

# 2013 AHFA YEAR IN REVIEW

## 2014 Look Ahead





# MISSION

OF THE AMERICAN HOME  
FURNISHINGS ALLIANCE:

**“We are committed to promoting the growth, citizenship and global leadership of our member companies by providing exceptional advocacy, promoting effective standards, advancing meaningful environmental programs, offering relevant training and development opportunities, and serving as the preeminent media resource on business and product trends in home furnishings.”**

**In January**, the AHFA staff likes to take a focused look at the year just completed before beginning to execute a strategic plan for the year ahead. This “2013 Year in Review and 2014 Look Ahead” invites you to join us in that process.

The first thing we observe is that the impact of the Great Recession lingers on. At AHFA, we see it in membership numbers that have not fully rebounded. We see it in meeting attendance that continues to lag behind pre-Recession participation. And we see it in our call and email volume – which skyrocketed in 2013 as executives at member companies became increasingly reliant on our staff professionals to help fill gaps created by their own staff reductions.

AHFA has had to make some difficult budget decisions, but this has forced us to carefully examine the needs of our membership and to become even more focused as an organization. Our resolve to capitalize on our strengths and to continue providing you with meaningful programs and services has never been stronger.

Foremost among those strengths is our position at the legislative and regulatory table representing our industry’s interests. It is no exaggeration to say that, without AHFA and its highly informed, widely respected advocacy efforts in 2013, your outlook for 2014 would be decidedly different.

... The fast-tracked efforts to rewrite Technical Bulletin 117 in California could have quickly gone far off track.

... The federal formaldehyde rules could have bounded forward with no input from our industry on the grave impact to both domestic manufacturing and all imports of composite wood products.

... The impact of California’s Proposition 65, widespread as it was, could have been worse without the advance warning, compliance guidance and legal interpretations provided by AHFA.

In 2014, we will continue to marshal all of our resources to represent the industry’s interests as best we can in dozens of forums across the country. We will fund research, perform testing, contract with lobbyists, engage consultants and deploy our staff expertise to influence the regulatory initiatives that stand to negatively impact your business.

At the same time, we will soon unveil a redesigned website to better communicate all of our programs and services. We have planned meaningful educational programs to meet the unique needs of your top executives. We will continue saturating print and digital consumer media outlets with exciting new product and trend information and, in the process, secure valuable free publicity for our member companies and their products. And we will continue working to ensure our member companies are global leaders in environmental stewardship and sustainable operations.

It’s a big agenda. With your continued support, we believe 2014 will be the year we put Recession-minded thinking and Recession-era results behind us.

# 2013 Highlights

## JANUARY

- AHFA's Suppliers Division receives hundreds of applications for six \$2,000 scholarships awarded to children of full-time employees of AHFA member companies each year.
- All Las Vegas Market exhibitors are included in a New Product Roundup distributed to media attending the market, as well as to journalists unable to attend.

## FEBRUARY

- AHFA's 6th Sustainability Summit is held in Raleigh, N.C., featuring Dr. Arlene Blum, executive director of the Green Science Policy Institute in Berkeley, Calif., and lead scientist on the health impacts of flame retardant chemicals.
- AHFA hosts Dr. Arlene Blum and Tonya Blood, Bureau Chief for the California Bureau of Home Furnishings & Thermal Insulation, on several plant tours to explain the upholstery manufacturing process. Blood later unveils California's revised TB 117 to Summit attendees.
- AHFA offers assistance to members who have received Prop 65 "60-day notices."
- Supply Chain Management Conference held in Greensboro, N.C.
- Consumer Product Safety Commission Chairman Inez Tenenbaum announces a federal flammability standard that does not require flame retardant chemicals is on her list of top eight projects for 2013.
- ICFA holds a Board of Directors meeting in Tucson and adopts new mission and vision statements.



*Tonya Blood of the California Bureau of Home Furnishings and Thermal Insulation with Bobby Bush, HSM Solutions, on a plant tour in February.*

## MARCH

- Manufacturing Renaissance summit held at the Franklin Furniture Institute in Starkville, Mississippi.
- A proposed Toxic Chemical Safety Act – similar to California's Prop 65 – is voted down in Illinois. AHFA attempts to track a spate of state-level initiatives aimed at restricting use of FR chemicals in children's and upholstered products.

- A new ASTM standard for glass used as a horizontal surface in desks and tables (F2813) is released.



*AHFA's April press breakfast on the opening day of the High Point Market featured Vice President of Public Relations and Marketing Jackie Hirschhaut and guests Doug Bassett, Andy Bray, Nathan Cressman and Alex Shuford III.*

## APRIL

- AHFA hosts opening day press conference at the High Point Market.
- 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.

## MAY

- Six \$2,000 scholarships are awarded to children of AHFA member company employees.
- U.S. Consumer Product Safety Commission Chairman Inez Tenenbaum addresses members of the AHFA Board of Directors during a meeting in Washington, D.C. She identifies two furniture issues at the top of her priority list: a mandatory upholstered furniture flammability standard and a public awareness campaign to alert consumers about furniture tip-over hazards.
- The U.S. Environmental Protection Agency releases two long-awaited rules designed to ensure composite wood products meet federal formaldehyde emission standards. AHFA begins compiling data to fight implementation of the costly rules.



*U.S. Consumer Product Safety Commission Chairman Inez Tenenbaum addressed the AHFA Board in May.*



*Malin Nasman, compliance specialist with IKEA North America, was among presenters at the 2013 Sustainability Summit.*

## JUNE

- More than 60 golfers participate in the annual Supplier Division Golf Tournament, raising funds to support annual scholarships for children of AHFA member company employees.
- Annual Marketing Meeting focuses on helping the industry's marketing, communications and public relations professionals meet the industry's rapidly changing marketing challenges.
- Furniture Brands (now Heritage Home) and HSM Solutions add EFEC registrations.
- Vermont bans the use of two FR chemicals, TCEP and TDCPP. AHFA works with Vermont Attorney General to disseminate compliance details.
- AHFA writes and submits comments to the CPSC encouraging it to consider adopting California's revised flammability standard focused on smolder ignition.

## JULY

- A team of member company executives convenes in Washington to bring legislators an urgent message of opposition to the proposed formaldehyde rules.
- House Speaker John Boehner (R-OH) is among the officials with whom the group secures valuable face time.
- All Las Vegas Market exhibitors are included in a New Product Roundup distributed to media attending the market, as well as to journalists unable to attend.
- A successful ICFA Preview Show is held in Chicago.

# 2013 Highlights

## AUGUST

- A second Manufacturing Summit is held, this one in Greensboro, N.C. The program focuses on details of the Affordable Care Act.
- AHFA is successful in persuading California to shift the mandatory compliance date for the new TB 117-2013 flammability standard from July 2014 to January 1, 2015.
- The U.S. EPA announces a limited reconsideration of certain monitoring requirements, emission limits and other provisions in the Boiler MACT rule.
- AHFA continues adding to its compliance “toolbox” for companies attempting to comply with California’s Prop 65. Notices of violation involving upholstered furniture containing TDCPP now top 200.

## SEPTEMBER

- AHFA learns that HBO will air a documentary in November based on the award-winning, 2012 *Chicago Tribune* investigative report on flame retardant chemicals in upholstered furniture – and secures a private screening for AHFA executives during the October Market.
- ICFA hosts the International Casual Furniture & Accessories Market in Chicago, along with the inaugural ICFA Awards Gala and Retail Roundtable. AHFA’s PR department hosts another successful Editors’ Tour of the Market.

## OCTOBER

- Members of the UFAC Board, AHFA staff members, and several other industry executives preview HBO’s “Toxic Hot Seat” documentary. AHFA decides to develop a micro website to provide consumers with balanced information on flame retardant chemicals in upholstered furniture.
- All High Point exhibitors are included in a New Product Roundup distributed to media attending the market, as well as to journalists unable to attend.



*An AHFA consumer website was launched in November to answer the public’s questions about FR chemicals.*



## NOVEMBER

- AHFA launches a consumer website, [www.toxic-hot-seat.com](http://www.toxic-hot-seat.com), to answer consumer questions about flame retardant chemicals in upholstered furniture.
- Kurt Darrow, chairman, CEO and president of La-Z-Boy Inc., is named 2013 Distinguished Service Award recipient at the Annual Meeting in St. Thomas.

*Kurt Darrow of La-Z-Boy Inc. (left) received the Distinguished Service Award from Farooq Kathwari, Ethan Allen, and AHFA’s Andy Counts.*

## 2013 Accomplishments, 2014 Agenda

AHFA's advocacy efforts impact every company that markets home furnishings in the United States. We work to make the home furnishings industry a better sector for investors, a better sector for domestic manufacturing, and a better sector for import and export operations.

To advance our cause, we must remain visible and vigilant, taking our seat at the table any time policies that impact our industry are debated and discussed. Here are our top issues from 2013, along with our agenda for 2014. We pledge to keep you informed throughout the year, and we welcome your input and involvement at any time.

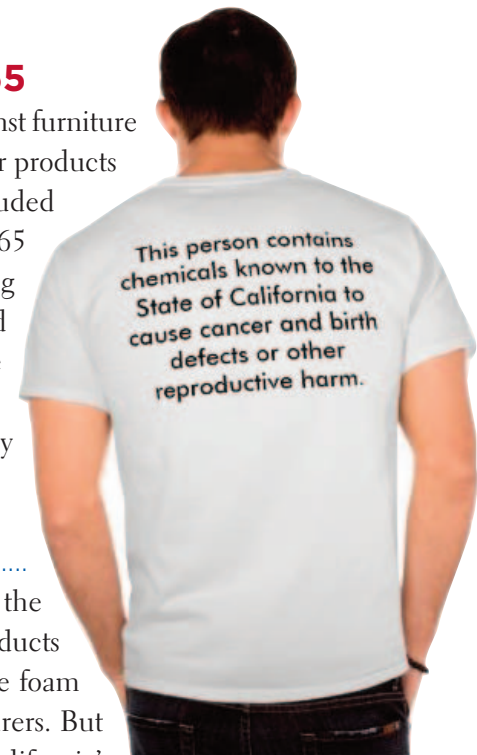
### ISSUE FOCUS.....**California Prop 65**

In 2013, over 200 notices of Proposition 65 violations were filed against furniture companies for failing to notify consumers in California that their products contain TDCPP. Companies receiving notifications included retailers, manufacturers, importers and suppliers. Prop 65 warning labels have been required on furniture containing TDCPP since October 2012 – one year after the state classified TDCPP as a chemical “known to the State of California to cause cancer.” AHFA began providing guidance on labeling for TDCPP in March 2012, and completed a compliance toolbox for members early in 2013. Notices of violation have slowed, and settlements have begun.

### AHFA'S 2014 AGENDA.....

Although Prop 65 does not ban the use of chemicals that it lists as toxic, all of the TDCPP settlements thus far have included a requirement to “reformulate” products to eliminate the chemical. This has been possible with TDCPP, due to some foam suppliers having TDCPP-free foams already available for furniture manufacturers. But more acute challenges lie ahead. In 2014, AHFA will continue monitoring California's Prop 65 activity, which is likely to include listing methyl isobutyl ketone (MIBK) as a chemical “known to the State to cause reproductive toxicity.” In the furniture industry, this chemical is a key component in many paints and finishes, as well as in leather finishing. AHFA is working to develop a suitable industry-wide approach to handling Prop 65 cases going forward.

CALIFORNIA  
PROP 65



# Advocacy



## ISSUE FOCUS.....California TB 117-2013

AHFA provided key technical advice to California officials in 2013 as they raced to complete revisions to the 35-year-old flammability standard known as TB 117. California Bureau Chief Tonya Blood outlined the new rule for AHFA members during the February Sustainability Summit in Charlotte, N.C. The new standard focuses on three tests to evaluate the cigarette ignition resistance of upholstery cover fabrics, barrier materials and filling materials. AHFA offered technical advice on the regulatory language within the standard through public comments filed on behalf of several industry stakeholder associations.



*The new TB 117-2013 flammability standard focuses on smolder tests conducted on small mock-ups of upholstered furniture.*

## AHFA'S 2014 AGENDA.....

AHFA will continue educating members about the new California standard but will shift much of its attention now to encouraging the U.S. Consumer Product Safety Commission to also focus on smolder ignition for its proposed federal flammability standard.



## ISSUE FOCUS.....FR Chemicals

The crusade against the use of FR chemicals in upholstered furniture was bolstered in 2013 when the HBO documentary “Toxic Hot Seat” aired, giving millions of consumers reason to believe their sofas may make them ill. AHFA arranged to preview the film with the UFAC Board of Directors in October and launched a consumer website with answers to anticipated consumer questions. Meanwhile, Vermont passed a law in 2013 banning flame retardants TCEP and TDCPP from use in residential furniture sold or distributed in the state, and several other states were considering similar measures. In addition, the EPA began assessments on three groups of structurally similar FR chemicals, with plans to conduct a “full risk assessment” on at least one chemical in each group. With California’s revised flammability regulation eliminating open flame testing, it appears that FR chemicals will no longer be necessary in upholstered furniture – but the possible liability of eliminating them remains a concern for some manufacturers.



*The 2013 HBO documentary “Toxic Hot Seat,” directed by Kirby Walker (left) and Jamie Redford, drew national attention to the use of flame retardant chemicals in upholstered furniture.*

## AHFA'S 2014 AGENDA.....

The emerging patchwork of state-level chemical bans is the regulatory nightmare the furniture industry – and many other industries – hoped could be avoided by meaningful reform to the Toxic Substances Control Act ... reform that, at year’s end, appeared nowhere in sight. AHFA has severely limited resources for state-level regulatory battles but will work to keep members informed of onerous proposals as we become aware of them. Any 2014 initiatives in this arena will likely center around joint efforts with other stakeholders to push for federal reforms that would nullify the morass of bans at the state level.



FORMALDEHYDE

**ISSUE FOCUS**.....**Formaldehyde**

Although AHFA continued its involvement with the California Air Resources Board (CARB) on implementation updates for the state’s formaldehyde emissions rule in 2013, concern quickly turned to the federal formaldehyde standard. In May, the U.S. Environmental Protection Agency released proposed rules for implementing the federal emissions standard for composite wood products. AHFA described the potential impact of the rules as “grave” and immediately enlisted the help of several member companies in detailing the anticipated cost of implementing the measures. A team of executives joined AHFA staff on Capitol Hill in July and made sure that key legislators understood the magnitude of cost our industry would be forced to absorb as a result of the rules. AHFA staff followed up with formal comments submitted to EPA in October. The 22-page submission – plus 16 separate supporting documents – outlined results of AHFA’s investigation into the real world cost of the proposed rule.

**AHFA’S 2014 AGENDA**.....

As the industry’s primary advocate on both the California and federal formaldehyde emission standards, AHFA pledges to remain the most reliable and timely source of information as the implementation rules are finalized. The EPA is reviewing comments and has indicated plans to publish final rules in September 2014. Along with other stakeholders, AHFA considers that timeframe unlikely. However, a final rule sometime in 2014 is probable. AHFA has requested a three-year implementation period. CARB has indicated it will not finalize the California implementation rules until the EPA rule is final.

PRODUCT SAFETY

**ISSUE FOCUS**.....**Product Safety**

AHFA is actively engaged with the Consumer Product Safety Commission and the American Society for Testing and Materials (ASTM) on several initiatives impacting a wide range of residential furnishings. A proposed 2013 revision to the ASTM Furniture Tip-Over Standard was expected to be finalized early in 2014. Changes pertain to the certification of tip restraints and the “operational length” of drawers in the testing protocol. A revision to the ASTM Bunk Bed Standard was approved in April. In May CPSC Chairman Inez Tenenbaum addressed the AHFA Board of Directors, challenging them to “aim for the highest level of safety” in new product design.



*Clothing storage chests and dressers with "full extension" drawers, similar to this kitchen cabinet drawer, will be impacted by the revised ASTM Furniture Tip-Over standard in 2014.*

**AHFA’S 2014 AGENDA**.....

AHFA will continue to chair ASTM’s Furniture Safety subcommittee in 2014, regularly calling on representatives from member companies to assist in rulemaking and the establishment of testing criteria.

# Membership

AHFA continued its efforts to rebuild membership in 2013, despite high profile bankruptcies that directly impacted the Alliance's bottom line. Widespread recognition of AHFA's positive impact on key regulatory challenges – including Prop 65 and the federal formaldehyde rule – led several leading retail companies to join in 2013. With significant direct import operations, these companies have a strong interest in supporting the industry's advocacy efforts.

AHFA launched 2014 with an aggressive membership outreach campaign designed to connect with leading manufacturers and importers. A complete revision of the Alliance's website, [www.ahfa.us](http://www.ahfa.us), was expected to be finished in early spring, helping to extend AHFA's reach among new audiences.



*Representative Alan Nunnelee (R-MS) was among legislators who addressed AHFA's Board of Directors at a government affairs meeting in Washington, D.C., in May.*

**International Casual Furnishings Association.** ICFA launched 2013 with new mission and vision statements adopted at a Board of Directors meeting in February. The new mission is to “support and promote the growth of the outdoor and casual furnishings industry through professional education, networking and business development.”

Highlights of the year included an expanded format for the Annual Awards Gala in September. The new event brought together all segments of the outdoor furnishings industry to recognize and celebrate top retail stores, manufacturers, representatives and product designs. Previously the awards were presented during two separate events.

ICFA hosted its first Retail Roundtable one day prior to the opening of the International Casual Furniture and Accessories Market. The event included small group discussions of topics such as advertising, social

media and sales incentives. Education remained a top priority for ICFA throughout 2013, with a series of five webinars for retailers slated throughout the year.

**Suppliers Division.** Members of AHFA's Suppliers Division provided valuable support and resources to the manufacturer membership in 2013, even as overall membership in the division declined. A 2014 strategic planning initiative was launched early in 2014 to examine tactics for bolstering membership and member benefits.

More than 75 golfers participated in the Division's annual golf tournament in June, raising funds for the Supplier Division Scholarship Program. The program presents six \$2,000 college scholarships every year to children of AHFA member-company employees.

The Specialized Furniture Carriers added four new members in 2013, bringing total membership to over 40 companies dedicated to the transportation and handling of residential furniture. The group held its fifth annual meeting in 2014 just prior to the Global Supply Chain Conference.



*Steve Elton, chief brand officer at Brown Jordan, hosted journalists as part of AHFA's Editors Tour of the International Casual Furniture and Accessories Market in Chicago.*

# 2013

## By the Numbers





*We're moving!*

After May 1, 2014, AHFA headquarters will be at:  
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