YEAR IN REVIEW

PLUS: 2016 OUTLOOK
MISSION

TO PROMOTE THE GROWTH, CITIZENSHIP & GLOBAL LEADERSHIP OF MEMBER COMPANIES BY:

PROVIDING EXCEPTIONAL ADVOCACY;

PROMOTING EFFECTIVE STANDARDS;

PRESENTING RELEVANT TRAINING & DEVELOPMENT; AND,

SERVING AS THE PREEMINENT MEDIA RESOURCE ON INDUSTRY TRENDS.
A recap of accomplishments in 2015 highlights the importance of AHFA’s influence, authority and stamina as the leading advocate for the residential furniture industry.

Our industry and the economy seemed to surge ahead at times, and longtime issues hovered on the edge of resolution in 2015. The year closed with the optimistic expectation that decades of advocacy on two key issues – a federal flammability standard for upholstered furniture and a federal formaldehyde emissions standard for composite wood products – might finally materialize in 2016.

Hard work continued on other issues, as well, particularly AHFA-led research into proposed changes to the voluntary furniture stability standard. With the U.S. Consumer Product Safety Commission calling for dramatic alterations to the standard, AHFA hosted a day-long furniture safety symposium. The August event was the industry’s first-ever gathering of top regulatory officials, product engineers and child safety advocates working together on furniture tip-over prevention.

With AHFA’s well-publicized leadership on key issues throughout 2015, the Alliance garnered 20 new manufacturer members and 18 new Solution Partner supplier members. Support for a strong voice in Washington and access to regulatory compliance assistance remained the top reasons new members joined the Alliance.

Among the 20 new manufacturer members were a dozen new outdoor furniture companies, making it a growth year for AHFA’s outdoor subsidiary, the International Casual Furnishings Association. The ICFA also expanded membership in its retail and sales representative categories and improved benefits for all membership groups.

Following its rebranding effort in 2014, the Solution Partners suppliers division lived up to its new name in 2015, launching a jobs website solution to help recruit skilled workers for upholstery factories throughout the Hickory, N.C., area. The division also sponsored AHFA’s most successful educational event of the year, a regulatory summit that attracted over 140 attendees.

As AHFA gears up for a proactive 2016, we invite you to take a look back with us at the highlights of the year.
The year opens with implementation of California’s updated Technical Bulletin 117-2013. Changes in product labeling required by the new law unleash a steady stream of labeling questions, prompting AHFA to kick off 2015 with a series of webinars on labeling laws.

The U.S. Consumer Product Safety Commission releases a new TV safety report and launches its “Anchor It” campaign to educate parents and caregivers about the hazards of furniture and TV tip-over accidents.

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.

Gary McCray, president of Klaussner Outdoor, assumes the post of chairman of the International Casual Furnishings Association (ICFA) for 2015. Retailer Doug Sanicola of Outdoor Elegance in LaVerne, Calif., serves as vice chairman.

ICFA begins a new contract with Merchandise Mart Properties Inc. that secures the casual market in Chicago through 2022.

AHFA supports the CPSC “Anchor It” campaign with its own press release issued before the Super Bowl titled, “Three Steps to TV & Furniture Safety.”

ICFA moderates three roundtable discussion groups at the Casual Living Conference, and member company Telescope Casual is named Supplier of the Year.

AHFA presents a webinar offering Lacey Act compliance updates and guidance.

At AHFA’s Board of Directors meeting in Washington, D.C., CPSC Commissioner Marietta Robinson says furniture and TV tip-over prevention is among her top priorities for 2015.

The CBS news program “60 Minutes” airs an investigative report accusing Lumber Liquidators of selling laminate flooring from China containing formaldehyde levels in excess of California Air Resources Board limits. The segment sets off a media and political frenzy over formaldehyde in wood products.

AHFA participates in a public hearing on two proposed revisions to California’s Proposition 65 regulation – one of which would require manufacturers to disclose whether any of 12 specific chemicals, soon nicknamed “the dirty dozen,” are present in a product.

A Manufacturing Summit is held at the Franklin Furniture Institute on the campus of Mississippi State University.

ICFA conducts an interactive webinar on its second annual Retail Benchmarking Survey that confidentially assesses operating ratios and performance measures.

CPSC Commissioner Marietta Robinson addresses AHFA’s Board of Directors in March.
• 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 the market in person.

• The Specialized Furniture Carriers, an AHFA division since 2009, elects Joe Wade of Shelba D. Johnson Trucking its president for 2015.

• Six $2,000 college scholarships are awarded by AHFA’s Solution Partners division to children of AHFA member company employees.

• An article in The New York Times titled “The Uphill Battle to Better Regulate Formaldehyde” turns into an uphill battle for AHFA to curb misinformation about the industry’s position on formaldehyde regulation. A multi-tiered response by the Alliance covers all social media channels and traditional trade press outlets.

• The CPSC releases a new staff report, “Preliminary Evaluation of Anchoring Furniture and Televisions Without Tools.” In response, AHFA schedules an industry-wide furniture safety meeting for August and invites CPSC officials to participate.

• ICFA presents two retail training webinars designed to help members understand the dynamics of the sales process and provide tools for closing more successful transactions.

• The Merchandise Mart launches a rebranding effort for ICFA’s International Casual Furniture and Accessories Market, including a new name—Casual Market Chicago—and new logo.

• AHFA holds its Annual Marketing Meeting, presenting industry executives with trends in home design, a case study in crisis management, insights into the business and marketing benefits of design blogs, and an update on the CPSC’s “Anchor It” public service campaign.

• In a major victory for the U.S. residential furniture industry, a U.S. Court of Appeals rejects challenges to the Environmental Protection Agency’s Nonhazardous Secondary Materials Rule and upholds an exemption that allows resonated wood to be burned for energy recovery purposes—an exemption for which AHFA spent years fighting to maintain.

• AHFA co-hosts a Global Logistics Conference with Furniture Today in Charlotte, N.C.

• Father’s Day and July Fourth press releases promote new outdoor furnishings from ICFA member companies.

Adam Japko, CEO of Esteem Media and founder of the annual Design Bloggers Conference, addresses home furnishings marketing executives at AHFA’s Annual Marketing Meeting in Washington, D.C., in June.
• AHFA and ICFA member companies who exhibit in Las Vegas are included in a New Product Roundup distributed to the media.

• A successful ICFA Preview Show is held in Chicago with a 10 percent increase in attendance.

• ICFA names Dudley Flanders of Lloyd Flanders and Buzz Homsy of California Backyard stores as the 2015 recipients of the casual industry’s Lifetime Achievement Award.

• More than 70 industry executives attend a furniture safety symposium in High Point, opened by CPSC Commissioner Marietta Robinson, who says the industry must design more stable furniture.

• AHFA’s Solution Partners division begins developing a jobs website to help fill skilled labor positions in Catawba County, N.C., upholstery plants.

• AHFA’s ICFA division announces 10 Manufacturer Leadership Award winners.

• ICFA hosts Casual Market Chicago, along with the ICFA Awards Gala and its third annual Industry Roundtable. Two new “Lilly” Awards are presented, in addition to 11 Design Excellence awards. The Lillian B. Winchester “Best of Show” product design award is presented to Gloster Furniture for its Voyager Rechargeable Lantern.

• Also at Casual Market Chicago, the Apollo Awards for retail excellence go to Hill Company of Philadelphia and Yard Art Patio & Fireplace, Texas. Ten Manufacturer Leadership awards are presented, and O.W. Lee is named Manufacturer of the Year for the fourth year in a row. Mark Cannon is named ICFA Sales Representative of the Year.

• AHFA’s PR department once again hosts a successful Editor’s Tour of the Casual Market.

• The Solution Partners division holds its 25th Annual Education Golf Tournament in Hickory, N.C., raising over $10,000 for industry education initiatives.

• AHFA hosts plant tours in North Carolina to introduce California Bureau Chief Justin Paddock to the residential upholstered furniture industry.

2015 ICFA Lifetime Achievement Award winner Dudley Flanders (center) with his daughter, Jessie, and his wife, Charlotte, at the ICFA Awards Gala.
To stem the tide of inaccurate and inflammatory reporting, AHFA purchases the same four products from Wayfair that Tilson claims are “toxic” and submits them for independent testing. All four produce formaldehyde emissions well below the CARB standard.


Todd Wanek, president and CEO of Ashley Furniture, is named the 2015 Distinguished Service Award winner.

ICFA holds its Board of Directors and membership meeting in New Orleans, La.

AHFA petitions the U.S. Consumer Product Safety Commission to adopt the upholstered furniture performance standards and flammability test methods prescribed by California’s TB 117-2013 as a mandatory federal standard under the Flammable Fabrics Act.

Whitney Tilson, the hedge fund manager who launched the Lumber Liquidators formaldehyde controversy in March, now accuses Wayfair of “poisoning” its customers with products that fail to meet California’s formaldehyde emission standard. AHFA challenges his test methods and results.

An ICFA press release promotes year-round use of outdoor spaces and the furnishings that make this possible.

An ICFA webinar trains retail participants in overcoming objections.
ICFA’s year opened with the launch of a rebranding campaign for the Association’s annual trade show in Chicago. Merchandise Mart Properties Inc. created the campaign to refresh and reinvigorate the event, now confirmed in Chicago through 2022. The campaign included a new title, Casual Market Chicago, a new logo, and new ads and signage to continue building the show as the industry’s preeminent event.

Refresh and reinvigorate turned out to be the theme for the year, in fact, as the ICFA leadership began working to bolster membership benefits in all categories, including manufacturers, retailers, sales representatives, designers and suppliers to the casual industry worldwide. Among the efforts were several new educational webinars along with roundtable discussion groups at both the Casual Living Conference in February and Casual Market Chicago in September. At the same time, the Association worked to strengthen online connections among its members, launching Facebook, Pinterest and Twitter pages and encouraging membership activity on all platforms.

Altogether ICFA gained 12 new manufacturer members, 18 new retail companies, four new supplier members and five new designers or sales representatives.

ICFA’s Preview Show in Chicago in July saw a 10 percent increase in attendance, while Casual Market Chicago welcomed more than 500 new attendees. Sandwiched in between the two was the July Las Vegas Market, where the launch of two floors of outdoor and casual products in Building C marked a record expansion of the category in Vegas.

Robust business at Casual Market Chicago in September was complemented by the festive ICFA Awards Gala at the Chicago Field Museum. The event brings together all segments of the industry to celebrate top product designs, along with excellence in retailing, manufacturing and sales representation. Buzz Homsy, co-owner and founder of California Backyard stores based in Sacramento, Calif., as well as managing director of Casual Classics Group, and Dudley Flanders, who with his father, Don, founded Lloyd Flanders, received the evening’s most coveted recognition, the ICFA Lifetime Achievement Award.

ICFA closed the year with a board and membership meeting in New Orleans, where committees met to discuss industry objectives. Among those is a new ICFA Conference planned for February 2017, a redesigned website in 2016, ongoing efforts to build member benefits, and new efforts in the area of philanthropy.
Below, Terri Lee Rogers of O.W. Lee accepts the 2015 Manufacturer of the Year Award.

Above, ICFA Executive Director Jackie Hirschhaut (right) with Harold and Petey Fleischut of Casual Marketplace, Hockessin, Del. Below right, Buzz Homsy, founder of California Backyard stores in Sacramento, Calif., and managing director of Casual Classics Group, accepts a Lifetime Achievement Award.

Above, Michelle Lamb, founder of Marketing Directions and publisher of The Trend Curve, gathers trend information from Eric Parsons, Gloster Furniture, during the ICFA Editor’s Tour of Casual Market Chicago. At right, fabric from Bella Dura was featured during the Casual Living Fabric Fashion Show.

Ward Usmar (right) of TUUCI at the 2015 ICFA Awards Gala.
In its first full year as “Solution Partners,” AHFA’s rebranded supplier division lived up to its new moniker, working toward creative and effective solutions to key industry issues.

Among the year’s highlights was development of a jobs initiative to help solve the skilled labor shortage in the upholstered furniture industry. After months of development, a career website was launched on October 2. In addition to helping prospective workers find available positions, the website is designed to inform and inspire young people to seek careers in the residential furniture industry. The initial launch focused on the Hickory, N.C., area, where many companies have estimated up to 10 percent of their workforce is retiring annually. New and expanded manufacturing facilities in the area have only intensified the competition for qualified workers. The new website, www.madeincatawba.com, was registering a dozen or more prospective job candidates a week by the end of the year.

The division held its 25th Annual Education Golf Tournament at the end of September, raising more than $10,000 toward scholarships and education initiatives. Six $2,000 scholarships are presented by the division each spring. It is the only scholarship program in the industry focused on helping to fund higher education for the children of industry workers.

The Solution Partners also sponsored AHFA’s 2015 Regulatory Summit in October. Individual corporate contributions from Solution Partner companies helped bring an unprecedented slate of speakers to the summit, including top regulatory officials, scientific experts and industry leaders. More than 140 industry executives attended the event.

Within the Solution Partners division, the Specialized Furniture Carriers now have 40 members dedicated to handling, warehousing and transporting home furnishings. These companies provide premium services, including in-home delivery, set up, and blanket-wrapped delivery.

In 2015 the Specialized Furniture Carriers partnered with AHFA member company shippers to form a Shipper/Carrier Task Force. Work began in September to address issues such as the driver shortage. In 2016, the task force hopes to provide AHFA members with action plans to assist with hiring and training drivers, as well as with addressing insurance issues.

The Specialized Furniture Carriers plan an Annual Meeting in 2016, and the group is at work on a 2016-2017 marketing plan to promote the unique skills of its member companies to manufacturers, as well as to the growing array of retail platforms in the home furnishings industry, from brick-and-mortar stores to e-commerce sites.
Dwayne Welch (left), HSM Solutions, announces the launch of MadeInCatawba.com, a website to help recruit workers to fill the skilled labor gap at Hickory-area upholstery plants. Below, AHFA CEO Andy Counts congratulates Lanny Jarrell on his retirement from Wright Global Graphics.

Above, 18 teams of golfers competed in the 2015 tournament at Lake Hickory Country Club in Hickory, N.C. At right, golfers Guy Ruff, Hanes Companies, and Patrick Smith, Watkins & Shepard Trucking, converse before the tournament. (Photos by Michele Morris)
This recap of 2015 regulatory activity highlights the importance of AHFA’s influence, authority and endurance on key industry issues – some of which have required decades of advocacy. As we head into a presidential election year, progress is likely to stall in some areas. But behind the election and political drama, regulators will continue their work. AHFA, likewise, will remain active and committed to providing the technical expertise and leadership needed on the issues that impact our industry.

**FORMALDEHYDE**

Efforts to finally achieve a federal formaldehyde rule veered wildly off course early in 2015 when the CBS show “60 Minutes” aired an investigative report accusing Lumber Liquidators of selling laminate flooring containing formaldehyde in excess of California Air Resources Board (CARB) limits. The report renewed an old debate about the imprecise results and limited uses for deconstructive testing. But the 2015 debate included an unlikely new voice: hedge fund manager Whitney Tilson. Tilson’s claims of “toxic” products helped fuel his short campaigns against Lumber Liquidators and Wayfair.com. By the end of the year, CARB had not weighed in on the claims of “toxic” and “poisonous” products, investigations into Lumber Liquidators’ supply chain still had produced no notices of violation, and the EPA had missed yet another self-imposed deadline to complete its work on a federal formaldehyde rule that might help clear up some of the CARB confusion.

**AHFA’S 2016 AGENDA:** AHFA remains hopeful CARB will break its silence on the unsupported claims of “poisonous” products and clarify the proper place for deconstructive testing within its enforcement framework. Meanwhile, the Alliance continues working to ensure that the EPA corrects the deficiencies within the CARB regulation when it adopts a federal rule. AHFA maintains that EPA has the expertise, resources and ability to improve the science of formaldehyde emissions testing and create stronger oversight by third-party certifiers.
**FEDERAL FLAMMABILITY STANDARD**

On October 30, AHFA filed a petition with the U.S. Consumer Product Safety Commission requesting rulemaking to adopt the performance standards and flammability test methods of California’s Technical Bulletin 117-2013 as a national flammability standard. The CPSC’s most recent rulemaking on the matter was filed in 2008 and focused on a smolder test – as does the newly amended TB 117-2013. The 2013 amendments to TB 117 resulted from an extensive regulatory review process that involved all major stakeholders: fire fighters, furniture manufacturers, environmental and health groups and fire science experts. Thus, AHFA reasons, the CPSC could bring relatively quick closure to the longstanding issue of upholstered furniture flammability.

**AHFA’S 2016 AGENDA:** Adoption of the standards and test methods of TB 117-2013 under the Flammable Fabrics Act, coupled with a robust labeling program that attests to a manufacturer’s compliance, would create a national standard that would save lives and reduce property losses. AHFA will continue advocating this position in 2016.

**CHEMICAL REFORM**

In December, the U.S. Senate finally approved a chemical safety reform measure, ending months of gridlock. The language of the legislation is an updated version of the Frank R. Lautenberg Chemical Safety for the 21st Century Act, sponsored by Senators David Vitter (R-LA) and Tom Udall (D-NM). Quickly reconciling the bill with the version passed by the House in June is reportedly a top priority for congressional leaders in 2016. Of interest to industry stakeholders is the preemption provision in the Senate bill that would prevent states from adopting new restrictions for high-priority chemicals once the EPA begins a safety assessment of the chemical. This provision would help curb the proliferation of state-by-state rulebooks, which not only include varying restrictions on what chemicals can and cannot be present in consumer products, but also different guidelines on disclosure and labeling.

**AHFA’S 2016 AGENDA:** Final legislation should come before Congress early in the year. AHFA has been tracking state-level activity but has limited resources for impacting this fast proliferation of laws. Washington, Vermont, Maine, California, New York and Minnesota have passed or are considering laws to regulate the use of certain chemicals. Even if the new federal chemical reform law blocks states from taking new action on some chemicals, it will likely preserve existing state restrictions. AHFA plans to create a compendium of these laws for furniture manufacturers in 2016.

**CALIFORNIA PROP 65**

In January 2015, California’s Office of Environmental Health Hazard Assessment (OEHHA) released proposed revisions to the state’s Proposition 65 regulation. Included was a list of 12 chemicals – quickly nicknamed “the dirty dozen” – that manufacturers would have had to identify by name on Prop 65 warning labels if any of the 12 were present in a product sold in California. It was one of several provisions sharply criticized by a large and diverse coalition of stakeholder groups, including AHFA, during a public hearing in March. When OEHHA released its revised proposal in November, the “dirty dozen” provision had been removed. Now, manufacturers must only list one chemical. The OEHHA update also included new provisions specific to the furniture industry, including one allowing manufacturers to place the Prop 65 warning on a manufacturer’s label or a law label. It also allows manufacturers to discharge their duty to warn consumers by providing warning materials, such as store signage and labeled products, to the retail seller and obtaining confirmation that the retailer received those materials.

**AHFA’S 2016 AGENDA:** AHFA will shift its focus in 2016 to educating manufacturers on how to comply with the new warning requirements, which include both new language and a pictograph of a hazard triangle. The Alliance also plans to track a separate rule-making initiated in September by the California Attorney General’s office. This proposal seeks to ensure that a greater share of civil penalties paid by businesses go to fulfilling the original purpose of Prop 65 – protecting public health – rather than toward lining the pockets of plaintiff’s attorneys.

Small chamber formaldehyde testing at Benchmark International. (Photo by Alex Rhodes)
PRODUCT SAFETY

AHFA succeeded in securing face time for member company executives with not one but two CPSC commissioners in 2015. Marietta Robinson addressed the AHFA Board of Directors in March, then spent an entire day in High Point in late August for an AHFA-sponsored Furniture Safety Meeting that focused on the voluntary ASTM furniture stability standard. In addition to the commissioner, officials from ASTM International, Underwriters Laboratory, the Consumer Electronics Association, three national child safety organizations and more than 40 manufacturers of residential and commercial furniture attended the safety meeting. As a result of this symposium, several possible updates to the stability standard were discussed at the ASTM furniture safety subcommittee meeting in October. Also in October, Commissioner Joseph Mohorovic addressed furniture executives at the 2015 Regulatory Summit in Hickory, N.C.

AHFA’S 2016 AGENDA: Five proposed changes to the voluntary stability standard will be reviewed at the ASTM furniture safety subcommittee meeting in April. Each proposed change is being investigated by a separate task force. AHFA has stated that it will only support changes that are based on incident reports and human factors data that show the current standard is ineffective.

INDUSTRIAL BOILERS

In June the U.S. Court of Appeals for the District of Columbia Circuit rejected challenges to the U.S. Environmental Protection Agency’s Nonhazardous Secondary Materials (NHSM) Rule. Challenges had been issued by petitioners representing both environmentalists and industry stakeholders. The NHSM rule defines which materials are considered wastes – and thereby potentially subject to more stringent incinerator rules – and which are not. The rule categorically exempts certain materials as non-wastes, including resonated wood – an exemption for which AHFA spent years fighting to maintain. The exemption means resonated wood can be burned for energy recovery purposes.

AHFA’S 2016 AGENDA: With AHFA’s constant attention over the last decade, revisions to the final NHSM rule dramatically cut the cost of implementation. The dry, biomass fuel subcategory was a critical win for AHFA in 2015 on behalf of all furniture manufacturers who still operate industrial boilers. For the first time in more than 10 years, boiler regulation will not be on AHFA’s agenda in 2016.

SAVE THE DATE: AHFA’s 2016 Regulatory Summit will be September 15 in Hickory, N.C.
CALENDAR OF EVENTS

FEBRUARY 9-10
ICFA Board of Directors & Membership Meeting
Warwick Melrose Hotel, Dallas

MARCH 16
Manufacturing Summit
Franklin Furniture Institute,
Mississippi State University, Starkville, MS

JUNE 6-7
Board of Directors Meeting
Marriott Marquis, Washington, D.C.

JULY 12-14
ICFA Preview Show
Merchandise Mart, Chicago

SEPTEMBER 14
Solution Partners Education
Golf Tournament
Lake Hickory Country Club, Hickory, NC

SEPTEMBER 15
AHFA Regulatory Summit
Hickory Metro Convention Center, Hickory, NC

SEPTEMBER 20-23
Casual Market Chicago
Merchandise Mart, Chicago

OCTOBER 31-NOVEMBER 1
ICFA Board of Directors & Membership Meeting

NOVEMBER 3-5
AHFA Annual Meeting
The Sanctuary, Kiawah Island, SC

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