has been probably close to or at the highest volume year they've had in the last 10 to 15 years.

**Q:** Why?

**Walters:** We service three markets: the aggregate, mining and shredder markets. All three are very strong. Everything picked up, starting in late 2004.

**Q:** For the past few months you've been advertising for new workers. The company laid off about 20 workers in 2004. Are you looking to replace workers laid off in recent years or is this an expansion?

**Bieger:** We're actually expanding the work force to essentially handle increased activity. We'll ultimately have about 172 hourly people. We have about 28 salaried people.

**Q:** What about the role of emerging economies like China?

**Bieger:** China is driving our customers. The shredder industry is up because they are supplying shredded product to China.

**Q:** Who are your biggest competitors?

**Bieger:** Off-shore. We have one domestic competitor and then we have South Africa, Malaysia, Brazil, China and Canada.

**Q:** Can you comment on pressure to move overseas to keep costs down? Have you moved any manufacturing overseas or to you plan to?

**Bieger:** We feel the domestic

market is still strong enough. Even though we have international competitors, their costs are rising, as well. China's demand internally or Asia's demand is just as or more significant than U.S. demand for the products we make.

**Q:** Tell us about the investment the company is making in equipment.

**Bieger:** We made a substantial investment. In July we started with about \$1 million in various pieces of equipment, and get production back on a more reliable basis and improve quality.

**Q:** How does the future look for The Frog Switch & Manufacturing Company?

**Bieger:** I see it being a major employer in this town (Carlisle, Pa.) The markets that we are serving are going to be here for a long period. The basic steel industry has gone through a huge amount of consolidation in production over the last 10 years.

In the aggregate industry, with the recent highway transportation bill, we are well positioned for that business.

**Visit [www.frogswitch.com](http://www.frogswitch.com) or call 717-243-2454 for more information.**

**THE FROG, SWITCH & MANUFACTURING CO.**

The Carlisle Manufacturing Company was established in 1881 and manufactured steam engines, farm equipment, mill castings and railroad cars. By 1884 the product line expanded to include railroad crossings, switches and frogs. A frog is a special section of rail that allow trains to cross over to different tracks.

In the mid 1890's The Manufacturing Company went into receivership and was reorganized by John Hays in 1898 by salvaging the profitable frog and switch department. In 1907 the company officially became The Frog, Switch and Manufacturing Company.

In 1969, the company phased out frogs and switches after years of decline in the railroad industry.

The company now makes hardened steel parts that the mining and other industries use in machines that crush rock. Steel parts also are made for companies that grind scrap metal into small pieces.

The company kept the Frog, Switch name because of its familiarity.

