

FRANKLIN FURNITURE

INSTITUTE HIGHLIGHTS

MISSISSIPPI STATE UNIVERSITY



Manufacturing in 2018

The speed with which the economic world changed in the last quarter of 2008 was both terrifying and awesome. Capitalism, as we know it, seems to no longer exist. Business leaders now face economic conditions unlike anything most could have ever imagined. Who could have foreseen the day when the U.S. government would nationalize a significant portion of the financial industry? When the CEO's of GM, Chrysler, and Ford—tin cups in hand—would beg Congress for billions and billions of dollars? When financial giants such as Lehman Brothers would disappear and Citigroup teeters on the brink? When people with excellent credit histories could not borrow money?

The immediate future of U.S. manufacturing is especially challenging. The "Future of Manufacturing," a study conducted by IndustryWeek and Crowe Horwath in 2008, determined that manufacturers of all sizes in all industries face mounting challenges on the ability to attract and keep skilled labor; intense, and some would say unfair, competition from low-cost countries; rising healthcare costs that show no sign of slowdown; and environmental compliance and other regulatory demands.

So, does manufacturing in the U.S. have a future? The answer is yes, it does! But this will require radical, fundamental, and structural changes in the current manufacturing business models. It is imperative that business leaders not become paralyzed by the difficult conditions which have been exacerbated by the global credit and economic crisis that is the current business environment. Instead

of being lost in a fog, business must act. In particular, manufacturers from this point on must stress flexibility, awareness, and resilience. Those with long or inflexible production cycles or very long-term investment requirements will find it especially difficult to manage their funding.

Those managers (or leaders, really) who possess the ability and willingness to become more flexible, responsive, and resilient are likely to be the ones who survive and thrive in today's interconnected global economy. Below are methods manufacturers can use in developing the flexibility and responsiveness to become operationally excellent and market-responsive.

- 1. Concentrate on rapid replenishment.** "Smart" supply chains are an absolute necessity. This means manufacturers need an information partnership with suppliers and customers. This is essential in order to meet very tight delivery expectations.
- 2. Meet the raised bar of expectations.** Customers—whether they are consumers or industrial – have worldwide options. Hence, they demand top quality service in all parts of the transaction. With so many available options, today's customer will not hang around waiting for a supplier to fix its problems.
- 3. Focus on planning agility.** For most U.S. manufacturers, production runs of 700,000 items are things of the past. Instead, manufacturers must be able to retool, rework and redo production capabilities with minimal notice. This will, however, require

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director's corner

Furniture Highlights

Bill Martin, Director



The end of the first quarter is here and we begin seeing the year-over-year sales and revenue comparisons for 2008 and try to make sense of what is occurring this year. According to Furniture Today, 2008 retail furniture sales were 14% below last year and December '08 sales were off by 21%. In a recent retail association meeting, I heard that customer traffic has been medium but orders are light- as much as 30% less than prior periods. During the first week of March, headlines read "Jobless Rate Hits 25 Year High", "GM down 22%", and the "DOW Hits below 7000 for the First Time Since 1997". So what are furniture manufacturers and retailers to do? Well most of us have lost weight (dead weight), thrown baggage over board (non-productive assets), and conducted our spring cleaning early (reduced inventory, etc). Now what?

Historically, advertising and marketing costs have been reduced or cut drastically during slow economic times. Perhaps we should reverse course and increase advertising and marketing efforts. Shouldn't we keep our name out in front of consumers so that when they do decide to purchase, they are familiar with our brand? Should we take this opportunity to develop our on-line marketing strategy? Should we grab market share from our competitors who don't have the vision to prepare for the time when the customers return? In an article by Kassi Belz of MassMedia Corp. Communications, a study by McGraw Hill Research states that companies who aggressively advertise during a recession had 256% higher sales than those who discontinued advertising. Additionally, a recent article on Forbes.com stated that companies that did not maintain a consistent market presence spent four to five times the amount saved to regain market status. This market will turn around, are you going to be ready?

Recently, the Department of Economic Development and Outreach at MSU requested economic impact data from all campus units conducting outreach. While the Institute did not provide the largest dollar impact, we did make a difference. According to data collected from companies that utilized our outreach services and testing facility, in 2008 we initiated 34 projects directly helping 28 companies located in 10 counties and employing over 11,000 people. The reported impact from the furniture industry was over \$6 million. We will continue to annually record this data, so your input will be needed in the future.

During the past year, I have realized how little people know about the resources available to them from MSU. To further the Institute's outreach mission, we are planning a one day forum to have units within the University tell you about their capabilities. Please save the date, May 14, 2009, to attend this forum on the MSU campus. Remember Working Together, We Can Make It Happen!

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advance planning. The ability to change plans is likely to become the cornerstone of manufacturing capability.

- 4. Have deep insight into the market.** Traditional market research will no longer suffice. Instead, manufacturers must have the systems and technology that provide deep insight into how quickly their markets are changing. Information-gathering now must occur throughout the organization, and plans must be made and adjusted on this newly-gained knowledge.
- 5. Implement flexible, timely processes.** In addition to planning flexibility and understanding the market, today's manufacturer must have the capability to quickly revamp, refocus and redo business and manufacturing processes on an on-demand basis. This greatly increases the importance of information technology.
- 6. Develop better bid or service costing.** Margins are tight, and likely to get tighter. Moreover, every company (at least those with a future) is becoming dogmatic on cost management. This means bidding for jobs must be done with the same precision as manufacturing.
- 7. Work to become the supplier of choice.** A key to success will be making it as easy as possible for custom-

ers—whether they are wholesalers, retailers, distributors, end users or other manufacturers—to do business with you. But single transactions will not be sufficient. Instead, these relationships must be held together with “electronic glue.”

- 8. Be relentless on operational excellence.** If Jim Collins were to rewrite his classic Good to Great, he would probably rename it Good to Greater. Globalization means that being great is no longer enough. After all, there are a huge number of great companies in the world. That's why pursuing and achieving absolute excellence within every aspect of the manufacturing operation is critical to compete in the massively global, increasingly flat, ever-more-rapid, customer-empowered marketplace that is today.

This article is a summary of “Small Business in 2018: Manufacturing Trends,” an overview of current issues impacting the business community, from the Office of Business Outreach, College of Business, Mississippi State University, bizservices@cobilan.msstate.edu. To view the entire article and references, please visit [http://www.ffi.msstate.edu/pdf/manufacturing_2018 .pdf](http://www.ffi.msstate.edu/pdf/manufacturing_2018.pdf).

exports Export Opportunities

If you are considering expanding your markets, the Export Resource Service (Franklin Furniture Institute, U.S. Department of Commerce – Mississippi Export Assistance Center, and Mississippi Development Authority) invites you to participate in these market events to locate prospective overseas buyers.

Virtual Trade Mission–Egypt

for opportunities to present products and visit with overseas buyers from Egypt

Summer 2009 | Via Satellite

Contact Glenn Ferreri, 601.965.4131 or glenn.ferreri@mail.doc.gov

Mexico Furniture Exhibition and Mission

for home and office furniture

August 19 – 22, 2009 | Guadalajara, Mexico

Contact Rose Boxx, 601.359.3045 or rboxx@mississippi.org

RepCAN 2009 Business Matchmaking Event

to meet with Canadian agents and distributors

September 28–29, 2009 | Toronto, Ontario

September 30–October 1, 2009 | Montreal, Quebec:

October 5–6, 2009 | Vancouver, British Columbia:

Contact Vickie Watters, 601.359.2070 or vwatters@mississippi.org



Chromcraft Furniture

Amy Garrard, Outreach Coordinator



Chromcraft Furniture Corporation is surviving tough economic conditions by providing quality and value, innovative design, and product selection

to their current customers and aggressively courting new customers. The company originated in St. Louis, Missouri in 1908, and was known as American Fixture and Showcase Company. After WWII, the company required additional space for production so they purchased a new site where a modern furniture plant was constructed. This plant operated as a division of the parent company until 1955 when the Chromcraft division separated from the fixture division. Because Chromcraft continued to grow, the company expanded once again and moved to the current location in Senatobia in 1962. The furniture company continued to prosper and was bought by Mohasco Corporation and in 1981, was consolidated with Monarch Furniture of High Point, NC. This merger resulted in Chromcraft Furniture Corporation, which produces both residential and contract furniture. The 654,000 square foot facility in Senatobia encompasses over 15 acres. This facility houses a complete national advertising center, photography studio, and a printing complex for catalogs as well as the manufacturing facility. At this plant Chromcraft produces metal dining room chairs, metal dining room tables with both glass and laminated tops, upholstered metal and wood office chairs, bar stools, and multiple seating units. The contract division specializes in lounge, multiple, and office seating, and tables.

Chromcraft has a long-standing reputation as a manufacturer of superior products and continues to focus on quality. The company manufactures products from start to finish. Workers start with cold roll steel and raw wood, and end with finished seating and tables that are among the best quality and value in the industry. By investing in robotic welders, numerically controlled benders, spin welders and state-of-the-art punch presses, quality control is ensured. The company also utilizes company-wide quality improvement processes focusing on employee training and involvement. Because of the skills, dedication, and work ethic of their workforce, Chromcraft is able to set and keep the highest of quality standards for their products.

Chromcraft's innovative, award winning designs in plastics, wood and steel have established the company as a leader in design and has also set major trends in the industry. A strong engineering focus on design and construction guarantees comfort and ergonomics in products. Talented and experienced designers ensure that the company's products utilize the latest trends, fabrics and colors.

Chromcraft has a strong customer service orientation, offering customers what they want, when they want it, for a reasonable price. The corporation has multiple products and product variations. In the contract division alone, products are available in the categories of ergonomic, wood, metal, lounge seating, tables, and nesting chairs. Recognized as a leader in lounge seating, Chromcraft has contracted with airports all over the U.S. to supply thousands of terminal seating units. A recent product innovation includes the new pod-system of the Revolution Line that can be found in the Delta Airlines Concourses in Atlanta Hartsfield and Jackson International Airports. Airline Lounge seating is just one example of the company's focus on expanding offerings to fill customer needs.

While Chromcraft is a leading producer in the industry, it also is committed to promoting a sustainable work environment. The manufacturer incorporates sound economics, while also protecting the environment, practicing social responsibility and integrating BIFMA Sustainability Guidelines into their practices. The company's philosophy and practices provide a tangible means of maintaining and adding products with environmentally-intelligent designs. One way that Chromcraft is accomplishing this philosophy is through GREENGUARD Certification, which the company recently attained. Every effort is made to reclaim and recycle all metal, aluminum and chrome throughout the facilities. This includes the use of environmentally safe, sustainable and healthy materials; design for material re-utilization such as recycling or composting; the use of renewable energy and energy efficiency; efficient use of water, maximum water quality associated with production; and instituting strategies for greater social responsibility.

Because of the strong emphasis on quality, design, and selection, and the company's investments in state-of-

Chromcraft Furniture

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the-art technology and their people, as well as focusing aggressively on satisfying customers, Chromcraft can expect to come through the current difficult economic conditions strong and ready to expand again. Contacts at the Senatobia facility include, Matt Prochaska, President of the Contract Division; Mark Aldridge, National Sales Manager; and David Casey, Engineering Manager, phone: 662-560-1438.

Some of this information was obtained from Chromcraft's web site www.chromcraftcontract.com.



Leadership Training

What is the backbone of manufacturing in the Mississippi furniture industry? Is it the entrepreneurs, the skilled upholsterers, or each employee who goes to work in the furniture industry each day? While all of these groups are important and essential, an often overlooked group is the first line supervisors.

These individuals are responsible for managing workers and coordinating all of the activities to make, ship, sell and deliver thousands of pieces of furniture. Often times, the first line supervisor is the person who must implement modern manufacturing strategies without the functional knowledge base required to accurately communicate guidance and direction to the workforce.

Formal education and training is available for engineers, accountants and managers, but first line supervisors are typically employees who have excelled in a line position and promoted to a supervisory position because of their inherent skills, work ethics and abilities. However, these supervisors are often thrust into a position of accountability and responsibility with little opportunity for preparation and continued education.

The Franklin Furniture Institute at Mississippi State University has developed a course specifically designed for manufacturing first-line supervisors. The Manufacturing Supervisor Management Course seeks to enhance the leadership capabilities of mid to lower management with the goal of increasing the competitiveness of the furniture industry through efficient manufacturing techniques.

Ennis "Chip" Bailey, engineer and project coordinator at the Franklin Furniture Institute, developed the curriculum in manufacturing supervisor management to fit the needs

Individualized Supervisory Training for the Furniture Industry

of the furniture industry. Bailey is the instructor for the program, which is usually conducted at the company's facilities. The course, consisting of a sequence of classes, leads to a certificate and provides incremental manufacturing instructional training in all facets of workforce and management.

Divided into four topic areas, the course provides instruction in manufacturing assessment, leadership, management skills, and manufacturing techniques. Each of the four topic areas are further divided into four, three hour modules. Modules can be delivered in one three-hour session or three one-hour sessions, all at the request of the participating company.

Participants are instructed in communication, team building, motivation, job analysis, time management, changeover and set-up techniques, industrial safety and the principles of motion economy. The program also includes elements of management, soft skills, production efficiencies and modern manufacturing techniques.

Considering the differences in time, resources and technical skill levels among furniture companies, the program can be customized to best fit the their needs. Completion of the program results in first line managers and supervisors having a better understanding of the basics of leadership, communication, the management team, and manufacturing as a business.

A portion of the cost for this program can be paid by a scholarship through a grant received by the Franklin Furniture Institute. Companies interested in the training program should contact Bill Martin, director, at 662.325.6787 or wmartin@cfr.msstate.edu.

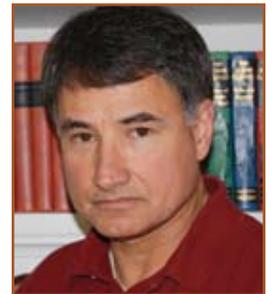
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Chip Bailey

Industrial engineering assistance, time and motion studies, plant layout design and optimization, value-stream mapping, and training in manufacturing systems are just a few of the services provided by Chip Bailey at the Franklin Furniture Institute. A Mississippi State University graduate, Bailey earned a bachelor's degree in engineering, focusing on fluid flow, computer programming and computer simulation models in 1987 and a master's degree in technology in 1989. In 1999, Bailey received his doctoral degree in technology from Mississippi State and the University Alabama-Huntsville, focusing on engineering management and management education. He is skilled in theory and application of manufacturing technologies, total quality management, industrial research and development and industrial instructional design. Bailey was instrumental in the creation of the Division of Technology, as well as the design and curriculum approval of a new program in manufacturing technology in the newly-created division at the university's Meridian Campus. He has taught numerous courses at the university including manufacturing technology and processing, motion and time study, job analysis, industrial safety, and advanced computer programming.

staff profile

Whether through college courses, one-on-one technical assistance or specialized training classes developed for specific companies, Bailey enjoys the teaching/education process immensely. He created the new manufacturing supervisor management training program to transfer the core knowledge and skills acquired through a typical 4-year manufacturing technology college degree program to furniture industry supervisors. (See article on page 5 for a full description of this program.) This training program is being well received by furniture manufacturers in the state and there currently is a waiting list to participate. In addition, Bailey continues to provide technical assistance to the industry through industrial assessments and special projects for individual companies.



Contact Bailey at the Franklin Furniture Institute, 662.325.6789 or ebailey@cfr.msstate.edu.