



MISSISSIPPI STATE
UNIVERSITY™

Franklin Furniture Institute

Annual Report

2013

DIRECTOR'S MESSAGE



Mississippi State University's Franklin Furniture Institute increased in national awareness during 2013. Collaborators within the university, in federal and state

agencies and throughout industry provided the support for the Institute to continue to advance our mission: to help to sustain and grow the furniture industry. We take seriously our responsibility to promote the Mississippi industry. The Institute staff are dedicated to developing and implementing comprehensive programs and services including training, testing, research, export services, environmental sustainability, and student assistance. We also provide a myriad of technical assistance services.

This year the Institute has worked closely with the MSU's Industrial Engineering department and the Center for Advanced Vehicular Systems Extension, the Manufacturing Extension Partnership, the Mississippi Manufacturers Association and the Mississippi Development Authority to offer fundamental programs and services to the state's citizens. The Institute also extended the Export Promotion Partnership with the U.S. and Foreign Commercial Service to increase export awareness and coordinate export activities. During the year, we have provided placement services for students seeking employment and industry partners searching for personnel.

The Institute is becoming a national resource center for furniture-related issues evidenced by the number of assistance requests made by out-of-state companies during the past year. FFI provided services to 44 companies from 13 states and 7 international companies. This included locating manufacturers and suppliers in the state, furnishing information on buying habits of consumers, performing bariatric research and furniture testing, and providing technical information on software. The Institute provided business-to-business matches for 16 companies, helping them to benefit by sharing resources.

This annual report is a glimpse of the activities conducted by the Institute in 2013. We exist to serve, support, and promote the Mississippi furniture industry. Thank you for your continued support as we work together to provide outstanding programs and services for Mississippi's furniture industry.

Remember, working together, we CAN make it happen.

Bill Martin
Director

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.

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. 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.
- Promote the Mississippi furniture industry nationally and internationally.

PARTNERS

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

- American Home Furnishings Alliance
- Community Development Foundation of Tupelo
- International Woodworking Fair
- Itawamba Community College
- MEP/Innovate Mississippi
- Mississippi Department of Environmental Quality
- Mississippi Development Authority
- Mississippi Manufacturers Association
- Mississippi Furniture Association
- Mississippi State University
 - Bagley College of Engineering
 - College of Architecture, Art and Design
 - College of Business
 - College of Forest Resources
 - Extension Service
 - Forest and Wildlife Research Center
 - National Strategic Planning & Research Center
- Mississippi State University (continued)
 - Office of Entrepreneurship and Technology Transfer
 - Technology Resources Institute
- National Home Furnishings Association
- North Carolina Department of Commerce's Furniture Export Office
- Southeastern Home Furnishings Association
- Southern Rural Development Center
- Three Rivers Planning and Development District
- Tupelo Furniture Market
- U.S. Department of Commerce

THE INDUSTRY

For many years northeast Mississippi has been the “upholstery capital of the world.” Furniture manufacturing plays a key role in supporting economic growth through job creation and investment in the state, ranking **2nd in total Mississippi durable goods manufacturing employment**. Durable goods manufacturing was the largest contributor to U.S. economic growth for the third consecutive year, rising in 2012 to 9.1 percent after increasing 6.8 percent in 2011 and 13.3 percent in 2010. In June 2013, the Mississippi unemployment rate was the 3rd highest in the nation at 9.0 percent, an increase from the June 2012 rate at 8.8 percent. During this same time period, Mississippi’s furniture industry employment increased from 17,800 to 18,139 employees. Total U.S. furniture sales in the fourth quarter of 2012 were up 3.6 percent and by May 2013, consumer confidence was at a five year high, the best since February 2008. New home prices were up 8 percent in May, the highest they have been since 2005. The strength of the housing sector creates high expectations for the home furnishings sector during the next year.

Mississippi furniture manufacturers are poised for growth and expansion. The strength and perseverance of the industry, coupled with initiatives such as the Reshoring Initiative, increased export opportunities, and a multitude of sustainable manufacturing programs will sustain the furniture industry in the future. Mississippi furniture manufacturers have demonstrated superior craftsmanship, innovation, quality and excellence. A highly-skilled and motivated workforce will propel the state’s industry in the future.

ENVIRONMENTAL SUSTAINABILITY

FFI works with the American Home Furnishings Alliance of High Point, NC to deliver their Enhancing Furniture's Environmental Culture (EFEC) program to Mississippi manufacturers. The program enhances sustainable manufacturing and design by helping its members create and maintain a strong, proactive environmental program. The program is designed to enhance the furniture industry's environmental performance, manufacturing efficiency, customer satisfaction and public image. Over 100 companies nationally are participating in the EFEC program. Depending on company size, annual savings range from \$200,000 to over \$5 million. Three FFI staff members are certified EFEC trainers and auditors.

FFI also works with Mississippi Department of Environmental Quality to provide enHance program environmental audits. Certification by the state's environmental agency provides incentives for entities that voluntarily discover, promptly disclose, correct noncompliance, and prevent future environmental violations as set forth by EPA policies. FFI assisted in making the enHance program and the Enhancing Furniture's Environmental Culture program interchangeable for program registration.

Modeled after the EFEC program, FFI's Environmental Sustainability Program assists companies in creating and maintaining a strong, proactive environmental program focused on waste reduction, increased operational efficiencies and real cost savings leading to stronger and more competitive companies. This program can be offered to non-furniture manufacturing or distribution centers.

RURAL JOBS ACCELERATOR GRANT

The Institute, along with numerous partners, received a Rural Jobs Accelerator federal grant funded by the Economic Development Administration, the Appalachian Regional Commission, the Delta Regional Authority and the United States Department of Agriculture Rural Development. This grant provides services to develop and implement critical activities and programs leading to stronger communities and more competitive industry clusters in the state. More than 500 jobs are expected to be created or retained, with an accompanying economic development impact of over \$30 million including cost savings and private investment in the state. Programs are available throughout the state, focusing on 61 rural counties in the Delta and Appalachian regions. The programs are designed to help strengthen communities, grow companies, develop entrepreneurs, and expand manufacturing clusters in Mississippi.

Developing Entrepreneurs

Programs are available to train entrepreneurs in business concept analysis, business plan development, mentoring, and linking product/service ideas to funding groups for capital investment.

Expanding Clusters

Activities and programs are offered to support and grow key manufacturing clusters in the state, including automotive and furniture manufacturing and agri-business.

Strengthening Communities

Stronger Economies Together enables multi-county regions to develop and implement an economic blueprint that strategically builds on the current and emerging economic strengths of that region.

Growing Companies

Programs and activities focus on technical assistance which helps ensure growth opportunities are identified and achieved. These programs include:

- **Strategic Planning Model** that creates or develops a company vision, analyzes the business environment, sets goals, builds a strategy, and prioritizes work plans for implementation.
- **Jump Start** event which assists businesses with identifying new products, services and processes.
- **Environmental Sustainability Program** which focuses on reducing waste, increasing efficiencies, and decreasing costs, while helping to sustain the environment.
- **Supervisory Management Training** in leadership, management, modern manufacturing, and the role of management.
- **Export Resource Services** to help companies increase exports and showcase products in an online catalog.
- **Engineering and Technical Manufacturing Assistance and Training** covering manufacturing methods and process such as Statistical Process Control, Rapid Problem Solving, Value Stream Mapping, Plant Master Planning, Lean Certification, Simulation Modeling, and Six Sigma.

EDUCATION & TRAINING

The Institute offers training programs, webinars, seminars, workshops and forums to educate and train workers, supervisors, and management within the furniture industry.

The **Supervisory Management Training** program remains the most requested service available through the Institute. Technical knowledge and skills of workers are improved through a comprehensive, modern manufacturing training program. By combining classroom instruction and on-site problem-solving activities, employees learn valuable skills and partner with their employers to obtain strategic goals. Implementation of each of these programs has been shown to provide substantial savings for participating companies. This course has been delivered to more than 500 participants in various companies in Mississippi, resulting in measurable

improvements in knowledge, skills, leadership, and communication within the companies. Requests for this program have extended beyond the furniture manufacturing cluster and it is now available to any manufacturing sector to help educate and train workers, supervisors and management in improving skills, efficiencies and technical knowledge.



Manufacturing Summit 2013

FFI partnered with American Home Furnishings Alliance to host the third Manufacturing Summit in Mississippi on March 27, 2013. The summit hosted 148 attendees, a 75 percent increase in participants from the 2012 Summit.

The morning session included presentations from James Williams, vice president of Economic and Community Services at Itawamba Community College; Mark Keenum, MSU president; and Governor Phil Bryant, who shared his vision for the Mississippi manufacturing sector and the furniture industry. A panel discussion focused on how collaboration between the private sector and federal agencies can accelerate manufacturing growth in the MS furniture cluster. Panel speakers included representatives from the U.S. Department of Commerce, U.S. Department of Agriculture, Appalachian Regional Commission, Delta

Regional Authority, Franklin Corporation, Max Home Furniture, HomeStretch Furniture, and the Community Development Foundation of Tupelo/Lee County. The afternoon sessions included:

- CertiPUR-US's Helen Sullivan on answering consumer questions with certified foam
- Three Rivers Planning and Development District's Bill Renick on solutions for surviving the labor skill set shortage
- American Home Furnishing Alliance's Bill Perdue on regulatory updates
- MSU College of Business' Nicole Ponder on consumer buying attitudes and behavior.

An afternoon panel discussion followed in which the Affordable Care Act implementation and concerns for manufacturers were discussed by the state of Mississippi's Insurance Commissioner, Kevin Charles Furniture, Huntington-Ingalls Industries, and Balch and Bingham, LLP.

QUALITY ASSURANCE & TESTING

The **Furniture Testing Lab** is led by Jilei Zhang, professor in the Department of Sustainable Bioproducts (formerly Department of Forest Products). The goal of the testing 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.

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, and frame performance evaluation
- Foam, fabric and filler evaluation, static and dynamic tests, and fiber physical properties
- Furniture packaging tests, pre-shipment vibration test, drop test
- Bed frame strength evaluation
- Fabric abrasion testing
- Fabric seam integrity
- Fabric tensile and tearing strength
- Fabric flammability (California 117)

FFI is a member of the Business and Institutional Furniture Manufacturer's Association's (BIFMA). FFI partnered with faculty in the Department of Sustainable Bioproducts to work on BIFMA's bariatric subcommittee to establish furniture testing standards for bariatric institutional furniture. Faculty in the

Department of Sustainable Bioproducts collected data from its test chair on 21 participants to measure forces applied to furniture during use by obese persons in order to determine design parameters and to create this standard for office chairs used by obese individuals. Work is expected to begin in the upcoming year to establish standards for lounge seating using similar data.

In addition, a total of 22 testing projects were completed for 17 companies in the amount of \$27,264 during the fiscal year. The Testing Lab was able to evaluate alternative joint construction in frame assembly, seating foam for longevity, and the performance of a bariatric design.



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 of 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 and home furnishings-related industries with information and opportunities to help them begin and/or build on exporting activities to increase sales and grow their international market. ERS 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 notifies 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. ERS offers manufacturers comprehensive assistance with market assessment, problem solving, and logistical issues. A staff member in the Institute is certified in Export Management through the Export Institute of the United States.

During the past year, 21 export activities took place and 15 notifications were distributed to provide current trade and finance information and links to upcoming trade missions. Contacts were made with 39 foreign/overseas U.S. commercial offices, 6 Canadian furniture associations, and approximately 3,500 individual buyers from 19 countries in an attempt to recruit buyers to participate in the Tupelo Furniture Market held in the fall and spring each year.

Also during 2013, FFI maintained an Export Promotion Partnership with the U.S. and Foreign Commercial Service, the International Trade Administration, and the U.S. Department of Commerce's Mississippi Export Assistance Center to increase export awareness and coordinate export promotion activities. FFI also works with MDA to recruit companies for trade missions throughout the year.

Getting To Know Your Export Resources

An export seminar was held in the Mississippi Delta to introduce companies to some of the many resources available to assist them in exporting their products and successfully competing in overseas markets.

Mississippi-Made Catalog

Designed to showcase and promote Mississippi-made furniture, the Mississippi Home Furnishings Catalog is available on the FFI and ERS websites. During the year, non-furniture manufacturers expressed an interest in using the catalog to promote their products and the catalog title was changed to Mississippi-Made Catalog. During this past year, categories were added for gourmet and specialty foods and sauces and Mississippi farm-raised catfish. New categories and products will soon be added including art, jewelry, handbags, candles, industrial chemicals and poultry in Mississippi. This catalog gives a visual presentation of Mississippi companies' products and provides links to manufacturers and suppliers in the state.

TECHNICAL ASSISTANCE

FFI provided 39 technical assistance projects for 28 companies during the year. Focus areas included

- Value Stream Mapping process and locating resources such as suppliers and software for manufacturers,
- furniture and packaging assistance,
- product design, and
- product standards.

Business-to-business matches were performed for 16 companies, helping the industry to diversify and collaborate with other manufacturers to increase their product development activities and share problem solving ideas. FFI provided assistance to five furniture designers searching for companies to manufacture their products. FFI also provided assistance to seven companies in locating a potential sewing operation to help with sewing capacity issues and 30 jobs were retained by a sewing contractor through these matches.

FFI also partnered with MSU's Design Research and Informatics Laboratory to assist the industry with ongoing logo development and website design to showcase industry products and companies. In today's global economy, a well-designed functional website is essential. Institute staff also offered grant writing services to assist industry in securing additional funding.

STUDENT SCHOLARSHIPS

The Franklin Furniture Institute is dedicated to promoting the furniture and home furnishings industries by creating awareness among students. FFI has established a database of scholarship donors who are focused on promoting the furniture and home furnishings industries. This database encompasses over 65 scholarships for students in furniture and interior design, marketing, wood construction, and sustainable furniture designs. The Institute acts as the process liaison and point of contact for the Celia Moh, the Southeastern Home Furnishings Association, and the American Home Furnishings Alliance scholarships.

Four students were awarded assistance through scholarships for a total amount of \$35,465 through the American Home Furnishings Alliance and the Southeastern Home Furnishings Association.

In addition, FFI provided assistance to 10 students engaging in furniture opportunities, nine of which were linked to employment opportunities and one activity involving a high school student project which incorporated furniture. Eight furniture companies requested assistance in locating student applicants for positions in sales, design, engineering, and management. The Institute also helped one furniture company to partner with the MSU Career Center to establish an internship program.

OUTREACH

The Institute reaches out to the furniture and home furnishings industries to determine their needs. Based upon these needs, the Institute finds resources, develops programs, and secures expertise to keep the industry competitive. Institute staff regularly visit furniture manufacturers, suppliers, and other value chain participants and frequently attend industry trade shows. FFI 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. A presence at these markets provides opportunities for networking with furniture companies throughout the nation.

Publicity/Visibility

A study on consumer purchase buying habits was commissioned by the Franklin Furniture Institute over three years ago. Developed by MSU's College of Business, the Consumer Attitudes and Buying Behavior for Home Furniture report has been updated. Copies of the past and current report have been provided to 19 individuals, representing five states and three foreign countries.

Other publicity efforts include:

- Two Institute produced newsletters distributed to over 1,200 industry representatives.
- Thirty notices of special programs, seminars, and services available to them as opportunities arose.
- FFI and ERS services were featured in several news stories.
- Point Innovations magazine published an article on the programs and services offered by the Institute.

Existing and new industry contacts were made at the fall and the spring Tupelo Furniture Market and High Point Home Furnishings Market. FFI made contact with 315 companies from 15 states and 7 countries.

In addition, the FFI and ERS websites are being used as a resource center and tools for furniture-related issues. During 2013, the FFI site received 2,332 visits from 1,841 unique visitors. New visitors accounted for nearly 78 percent of all visits. The Export Resource Service had 610 visits with 435 unique visitors or 71 percent.

The Institute increased its outreach and service programs delivery to the furniture industry and, in some cases, to other manufacturing sectors. For FY13, three federal grants were awarded to FFI for the Rural Jobs Accelerator project which is focused on economic development and job creation/retention throughout the state. FFI received a subcontract through MSU's Industrial Systems Engineering from a U.S. Department of Transportation grant focused on simulation modeling of intermodal supply paths. Total grant funds awarded in FY13 were \$231,731.

While the Supervisory Management Training program focuses on the furniture industry, during 2013 the program expanded and was delivered to manufacturers of commercial refrigeration equipment and a global aerospace defense contractor.

The online catalog placed on the Institute's ERS website also focuses on the home furnishings industry but has extended to other products made in Mississippi such as gourmet and specialty foods and Mississippi farm-raised catfish.

Based on industry-provided approximations, the cost savings generated from program delivery to the industry during the past year is estimated to be in excess of \$1 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 our 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 plans to continue to support the industry and play a vital role in sustaining this important industry through challenging times.

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