



More of the same, or a new vision for the future?

by Bob Panitzki, CEO Furntech-AFRDI

If you visit our Website (on the About Furntech page), you'll find we have included our mission statement.

I'm sure for many of you, a mission statement is something to which you would not attach much importance: we don't need to put into writing the things that make the company tick.

To start at the beginning, what is a mission statement? One dictionary definition is 'a formal, short, written statement of the purpose of a company or organisation. The mission statement should guide the actions of the organisation, spell out its overall goal, provide a sense of direction, and guide decision-making'.

So, it's an outline of what we at AFRDI do, taking the broadest possible perspective. There's also more than a hint of our mission statement being a vision statement, a statement of where we would like to be. To add further complexity, AFRDI is a not for profit company, and in some quarters, not for profits are seen as having a special role and a special duty – to define what good they can bring to the world through their actions: to demonstrate that their existence is not entirely bottom-line driven.

We make a point of saying that we serve, while maintaining strict independence, both buyers and sellers of furniture. Coupled with that, through our ongoing development and adoption of new standards, is a desire to lift the game – to find new and appropriate ways of making the Australian and New Zealand furniture industry a little better.

We have become, through development of our sustainability standard, at least a little green, if not adopting the bright green mantra of the Greens. Our Rated Load standard, for its part, strips away the loosely advertised super-high 'safe loading ratings' for chairs, for more modest, supportable claims.

What of the future? How do we address the perennial favourite question of bosses reviewing the performance of a staffer – where do you want to be in five years' time?

On the one hand we are addressing the question of day-to-day operations, development and growth through the commissioning of new testing machines. On the other, we are starting down the technically challenging road of exploring just how far we should go with sustainability – bearing in mind that some very large businesses are moving towards adopting sustainability as a core business activity.

Challenging times ahead – and we hope our mission statement adequately sets the broad directions we need to take.



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In the United States, more companies are adopting sustainability principles

A major study by the MIT Sloan Management Review has shown that despite the world economic downturn, a growing number of companies are increasing their investment in sustainability.

The study also shows that while in 2009, 25 per cent of respondents indicated they were increasing their commitment to sustainability, the figure reached 59 per cent last year.

What's more, just on 70 per cent said they would step up their investment this year.

With sustainability still uncharted territory for many organisations, the MIT Sloan report says companies are now dividing into two groups – the sustainability embracers and those who as yet have not adopted sustainability - the cautious adopters. Both groups perceive the benefits of strategies such as improved resource efficiency and waste management.

MIT Sloan says that while even the embracer companies still struggle to measure financially the more intangible benefits of sustainability strategies (such as employee engagement, innovation and stakeholder appeal) these companies are nevertheless assigning value to intangible factors when forming strategies and making decisions.

All industries participating in the survey agreed that acting on sustainability is essential to remaining competitive.

Those industries which have embraced sustainability are confidently making the link between sustainability and profitability. Part of this is said to be the ability to increase sales by providing new products valued by consumers who care about issues such as ethical supply chains and energy efficiency.

But the report also urges caution, saying that while companies may see brand building as one of the payoffs of addressing sustainability, it also exposes them to intense scrutiny and accusations of greenwashing unless reality matches rhetoric.

Signs of the times

1: The United States Consumer Product Safety Commission has levied a fine of \$US390,000 against a marketing company, alleging the company was aware of a defect involving office chairs it sold to consumers, while failing to report the problem to the CPSC as required by federal law.

The claim revolves around a recall of 150,000 chairs, in which bolts attaching the seat back could loosen or fall out, posing a fall and injury hazard to consumers.

2: BIFMA (the Business and Institutional Furniture Manufacturers Association) reports that in something less than two years since its introduction, the number of products certified under its **level**[®] certification program has topped 1,000.

3. CPSC (the United States Consumer Product Safety Commission) has brought into effect (at the end of June) its new laws covering sale of baby cribs. Among other things, the CPSC now bans manufacture and sale of traditional drop-side cribs, calls for the strengthening of mattress supports and crib bases, requires crib hardware to be more durable, and makes safety testing more rigorous.

Since 2007, the CPSC has recalled more than 11 million cribs which it considered dangerous. At the same time, the organisation reports that since 2000, at least 32 infants died from either suffocation or strangulation because of faulty cribs or defective hardware. More information at www.cpsc.gov.

Save money and time

Commission **AFRDI** for your
pre-market testing

Product pre-testing brings clear benefits for all sectors of the furniture industry – manufacturers, importers, retailers, specifiers and end-users. **Result: CUSTOMER SATISFACTION**



A time of achievement for AFRDI, and for our clients

Crossing the line has always held a special place in human hearts, be it just through winning a race, or crossing the Equator in earlier times when international travel by sea was the norm.

For AFRDI, recent months have been just about as exciting, for the period marked the achievement of AFRDI Green Tick (Sustainability) ratings for three product ranges, from Fifteenth Landing, from Stem Industries and BFX from Queensland. To round off achievements, the first products (from Stem Industries) were also approved as having achieved performance ratings under AFRDI's new Rated Load standard for office swivel chairs.

As AFRDI's technical manager, Ian Burton, points out, progressing a new standard from the theoretical to the practical stage is a long journey. He should know – he wrote the Rated Load Standard.

"I am extremely pleased that hard work and perseverance by our client paid off," Ian says. The RL standard quite rightly takes testing to a new level, and it certainly does not necessarily follow that a chair which might have easily achieved Level 6 under the traditional AS/NZS 4438 testing regime will pass even the lower 135kg testing point.

"Because RL seeks to raise the bar in testing, both static and fatigue loads applied during testing are proportionally higher than they would be under 4438.

"In the case of the first chairs to meet the RL standard, this has meant that the manufacturer has had to do a lot of extra work along the way to bring chairs up to this very high standard. I am pleased this effort was willingly undertaken.

"In the end, when the immediate heat has gone out of the testing process, it means the people who specify chairs in the workplace don't have to anxiously eye off any larger than normal employee, and wonder whether he or she may break a chair and be inadvertently injured. The manufacturer can also confidently offer an extended warranty on the product, and can genuinely rate it as heavy duty.

"The whole process is really as much as anything about improving safety," Ian adds.

The need for office chairs with high load capabilities was highlighted in a recent visit to AFRDI by physiotherapists. Several mentioned that some of their call centre clients were approaching the 200kg mark, a loading point at which little research is currently carried out.

The AFRDI Green Tick story

AFRDI's Green Tick certification team, headed by Team Leader Lee Bowkett, also 'brought home the bacon,' with the first certifications awarded under the AFRDI 150 Standard (Sustainability).

The AFRDI email and phone system has run hot at times, as seemingly endless questions are raised and answered about the myriad details which go into satisfying the criteria which make up the Sustainability Standard.

The work might be summed up by saying that it's a long road to certification, but a necessary and worthwhile journey if the furniture industry is serious about changing the way it manufactures in an effort to benefit the environment, and simply to make better product.

Underlining the old adage that anything really worth having is worth a lot of hard work, getting the first clients 'over the line' has been hard work for the AFRDI team, and for the clients – certification is an intensely detailed process, with a myriad of questions to be satisfied.

On the other hand, there's now a genuine sense of achievement by the manufacturers who were far-sighted and generous enough to be the first to go through the process, and from the Green Team, who are now bringing more clients through towards the awarding of certification.

Congratulations to BFX, Fifteenth Landing and Stem

New method for detecting toxic substances in leather and footwear developed

Researchers at the Igualada School of Engineering (EEI), a school associated with the Universitat Politècnica de Catalunya (UPC) in Spain, have developed a new analytical method that improves detection of dimethyl fumarate (DMF) in leather and footwear.

The use of DMF in consumer products is prohibited in the European Union, as it causes allergic contact dermatitis. It has been detected in leather products made in Asia, including footwear and sofas.

The new DMF detection method enables the laboratory to take samples without damaging the test material. The samples in which DMF is detected are analysed using an acetone extraction method and the substance is determined quantitatively in a gas chromatography system equipped with a mass detector.

In recent years, cases of skin allergies caused by contact with products manufactured in Asia and treated with DMF have been widely detected. Manufacturers use DMF as a fungicide to prevent micro-organisms from damaging leather goods during storage and shipping in humid climates. It has been found in silica gel bags that are inserted in leather products such as sofas and footwear, and it is sprayed in containers that transport the products. Contact with DMF, even in very small concentrations, can cause skin irritations and eye damage.

In 2009, the European Commission adopted Directive 2009/251, which prohibits the use of DMF in consumer products. In the absence of an official method of analysis, laboratories in the leather and footwear industries have developed their own techniques to achieve a rapid and efficient analysis.

Special report defends the good name of leather

World Leather magazine has reported that attitudes are hardening internationally over misleading advertising of leather substitutes as the genuine product.

The article calls up guidelines of the US Federal Trade Commission (FTC) that make it clear that material containing ground, pulverised, shredded, reconstituted, or bonded leather must not be represented, directly or by implication, as leather.

It quotes Dr Nick Cory, director of Leather Research Laboratories at the University of Cincinnati, who says such materials are not leather, and if they should appear to look like leather, the customer should be made aware of the true nature of the material.

While not wishing to be guilty of saying "I told you so," AFRDI has long endorsed (since 2007) the sentiments encapsulated above, and codified in AFRDI Standard 146. The AFRDI Standard now underpins a national campaign to promote furniture coverings that are genuine leather.

AFRDI

tests to AS/NZS standards,
American, British, European,
ISO and national standards *plus*
AFRDI's own standards.



In furniture, we've got you covered

The new Australian Consumer Law

The Australian Consumer Law (ACL) aims to protect consumers and ensure fair trading in Australia.

It is a national, state and territory law from 1 January 2011 and includes unfair contract terms legislation introduced on 1 July 2010.

Under the ACL, consumers have the same protections, and businesses have the same obligations and responsibilities, across Australia. Australian courts and tribunals (including those of the states and territories) can enforce the ACL. The regulators of this law include:

- the Australian Competition and Consumer Commission (ACCC)
- the Australian Securities and Investments Commission (ASIC), and
- each state and territory consumer protection agency.

The ACL replaces previous Commonwealth, state and territory consumer protection legislation. It is contained in the *Competition and Consumer Act 2010 (CCA)*.

All suppliers in the supply chain must keep up-to-date with the law. More details from www.accc.gov.au/ACL. You should also consult the following guides from Product Safety Australia on product testing and compliance.

<http://www.productsafety.gov.au/content/index.phtml/itemId/987402>

<http://www.productsafety.gov.au/content/index.phtml/itemId/987408>

CHANGES IN WARRANTIES AGAINST DEFECTS

There are new rules that businesses must follow to comply with the ACL, including requirements relating to voluntary warranties against defects offered by businesses.

Suppliers or manufacturers regularly offer voluntary warranties, sometimes referred to as manufacturers warranty with their goods, as a way to distinguish their product from others in order to gain a competitive advantage. These promises are called warranties against defects under the ACL.

As from 1 January 2012 a business must not offer a warranty against defects unless it complies with the following requirements: The warranty must concisely state

- what the person giving the warranty must do so to honour the warranty;
- what the consumer must do to be entitled to claim;
- include the following statement: "Our goods come with guarantees that cannot be excluded under the ACL. You are entitled to a replacement or refund for a major failure and for compensation for any other reasonably foreseeable loss or damage. You are also entitled to have the goods repaired or replaced if the goods fail to be of acceptable quality and the failure does not amount to a major failure".
- prominently state, in relation to the person giving the warranty, the person's name, business address, telephone number and email address (if any);
- state the period or periods within which a defect in the goods or services to which the warranty relates must appear if the consumer is to be entitled to claim the warranty;
- set out the procedure for claiming under the warranty including the address to which the claim may be sent;
- state who will bear the expense of claiming the warranty and if the expense is to be borne by the person who gives the warranty, how the consumer can claim expenses incurred in making the claim; and
- state that the benefits to the consumer given by the warranty are in addition to other rights and remedies of the consumer under a law in relation to goods or services to which the warranty relates.

It is important to note that 'warranties against defects' are provided in addition to consumer guarantees, and do not displace them.

You can access further information on warranties against defects at <http://www.accc.gov.au/content/index.phtml/itemId/996742>

COUCH POTATOES: United States furniture retailers are reporting a big sales lift in 'comfort furniture' for the home theatre, individual chairs or seating groups that have hidden storage and cup holders, removable tables for laptops, and a place for the TV remote. The seating groups also commonly feature recliners.

Leading multi-national companies sponsor new Sustainability Reporting Guidelines

Ten world-leading companies are the global sponsors of the next generation of sustainability reporting guidelines, according to the Global Reporting Initiative (GRI).

Alcoa, Enel, GE, Goldman Sachs, Natura and Shell are supporting GRI during the two year development of the Guidelines. GRI will also count on the expertise and support of Deloitte, Ernst & Young, KPMG and PwC.

An increasing number of organisations worldwide are producing reports on their sustainability performance, enabling their stakeholders to understand the organisation's impacts on the economy, the environment and society.

GRI produces the world's most comprehensive Sustainability Reporting Guidelines, which help organisations report their sustainability performance. GRI's mission is to make sustainability reporting standard practice, and the next generation of Guidelines will help more companies to report their sustainability performance.

The Guidelines' development is influenced by changes in the sustainability field and in regulation. It is also influenced by the needs of people who use reports, including investors and civil society organisations. The next generation of Guidelines will reflect changes in these areas, covering a new range of sustainability related topics for companies to consider when reporting their performance.

The next generation of GRI's Guidelines (G4) is now in development and is due to be published in 2013.

Leather just lasts longer, when it comes to sustainability

One of the airline industry's major carriers, Lufthansa, has officially stated what many of us would take for granted – that leather lasts longer than synthetics in heavy-duty upholstery. Lufthansa claims that it's getting more than seven times the wear from leather, with seats lasting up to 30 years – the service life of the aircraft.

ACCC nets \$3.6 million in penalties in first year of new consumer laws

Over \$3.6 million in penalties has been secured by the Australian Competition and Consumer Commission under new consumer laws introduced last year.

ACCC Chairman, Graeme Samuel, said the organisation was quick to use the new powers made available under the Australian Consumer Law (ACL).

"Until a year ago the ACCC's ability to penalise a great deal of dishonest conduct amounted to not much more than a slap on the wrist," Mr Samuel said. "Now the punishments can better match the crime and we can respond in a more timely way."

Powers and penalties under the ACL include infringements notices for less serious offences that attract penalties of \$6,600 for corporations and \$1,320 for individuals.

"These powers avoid the necessity to take court action and achieve faster outcomes in the interests of consumers," Mr Samuel said.

The ACCC has issued more than 50 infringement notices since they became available from April last year and has received payment of fines totalling more than \$300,000.

For more serious matters where court action has been necessary, the ACCC has been able to pursue penalties of up to \$1.1 million for corporations and \$220,000 for individuals that became available under the ACL.

The highest penalty received to date was \$2.7 million award by the Federal Court against two overseas companies, Yellow Page Marketing BV and Yellow Publishing Limited, for sending thousands of misleading faxes and invoices to businesses in an attempt to obtain subscriptions to their online business directories.