

2014 AHFA YEAR IN REVIEW 2015 Look Ahead



AHFA IS COMMITTED
TO PROMOTING THE GROWTH, CITIZENSHIP & GLOBAL LEADERSHIP
OF ITS MEMBER COMPANIES BY:

PROVIDING
EXCEPTIONAL
ADVOCACY

PROMOTING
EFFECTIVE
STANDARDS

PRESENTING
RELEVANT TRAINING
& DEVELOPMENT

SERVING AS
THE PREEMINENT
MEDIA RESOURCE
ON INDUSTRY TRENDS



In 2014, the American Home Furnishings Alliance saw its membership grow and its influence expand in Washington and throughout the United States.

AHFA added 28 new indoor and outdoor manufacturer members plus 12 supplier members in 2014. These additions, plus markedly lower attrition in all categories, helped turn around a five-year decline and nearly restored the membership base to its pre-recession level.

This enormous success was accomplished with the help of new tools and tactics, as well as with some good, old-fashioned, face-to-face peer contact. Members of AHFA's Board of Directors played an integral role in reaching out to key non-member companies and, time and again, successfully provided a compelling rationale for membership.

The board members' one-on-one efforts were augmented by AHFA's relevant and timely educational opportunities and its one-of-a-kind resources and online communications. A new member bulletin kept members up-to-date on AHFA's advocacy efforts in Washington, D.C., in California, and elsewhere, while a redesigned website made access to AHFA's full range of resources easier to find and more readily available on mobile devices.

A key component in AHFA's strategic mission statement is the responsibility to articulate industry positions to various governmental and regulatory agencies. Issues that came to the forefront in 2014 required AHFA to be a visible, vocal and vigilant advocate on the industry's behalf. From the technical details of the new California flammability standard to the nuances of formaldehyde emissions from laminated products, AHFA's expertise and leadership were sought out by regulatory officials. Rather than playing a supporting role, AHFA frequently provided leadership in building consensus and crafting the necessary political or practical solution. It all added up to a strong and influential year for the 110-year-old Alliance.

To its growing membership, AHFA offers the opportunity to influence the policy debates that impact our industry's bottom line. Efforts will continue on all fronts in 2015, as we continue winning hard-fought battles, providing valuable guidance and building our momentum.

Above: May Board of Directors meeting. (Photo by Michele Morris)

2014 HIGHLIGHTS

JANUARY

- AHFA kicks off 2014 with a webinar on California's new TB 117-2013 flammability standard. It is presented by Tonya Blood, then chief of the California Bureau of Electronic and Appliance Repair, Home Furnishings and Thermal Insulation (BEAR-HFTI), and Said Nurbakhsh, the bureau's top research engineer.
- Hundreds of children whose parents work for AHFA member companies submit applications for AHFA Supplier Division Scholarships – a program that presents six \$2,000 scholarships every year.
- AHFA members exhibiting at the winter Las Vegas Market receive PR support from AHFA staff, including a New Product Roundup distributed to media attending the market.

FEBRUARY

- AHFA releases exclusive research measuring consumer concern over health and safety issues related to home furnishings. The research was launched in the wake of more than 5,000 consumer emails sent to AHFA – all calling for furniture manufacturers to eliminate flame retardant chemicals from their products. This email campaign was prompted by



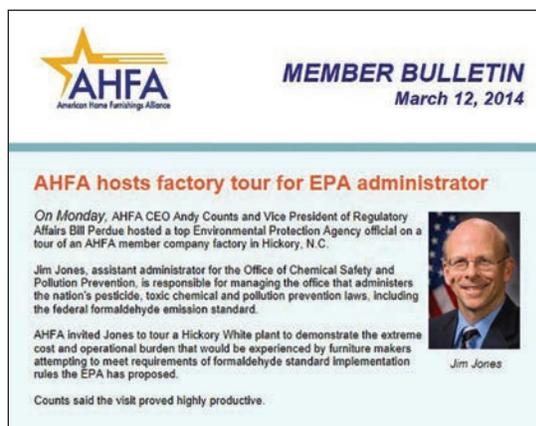
the Center for Environmental Health, which directed consumers to use a form letter on its website (shown above) to contact AHFA.

- AHFA submits formal comments to the National Fire Protection Association after the group proposes an upholstered furniture flammability standard based on an open flame test.

- AHFA's Global Supply Chain Conference in Greensboro, N.C., explores the impact of global economic and shipping trends on the furniture industry.

MARCH

- A detailed document with frequently asked questions is made available to AHFA members to help untangle confusion surrounding the implementation of California TB 117-2013.



- AHFA launches a new members-only news bulletin (above) designed to keep executives up-to-date on advocacy efforts and other association news.
- Jim Jones, a top EPA official, visits a North Carolina furniture factory at AHFA's invitation. The visit demonstrates potential impacts of the proposed federal formaldehyde rule.
- AHFA attends a workshop held by the California Air Resources Board (CARB) addressing how to handle laminated products in the formaldehyde emission standard.

APRIL

- Mississippi Lieutenant Governor Tate Reeves delivers the keynote address at a Manufacturing Summit held in conjunction with the Franklin Furniture Institute at Mississippi State University.
- The Alliance participates in a public workshop in Sacramento to discuss the Governor's proposed "reforms" to California's Proposition 65 – which, if adopted, would require new warning labels on products containing Prop 65 chemicals.



- AHFA hosts the opening day press conference at the High Point Market, and all AHFA members who are High Point exhibitors are included in a New Product Roundup distributed to media attending the market, as well as to journalists unable to attend.
- Public testimony is offered before the U.S. Environmental Protection Agency on behalf of the furniture industry. Due to successful lobbying efforts spearheaded by AHFA, the EPA reopened the public comment period on the federal formaldehyde rule, giving AHFA another opportunity to weigh in with recommendations on handling laminated products.
- The Alliance completes the relocation of its headquarters from the 10th floor of Market Square Tower to an office at 1912 Eastchester Drive in High Point.

AHFA's Jackie Hirschhaut (far left) hosted a design panel for the April 2014 Press Breakfast at the High Point Market. Panelists included (left to right) Charlotte Moss, Alexa Hampton, Mariette Himes Gomez and Barry Dixon. (Photo by Michele Morris)

MAY

- Six \$2,000 college scholarships are awarded to children of AHFA member company employees.
- AHFA's Board of Directors meets in Washington, D.C. Officials addressing the executives include Jim Jones, assistant administrator, U.S. Environmental Protection Agency, Office of Chemical Safety and Pollution Prevention; Bob Adler, acting chairman, U.S. Consumer Product Safety Commission; and Harry Johnson, National Labor Relations Board.
- AHFA continues building Prop 65 defense resources for its members, including discussions this month with the California Attorney General's office on a general retail warning that could help simplify Prop 65 warning requirements for manufacturers.
- California Senator Mark Leno's furniture labeling bill (SB 1019) passes the state Senate. AHFA joins a coalition of industry stakeholders to oppose the bill and drafts testimony on the group's behalf.

Industry leaders heard from eight lawmakers during the May Board of Directors meeting in Washington, D.C., including Rep. Lee Terry (R.NE).



Google executive Adrian Madland introduced industry marketing executives to his company's approach to problem-solving during his "Moonshot Thinking" presentation at the Annual Marketing Meeting in August. (Photo by Michele Morris.)



JUNE

- More than 80 golfers participate in the 2014 Supplier Division Golf Tournament, raising funds to support annual scholarships for children of AHFA member company employees.
- A coalition of labor and environmental groups releases a video naming furniture as one of several industries impacted by the global trade of illegal timber and wood products. AHFA remains part of a coalition arguing in favor of changes to the Lacey Act to simplify compliance.

JULY

- All Las Vegas exhibitors are included in a New Product Roundup distributed to media attending the market, as well as to journalists unable to attend.
- A successful ICFA Preview Show is held in Chicago.
- Longtime ICFA Executive Director Joseph Logan retires. Jackie Hirschhaut, AHFA's vice president of public relations and marketing, is named his successor.
- ICFA names William S. Brown Sr. and Fred Schlesinger the 2014 recipients of the casual industry's Lifetime Achievement Award.
- Former CPSC Chairman Inez Tenenbaum hosts a webinar for AHFA members to outline requirements of "internal compliance programs" required by the CPSC when a company has been cited with a Consumer Product Safety Act violation.

AUGUST

- The Annual Marketing Meeting is held in Pentagon City, headlined by Adrian Madland, whose presentation on "Moonshot Thinking" offered a rare look inside Google's visionary approach to developing new marketing techniques and strategies.
- The Suppliers Division Board agrees to change the group's name to AHFA Solution Partners, part of a rebranding and revitalization effort of the group that has been a vital component of AHFA for 50 years.



SEPTEMBER

- A second manufacturing summit is held in Hickory, N.C., focusing on "Strategies for Peak Performance."
- ICFA hosts the International Casual Furniture & Accessories Market in Chicago, along with the inaugural ICFA Awards Gala and Retail Roundtable. AHFA's PR department once again hosts a successful Editor's Tour of the Market.
- Gary McCray, president of Klaussner Outdoor, is elected chairman of ICFA during the group's annual meeting at the Chicago market.
- The industry's smooth transition to a new flammability standard in California is derailed with the passage of SB 1019, which requires all upholstery sold in California to carry a special flame retardant chemical statement beginning January 1, 2015. AHFA immediately begins working with California officials on labeling guidance for its members.
- Mary O'Keeffe is hired as director of membership; AHFA's first staff addition since 2001.

OCTOBER

- A redesigned website is unveiled, AHFA's first update since April 2005.
- All High Point exhibitors are included in a New Product Roundup distributed to media attending the market, as well as to journalists unable to attend.
- AHFA's quick and aggressive efforts to obtain labeling guidance from California officials result in key clarifications to the new mandatory label language for all upholstery sold in that state. AHFA members have access to exclusive guidance documents, including sample labels, weeks before California officials post an industry advisory on the state's official website.
- ASTM International publishes a revised tip-over standard, along with a new tip restraint standard – measures that have been in the works for over a year. Again, AHFA members are first to learn of the changes.

NOVEMBER

- Patrick LaFramboise, president and CEO of the International Woodworking Fair from 1994 through 2012, is named the 2014 Distinguished Service Award winner at the Annual Meeting in Sea Island, Ga.



In October, AHFA unveiled a new member website. Features include a home page portal to all regulatory compliance documents and education programs.

- Kevin Sauder, president and CEO of Sauder Woodworking, is elected AHFA's 2015 chairman.

DECEMBER

- AHFA staff members spend much of the month answering questions about the murky details of California's new upholstery labeling law. A series of webinars is scheduled for the first quarter of 2015 to help members navigate the new rules.



Patrick LaFramboise (center) received AHFA's Distinguished Service Award at the November Annual Meeting. He is flanked by (left to right) John D. Bassett III, Wyatt Bassett, Tommy Tomkins, Andy Counts and George Revington.



ADVOCACY

In the world of advocacy, the home furnishings industry is a relatively small player. AHFA rides out many broad regulatory issues as a supporting party to larger industry associations with significantly larger advocacy budgets. These organizations typically take the lead in researching solutions, providing testimony and mobilizing political influence.

However, furniture industry-specific regulatory and legislative issues that moved to the front burner in 2014 required AHFA's expertise and leadership. The Alliance assembled technical research, crafted position statements and testimony, navigated the political landscape and, ultimately, influenced the outcome of key industry issues in 2014.

For member companies, AHFA's integral role in addressing issues as diverse as furniture tip-over and formaldehyde in laminated wood products meant timely updates and accurate guidance when it mattered most. On the following pages, a recap of the year's activities highlights the importance of AHFA's influence and authority and points to the work ahead for 2015.

Above: AHFA CEO Andy Counts and Vice President of Regulatory Affairs Bill Perdue on the steps of the U.S. Capitol Building in May. (Photo by Michele Morris)

CALIFORNIA FLAMMABILITY STANDARD

Upholstery manufacturers around the world that sell products in California spent much of 2014 transitioning flammability testing to the requirements of the state's revised Technical Bulletin 117-2013. Thanks to AHFA's efforts in 2013, the new standard is largely based on familiar testing protocols. This facilitated compliance efforts, and many AHFA members were in compliance well in advance of the January 1, 2015, deadline.

AHFA's 2015 agenda: Although AHFA continues fielding several technical questions each month from member companies working through new TB 117-2013 testing and record-keeping procedures, staff members are shifting focus to the state's proposed open flame test method for barrier materials. All data show that smoldering hazards are the leading cause of home fires involving upholstered furniture, but California officials remain concerned about open flame ignition and have set a June 30, 2015, deadline for developing a bench scale open flame test method.

FEDERAL FLAMMABILITY STANDARD

While California's TB 117-2013 held the limelight throughout 2014, several groups were busy laying the groundwork for an open flame debate on the federal level. In 2013, UL, which provides testing and certification services for regulatory authorities, insurance companies, manufacturers and building owners, released results of a study claiming today's homes are a "perfect storm" of fire hazards. "Contemporary" upholstered furniture, which contains "fast-burning, synthetic" materials, are a major contributor to this perfect storm, according to UL. Meanwhile, the National Fire Protection Association released its own study focused on the role of upholstered furniture in the spread and intensity of household fires, particularly when the upholstery is not the first item ignited but exposed to a fire already underway.

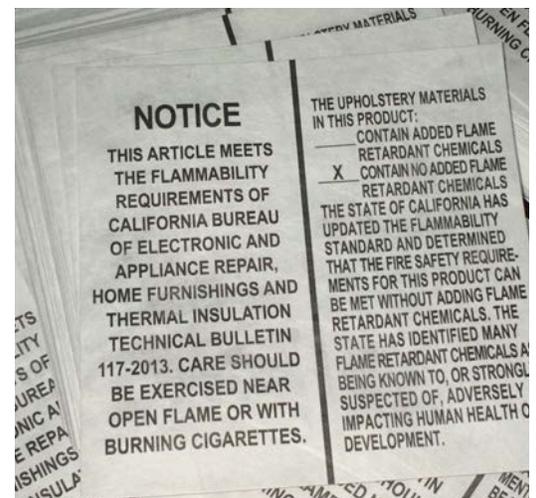
AHFA's 2015 agenda: AHFA has been contributing sound science and a voice of reason to the flammability debate for more than 40 years ... and will continue to do so in 2015. Specifically, the Alliance will continue opposing full-scale "build one-burn one" testing schemes that would create significant waste and a burden on manufacturers. Although barriers have proven effective for the mattress industry, AHFA believes real world design and manufacturing issues create significant obstacles for barrier use in the upholstered furniture industry.

CALIFORNIA FLAME RETARDANT CONTENT LABELS

The relatively smooth transition to TB 117-2013 for all California-bound upholstered products was derailed in Sep-

tember when the state legislature passed a supplemental measure altering the flammability compliance label. Senate Bill 1019 was intended to help consumers identify products with no added flame retardant chemi-

icals. However, its murky definitions, sweeping documentation requirements and compressed implementation timeline sent companies into a tailspin – and sent AHFA into action. Staff members drafted guidance documents, designed sample labels and hosted a compliance webinar – all while attempting to secure an extension in the compliance deadline. While AHFA was unable to gain more time for the industry to comply, the Alliance repeatedly leveraged its position as industry spokesperson to gain access to California officials for help in clarifying the new requirements for member companies.



AHFA's 2015 agenda: California officials say they will focus enforcement efforts in the first quarter of 2015 on “education and outreach.” Meanwhile, AHFA will continue seeking clarity on what FR chemicals BEAR-HFTI and the Department of Toxic Substances Control will prioritize in their enforcement of SB 1019 labeling and what test methods they will use to identify the presence of those chemicals.

AHFA's 2015 agenda: As new waves of research attempt to link FR chemicals to specific human health impacts, AHFA will continue to serve as the industry's technical representative to the scientific community. It is unlikely that any federal legislation will progress on this issue, including the Children and Firefighter Protection Act introduced by New York Senator Chuck Schumer in September 2014. This bill would ban 10 flame retardants in

upholstered furniture and children's products and would direct the CPSC to set up a process to examine additional FRs that “may cause substantial personal injury or illness.” Although this federal legislation is unlikely to advance past committee discussion in 2015, efforts to

ban specific chemicals are underway in several states and these could progress more quickly.

FEDERAL APPROACH TO FR CHEMICALS

The crusade against the use of FR chemicals in household products continues, with upholstered furniture garnering much of the media, political and even scientific attention. Following the November 2013 airing of the HBO documentary, “Toxic Hot Seat,” AHFA fielded a host of media, consumer and industry questions about flame retardants in upholstered furniture, including more than 5,000 consumer form-letter emails asking furniture manufacturers to remove FRs from products. Throughout the first six months of 2014, the Alliance provided a consumer website to present consumers with research-based facts and practical tips for reducing chemical exposures. We closed the year with a visit to Dr. Heather Stapleton at Duke University's Superfund Research Center to gain a better understanding of her ongoing study examining the types of flame retardant chemicals found in furniture.

CALIFORNIA PROP 65

California's enforcement strategy when it comes to Proposition 65 violations in the furniture industry has been to seek out on-product labels alerting consumers to the presence of a “chemical of concern.” Because furniture manufacturers cannot control the labeling of products within a retail store, AHFA has proposed alternatives. These include warning signs in the retail store and/or a warning printed on the sales receipt.

AHFA's 2015 agenda: AHFA's work to protect the industry from future Proposition 65 lawsuits in California is ongoing. The Alliance continues its negotiations with the California Attorney General and the Office of Environmental Health Hazard



AHFA will be supporting the U.S. CPSC's "Anchor It" campaign in 2015.

Assessment (OEHHA) to develop an industry-specific approach to compliance that includes retail signage and warnings on product receipts. Further, AHFA has joined a large, diverse coalition led by the California Chamber of Commerce to oppose a new OEHHA Prop 65 labeling proposal that would require specific chemical disclosures on product labels. The notices would have to include the name of the chemical, the route of exposure and the type of harm (cancer, birth defect or reproductive) allegedly posed by the chemical.

FORMALDEHYDE

Although AHFA continued its involvement with the California Air Resources Board (CARB) on implementation updates for the state's formaldehyde emissions rule, efforts in 2014 were largely focused on the Environmental Protection Agency's federal formaldehyde standard. AHFA mobilized teams to meet with lawmakers in Washington, D.C., submitted technical comments and participated in EPA public hearings on behalf of the industry – with much of this involvement focused on communicating the high volume and cost of testing presented by the rule's treatment of laminated products. A key EPA official addressed the Board of Directors in May and told executives that AHFA's involvement helped shift his agency's thinking. Although lami-

nated products may not be exempt from testing, it is anticipated that the final rule will be modified from the original approach.

AHFA's 2015 agenda: Formaldehyde will remain at the top of AHFA's priorities. The EPA's 2014 deadline for releasing its long-awaited rule came and went, and speculation now points to a first quarter 2015 release. That will trigger an inter-agency review and possible promulgation later in the year. The details of this rulemaking could prompt legal action by AHFA and other stakeholders.

PRODUCT SAFETY

A revision to the ASTM Furniture Tip-Over Standard (F2057-14) was completed and published in 2014, along with a new performance standard for tip restraints (F3096-14). In September, the CPSC awarded a \$400,000 contract to Widmeyer Communications in Washington, D.C., to develop a national education campaign aimed at preventing deaths and injuries among children from furniture and televisions tipping over on them. The PR agency has said it will develop a logo, public service announcements and a campaign website in 2015. A tip-over prevention video released on YouTube the week before the Super Bowl, has received more than a million views.

AHFA's 2015 agenda: AHFA will continue to chair ASTM's Furniture Safety subcommittee in 2015, regularly calling on representatives from member companies to assist in rulemaking and the establishment of testing criteria. AHFA's public relations team is supporting the CPSC's public awareness campaign through traditional and social media channels.



SUBSIDIARIES

INTERNATIONAL CASUAL FURNISHINGS ASSOCIATION

2014 was a year of growth and transition for the International Casual Furnishings Association. A robust International Casual Furnishings and Accessories Market in Chicago encompassed 48 permanent showrooms, 41 of which were ICFA members. An additional 163 exhibitors occupied temporary exhibition space. The event attracted 68 percent of the Top 100 casual living specialty retailers. Successful events sponsored or co-sponsored by ICFA included an Industry Roundtable and the ICFA Awards Gala at the Chicago Field Museum, which brought together all segments of the industry to recognize and celebrate top retail stores, manufacturers, representatives and product designs. Also recognized were the 2014 Lifetime Achievement honorees, William Brown – owner of Winston Furniture and Lyon Shaw in the 1980s and a leader in the casual furniture industry for 20 years – and Fred Schlesinger, of Typhoon International, one of the founders of the Summer & Casual Furniture Manufacturers Association and a member of its board for 15 years.

Education remained a top priority for ICFA

in 2014. A series of six webinars between January and August targeted the information needs of retail members. Topics included transportation and logistics, sales skills, marketing and staff development. ICFA also co-sponsored the Casual Living Conference, which attracted nearly 200 attendees, including manufacturers, retailers, suppliers, designers and sales reps.

Membership growth was another key focus area in 2014, and a total of 41 new members were added. Of those 16 were manufacturers; 13 were retailers; 3 were suppliers; and 9 were designers or sales reps. To continue this momentum, Mary O’Keeffe was added to the AHFA/ICFA staff as director of membership in September.

Finally, in late July ICFA welcomed Jackie

Laurie Rudd of Pride Family Brands (far right) explains product details to (from left) Lisa Speckhardt, Landscape Architecture Magazine; Merri Grace McLeroy, Gulfstream Media Group; and Jane Miller, Better Homes and Gardens.

Hirschhaut as its new executive director, following the retirement of Joseph P. Logan after 24 years with AHFA and ICFA. Hirschhaut has added the ICFA duties to her role as AHFA's vice president of public relations and marketing, a post she has held since 1998.

SOLUTION PARTNERS

AHFA's suppliers division, which has been an integral part of AHFA for 50 years, completed a rebranding and revitalization in 2014. Supplier members have long been "partners" to the AHFA membership in addressing industry challenges and working toward creative and effective solutions. The group adopted its new name, Solution Partners, to better reflect its active role in the Alliance.

The mission of the Solution Partners division is to improve the effectiveness of companies serving the home furnishings industry by:

- addressing industry issues and trends;
- increasing understanding and communication between solution providers and manufacturers;
- sponsoring programs that provide knowledge, solutions and tools to build and strengthen the home furnishings industry; and,
- promoting individual professional development of its members.

The group held its 15th annual Scholarship Golf Tournament in June, drawing the largest number of participants in several years. Some 80 golfers helped raise funds to continue six \$2,000 college scholarships presented every year to children of AHFA member-company employees.

The program has presented 52 scholarships since its inception in 2000.

AHFA's Solution Partners closed the year by examining the industry's need for more skilled workers, particularly in upholstered furniture manufacturing. Trained upholsterers and sewers, spe-



cifically, are in short supply. In North Carolina, for example, nearly 30 percent of the workforce in furniture manufacturing is nearing retirement age, according to the Center for Regional Economic Competitiveness in Arlington, Va. The Solution Partners Board proposes research in 2015 to identify the specific areas of worker needs and then will consider developing a campaign to attract, recruit and retain younger workers.

SPECIALIZED FURNITURE CARRIERS

Forty-one companies that are dedicated to handling and transporting home furnishings are now members of the Specialized Furniture Carriers. These companies offer specific equipment and distinct skills for handling and delivering furniture – whether to the retail store or the end consumer. The group held its fifth annual meeting in 2014, prior to the Global Supply Chain Conference. Topics covered include recruiting and retaining drivers, on-board recorder technology and fleet management technology. Online retailer Wayfair was a guest presenter, sharing problems that specialized carriers helped the company solve, plus shedding light on the company's future distribution and expansion plans in the furniture category.





2015 AHFA CALENDAR OF EVENTS

FEBRUARY 18

ICFA BOARD OF DIRECTORS MEETING
Rosen Shingle Creek Hotel
Orlando, FL

MARCH 4

OSHA WORKSHOP
Crowne Plaza Hickory Hotel
Hickory, NC

MARCH 18

MANUFACTURING SUMMIT
Franklin Furniture Institute
Starkville, MS

MARCH 24-25

BOARD OF DIRECTORS MEETING
The Ritz-Carlton Pentagon City
Arlington, VA

MAY 13

OSHA WORKSHOP
Franklin Furniture Institute
Starkville, MS

JUNE 3

**FURNITURE TODAY/AHFA LOGISTICS
CONFERENCE**
Hilton Charlotte University Place Hotel
Charlotte, NC

JUNE 24-26

ANNUAL MARKETING MEETING
The Ritz-Carlton Pentagon City
Arlington, VA

JULY 14-16

ICFA PREVIEW SHOW
Merchandise Mart, Chicago

SEPTEMBER 16-19

**INTERNATIONAL CASUAL FURNITURE
& ACCESSORIES MARKET**
Merchandise Mart, Chicago

SEPTEMBER 30

**SOLUTION PARTNERS SCHOLARSHIP
GOLF TOURNAMENT**
Lake Hickory Country Club
Hickory, NC

OCTOBER 1

REGULATORY SUMMIT
Crowne Plaza Hickory Hotel
Hickory, NC

NOVEMBER 12-15

AHFA ANNUAL MEETING
Mokara Hotel
San Antonio, TX

This is a partial listing of events. Please check UPCOMING EVENTS
at www.ahfa.us frequently for updates.



2014 Snapshots

- 1. Roy Calcagne, Rep. Virginia Foxx and Joe Johnston.
- 2. CPSC Commissioner Marietta Robinson (center) tours Klaussner Furniture.
- 3. Bill Perdue, May Board of Directors meeting.
- 4. Eric Parsons, Casual Market Editor's Tour.
- 5. First place team, Solution Partners Scholarship Golf Tournament.
- 6. Steve Elton, Casual Market Editor's Tour.
- 7. Annual Marketing Meeting attendees.



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