

MISSISSIPPI STATE UNIVERSITY

FRANKLIN FURNITURE INSTITUTE

ANNUAL REPORT '10



MISSION, VISION, OBJECTIVES

The **mission** of the Franklin Furniture Institute is to help sustain and increase the competitiveness of the furniture and related industries in Mississippi and beyond.

The Institute's **vision** is to be a nationally recognized center of knowledge and outreach to the furniture and home furnishings industry.

The Franklin Furniture Institute is an institute of the Forest and Wildlife Research Center, Mississippi State University. George M. Hopper is Director of the Forest and Wildlife Research Center.

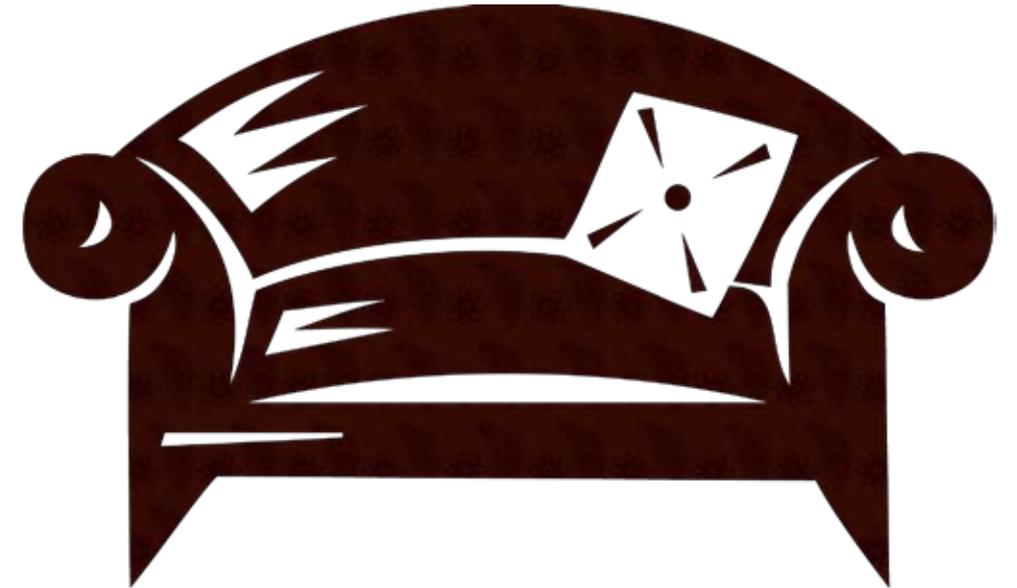
Objectives of the Institute include:

- Become a national resource center for furniture-related issues.
- Enhance sustainable manufacturing and design in furniture and home furnishings.
- Expand furniture-related curricula to appeal to students interested in pursuing advanced degrees.
- Provide testing capabilities in components, frame, fabric, flammability, and packaging. Create testing resource for formaldehyde and lead in furniture products. Develop bariatric furniture test standards.
- Educate and train workers, supervisors, and management to improve skills and efficiencies.
- Improve technical knowledge and skills through a comprehensive, modern manufacturing training program.
- Partner with state and federal resources to provide export resource services to increase international trade opportunities for the industry.

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DIRECTOR'S MESSAGE



Fiscal year 2010 has been an eventful year for the Franklin Furniture Institute and the Mississippi furniture industry. Economic conditions have affected the industry's ability to sustain growth and lowered state tax collections. These lost revenues have affected how the University conducts business. However, despite these down times, the resilience of the industry and of the Institute has been outstanding.

Through the dedication of staff and the support of the Forest and Wildlife Research Center, The Institute has been able to continue providing programs and support to the industry. Programs delivered increased by approximately seven percent and **companies supported increased by 43 percent**. Staff continue to spend time building a furniture

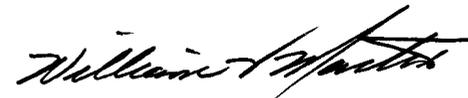
information network, communicating the services offered by the Institute and developing external resources. The Institute is becoming a nationally recognized center for furniture knowledge and outreach. This is evidenced by the individuals who have contacted Institute staff throughout the nation seeking advice and assistance. This year, the Institute helped develop a furniture company business plan for the **University of Maine**. Furniture designers in **Texas, Florida, and Wisconsin** also requested assistance. Media outlets have also recognized the Institute as an expert source on bariatric furniture. These interactions build recognition as a leader in furniture manufacturing training and assistance for the state and university.

The Institute launched a new web site this year to provide a resource for manufacturers. The site received 2,000 visitors during the fiscal year with most of these individuals (76 percent) visiting the site for the first time.

The Institute receives funding through competitive state and federal grant solicitations. In FY2010, the Institute received **\$150,000 in extramural funding**.

We look forward to a great fiscal year in 2011 and look forward to working to advance the furniture industry in Mississippi and the region.

Working together, WE CAN make it happen.



William "Bill" Martin
Director

PARTNERS

The Franklin Furniture Institute provides research, technical assistance, education, and training through partnerships. Partners include:

- American Home Furnishings Alliance
- Community Development Foundation of Tupelo
- International Woodworking Fair
- Itawamba Community College
- Mississippi Development Authority
- Mississippi Manufacturers Association
- Mississippi Furniture Association
- MSU Bagley College of Engineering
- MSU College of Architecture, Art and Design
- MSU College of Business
- MSU College of Education
- MSU College of Forest Resources
- National Home Furnishings Association
- North Carolina's Department of Commerce
- Southeastern Home Furnishings Association
- Three Rivers Planning and Development District
- Tupelo Furniture Market
- U.S. Department of Commerce

THE INDUSTRY

Northeast Mississippi continues to be known as the “upholstery capital of the world.” During fiscal year 2010 (July 1, 2009–June 30, 2010), Mississippi’s unemployment rate jumped from 9.5 percent to 11 percent. According to the US Bureau of Labor Statics, during this same period, furniture and related product manufacturing (NAICS 337) **employment increased by 4.6 percent**. While average direct employment is down approximately 11 percent from 2008 levels at around 18,500, the Mississippi furniture industry has shown some resilience. Several existing companies have announced expansions and others hired employees to meet the demand of new orders. Additionally, several new companies braved the economic storm and announced start-ups. The industry continues to do more with less through increased productivity. Average weekly hours worked hit 2008 levels during the second quarter of 2010 at 38.7. **Average**



hourly earnings for the 2010 fiscal year were \$18.45 which is \$.265 or 1.5 percent higher than that of the previous fiscal year. However, the last six months showed a small decrease in earnings compared to the first six months, at .8 percent.

The industry remains significant to the state as **furniture manufacturing ranks fifth** in national furniture employment and second in total Mississippi manufacturing employment.

ENVIRONMENTAL SUSTAINABILITY

Enhancing Furniture’s Environmental Culture is a management program developed by North Carolina-based American Home Furnishings Alliance. The program is designed to help furniture manufacturers create and maintain a strong, proactive environmental plan. Participating furniture manufacturers gain manufacturing efficiencies, improved customer satisfaction, and a good public image based on their environmental performance. Nationally, over 100 companies are registered in the program, with reported **savings of \$200,000 to \$5 million** from improved operations.

The Institute delivers the program in Mississippi, with three staff members who are certified trainers and auditors. Mississippi has two participating companies and Institute staff are currently working with manufacturers throughout the state to promote the environmental program.



EDUCATION AND TRAINING

One goal of the Institute is to educate and train workers, supervisors, and management in order to improve skills and efficiencies. This is done through training programs, webinars, seminars, workshops, and forums.

The **Sector Training in Furniture Manufacturing** was developed by the Institute to meet the specific needs of the furniture industry. By utilizing a combination of classroom instruction and on-site problem-solving activities, employees learn valuable skills and become partners with employers to obtain strategic goals. A grant from the Mississippi Department of Employment Security has allowed this program to be delivered to Mississippi furniture and related industries, along with the entire value chain. The program is available to individuals with the desire to learn and upgrade their skills to gain and/or retain employment within the industry.

One of the Institute's objectives is to create industry awareness among high school and college students. To help meet this objective, the Institute has established a database of scholarship donors who are focused on promoting the furniture and home furnishings industries. These scholarships include assistance for students in furniture and interior design, marketing, wood construction, and sustainable furniture designs. This database encompasses over 65 scholarship entities.

The Institute has established itself as an additional resource for furniture and home furnishings scholarships at Mississippi State University. Through relationships built with the scholarship entities, FFI disseminates opportunities to the colleges of Business, Engineering, Architecture, Art and Design, and Forest Resources. Each college then has the opportunity to identify a worthy recipient based on the scholarship criteria, and to support the student

in the application process. The Institute acts as the process liaison.

In FY10, the Institute assisted in awarding **three scholarships**. The Celia Moh scholarship was awarded to an interior design student in MSU's College of Architecture, art and Design. Two Southeastern Home Furnishings Association scholarships were awarded to a student in the furniture management program in MSU's College of Business and an interior design student.



Competing in today's constantly changing global business environment becomes more challenging every day. The international marketplace is characterized by uncertainty and complexity primarily from increased competition, hyper-communication speeds, compressed product life cycles and the need for faster decision making. This uncertainty can be added to the domestic concerns of manufacturers which include a difficult economic recovery, increased government regulations and new health care requirements. To help the furniture industry during these challenging times, the Franklin Furniture Institute developed a series of seminars and workshops called **Strategy 2010: Competing in a Changing World**.

The first conference of the series was cosponsored by Mississippi State's College of Business, the International Woodworking Fair, and the American Home Furnishings Alliance. Experts in

EDUCATION AND TRAINING

manufacturing, economics, public policy and finance, and suppliers to the furniture industry examined the true costs of outsourcing, including the pros and cons. A status report on the effects of proposed government regulations and labor force issues was also included.

Two seminars at the International Woodworking Fair in Atlanta, GA, covered topics on adjusting to a changing workforce; unleashing employees' entrepreneurial spirit; the benefits of integrated optimization in upholstery manufacturing; value engineering and waste reduction; federal policy implications and the domestic manufacturing environment; and understanding changing consumer behavior.

Two additional programs will be offered in Fall 2010.

WEBINARS, SEMINARS, WORKSHOPS AND FORUMS

American Home Furnishings Association's Enhancing Furniture's Environmental Culture training sessions

The Furniture Industry in 2010 – A Communication Technology Perspective

The Lacey Act: Implications for the Wood Products and Furniture Industry

American Home Furnishings Association's Benefits of Integrated Optimization in Upholstery Manufacturing

STRATEGY 2010: Competing in a Changing World

QUALITY ASSURANCE AND TESTING

Furniture testing is led by Jilei Zhang, professor in the Department of Forest Products. The goal of the program is to become a nationally and internationally known quality testing laboratory and a non-biased third party testing facility for components, frames, packaging, foam and fillers, and fabric. Fabric testing equipment has been recently added to increase testing capabilities.

Current testing resources include:

- Furniture frame performance tests, wood and wood-based composite evaluation as furniture frame stock-physical and mechanical properties, joints and fasteners, frame performance evaluation, machinability
- Foam, fabric and filler evaluation, static and dynamic tests, fiber physical properties, fabric abrasion, dynamic fatigue (seam slippage), tearing strength, California 117 flammability testing

- Furniture packaging tests, pre-shipment vibration test, drop test
- Bed frame strength evaluation

New fabric tests were made available during the year and include:

- Abrasion testing
- Fabric seam integrity
- Fabric tensile strength
- Fabric tearing strength
- Flammability



EXPORT RESOURCE SERVICE

The **Export Resource Service** was established to assist domestic furniture manufacturers in developing export markets and expanding export sales. This service is a collaborative effort among the Franklin Furniture Institute, the U.S. Department of Commerce's Mississippi Export Assistance Center, and the Mississippi Development Authority's International Trade Office. The overall goal is to provide the furniture industry with information and opportunities to help them begin and/or build on exporting activities to increase sales and grow their international market. This service is targeted towards Mississippi furniture manufacturers, suppliers, and stakeholders included in the furniture value chain. The service serves as a central distribution point for furniture-related export opportunities and links to current trade data, statistics and sources of assistance to the local, regional, and national furniture industry. Through this service, Institute staff notify the industry of upcoming webinars and

furniture exhibitions offering them the opportunity to gain knowledge on specific countries, to increase global exposure and to provide venues for product display. By disseminating relevant trade leads and trade information, a link is being created between potential foreign customers and domestic manufacturers. This resource center offers manufacturers comprehensive assistance with market assessment, problem solving, and logistical issues.

An online catalog of Mississippi-produced furniture is in progress and will be placed on the ERS web site soon. This catalog will showcase Mississippi-made furniture and provide international buyers with a visual presentation of products and information about the Mississippi home furnishings industry. Products may also be promoted through initial trade lead contacts between the Institute and foreign buyers. This catalog is available for Mississippi furniture manufacturers, suppliers, retailers, distributors and lumber companies.

The Export Resource Service has positioned itself to assist business and industry in developing international markets for their products and services. One staff member in the Institute is a **certified export manager** and another has recently been appointed to the **Mississippi District Export Council**. The Institute has assisted with 23 trade leads and sponsored one international intern student workshop. Three export seminars were facilitated to provide on-site export assistance training and opportunities to meet with international trade specials, as well as representatives from export banks and international logistics companies. Over 25 workshops, webinars and trade events have been posted on the export web site to inform companies of learning opportunities. Currently, the Institute is working with the Mississippi Development Authority, the North Carolina Department of Commerce and the Appalachian Regional Commission on a trade delegation to China.



OUTREACH

The Franklin Furniture Institute reaches out to the furniture and home furnishings industry to determine their needs and finds the resources, programs, and people to help them to remain competitive and continue to grow and thrive. Institute staff travel two to three days each week visiting furniture manufacturers, suppliers, and supporters in order to determine the programs needed to benefit the industry.

Institute staff regularly attend **industry trade shows**. Institute staff maintain a display booth at the Tupelo Furniture Market and attend both the fall and spring markets. Staff also attend furniture markets in High Point, North Carolina and participate in the International Woodworking Fair in Atlanta. A presence at these markets provides opportunities for networking with furniture companies throughout the nation.

In order to provide more services to the furniture and home furnishings industries, the Institute took steps to further increase visibility of programs offered during the past year. **Three quarterly newsletters** were published and distributed to over 1,200 individuals.

An e-mail list of furniture companies and stakeholders has been compiled so that information on trade opportunities, programs, and articles of interest can be sent out electronically. Industry contacts received 46 e-mail notices this year, alerting them to special programs, seminars, and services available. A **white paper** on lean manufacturing for profitability and sustainability was published this year. Institute



OUTREACH

services are also featured regularly in newspapers throughout Mississippi and in the Mississippi Business Journal and FurnitureToday.

Institute staff participated in 19 conferences, workshops, and webinars during the past year including country-specific export opportunities, the basics of wood, social media marketing technology, the requirements of The Lacey Act, and sustainable manufacturing and supply chain management.

An effort is currently underway to build a database with complete and current industry data including number of employees, products, ownership, size of company, among other items. It is anticipated that the information would be updated on a semi-annual basis.



Furniture ranks second in Mississippi manufacturing employment.

IMPACT

The Institute increased its outreach and service programs and delivery to industry in this fiscal year. A total of 32 projects were initiated during the year, a 6.7 percent increase over the prior year, and two projects carried over from 2009. These projects were implemented in 20 individual furniture companies encompassing eight counties. This represents a 43 percent increase over companies served in 2009. Management and supervisory training was the top request from companies which demonstrates a willingness to invest in employees. The Institute created industry awareness for the need of web sites as a marketing tool. Several projects included company web site development. Another service offered this year was grant writing support where the Institute completed grant applications for companies to secure funding for energy savings projects. Furniture testing is yet another program in which the Institute supports the industry, often subsidizing some of the cost associated with this service.



It is difficult to gauge the savings of employee training and increased marketing efforts through web sites. These are long-term investments. Other program delivery savings can be more readily addressed. Based on industry estimates, services provided by the Institute this year **saved Mississippi furniture companies in excess of \$1.2 million.**

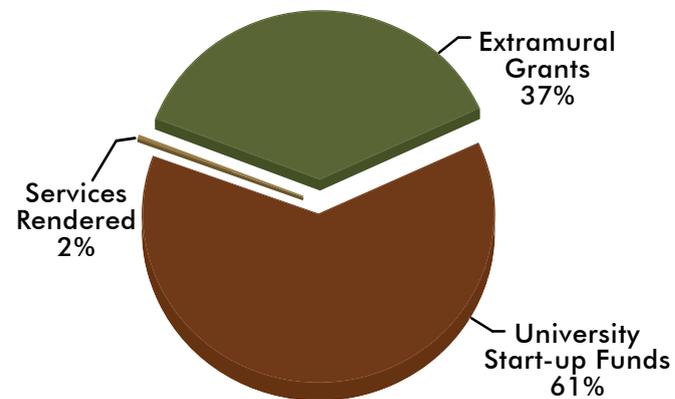
FUTURE

As in years past, the furniture industry continues to face a number of challenges including operational effectiveness, regulatory compliance, continued threat of imports from low wage countries, global economics and currency valuations, governmental policies that increase operational cost, and the lack of consumer confidence. While one or two of these issues may not impact the industry to the point of no return, one must realize that all of these are currently challenging the existence of the furniture industry in Mississippi and throughout the nation. Because of the entrepreneurial spirit and tenacity of industry owners and leaders, the industry can be sustained but it will not be easy. The Franklin Furniture Institute is committed to supporting and sustaining the furniture industry through these challenging times.

Remember **“Working Together, WE CAN Make It Happen”**



FINANCIALS



Source	Amount
Extramural Grants	\$150,000
University Start-up Funds	\$250,000
Services Rendered	\$10,600
Total	\$410,600

PUBLICATIONS

Garrard, A., K.A. Brasher. 2009. Franklin Furniture Institute Highlights 8(1).

Miller, D., E. Bailey. 2009. Think lean for profitability and sustainability. Franklin Furniture Institute.

Garrard, A., D. Miller, K.A. Brasher. 2010. Franklin Furniture Institute Highlights 8(2).

Garrard, A., D. Miller, K.A. Brasher. 2010. Franklin Furniture Institute Highlights 8(3).

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