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AHFA's E-business Taskforce: Much accomplished, much to do  
Industry now has an extensive electronic infrastructure in place  
By Brian Carroll -- Furniture Today, 12/26/2005

**High Point**— Much has happened in the five years since the American Furniture Manufacturers Assn., as the American Home Furnishings Alliance then was known, formed its E-business Taskforce. In fact, a history of the task force is a history in microcosm of e-business in our industry.

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When the task force was formed in May 2000, the hysteria and hype surrounding the dot-com bubble was at its height. The flurry of new companies brought hundreds of millions of dollars with them, and when the bubble soon burst and these suits-and-Powerpoint types vanished, they took all that new money with them, or at least what little they hadn't already spent.

They promised answers to questions we never asked and, because of their brief lifespan, left unanswered the many fundamental questions we did have.

Out of this fog came the E-business Taskforce, which began as and remains a pan-industry advisory group charged with analyzing the status of information technology in the furniture industry and providing recommendations on how the industry should proceed.

### **A unifying force**

So, how has the task force performed? Where are we vis-à-vis e-business, and what remains to be done in 2006 and beyond?

One of the first things the task force did was join several industry organizations in developing and endorsing data standards. These other groups included the Furniture Industry Data Exchange, or FIDX, the National Home Furnishings Assn. and the Home Furnishings International Assn.

It's been a long, tough slog to develop the standards and to promote their adoption. These standards include the ANSI Electronic Data Interchange, or EDI, standards, the Uniform Code Council, or UCC, bar-coded 128 shipping label and emerging UCC XML (for eXtensible Markup Language) standards, among others.

If your head hurts after such a parade of acronyms, you are beginning to grasp a big aspect of the challenge facing the task force as it tried to communicate about standards adoption.

The group quickly developed a list of business requirements to evaluate the viability of e-business applications, which, again, was sorely needed in 2000–01. With slick marketers like those employed by Homepoint, Retail-Metro, Furndex and others promising the moon, confusion reigned.

This writer remembers being called over to the La-Z-Boy showroom in the thick of market. "Furniture/Today has to help us calm the storm and deal with the fears," the La-Z-Boy executive implored. "I'm trying to make sense of it, too," I replied, in between Powerpoint presentations from dot-coms promising to "revolutionize the industry."

The task force also invited retailers and suppliers to contribute to an inventory of business requirements, an inventory that served as the raw material for an elaborate mapping of the supply chain for residential furniture in the United States.

The entire industry benefited from this exercise, and this rare collaboration produced a database relevant to most of the industry's members. (An historical side note: Much of that original mapping quickly became obsolete because of

the wholesale dislocation of domestic manufacturing caused by Asian factories, then just coming online.)

To help retailers and manufacturers discern the good from the bad in the blizzard of technological "solutions" being pitched to them, each with impressive rosters of early adopters and financial backers, the task force met with several of the e-business players, much as employers interview potential hires. Based on these meetings, the task force determined that a viable solution for the industry did not exist.

### **Financial barriers**

For a not-so-brief time, the group considered and even pursued developing an industry portal to incorporate both the endorsed standards and the industry-identified business requirements. The costs associated with such a venture were soon deemed far too high to be born by AFMA or any coalition of industry associations. Until and unless a private entity saw opportunity in it, such a portal would have to remain on the wish list.

As has been the case with so many technology-based programs, many if not most were in favor, but scant few were willing to contribute money or human resources to it.

So, as 2006 dawns, there is much to celebrate and much more to do. FIDX has made marked progress in developing and communicating two phases of XML transactions. Industry conventions have resolved UPC, for Universal Product Code, numbering issues. That was particularly tricky with custom upholstery, given the huge number of variables.

Conventions also have been developed that address serial numbering of both case goods and upholstery products, and the foundation has been laid for migration to RFID, or radio-frequency identification, inventory systems when the time comes, and it is coming soon.

FIDX established, and still maintains, a centralized schema library so all furniture industry schemas can be found at one location. This library can be accessed on the Web at <http://www.fidx.org>. This is significant, because a 2004 survey showed that 85% of manufacturers receive at least some of their orders electronically.

Collectively, these efforts have reduced the cost of entry for EDI and e-commerce from more than \$100,000 to only a few thousand dollars. Remember that, in 2000, EDI was the only practical choice for large-scale e-commerce, because security issues and hardware/software incompatibilities significantly limited the Web's reach.

### **A team effort**

The cooperation between and among AFMA/AHFA, NHFA and HFIA has been crucial. NHFA helped its members figure out e-commerce and validate electronic business efforts by establishing programs with FurnishNet and Exim, among others.

Virtually all the specialized furniture carriers have completed upgrades to their computer systems, enabling them to provide online, real-time status for product in transit.

Understanding and use of UCC barcode labeling standards, and the 1994 AFMA Furniture Industry Conventions that support those standards, is on the rise. FurnishNet alone says it has connected 125 retailers and 600 manufacturers. And more than 250 retailers are using MicroD's Exim Commerce platform to connect with nearly 630 suppliers.

An extensive electronic infrastructure is in place.

In addition, a handful of manufacturers, including Drexel Heritage and Bassett, are creating electronic industry standard FIDX catalogs, which enable accurate custom-order configurations in stores, and custom-order validations at manufacturers/importers.

Ashley is using XML for its electronic transactions and is driving a lot of electronic transaction development. Century has had for some time its supplier network online.

Broyhill has connected more than 2,500 retailers to its extranet. Most of Broyhill's incoming orders are processed over the Web, and the company has a sophisticated online system to track those orders once they hit the road.

At least two major retail operating system suppliers are able to enter orders at point-of-sale. This means sales associates and consumers can configure the special-order product, view the configuration, complete order entry, and quickly receive an acknowledgement from the manufacturer, all while both are in the store.

So, a physical layer is in place, a transaction layer is in place, and hundreds of retailers, manufacturers, carriers and suppliers are doing business electronically. E-business is alive and well. It should be an exciting year.

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