

FKS NEWSLETTER

Franke Kitchen Systems - Luxury Products Group
February 2011

In This Issue:
100 Years Franke
Who's Buying Franke
Flow Restrictors
Ab1953 National
Product Knowledge Update
Literature Reprints
CEU Project
and more...

Marketing / News

From the Desk of Charles Lawrence

General Manager, LPG, FKS

"The customer decides whether a company is successful or not and we are proud to have been working hard to exceed our customers' expectations for 100 years" says our CEO, Michael Pieper. It is with that sentiment that we begin to introduce you to our Centennial celebration.

In this second edition of 2011 we will introduce you to our year long plans to celebrate our first 100 years. We will remind you of the core attributes that have allowed us to become a global leader; innovation, quality, style and a focus on the customer. We will share our view of the luxury consumer; give you some product knowledge pointers that highlight what makes Franke unique.

Finally, we will begin introducing you to the many new programs for 2011 including new lifestyle marketing, a new website, new products and 100th Anniversary events and programs around the country.

Thank and we look forward to celebrating with you in 2011.

100 Years Franke - Looking Forward to a Special Year

An Anniversary Year Dedicated to Appreciation, Preservation, and to Making a Difference

100 years: just the blink of an eye in historical terms, more than a lifetime in biological terms and epoch-making discoveries and developments in terms of science and technology, ranging from quantum mechanics and antibiotics to the computer revolution and the human genome. Many opportunities but also some risks from an entrepreneurial perspective. Two world wars and several economic crises, progressive globalization and a shortage of resources, companies and markets appearing and disappearing, investors preferring short-term profit maximization to sustainable value enhancement, managers coming and going.

100 years. Few companies last 100 years, how did Franke do it? With an inherent Spirit which has shaped the company and promoted its successful development.

However, these 100 years are not all-important, time does not stop and the next 100-year story is lying ahead. Long-term concepts, sustainability and future success are as important to Franke as the success of its first 100 years.



100 Years of Franke: In 2011

This centennial year falls in a period of major economic challenges. Nevertheless, we will use this opportunity to proudly mark our company's success and ring in our second Franke century with optimism.

Several activities and projects are planned or already in the preparation stages for our Centennial: a major customer event in Switzerland with invited customers from around the world, employee events, a Centennial logo, anniversary brochure, special website, and much more.

In the United States there will also be celebrations, products and programs that we will unveil throughout the year. As soon as these plans crystallize, we will provide you with more information.

Swiss Trip Winners

Congratulations to the 2010 Franke Spiff Program Top Prize Winners

Franke Luxury Products Group wants to thank all who participated in the 2010 Franke Spiff Program. The Program proved to be a great source of motivation for all who entered! We would especially like to thank the winners from each region. These top prize winners will soon be on their way to a 4 day, 3 night stay to Switzerland. Hotel accommodations, a dining package and round trip airfare are all included.

WEST - Ernie Guthrie
Benjamin Supply - Tucson, AZ
NORTH - Ron Castanet
Seymour's Bath & Decorative Hardware
- Pittsburgh, PA
SOUTH - Marcia Lainez
Wool Plumbing - Sunrise, FL



Literature Reprints, Availability & EPS

Updated Franke Catalogs and Price Books are now available

FC0211 and FPB0211 are the updated Franke catalog and price book part numbers, respectively. The literature order form is now updated with these new part numbers. Any existing orders using the old part numbers will automatically be updated with the new. Please be advised, this updated literature DOES NOT include a price increase. The effort in updating these two pieces of literature was in response to a number of 'miscellaneous' errors found after the previous printing. Franke wants to ensure you accurate documents to put in front of your customers, emphasizing our dedication to quality (not only in product, but also information!). The revisions to the Price Book were also incorporated in the EPS file.



All three files: Catalog pdf, Price Book pdf, and Price Sheet in excel format can be found on the Trade Partner Login site under 'Literature Downloads' and 'Price Lists'.

NEW! Check out the latest [Franke catalog in a new 'page flipper' format!](#)

Product Knowledge Update

4 Product Knowledge Documents Updated on Trade Partner Login Site!

Available from the login site are 4 updated Product Knowledge documents. Please note, the Fireclay document will be available 2/7/11. Login to the Trade Partner site, click on 'Support', then click on 'Training Guides'. New Product Knowledge documents include:

- Franke Sinks
- Franke Faucets
- Waste Disposers
- Franke Fireclay (available 2/7/11)

Franke
Fireclay

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Faucets

Franke
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Franke TWITTER Update

Have you been following Franke on Twitter? With a recent increase in Marketing activity – Peak Launch, FF2500 launch, various media placements, etc, we now have **over 350 followers!** If you would like to see your company name mentioned on <http://twitter.com/FrankeCP>, please submit suggestions for TWEETS to ks-marketing@franke.com.

Product Updates

New Laws for Kitchen Faucet Flow Restrictors

With water conservation becoming critical in many states, reducing the gallons per minute flowing through our faucets has become law in some states as well as counties within states and is about to become even more common.

Outdoor water restrictions are routine during warmer months, low-volume flush toilets have also become the rule and shower heads with flow restrictors have also made their appearance many years ago. But reducing the flow of a kitchen faucet made the prospect of filling our cooking pots a time-consuming task even the federal government was reluctant to demand. At 2.5 gallons per minute as the national standard, states, counties and townships have the right to further restrict water usage, as they see fit. And they have indeed seen fit to make this a state law in California, as of July 2011.

Dade County, Florida even provides Free Water Efficiency Kits (for their residents) through the Dade County Department of Water and Sewers, which can be used to retrofit kitchen faucets. After market purchases from hardware or home improvement stores are another option.

Water is becoming a precious resource and an increasing number of states and municipalities are seeking to conserve by requiring flow restrictors on all new faucets and retrofitting existing faucets. Flow restrictors reduce water flow to 1.8 gallons per minute, which can have a positive impact not only on the environment, but your water bill, as well.

The new California law requires a 20% reduction in overall per household use of potable water, which is achieved through faucet flow-restrictors on lavatory faucets, kitchen faucets, showerheads as well as flushometers on tank, gravity, electro-mechanical and valve type water closets (toilets).

The following provides some additional suggestions on ways to conserve water in our homes:



In The Kitchen

1. Hand wash dishes just once a day using the least amount of detergent possible. This will cut down on rinsing. Use a sprayer or short blasts of water to rinse. (Can save up to 100 gallons a week.)
2. If you have a dishwasher, run it only when you have a full load. (Can save up to 30 gallons a week.)
3. Scrape food scraps off dishes into the garbage or rinse them off with very short blasts of water. (Can save up to 60 gallons a week.)
4. Never use hot, running water to defrost frozen foods. Plan ahead and place frozen items in the refrigerator overnight or use the microwave oven. (Can save up to 50 gallons a week.)
5. Rinse vegetables and fruits in a sink or a pan filled with water instead of under running water. (Can save up to 30 gallons a week.)
6. Run your garbage disposer only on alternate days. (Can save up to 25 gallons a week.)

Around The House

1. Repair all leaky faucets, fixtures and pipes both inside and outside your home. (Can save more than 150 gallons for each leak.)
2. When doing the laundry, never wash less than a full load. (Can save up to 100 gallons a week.)

Who Is the Luxury Consumer?

After the first successful hundred years, in 2011 Franke is celebrating embarking on the next successful century and our customers are responsible for helping us achieve this impressive landmark in our history.

The Franke customer has always had high expectations of the products they favor and with the vagaries of the United States economy, luxury products have been held to even higher standards in recent years.

The Dow Jones Industrial Average has risen 19 percent since the beginning of July. "That and

the return of bonuses on Wall Street and elsewhere have helped the wealthy feel better about more conspicuous consumption," said John Lonski, chief economist of Moody's Capital Markets Research Group. "Financially speaking, wealthy Americans much better withstood the latest downturn than have lower-income Americans," he said. "There was a drop-off there for a while, but it seems as though they've rebounded quite nicely."

Luxury spending still isn't quite back to the heights seen before the recession, but it spiked 8.5 percent Nov. 28-Jan. 1 over the same period last year, according to MasterCard Advisors' Spending Pulse. For jewelry, the rise was 10.4 percent.

The splurges are good news for the economy, because the richest 5 percent of Americans, those making at least \$207,000 annually, account for about 14 percent of all spending. And consumer spending makes up about 70 percent of the economy.

The Franke customer belongs to this small national demographic of the top 5% of all consumers and with the ability to purchase only the best, the expectation of being treated as though you are most important to us is inherent in the relationship. The finest hotels in the world are also experts at making their guests feel at home and that their needs are graciously and completely met. Luxury brands cannot rest solely on their reputations and with savvy shoppers who are acutely

aware of price to value ratios, the added factor in the post-recession marketplace is undoubtedly customer service.

As an educated consumer, the Franke customer recognizes quality and value are only part of the equation. Luxury customers around the world now want more than just a quality product, and focus on customer service is one of the primary indicators of brand loyalty. High expectations of product knowledge from Franke Customer Service Representatives is also demanded by our customers.

Exemplary design and craftsmanship are hallmarks of the products the Franke customer is seeking and the desire for hand finished goods, as our sinks and faucets are, is of paramount importance. Rare designs and longevity of the products as investments, and trusting that the company who sold you the product will stand behind it, create a bond between Franke and its valued clientele.

Our products come from Europe and the United States and we emphatically and continually demand the best in design and functionality from our manufacturers. The desire for authentic luxury speaks of money well invested and is the opposite of what has sometimes been called 'the throwaway culture' in the United States. The products that are going to be placed in some of the finest homes in the world are expected to live up to a very high standard.

Some characteristics of the Luxury Consumer:

- The expectation that the goods they are buying are rare and not mass produced.
- Design excellence and superiority
- Quality materials used in construction

At Franke, we also seek to make you aware that your opinion and satisfaction truly matter; it is what has kept us here for 100 years and will keep us here for the next millennium as well!



New Federal Lead-free Requirement

On January 4, President Obama signed the "Reduction of Lead in Drinking Water Act" into law, effective Jan. 4, 2014. This important law, which follows similar mandates such as the federal "Assistance, Quality, and Affordability Act of 2010" and California's AB 1953, is a critical step in the effort to remove lead from the nation's drinking water supplies.

The California Assembly Bill 1953 and Vermont Lead-Free Law S 152, which prohibit the sale of plumbing fixtures whose wetted surfaces contain more than a weighted average of 0.25% lead have been in effect since January 1, 2010. The term "plumbing fixtures" is defined as pipes, pipe, plumbing fittings and fixtures used to convey or dispense water for human consumption.

Franke has offered lead-free faucets since 2009 and has a full assortment of compliant products.

Franke Continuing Education (CEU) Involvement

Over the last several months, efforts have been made to create and gain accreditation for a Continuing Education Program (CEU). The program will address industry-specific topics and discuss the understanding of quality, materials, and manufacturing processes. Initially our work was focused on a single educational course; however, we expect to move forward with additional courses in the future. Franke is seeking accreditation from the Interior Design Continuing Education Council (IDCEC) which is the governing body of a group of four professional organizations including the American Society of Interior Designers (ASID).

The hour-long course, once accredited, will be presented by Franke Regional sales managers to interior designers across the country. We could not be more excited about having the opportunity to become a continuing education provider and making ongoing professional development a top priority. Please stay tuned for details on this program.

Sustainability: Franke Wants Equitableness for Future Generations

The term sustainability denotes long-term durable development of the economic, ecologic and social dimensions of our human existence. In other words, development that meets the requirements of the current generation without jeopardizing the prospects of future generations. According to Michael Pieper, the three pillars of sustainability interact with each other and require balanced long-term coordination.

Economic sustainability

Society should not live beyond its means as this inevitably leads to disadvantages for subsequent generations. Principally, subsistence strategies are considered sustainable if they can be implemented on a permanent basis

Ecologic sustainability

This concept is predominantly based on the primary endeavor to avoid overexploitation of nature. An ecologically sustainable way of living uses natural resources only to the extent to which such resources regenerate.



Social sustainability

Countries or societies should be organized such that social tensions are kept at a minimum. Conflicts should not escalate but should be resolved in a peaceful and civilized manner.

What does all this mean for a company like Franke?

Franke considers sustainability to be a social duty as well as a factor of success that has three main consequences: Firstly, it increases the company's sales and profit potential, secondly, non-monetary values are created and, thirdly, it reduces the company's business risks. Implementing the concept of sustainability in all business areas means, for example:

- product development and innovation geared towards efficiency and energy saving strategies
- environmentally friendly and resource-efficient production
- maintenance of long-term customer relationships
- high health and safety standards as well as attractive workplaces
- support of social aid projects for the benefit of society
- priority for suppliers with high standards to ensure environmentally friendly and socially acceptable production

Based on the systematic, consistent and well-balanced development of Franke's relevant sustainability aspects combined with an approved road map, this strategy aims to place Franke in the leading market position in terms of sustainability within the next three years. The management is well aware that this is a very ambitious aim which cannot be achieved without the full support of the company's 10,600 members of staff.



Michael Pieper recently stated in a speech on sustainable enterprise: "Sustainability is simply a must. For Franke, the path of sustainability was right in the last 100 years, and I am convinced that it will also be the path of success for our customers, our staff and Franke in the coming 100 years."

Franke Sustainability Mission "Franke understands and actively manages its responsibilities as well as the opportunities contributing to a sustainable development respecting its stakeholders. The target is to achieve a harmonious balance between business, environmental and social goals. People and natural resources are treated with care and respect. All Franke products and services are designed towards excellence during the whole life cycle and long lasting relationships with customers are essential. Long-term financial stability is more important than short-term success."

Franke in the News

Dec

BHG: Kitchen & Bath Ideas PEAK
Professional Remodeler PEAK
K&B Design News (Dec/Jan) PEAK

Mar/Apr

New York Spaces (Feb/Mar) PEAK
Home Fashion Forecast PEAK
Holmes on Homes MHK7 10-31

Jan/Feb

Custom Home PEAK
[Design New England](#) PEAK
(Thank You to Boston Basins!)

June

BHG: Kitchen & Bath Ideas MHX-72036

Residential Architect PEAK
[Designerpages.com](#) PEAK
[K&BB Online](#) FHF360
Purcell Murray Newsletter PEAK
(Thank You to Purcell Murray!)

Award Entry Submissions

KB Culture Blogspot PEAK & FF2500
Winners will be announced 4/2011
International Design Excellence Awards (IDEA) PEAK
Winners will be announced 6/2011

