INFLUENCE
LEADERSHIP
ENGAGEMENT
RECOGNITION
FORECAST

110 Years

AHFA

American Home Furnishings Alliance

2017 year in review

The mission of the American Home Furnishings Alliance is to promote the growth and global leadership of its member companies by:

- Providing exceptional advocacy;
- Promoting effective product and safety standards;
- Presenting relevant education; and,
- Serving as the preeminent media resource on industry news and trends.

INFLUENCE

LEADERSHIP

ENGAGEMENT

RECOGNITION

FORECAST

110 Years

AHFA

American Home Furnishings Alliance

2017 YEAR IN REVIEW

WE COMPLY.

FOLLOW ME TO
INTERNATIONAL CASUAL FURNISHINGS ASSOCIATION
THE FUTURE 2018

My FURNITURE CAREER
BUILD A BEAUTIFUL CAREER
myfurniturecareer.com

INFLUENCE

Gat Caperton, Bob Duncan, Andy Counts, Chris Andresen and Bruce Bradburn at the May 2017 Board of Directors meeting.

Ann Marie Buerkle, Acting Chair, U.S. Consumer Product Safety Commission, at the May 2017 Board of Directors meeting.

INFLUENCE

As the voice of the $58 billion home furnishings industry in America, AHFA took a seat at the table dozens of times in 2017, addressing legislators, members of the Administration, and regulators and their staffs on issues that impact the bottom line of our member companies. In addition, regulatory leaders sought out our board meetings, workshops and conferences as important forums for connecting with home furnishings industry leaders in 2017. These exchanges produced meaningful results for our industry:

- AHFA's expert analysis of the Formaldehyde Emission Standard for Composite Wood Products revealed modifications that were necessary to avoid potential disruptions in the industry's supply chain during the compliance timeline. Erik Winchester, the EPA's top policymaker on the standard, traveled to North Carolina twice in 2017 to vet industry concerns during AHFA forums. These concerns were addressed one by one through amendments to the rule adopted throughout the year.

- AHFA staunchly maintained its position that any changes to product safety standards should be supported by incident data and sound science. In a September 2016 briefing package, CPSC staff proposed increasing the test weight in the ASTM voluntary furniture stability standard from 50 to 60 pounds. But when the agency failed to produce any incident data to support the proposal, AHFA, along with other members of the ASTM Furniture Safety Subcommittee, successfully opposed the change. CPSC staff followed up with an Advanced Notice of Proposed Rulemaking in November, exploring a mandatory standard to force the increase in test weight, along with other possible changes, such as testing on carpet and testing units with drawers loaded. AHFA closed the year using expert analysis of the CPSC's own data to respond to the ANPR.
- In 2017, AHFA funded research and reporting by top scientific and legal experts to provide AHFA member companies with definitive and exclusive guidance on one of the industry's toughest regulatory challenges: California's Proposition 65. The resulting Proposition 65 Workbook was presented during a webinar series in August. The workbook and webinars were offered at no cost to members, saving companies thousands of dollars in potential legal fees had they sought similar guidance on their own. In August 2018, the AHFA-negotiated "furniture safe harbor" will take effect, and AHFA member companies will be uniquely equipped to meet their compliance obligations.
- In November, Rep. Morgan Griffith (R-VA) introduced AHFA's Safer Occupancy Furniture Flammability Act, or SOFFA. This bill proposes a workable solution to the

AHFA's 2017 ADVOCACY

750 'WE COMPLY' stability standard tent cards were distributed for the April Market.

AHFA TRACKED

26 POLICIES proposed by **21** STATES

TO REGULATE HOME FURNISHINGS

155 executives attended the 2017 REGULATORY SUMMIT

230 attended a WORKSHOP on the FORMALDEHYDE REGULATION

3 PROP 65 WEBINARS were offered

Senator Mark Warner addresses AHFA executives at the May 2017 Board of Directors meeting.

May 2017 Board of Directors meeting.

40-year stalemate at the CPSC over a federal upholstered furniture flammability standard. Based on California's well-known and highly effective Technical Bulletin 117-2013, SOFFA outlines performance standards and methods for testing the smolder resistance of cover fabrics, barriers, filling materials and decking used in upholstered furniture. AHFA first petitioned CPSC to adopt the standards within TB 117-2013 in October 2015. In September 2016, a staff briefing package recommended against AHFA's proposal. However, no alternative approaches were ever recommended by the agency.

- As Washington touted efforts to reduce the federal regulatory burden on U.S. business and industry, AHFA was called on to step up monitoring of state-level regulatory initiatives. Throughout the year, AHFA tracked no fewer than 26 bills that would impact the industry with new labeling or disclosure requirements. At least 21 states proposed polices in 2017 to identify and reduce consumer exposure to certain chemicals, including flame retardants, phthalates, perfluorinated compounds, formaldehyde and lead. By year's end, of particular concern was the growing effort on the part of environmental organizations to "group" whole families of chemicals together for the purpose of regulatory action.

LEADERSHIP

we tackle top issues and shape new solutions to industry challenges.

January 2017 Formaldehyde Workshop

Mark Fellin, regulatory intelligence manager for Amazon, at the October 2017 Regulatory Summit.

Susan Alt, Volvo Group North America, at the Specialized Furniture Carriers annual meeting.

LEADERSHIP

As part of its mission to promote the growth and global leadership of its member companies, AHFA and its affiliates offered educational events and issue-focused programs throughout 2017. These timely forums brought executives from companies of all sizes and business models together with technical experts, regulatory officials and industry leaders to focus on emerging business issues and trends impacting home furnishings today.

John Billings of Daylight Home & Patio at ICFA's September 2017 Industry Roundtables.

- Nearly 250 industry executives attended a January workshop on the EPA's new formaldehyde emissions standard. The two-day event featured top officials from EPA and the California Air Resources Board, along with technical and legal experts in federal compliance issues.
- ICFA's Educational Conference in February was among the year's premier events, offering a unique forum in which manufacturers, retailers, sales representatives and suppliers all gathered to jointly discuss top industry issues and to hear from thought leaders and subject matter experts.
- The Specialized Furniture Carriers, part of the Solution Partners division, held its annual meeting in June. The program addressed the growing driver shortage, regulatory issues, e-commerce challenges and progress toward more autonomous trucks.
- In August, AHFA assembled top legal and scientific experts for a three-part webinar series on Proposition 65.
- ICFA Industry Roundtables in September offered both education and networking as dozens of industry executives discussed social media best practices, ICFA membership benefits, sustaining brick-and-mortar sales while growing online business and incentives for sales associates.

AHFA's 2017 MEMBER PROFILE

244 Manufacturers & Importers

45% are ICFA members & primarily market products for OUTDOORS

156 SOLUTION PARTNERS MEMBERS supplying products & services

37 are SPECIALIZED FURNITURE CARRIERS

ICFA

114 RETAIL MEMBERS representing **160** STORES + **94** SALES REPS join manufacturers and suppliers under the ICFA umbrella.

- In October more than 156 industry executives convened at the Conference Center at Guilford Technical Community College for a Regulatory Summit that addressed the Trump Administration's impact on EPA regulation; amendments to the federal formaldehyde standard; furniture tip-over risk mitigation; compliance strategies of top e-commerce giants Amazon and Wayfair; state regulations; and a federal regulatory overview for 2018.
- Finally, a unique CEO Conference coupled with the Annual Meeting in November capped off the year, offering a high level economic outlook along with essential information to help participating presidents and CEOs put business and consumer trends into sharper focus for 2018. This event, open to all AHFA, ICFA and Solution Partner company executives, also offered members a voice in crafting the Alliance's regulatory and legislative agenda for the coming year.
- In addition to leading the industry on executive education, AHFA continued its leadership in the area of workforce development in 2017. The Solution Partners division expanded its MyFurnitureCareer.com website, using Facebook and Google ads to direct prospective workers to the site, which was updated monthly with skilled labor openings at member company facilities.
- The Solution Partners division also held its Annual Education Golf Tournament in September, raising over $27,000 for scholarships and other educational initiatives, including the career website. In addition, the Furniture Foundation, a research and education fund established by AHFA in 1948, awarded grants to support the Catawba Valley Community College Furniture Academy in Hickory and Taylorsville, plus scholarships for Appalachian State University's furniture design program. And, in August, ICFA announced it would administer a new scholarship program endowed by Richard Frinier that will support design students interested in working in outdoor spaces.
- Establishing itself as an industry leader on another front, ICFA presented a $10,000 check to City of Hope in September. The donation to the California-based research and treatment center for cancer, diabetes and other life-threatening diseases was generated by designating a portion of the proceeds from ICFA's annual Awards Gala during Casual Market Chicago.

Throughout the year, AHFA delivered the leadership tools, resources and programs to propel its members toward growth and success in 2018.

ENGAGEMENT

ICFA members at Casual Market Chicago's opening night Backyard BBQ at theMART.

we keep member companies informed and connected.

ENGAGEMENT

Each year, AHFA uses member bulletins to alert member company executives to key regulatory developments. Between these major developments, however, are many, many hours of meetings and negotiations at forums across the country, all through the year. In addition, AHFA's education programs, webinars, market events and networking opportunities target all segments of our industry, helping companies navigate our industry's top challenges. It all makes for a busy calendar that's worth reviewing once a year to put the year-long benefits of membership into perspective!

JANUARY

- Nearly 250 industry executives attend AHFA's workshop on the Formaldehyde Emission Standard for Composite Wood Products, featuring presenters from both the U.S. Environmental Protection Agency and California's Air Resources Board.
- Newly elected President Donald Trump issues an executive order postponing the effective dates for all recently published federal rules. The action moves the effective date of the federal formaldehyde standard to March but does not change any of the compliance deadlines within the standard itself. AHFA is among industry stakeholders that petition EPA to adjust the rule's entire compliance timeline to match the new effective date.
- The Specialized Furniture Carriers, an AHFA division since 2009, announces Aimee Boozer of Sun Delivery, Thomasville, N.C., will continue as chairman in 2017.
- 50 applications are received for the 2017 Solution Partners Scholarship, which helps the children of full-time industry employees afford higher education.
- AHFA participates in a day-long public workshop sponsored by the California Department of Toxic Substances Control on chemicals used to add water- and stain-repellent properties to consumer products, including some performance upholstery fabrics.

FEBRUARY

- Bill Perdue attends a Green Science Policy Institute symposium in Berkeley, Calif., during which institute founder Arlene Blum presents a new campaign to eliminate whole "classes" of chemicals from use in consumer products, including fluorinated chemicals that may be present in some performance fabrics.
- Some 180 ICFA members gather in Scottsdale for "Navigating the Future," ICFA's first all-industry educational conference.
- ICFA conducts its annual survey of American households to measure interest in improving outdoor living spaces.
- ICFA enters into an agreement with Nationwide Marketing Group to provide new services for retail members, including credit card processing and in-store financing programs.

MARCH

- Bill Perdue meets with new EPA Administrator Scott Pruitt to push for five specific modifications to the Formaldehyde Emission Standard for Composite Wood Products.

February 2017 ICFA Educational Conference

APRIL

- Dozens of member company showrooms at the High Point Market display a new "We Comply" tent card as part of AHFA's campaign to educate the industry about the voluntary furniture stability standard.
- AHFA's Furniture Foundation announces 2017 grants totaling nearly $75,000 to benefit education programs targeting furniture designers, factory workers and front-line management personnel.

MAY

- During the annual Board of Directors meeting in Washington, D.C., executives hear from Senators Mark Warner and Richard Burr, Representatives Ted Budd and Luke Messer, and Ann Marie Buerkle, acting chair of the U.S. Consumer Product Safety Commission.
- The Solution Partners division awards six $2,000 scholarships to students who are children of full-time employees at AHFA member companies. The 2017 recipients have parents employed by Broyhill, Vanguard, Century Furniture, Home Meridian International, Best Home Furnishings and Hickory White.

JUNE

- Opposition to proposed updates in the federal formaldehyde rule results in another delay to the final rule. With the original December 2017 compliance deadline now looming, AHFA seeks guidance from EPA officials to help member companies adjust their compliance strategies.
- ICFA announces Petey Fleischut, founder of Casual Marketplace, and Oliver Ma, founder of Treasure Garden, are the 2017 Lifetime Achievement Award recipients.
- The Specialized Furniture Carriers division holds its annual meeting in High Point in conjunction with the *Furniture Today* Logistics Symposium.

June 2017 Specialized Furniture Carriers meeting

JULY

- The 2017 update of the Manual of Labeling Laws produced by the International Sleep Products Association is made available at no charge to AHFA members.
- ICFA announces Richard Frinier and his wife and business partner, Catherine, will endow a new design scholarship to inspire students to work in outdoor living spaces.
- ICFA sponsors another successful "Preview Show" in Chicago.

AUGUST

- A three-part webinar series open exclusively to AHFA members digs deep into the details of new amendments to California's Proposition 65 "clear and reasonable warning" provisions. During this series, AHFA releases a Prop 65 "workbook" that offers furniture industry-specific guidance, and is available only to members.
- AHFA's advocacy efforts result in an amendment to the federal formaldehyde standard that removes the prohibition on early labeling of compliant products.

November 2017 AHFA Annual Meeting

SEPTEMBER

- ICFA hosts Casual Market Chicago, along with the ICFA Awards Gala and its fifth annual Industry Roundtables. TUUCI receives the top honor in ICFA's Design Excellence competition for its Ocean Master Max umbrella with LED lighting system. O.W. Lee is named Manufacturer of the Year, while Sunnyland Furniture and Outside in Style take home Apollo Awards for retail excellence. Scott Ellis is named ICFA Sales Representative of the Year.
- ICFA hosts its 15th annual editor's tour of Casual Market Chicago.
- ICFA calls for entries for the first Mary Fruehauf Retail Genius Award recognizing outstanding creativity in promoting outdoor furnishings.
- During an annual membership meeting, Terri Lee Rogers, president of O.W. Lee, Ontario, Calif., is elected 2018 Chairman of ICFA.
- Twenty-three teams participate in the Solution Partners Education Golf Tournament. Proceeds from the event support the Solution Partners Scholarship Program and other industry education initiatives.
- CPSC grants a petition to initiate rulemaking to ban all organohalogen flame retardants in upholstered furniture. AHFA was among industry groups opposing the petition, primarily because it would classify products containing OFRs (including those manufactured prior to 2013) as "hazardous waste."

OCTOBER

- Acting CPSC Chairman Ann Marie Buerkle addresses industry executives attending AHFA's annual Regulatory Summit. The program also includes compliance executives from Amazon and Wayfair, along with Erik Winchester of the U.S. Environmental Protection Agency.
- ASTM's Furniture Safety Subcommittee approves an update to the voluntary furniture stability standard, including a new warning label that is required on all compliant products.

September 2017 Solution Partners Golf Tournament

NOVEMBER

- Rep. Morgan Griffith (R-VA) introduces AHFA's Safer Occupancy Furniture Flammability Act – or SOFFA – proposing a federal upholstered furniture flammability standard based on California's TB 117-2013.
- Robert Maricich, CEO of International Market Centers, is presented with AHFA's Distinguished Service Award at the Annual Meeting in Laguna Beach, Calif.
- The Solution Partners division announces it will increase its scholarships from $2,000 to $2,500 in 2018 and present eight awards instead of six.

DECEMBER

- Bill Wittenberg, CEO of Klaussner Furniture, Asheboro, N.C., is elected 2018 Chairman of AHFA's Board of Directors.
- Barrett Plasman of Scott Insurance, Greensboro, N.C., is elected 2018 Chairman of AHFA's Solution Partners division, and Mark Fierek of Orion Air Ride, Mendota Heights, Minn., is elected Chairman of the Specialized Furniture Carriers.
- The Furniture Foundation awards a second 2017 grant to Catawba Valley Community College, Hickory, N.C., for internet connectivity at the Furniture Academy.

RECOGNITION

Petey Fleischut, founder of Casual Marketplace, Hockessin, Del., and Oliver Ma, founder of Treasure Garden, Baldwin Park, Calif., were 2017 recipients of ICFA's prestigious Lifetime Achievement Award.

we honor our leaders and visionaries

Robert Maricich, CEO of International Market Centers, received AHFA's 2017 Distinguished Service Award.

Derek Ritzel, Castelle, with Karen Galindo of Outside in Style, winner of the Apollo Award for retail excellence in the multi-store category.

David Schweig received the single-store Apollo Award from Terri Lee Rogers, O.W. Lee.

2018 FORECAST

Lori Price of the Catawba Valley Community College Furniture Academy with a 2017 upholstery program graduate.

our strength is in our continued relevance.

In 2018, AHFA and its affiliates will explore new ideas and set new goals as we seek to lead the industry in meeting the complex challenges of a skilled labor shortage, product safety, regulatory compliance across a global marketplace and membership growth and engagement.

ATTRACTING YOUTH

Among the goals of the Solution Partners division is the expansion of its successful MyFurnitureCareer.com website to continue tackling the skilled labor shortage in our industry. New worker profiles and updated social media advertising to inspire young people to explore the website are top priorities for 2018. AHFA also will advance its efforts to attract and support young industry leaders in the areas of furniture design and manufacturing management and seek national support and resources to aid in these efforts.

TIP-OVER AWARENESS

While improvements to the voluntary furniture stability standard will always be a priority, they can have little impact if retailers don't buy compliant furniture and consumers don't know how to find compliant products in the marketplace. Education is essential. In 2018, AHFA will step up its industry education efforts and will introduce a "Product Stability Verified" label/mark to identify compliant products easily for consumers.

STATE ADVOCACY

At least 23 states will consider new chemical protection policies in 2018. Many of these target flame retardants. Upholstered furniture producers will be caught up in the actions, NOT because their products contain the targeted chemicals – most do not. Rather, they will be impacted due to a rapidly growing assortment of disclosure provisions requiring state-by-state labeling. Chemicals that bring stain- and water-resistant properties to performance fabrics also are on environmentalists' radar and may be swept into some of the proposed disclosure laws. Monitoring this activity will be AHFA's greatest advocacy challenge in 2018.

SALES TRAINING

With independent sales representatives and retail stores both key membership growth categories for ICFA, the division will revamp its sales training programs in 2018, developing separate tracts for independent sales representatives and in-store sales associates.

MEMBERSHIP DEVELOPMENT

AHFA's strength and relevance will continue to grow as its membership grows. Across all divisions, including ICFA, Solution Partners and Specialized Furniture Carriers, building membership is a key priority in 2018. This includes ensuring every member company recognizes its importance to the work of the association and its divisions.

110 Years

AHFA

American Home Furnishings Alliance

1912 Eastchester Drive, Suite 100
High Point, North Carolina 27265
336.884.5000 • **www.ahfa.us**