

Press Information

“You don’t have to do your manufacturing in low-wage countries to be competitive”

Hansgrohe AG continues to choose Germany and the quality seal “Made in Germany” for its products

Schiltach, September 2009. “You don’t necessarily have to have all your products made in low-wage countries in order to be competitive,” Siegfried Gänsslen, CEO of Hansgrohe AG (www.hansgrohe.com), explains the reasoning behind the Black Forest mixers and shower fitting manufacturer’s commitment to Germany as a production location. To mark the successful completion of the first construction section of the mixers fittings plant in Offenburg in 2008, Hansgrohe’s CEO and his board colleagues Richard Grohe and Karl-Heinz Hammann explained how the innovative company’s international success could be balanced with the focus on production in Germany. In fact, with foreign sales accounting for some 80 percent of the company’s total sales of € 668 million (2008), around 80 percent of its products are manufactured at the Hansgrohe facilities in Schiltach and Offenburg.

“We made a deliberate decision in 2008 to build our sixth German factory in Offenburg,” explains Siegfried Gänsslen, “because it makes sense financially, and is good for our competitiveness. Of course, we compared several alternatives beforehand, and weighed up all the various options – compared the advantages and disadvantages. We looked at all the figures, and finally came to the conclusion that you don’t have to do your manufacturing in low-wage countries only in order to be competitive.” Strategic investments in state-of-the-art production and logistics technology – Hansgrohe has not even cut down on them during the current crisis period – have enabled the company to produce economically.

Investing in Germany pays off

It is no coincidence that the Schiltach-based mixers fittings and shower specialist has invested more than €100 million in its German production sites in the past five years. In fact, one key factor in securing the competitiveness of Hansgrohe’s production in Germany as a production location is that it consistently increases its process efficiency, productivity and product quality. Even more so, as the company also scores for being able to manufacture a large number of extremely diverse products even in small batches, and fulfil special requests. “Not only is maximum flexibility the order of the day, but we also have to be fully aware of every aspects of costs and costings,” explains Executive Board Member, responsible for technology, Karl-Heinz Hammann. “In line with Kaizen projects, for instance, we systematically modernise and rationalise our production divisions.”

Thus, for instance, the hybrid assembly plant at the new Offenburg mixer manufacturing site provides greater flexibility and a higher output. Furthermore, the realignment of logistics sequences and automation of the same using RFID technology have resulted in the more efficient control of procedures in production, warehousing and dispatch, and facilitated a more pared-down warehouse management.

And the tighter operation in the sense of “simultaneous engineering” of research and development on the one hand, and production in Germany on the other, have resulted in a short time to market that is a key factor in giving oneself the lead in innovation over the competition. And of no less importance are our very well qualified, highly flexible skilled employees, whose share in the whole team, because of the company’s exceptional production depth, is around 70 percent.

Customers want originals that are “Made in Germany”

Furthermore, Hansgrohe AG – whose products are marketed in more than 130 countries – benefits everywhere from the quality seal “Made in Germany”, and certainly abroad. “To our customers, ‘Made in Germany’ represents German engineering skill, the ultimate in craftsmanship: perfection in form and function; a high level of innovation, and quality in design and technology – the very best customer benefits. In short: products that are easier to sell,” emphasises Hansgrohe CEO Siegfried Gänßlen. “And as far as we are concerned, the label of origin goes hand in hand with our obligation to develop and produce better, more innovative products.” In this respect, as a quality seal, it puts us in an excellent position and enables us to make a superior claim over the competition from low-price sources all over the world and their often poor quality products. “In these economically trying times, quality plays an even more important role – as has been confirmed by many successfully completed projects in recent weeks, which have included the fitting-out of the Aloft Starwood Hotel on the Formula 1 race track at Abu Dhabi, and the Waldorf Astoria in Berlin.”

And this is exactly why Hansgrohe AG does everything it possibly can to prevent copies of its mixers fittings and showers finding their way onto the market. “It may be possible to imitate and copy design, but quality that is ‘Made in Germany’ certainly cannot be reproduced,” emphasises Richard Grohe, the company’s deputy CEO. “In the worst cases, these copies can be harmful to the health, because lower-quality materials and the wrong production methods can result in hazardous substances being released, and cause premature wear.” As a general rule, the copies may keep what they promise on the outside, but they certainly don’t match the quality of the original products on the inside. One example of this occurred earlier this year when 10,000 copies of Hansgrohe’s successful “Raindance” product were confiscated in Belgium. Investigations carried out in Hansgrohe’s laboratories not only confirmed that the copies performed far less satisfactorily than the originals and offered much poorer showering comfort, but also released more metals such as copper into the drinking water. “Reason

enough – never mind the financial damage – for us to show no mercy where these plagiarists are concerned,” Richard Grohe states. “Whenever necessary, we will use whatever legal means are at our disposal to fight product piracy – starting with confiscation, and ending with the destruction of illegal copies.” Hansgrohe board members Siegfried Gänßlen, Richard Grohe and Karl-Heinz Hammann were only too happy to destroy the Raindance copies themselves with rollers.

About Hansgrohe – the original from the Black Forest

During its 108-year history, the company Hansgrohe (www.hansgrohe.com), headquartered in Schiltach in the Black Forest, has acquired a reputation in the sanitation sector as one of the innovative leaders in technology and design. With its fittings, showers and shower systems, Hansgrohe creates the original products that make the bathroom more functional, more comfortable and more beautiful. It is no coincidence that they can be found in prominent prestige projects such as on the giant cruiser “Queen Mary II”, in Terminal 5 of Heathrow Airport in London, in the German Reichstag and at the Chancellor's office in Berlin, in the Yoo luxury apartments in New York or at the Hotel Carlton in St. Moritz. In 2008, the company generated sales of about EUR 668 million with its Axor, Hansgrohe, Pharo and Pontos brands (2007: EUR 661 million). The Hansgrohe Group currently has a global workforce of about 3,200 employees, with about two-thirds of them working in Germany. The company, which takes tough action against product piracy and intellectual property theft, manufactures its products in six German plants, in France, the Netherlands, in the U.S. and in China.



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Design leader in the sanitary industry

In the current ranking of the International Forum Design (iF) of the world's best enterprises in the field of design, Hansgrohe AG is in 17th position among 1,499 companies. With a score of 520 points, the Schiltach-based bathroom mixers and shower specialist even outperforms such enterprises as Adidas, Nokia and Audi and leads the design hit list in the sanitary industry. www.hansgrohe.com/design

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