

An Historical Study of the Development of the Furniture Industry
In North Carolina, Its Current Status, and Its Future

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Table of Contents

| | |
|--------------------------------------|----|
| Acknowledgments | i |
| Introduction | 1 |
| History of North Carolina Furniture | 2 |
| Furniture Marketing | 20 |
| The Furniture Industry Today | 30 |
| The Future of the Furniture Industry | 40 |
| Conclusion | 53 |
| Notes | 59 |
| Working Bibliography | 65 |

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History of North Carolina Furniture

Introduction

Early History

The furniture industry in North Carolina began to develop during the 1800's when factories were first built in the state, and it was centered in this area because of the availability of hardwoods and cheap labor. The factories allowed a larger volume of furniture to be produced at a faster pace than was previously possible. North Carolina had an abundant supply of hardwood trees suitable for furniture manufacturing. Labor costs were cheaper than they were in the Northern furniture producing states, and many North Carolinians, especially those in the Western region of the state, were accustomed to the work in furniture manufacturing.

The furniture industry in North Carolina began very much like the tobacco industry. It started in small shops with little capital. The owner of the shop was usually the only person who made the furniture, and the work was done by hand. The furniture produced was mainly for the local markets. The shops prospered because of the rising demand and the closeness to raw materials and low cost labor.¹

Entrepreneurs worked vigorously to make North Carolina a major furniture producing state. The Northern states had dominated the industry until the Southern states began to gain a foothold. North Carolina furniture could not develop until it had formed a marketing center in the state to promote North Carolina furniture. The Southern Furniture Exposition was established in High Point for that purpose, and it was instrumental in boosting the state into a major producer of furniture. Today, the state is one of the nation's largest furniture manufacturers. Perhaps as much as sixty-five percent of all American furniture is produced within 125 miles of High Point. Furniture is now the third largest industry in the state.

During these early years, there were limited barriers to entry in the furniture industry. Many new shops could open because of the small amounts of capital required to enter the business. Very little money was spent except for the few tools needed for bending, shaping, and carving. Anyone who had the ability to make a piece of furniture and who could afford the costs of setting up shop could enter the trade.

The industry in 1642 was described by Edward Johnson, a trained joiner. In general every man in the New World was his own carpenter. The furniture that survived shows the skill of the craftsmen who brought the talent from the Old World trade guilds. A small amount of furniture was made in the Southern colonies during the 17th century. New England was the center for furniture crafts throughout the century.²

Furniture making quickly expanded to become one of America's leading industries at the beginning of the 18th century. The local craftsmen in both the city and the country produced European fashions and

fashions. Regional styles developed as craftsmen simplified the more elaborate European designs. This was a means of adapting the furniture to the needs of a particular area.

The development of colonial furniture styles from the middle of the 18th century until the end of the Revolution was influenced by two important factors. The first was the use of mahogany for the finest pieces. Mahogany was a New World product. Since the 16th century, it had been popular in London where styles were set. Its use for cabinets was encouraged in 1721, when import duties on timber were abolished. The popularity of mahogany was for several reasons. It was worm resistant and almost as strong as steel. It was easily carved into intricate designs. The second was the issuance of pattern books directed toward cabinetmakers and chairmakers. The designs were created for mahogany.³

Many chairmakers and furniture makers were in business in Wake County since the beginning of the 19th century. Around 1800, William Daniel was operating in the trade. In 1802, David Royster and David Ruth began a carriage, chair, and cabinetmaking business. In 1804, John Whitaker advertised as a joiner and cabinetmaker, and Wesley Whitaker did the same in 1805. Alexander Ross, Graves Matthews, Frederick Lilley, Asa Brasfield, and Elias Hales were a few of the other Wake County cabinetmakers in the early 19th century.

Between the mid-1810's and 1820's, there was an increased demand for more elaborate interior decoration and furnishing. There was an increase in advertising by Wake County craftsmen and others who had

imported furniture from Northern furniture manufacturing centers for the purpose of reselling to North Carolina.⁴

As early as 1820, cabinetmakers in Caldwell County produced furniture for people on order. They served a wide area. One of these cabinetmakers employed as many as six people. Before the Civil War, a factory in Asheville was owned by German cabinetmakers who produced fine work from mountain woods. They carried their finished products around Western North Carolina and neighboring states to sell. Well-to-do customers paid a high price for the quality crafts.⁵

Furniture making has been a part of the tradition of Caldwell County. In 1878, Henry Reichert opened a furniture factory at Powelldown near Lenoir. He advertised that the purpose of his business was to produce all kinds of furniture at the lowest prices. Coffins were also offered for sale. In 1889, G. F. Harper, J. M. Bernhardt, and C. L. Bernhardt organized the Lenoir Furniture Factory which was the first in the town.⁶

Thomas Day was a free black who was a well respected cabinetmaker in Milton, North Carolina. In 1830, he married Aquilla Wilson who lived in Virginia. Milton residents petitioned North Carolina's General Assembly to waive the 1826 immigration law which prevented blacks from moving to other slave states. The bill was passed.

The bill meant that Day would not move his prosperous business and shop from Milton to Virginia. By the 1850's, Day employed eight other cabinetmakers, five of whom were white. He also had a white laborer and six slaves. In 1850, he held about one-fourth of the capital investments for finish carpentry work in the state. His shop was steam powered, and he owned some of the finest property in Caldwell County.

Day followed the changing Victorian styled furniture and modified them to the preference of the wealthy in North Carolina's Piedmont and in Virginia. His business was successful until the financial panic of the 1850's. A few years later the business failed.⁷

William Thompson was a cabinetmaker who moved to Raleigh in 1818 from Trenton, New Jersey. In 1840, he furnished the mahogany desks and chairs for the House and Senate Chambers for the state capitol. Later that year he furnished the Supreme Court room with chairs, tables, and desks.⁸

In 1831, Will and David White decided to open a plant at Mebane for the manufacture of spindles. Will traveled from his home in Mebane to Aberdeen to buy a used planer and a car load of lumber from Frank Page. With this supply, Will and David formed a factory. This plant later evolved into what some call the South's first furniture factory.⁹

The furniture industry was important to the economy of Western North Carolina. Because of the nearness to the supply of forest-products and labor, furniture factories were built in the foothill towns. Several companies bought timberland and began conservation and scientific forestry.¹⁰

The rushing waters of the Piedmont rivers were used to power many of the Western factories. The fast moving waters of the area allowed the use of the waterwheel.¹¹ There were several reasons that the waterwheel was preferred over the steam engine. The initial capital cost of waterpower was 50% less than steam, but the life of the water-

period so that annual capital cost was lower. There was no fuel cost involved with operating the waterwheel.¹²

1890's-World War I

North Carolina became the leading Southern furniture producer in the 1890's. In 1890, there were six plants operating at Goldsboro, Charlotte, Mebane, Rameur, Lenoir, and Asheville. They were machine powered and turned out \$159,000 worth of combined annual production. The number of factories increased to 44 in 1900 with \$1,547,304 in annual production. This phenomenal expansion was due to the early factories' financial success. High Point was one of the reasons that caused the state to become a leader in the industry. There were about six plants around the turn of the century. Every few months during the 1890's a new furniture factory was put into operation in High Point. Nearly all the business and professional men invested their savings in furniture factories.¹³

The first Southern furniture plants made great profits on local markets. Low income southerners bought the very inexpensive furniture. Many of them were unable to buy new home furnishings since before the Civil War. The Southern market had a fairly stable purchasing power because the depression of the 1890's was followed by relatively high cotton prices. Cotton was a major agricultural product in the South.¹⁴

Cotton was important to the development of the Southern economic expansion. Great Britain was the greatest producer of cotton textiles and more than three-fourths of raw cotton came from the American South. Although the finished goods were imported, the raw cotton was produced in the South. The plants of British mills, which used raw cotton from the South,

established themselves in areas where cotton was grown and shipped. Immediate cash payments were made to Southern growers by the agents. This system was important to the furniture industry in the South.¹⁵

In 1889, A. W. Britt and his associates moved to Asheville from Ohio and bought Avery and Erwin Company, a small furniture company. They also acquired a lumber mill. Both were operated until 1895. The depression of the 1890's hit their project and forced them to reorganize as the Skyland Furniture Company. In 1893, it went bankrupt.

In the 1890's, furniture production was tried in eighteen counties stretching from Alamance to Haywood, with several tries made in Marion. In 1896, Thomas Wrenn and Henry W. Fraser, a former textile manufacturer, founded the Catawba Furniture Company. It employed sixty-five workers. D. R. Raper organized the Marion Furniture Company by selling stock to the town's people in public sales.¹⁶

In late 1899, the Mocksville Furniture Company was incorporated. It had twelve stockholders and capitalization of \$15,000. It was built on a five acre tract along the railroad. Many other furniture factories were built along the railroad because it was easier to receive supplies and to ship the finished products.¹⁷

In 1899, there were forty-four factories operating in the state. Employees numbered 1,759; capital was worth \$1,023,374; and 2,691 primary horsepower was used to produce products valued at \$1,547,304.¹⁸

The furniture industry was localized in the state. Local resources were available, and the labor force was accustomed to the work. Cheap male labor was employed. This was complementary to the cotton mills that mainly employed women and children. The cotton mills also provided a local market for finished goods.

Entrepreneurs were looking for promising areas to locate a factory. E. A. Snow, T. F. Wrenn, Tomlinson, the Tates, and Harriss considered High Point. Huntley looked at Winston-Salem while the Lamberts and Finch were interested in Thomasville. Lexington was investigated by Hedrick. These towns along with Statesville, Morganton, and Asheville were as excited as the entrepreneurs. They wanted the pay rolls and the increased population. The towns approved of the manufacturers, supported them, and took pride in them.¹⁹

The manufacturers of allied lumber products also supported the progress of the furniture industry. The logging camps, sawmills, and the veneer plants were among those who thought that an increase in the furniture industry would also expand their business.

The furniture industry showed promise in the last decade of the 19th century. It was at this time that the industry in the South began to rise in national importance. The greatest promise for North Carolina's furniture was to come after 1900.²⁰

Furniture production in North Carolina and the South received its real boost when the industry began to shift from the Northeast to the Midwestern states. Boston and New York were the earliest furniture centers. During the last quarter of the 19th century, Michigan, Indiana, and Ohio began developing into furniture producing states. Chicago and Grand Rapids began to be the Midwestern rivals to Boston and New York. When the shift to the Midwest was taking place, a few plant managers came South from the Northeast to unite with the small factory owners. This was done to take advantage of the hardwood forests and the large supply of inexpensive labor.²¹

The pine was the predominant tree of the Coastal Plain. Red cedar was abundant and was used for sills and boards. Cupboards and chests were made from cypress and cedar. Walnut, maple, sweet gum, and sycamore were made into tables, chairs, desks, and stocks for guns. Spinning wheels and flax wheels were made of maple, and most caskets were red cedar. Live oak formed walking sticks.

The State Bureau of Labor and Printing listed 106 factories in 1902. High Point had twenty-four factories, Thomasville had eight, and Lexington and Winston-Salem each had six. There were four plants in both Mount Airy and Marion. Statesville, Hickory, Greensboro, Sanford, and Dunn each had three. Thirty-four other towns had at least one.²²

Around the turn of the century, there were attempts to consolidate the furniture industry. Many large scale producers were organized into big corporate enterprises. The head of the West Michigan Furniture Company wanted to build a \$50 million enterprise to buy factories and sell directly to the public. Furniture retailing would be eliminated. It was believed that there would be a ten percent savings in manufacturing costs and a large savings in the selling costs. Furniture would then be sold at lower prices.

George P. Hummer led the push for consolidation, but it was not successful. He was beginning to make progress in the Northern and Midwestern markets when the South entered the market. North Carolina producers did not want to be involved with Hummer's pooling; therefore, the industry became concentrated in the Southeast.

There was a drawback to not consolidating. The companies were unable to launch a massive national promotion or to develop broad

name advertising. The industry was not able to generate a larger share of the consumer dollars. A problem was not having replacement spending by consumers; instead, the industry was dependent on the bride market which bought furniture once in a lifetime.²³

Frederick Augustus Fogle was an early leader in the furniture industry. He formed his first company, the Forsyth Furniture Company, in 1904 and sold it in 1920. He established the Fogle Furniture Company in 1922 to specialize in fine-grade living room furniture.²⁴

In 1905, the largest furniture company in Caldwell County was formed. The Kent Furniture and Coffin Company was owned by T. H. Broyhill, Dr. A. A. Kent, and their associates. Broyhill was able to buy his share of the stock through furnishing lumber from his sawmill. In 1912, Broyhill bought the other owners' stock and changed the name to Lenoir Furniture Company and then to the Broyhill Furniture Company. In 1919, Broyhill's brother, J. E. Broyhill, joined the company. The firm grew to six plants and became one of the big five in the furniture industry in the nation.²⁵

World War I was damaging to the Southern furniture market. The overseas cotton market declined and caused a sharp decrease in sales of furniture. In November of 1915 there was a turnaround when many North Carolina furniture firms ran overtime to handle the war orders. Manufacturers in the state began to direct their attention to national marketing after having suffered their earlier losses. Quality production was emphasized. The North Carolina furniture industry began to expand because of the government orders and the Northern marketing of higher quality products.

When the war ended, the North Carolina furniture industry reconverted quickly to peacetime production. Furniture was coming off the production lines of Southern factories by the Spring of 1919. It was a good time for consumer products producers because of two years of pent-up demand. Medium and low price home furnishings sold well.²⁶

World War I-World War II

North Carolina's rise to its national standing was one of the outstanding economic developments to occur in the South. In 1919, the state had advanced to the eighth largest furniture producer in the nation. There were 107 establishments with 7,910 wage-earners and an output of \$29,725,000. The state's production represented 5.2 percent of the total value produced in the nation.²⁷

After World War I, the nation experienced labor troubles. Large war orders were cancelled, and management had to readjust to the peacetime production. Labor wanted to maintain the level of income which was gained during the war. High Point was the worst place in the South in terms of labor-management troubles.

High Point's labor-management troubles began when six workers at six factories were fired because of their involvement in union activities. The plant owners had an agreement with one another over the firings, and they were determined to not allow unions in their factories. Other workers were dismissed when they voiced disagreement. Fifty percent of the workers in forty-seven factories were off the job. Many workers left voluntarily. The owners decided to shut down the plants.

The strike caused an almost total disruption of production at more than twelve High Point plants. This started on August 4, 1919, and the plants that were still operating two weeks later were picketed. Violent outbreaks occurred in the city. Governor Thomas W. Bickett went to High Point as a result of union leader appeals. Mediation led to an agreement that management would recognize the union and accept the open shop. The most serious labor-management dispute in the state's furniture industry was brought to an end. Most of the factories returned to normal production within two weeks.

Furniture production during the 1920's grew in Western North Carolina. Great progress was made with the fast expansion of existing factories and building new ones in Lenoir and Hickory as well as in other Western Carolina communities. In 1922, Lenoir case goods producers pooled their resources to establish a mirror factory. The factory helped Lenoir become an important furniture center.²⁸

In 1921, the value of furniture products in North Carolina declined to \$23,339,000 because of the deflation. In 1923, the industry made a recovery and reached a new high at \$40,072,577.²⁹

In 1925, North Carolina ranked fifth in the nation in the production of all furniture, and it was first in the production of wooden furniture. The main center of furniture manufacturing and marketing had become High Point. Furniture had become important in towns such as Thomasville, Lexington, Statesville, Lenoir, and Hickory. Most of the towns were located in the Piedmont area.³⁰

From 1925 to 1926, 129 furniture factories existed. They had combined capital of \$15,203,450. There was 17,313 primary employees

available for use and an annual output of \$55,709,243. Employees numbered 12,794 and their wages were \$10,856,166.³¹

Home construction, a key factor in determining the demand for furniture, was booming during the 1920's. The estimated value of construction increased from \$12 million in 1919 to almost \$17.5 billion in 1929. New homes rose from 247,000 to 937,000 between 1920 and 1925. The annual total was more than 500,000 until 1929. This was the most rapid advance in the 20th century in such a short time. Leaders in the Southern furniture production and marketing took full advantage of their opportunities.³²

The total value of furniture products rose from \$1,547,000 in 1899 to \$54,000,000 in 1929. During this period, the number of employees increased from 1,909 to 14,821, and the wages and salaries went from \$725,000 to \$14,413,000.³³

The building boom of the 1920's was seen as an omen to the Great Crash. Total income created from construction increased eighty percent. Between 1919 and 1926, the value of new construction rose 192 percent. This was during a period of prosperity, and the enormous increase in total income was seen by some as a sign that the prosperity could not last forever and would eventually correct itself. The housing boom ended because demand decreased. The housing starts decline was bad news for the furniture industry.³⁴

The prosperity of the 1920's was uneven, and the economy had been weakened since the end of the war. After 1920, agriculture suffered because prices fell sharply before 1930. Cotton prices had pushed Southern purchasers away from furniture marketing. The depression of agriculture led to the slowing down of economic development.³⁵

The cost of the Great Depression on the furniture industry was measurable by the drop in new home construction. In 1929, there were 509,000 new homes built. The number steadily declined. In 1933, there were only 93,000 new starts which was the only time this century below 100,000.

The furniture industry was hurt severely. Output by 3,000 American furniture makers was \$659 million in 1929. Two years later the output had fallen to \$350 million. One-third of the manufacturers had been wiped out by 1933 when only 2,000 remained with an estimated output of \$235 million.

Prices of furniture were lowered after 1933; therefore, profits were down even though overall production had increased. Southern furniture had a loss in 1934 and only a light profit in 1935.

The apparent recovery of the home building industry from 1933 to 1937 was good news to the furniture industry. The number of new homes increased every year from 1933 to 1937. The rise was about as sharp as the decline from 1925 to 1933. There were 336,000 new homes in 1937 and 706,000 in 1941.

The American furniture industry was one of the first to benefit from the economic recovery. The low point of production occurred in 1931 when output was valued at \$235 million. In 1935, production rose to \$325 million. This was a sign of improvement, but it did not reflect the actual production because there were lower prices during the recovery.

It took only a short time for the Southern furniture industry to recover from the Depression. Production and marketing advanced every year after 1935. Profits rose slowly to reach pre-Depression levels.

Southern manufacturers had an advantage over Northern competitors. Southern producers had a larger market consisting of medium and low cost products, and most of them were able to survive by taking lower profits. Northerners were not able to do this because of their higher labor costs and smaller markets.

The South's position in the industry rose relative to the North's. North Carolina and Virginia produced thirty-eight percent of all bedroom furniture and thirty-seven percent of all dining room furniture by 1937. The percentage of railroad shipments of American furniture originating from the South increased from 36.8 percent to 43.1 percent between 1923 to 1936. Railroads were important to the factories to ship their products; therefore, an increase of Southern shipments meant that Southern manufacturers were producing more goods.

The Depression was a factor that led to Southern domination in American furniture production and marketing. North Carolina made greater relative gains after the Depression. It ranked second in overall production by 1937. In 1923, Michigan produced \$65 million while North Carolina had output of \$38 million. In 1937, North Carolina led in the production with \$56 million, and Michigan produced \$29 million.³⁶

Most of the shift in furniture manufacturing after the depression was caused by Southern expansion instead of relocation. Furniture production had been labor intensive. During this period, many skilled jobs were slowly being eliminated by mechanization. The labor force remained mostly semi-skilled or unskilled.³⁷

During the forty-four months that the United States participated in World War II, furniture for civilians was almost eliminated because

of the shortage of labor and the scarcity of materials. Timber was important to the war effort. In 1943, thirty-six billion feet were used, but only thirty-two billion were produced. Inventories made up the difference. There was very little timber to produce civilian furniture. Many furniture workers were either drafted or found defense jobs. This limited the number of workers available for the industry.

Many furniture manufacturers received government contracts to produce many different military supplies. Mostly Southern producers were awarded the contracts because they were already set up to mass produce medium and low price furniture. They were able to produce at volume for a low cost.

From 1945 to 1946, home construction increased 300 percent. The new homes rose in number from 209,000 to 607,500, the greatest increase in this century. The number of new homes almost equalled the pre-war peak of 937,000 in 1925. New home construction went over a million annually in 1949, and it still remains there today.

Post World War II

After World War II, a boom in furniture demand was forecasted. The Southern furniture industry prepared to meet the demand by beginning an expansion and improvement program. In 1945, \$12 million was spent by Southern producers to make plant improvements. New processes and new materials were developed.

There was a demand for home furnishings because there was very little furniture available during the war. At the end of the war, Southern factories rapidly shifted to civilian production. This was

easy to do because the plants had remained open working on government contracts. Four years of deprivation led to a great demand for household furniture. Service men wanted the furnishings to fill the houses which were guaranteed by mortgages through the government.

Buyers and retailers approached the South for its furniture. The fact that the South had invested in plants and equipment was a reason it was able to produce furniture quicker than other parts of the nation. After the war, Southern manufacturers decided to concentrate on their own markets instead of shipping their samples to the Northern markets.³⁸

The 1950's were the Golden Decade of American furniture producing. This was the first time in the 20th century that Americans were interested in the interior of the home. There was a revolution in styles and fashions.

The American furniture industry was important to the United States economic development. During the 1950's furniture was the second largest durable goods industry. Automobiles were in first place. The largest auto maker produced more than fifty percent of the industry's output, but the largest furniture company made less than three percent of the total output. The furniture industry was the only major producer of large durable merchandise remained highly competitive.³⁹

Employment grew in the furniture industry in the 1950's over the average for all manufacturing in the state. The growth was also greater than the national average for the furniture industry. As a result, North Carolina increased its relative shares of national employment and value added.⁴⁰

There was an emphasis on furniture for the bedroom, dining room, and kitchen during the 1950's. More than 42,000 workers were employed

at 400 plants in 1954 to manufacture household furniture valued at \$520,000,000. Later in the decade North Carolina entered the fine upholstered furniture area.⁴¹

The industry shared in the post-war prosperity even though its share of consumer spending fell from 4.7 percent to three percent in the period from 1929 to 1957. This was caused by rapid increases in real income and more spending on replacement furniture. Real income, or purchasing power, rose nineteen percent from 1939 to 1948, and it continued to rise during the 1950's. The rate of increase in real income, which is important to the industry, meant that more replacement furniture could be purchased by the consumer. Changes in styles and fashions induced a greater potential in 1952 to buy replacement bedroom, living room, and dining room furniture.

The growth rate for the Southern furniture industry was more than twice that of the national average. Southern production increased by thirty-four percent between 1947 and 1956 while the national average was only sixteen percent. The production of upholstered furniture increased by 104 percent from 1947 to 1954. Almost one-half of all bedroom furniture made in the mid-1950's was produced within a 125 mile radius of High Point. Companies such as Drexel, Broyhill, and Henredon were keeping pace with the national expansion.⁴²

In 1960, North Carolina was the national leader in manufacturing wood and wood upholstered furniture. It also ranked second measuring employment. Furniture firms employed about 45,000 people, most of them in the Piedmont. Guilford, Catawba, Davidson, and Caldwell Counties accounted for over half the employment in the industry in North Carolina. The industry became more automated by introducing assembly line methods. It still remained labor intensive with little capital.⁴³

In 1961, there were 106 wholesale establishments in the state that dealt with furniture. Sales totalled \$31,443,000. Retail establishments numbered 2,397 with sales of \$194,726,000.⁴⁴

The furniture industry was a dispersed industry. In 1967, there were only twenty-seven companies that had annual sales over \$10 million. The large number firms made it difficult for any one company to dominate the market and receive a higher share of sales. In 1977, 10,235 different furniture establishments in the United States existed. Only 3,588, thirty-five percent, had over twenty employees.⁴⁵

Over the past two decades production and employment in the industry increased by a large amount. Employment increased almost twenty-five percent from 1970 to 1983. This was despite the reputation as being labor intensive with low wages.⁴⁶

The rapid expansion of the furniture industry in North Carolina can partially be explained by the availability of cheap labor. The wages have been the lowest of all manufacturing durable goods, and they have ranked low among nondurables. In 1978, the average hourly wage in North Carolina was \$4.27 while it was \$4.92 in New York, \$5.25 in Pennsylvania, and \$4.70 in New Jersey.

Females have begun to represent a larger share of the labor force. Their employment increased from 16.9 percent in 1966 to 27.2 percent in 1970.⁴⁷ This was a change from the earlier years when management hired only men. The hours worked had been comparable to those in the textile and tobacco industry, but the average annual income has been higher in the furniture industry.⁴⁸

Furniture Marketing

The biggest problem that faced the developing furniture industry was marketing. A marketing system designed specially for the furniture business was needed. In the 1870's, marketing was handled by "drummers" who were responsible for "drumming" up business for the furniture producer. The drummers were not satisfactory for two reasons. First, the drummers would sell inferior products to the customers, and a bad reputation would result for the producer. Second, drummers would work for a short while and then compete against their former employers. The biggest problem with the drumming system was that the furniture was too large to carry from place to place.

Boston and New York producers developed the idea of having the customers come to the products. In the 1880's, Northeastern manufacturers started having small cooperative displays mainly in warehouses over a wide area. It was expensive and inconvenient for the buyers to go from one display to another.

Northeastern producers began supporting an organization to create a general exposition for manufacturers to display their lines for a large number of buyers at once. This was to develop a better marketing system and to examine the growth of Midwestern competition. It was suggested that the exposition take place in New York in 1890. The American Furniture Manufacturers' Association chose Charles Spratt, a traveling representative for a magazine, as the executive officer for the exposition.

New York's first exposition had manufacturers exhibiting their furniture. The only people allowed to attend were exhibitors, dealers, and their representatives. Retailing was not allowed. This was the

carefully designed system of marketing organized by Spratt, and it was the standard for the American furniture industry until today.

A distinctive marketing system developed with the creation of the New York Exchange. Manufacturers continued to be the main promoters of expositions, but production and marketing became separate. Since all producers were allowed to exhibit no one group could gain a competitive advantage. It was agreed to have expositions in January and July.

The Elliot Furniture Company of Charlotte was the first North Carolina producer to exhibit on the New York Furniture Exchange in January of 1896. Tate Furniture Company of High Point, Asheboro Furniture, The Globe Company of High Point, and Winston Furniture Company of Winston-Salem were North Carolina firms which displayed furniture on the New York Furniture Exchange before the end of the 1890's. Southern furniture displays regularly appeared after the turn of the century.⁴⁹

Developing the early Southern furniture expositions came about slowly. It was difficult to receive financial support. Some of the manufacturers and retailers opposed expositions which was one of the main reasons for the slow progress. Early Southern furniture manufacturers were fiercely competitive. Expositions were seen as limiting their freedom to advance. Manufacturers felt expositions had little value because it was expensive to ship samples to the display. Retailers often cancelled their orders. It was too expensive for the retailers to attend, and they felt the travelling salesman did an adequate job.

Without an organized, cooperative exposition, larger manufacturers had their own showrooms. Buyers who came to High Point were met at

the depot by commission salesmen who escorted them to factory displays. High Point producers experienced the same problems as the earlier Northeastern markets. Factory displays were dispersed over a wide area, and this led to rivalry among producers. Once a buyer had purchased from one manufacturer there was not much reason to continue with the tour. Every producer was limited in selling his products because there was no cooperative way of marketing.⁵⁰

North Carolina's first exposition was not impressive by today's standards. The High Point Exposition Company was formed on December 24, 1905, by D. Ralph Parker, a High Point furniture salesman. Forty-four categories of home furnishings were displayed in the Maddox Building which had only 2,000 square feet of display space. The displays were to be continuous and dealers were welcome. Outside exhibits were not prohibited. This was important in building a marketing center in the South with national significance.

In 1906, the Furniture Manufacturers' Exposition Company was chartered in High Point. Its purpose was to exhibit twenty-four High Point producers. The display space was 10,000 square feet, five times the size of the Maddox Building.

Following the success of the High Point Furniture Exposition Company and the Furniture Manufacturers' Exposition Company, there developed an interest in a regularly scheduled exposition like the ones held in New York, Grand Rapids, and Chicago. An exposition was scheduled for March 1 to March 15 of 1909. Attendance was moderate but not that had been expected. A second exposition was scheduled for the summer of 1909. The Southern promoter closed it for a month from late June to early July. This was in line with the larger markets. It was also announced at this time that a regular semi-annual exposition would occur every January and July.

The summer exposition of 1909 was more successful than the first, but it did not do as well as anticipated. The month long display had been planned to try to coax buyers traveling between New York and the Midwest to stop at High Point. The plan failed, and a third exposition was not planned.

Despite not being able to establish a Southern furniture exposition in 1909, North Carolina's furniture industry grew at an incredible rate. The number of factories more than doubled and the output increased from \$1.5 million to \$8.5 million during the first decade of the 20th century. The Southern furniture industry gained national attention because of its growth beginning in 1910.

In 1910, High Point had only been producing about twenty years, and it was a major undertaking in trying to establish it as a fully recognized regional furniture market. Production in the South had not reached a level high enough to attract a large number of buyers to attend the expositions. Developing an effective marketing facility was expensive, and it would be at least ten more years before a large furniture exposition center in the South existed.⁵¹

High Point had three new furniture showrooms in early 1910. Fred Tate took the Manufacturers' Club as a showroom for the Continental Furniture Company. The second display was in the Cox Building, and three large High Point firms displayed at the Redding Building. Many local business associates attended the showrooms to show their support. Other showrooms opened in High Point, and interest in regularly scheduled semi-annual expositions was boosted.

The Southern Furniture Exposition was formed after manufacturers, salesmen, and journalists continued promoting for twenty years. There were many obstacles that had to be overcome. A depression, war, and

competition from the established markets in New York, Chicago, and Grand Rapids did not cause these people to forget their dream of a Southern furniture marketing center.

The first Southern Furniture Exposition was organized on March 21, 1913 at the Manufacturers' Club. On March 31, 1913, it was decided that the first semi-annual Southern Exposition would take place from June 26 to July 12, 1913. Eight buildings were to contain the displays with 30,000 square feet of show area.

The first exposition was met with wide acclaim in the industry. Furniture analysts predicted that the Southern market would excel any other market with the merchandising opportunity. Southern factories produced a line of furniture that was not made anywhere else and was adapted to the needs of the present times.⁵²

Southern producers had made lower grade products for such a long time that it was necessary to make the industry realize that quality production could occur in the South. The exposition would allow the Southern producers to display their quality furniture, and it would also serve as a method of developing a market locally. Up until that time the products were sent to Grand Rapids, Chicago, and New York in order to sell to dealers in Tennessee, Kentucky, Virginia, and other states. This was expensive and complicated. The objective of the Southern Exposition was to allow dealers from the South and the rest of the country to see what was being offered.

The summer exposition of 1913 was not as successful as it was expected to be. There were fewer than 400 visitors. About 200 dealers from every Southern state as well as from New York, Baltimore, Chicago, and Philadelphia attended. This was the largest exhibit of Southern

made furniture up until that time. The largest category of pieces was the cheap and medium grade bedroom furniture.

Six weeks after the summer display another exposition was scheduled for January, 1914. This exposition proved to be much like the other ones. There were no more buyers than at the previous ones, and there were eighty lines displayed. The exposition supporters were not discouraged.

Another exposition was scheduled for July, 1914, but it had to be postponed because of the war in Europe. The Southern furniture industry was damaged by the interruption to trade. The South's overseas cotton market suffered a loss which caused a sharp decrease in the sales of furniture. Promoting an exposition stopped because of the cutbacks in production. The expositions discontinued.

Marketing operations continued during the wartime expansion without regularly scheduled expositions. The High Point Marketing Association was organized after exposition attempts were discontinued in 1914. Its purpose was to promote sales of High Point furniture. An advertising campaign was begun by S. C. Clark, the secretary of the Southern Furniture Exposition in 1916. The campaign was aimed at promoting the improvements in style and construction of North Carolina products, and it caused a steady stream of buyers to come to North Carolina during the war in spite of no exposition. Three showrooms were always open to accommodate buyers. Most of these buyers were from the South and the East, but a few came from the Midwest and the West.

National attention was drawn to the South after the war because of the effort exerted to build a Southern furniture center. The magazine Furniture World targeted High Point as the most likely place

to establish the marketing center. High Point was chosen because of its location and its position in the Southern furniture industry. The Southern Railway made High Point accessible to most of the Southeast. The railroad had a main line which ran through the city, and it allowed overnight shipments to most eastern cities.

Charles F. Long was instrumental in having the exposition building constructed. Other attempts to construct a facility failed because of the lack of finances. Long had an understanding of the problem and with his organizational skills launched a campaign in 1918 to raise the money. Stock was sold for \$218,000, and first mortgage bonds valued at 7500,000 were sold. A second mortgage was arranged after the cost of labor and materials unexpectedly rose. Some of the promoters wanted the size of the building reduced from 200,000 square feet because of the higher costs of construction.

The Southern Furniture Exposition Building was finally constructed with 200,000 square feet for exhibitions. All spaces were filled within five years. It was successful financially, and the bonded indebtedness was closer to retirement which meant that much of the debt created by issuing the bonds was paid.⁵³

The Southern Furniture Exposition Building was opened in June of 1921 after eighteen months of construction. The strike that had affected the furniture industry in August of 1919 did not hinder the construction. The building, which cost \$1 million, became the second largest furniture exposition center with ten stories and 200,000 square feet of space for exhibitions. Only the Chicago Furniture Mart was larger.⁵⁴

The Southern Furniture Market Association was formed during this time. Its purpose was to promote the best possible use of the facility.

All of the exhibitors scheduled to display their products became members of the Association automatically.

The first furniture display in the Southern Furniture Exposition Building began on June 20, 1921. There were 149 exhibits. Over 700 buyers from 100 cities, most of them from the South and a few large cities, were registered. The sales generated from the exposition totalled \$2,250,000.

Favorable economic conditions were partially responsible for the early success of the Southern Furniture Exposition. Furniture marketing benefitted in the 1920's from the price of cotton which was important to the industry. The prices had risen from less than five cents per pound in the 1890's to over thirty cents in the peak year of World War I. There was a sharp decline in 1919 because of the high wartime commodity prices. The price of cotton fell from 35.3 cents in 1919 to 15.89 cents in 1920. The exhibition center had begun construction when cotton was at a low price, and the prices of cotton began to rise once again in the 1920's. This was important to the establishing of the Southern furniture market because higher cotton prices meant a stronger market for furniture.

There were three exhibitions in 1922. At first it was planned to have four exhibitions in January, May, July, and October. The plan was abandoned, and it was decided to have a January and July schedule in the tradition of American furniture marketing.

The January and July schedules were believed to be a handicap by the Southerners. Northern markets, especially Grand Rapids, would be the growth of Southern furniture marketing. In the Spring of 1923, Grand Rapids decided to change to May and November schedules.

This was good news to High Point where it was believed that the dealers would spend more time there.

The exposition of July, 1924, was promoted by leaders of the Southern Furniture Exposition as a great center for medium priced furniture. Southern manufacturers were not yet competing with the North's more expensive lines.

The Southern market increased in the 1920's because of the prosperity. There were new attendance records set almost every year until 1929. There were 1,572 buyers at the July, 1927 market. The attendance was up by seventeen percent in January, 1928 over January, 1927. As more buyers arrived at the Southern market, the exhibits began to have more national characteristics. Factories in Maryland, Pennsylvania, and New Jersey had spaces as early as 1923, and most furniture producing centers were represented by 1928.

The Southern furniture industry had stimulated growth because of the Southern Furniture Exposition. The growth was quickened in the 1920's because of the national attention. Between 1923 and 1927, the number of factories in North Carolina increased from 113 to 143, and the total value of production increased by 33.6 percent. Salaried employees increased by thirty-three percent. Profits from 1923 to 1927 rose by seventeen percent.⁵⁵ In 1929, North Carolina was fifth in overall furniture production. In the 1920's the state led in output of bedroom and living room furniture. From 1919 to 1929, Southern furniture production increased from 14.7 percent of the total in the nation to 19.3 percent.⁵⁶

The Southern Furniture Market was affected by the Depression. Operations were difficult to continue because there were many empty spaces in the exposition. In the winter of 1931, a low point was

reached when exhibits were lost because of bankruptcy or retrenchment. In 1934, buyers were once again attracted and spaces were filled. The fifteenth anniversary of the Southern Furniture Exposition Building in July, 1936, had a record attendance and sales. There were 2,435 buyers to look at 150 exhibits. Many products were sold up front at the exhibits.

Several factors contributed to the quick recovery of the Southern Market. More assortments of home furnishings were offered. About eighty percent of all American floor coverings were represented at the exposition in the 1930's. Transportation had improved; therefore, the buyers could go more regularly to High Point. The boom in home building after 1935 signaled the furniture industry that more furniture would be demanded by the home owners.

In 1940, it was announced that a four story addition was to be built on top of the Exposition building. This was a sign that the Southern furniture industry was recovering. Forty new exhibitors rented space five years before construction began.⁵⁷

There was an urgent need for the Southern Exposition after World War II because of the increased demand for furniture. Furniture for civilians was almost totally eliminated during the war, and consumers had money to spend after the war. Service men wanted furnishings for the houses guaranteed by government mortgages, and the factories shifted to produce civilian furniture.

The Southern Exposition first had to be evacuated by the Adjutant General's Office of the United States Army who had occupied the building during the war. The evacuation was originally set for December, 1945, but it was not until May, 1946 when the army left.

January 20, 1946 was set as the first post-war Southern Exposition. There were 275 exhibits planned, and 3,000 buyers were expected to attend. Because the army had not yet evacuated, the exposition was cancelled. Chicago and Grand Rapids did hold their expositions which were the first post-war markets. The American Furniture Mart in Chicago had 22,000 buyers.

Restoration of the Exposition building was supposed to take six months after the evacuation of the Army, but the task was more difficult than had been planned. It was agreed by the government to continue paying \$13,000 monthly rental until November 1, 1946, and it would pay \$123,000 for the cost of restoration.

The Southern Exposition expanded at the same rate as industrial expansion in post-World War II era. The winter exposition of 1948 set an attendance record for buyers who had come to restock because there were sales of \$5 billion in 1947. There were many different styles and fashions on display. Modern design was dominant with new colors such as Chinese red, orange, and green. Three hundred exhibitors displayed their products. Upholstered living room furniture was represented more than it had in the past.⁵⁸

As appliances and accessory lines were added to the exhibitions, there was an increased need to expand the Southern Exposition Building. Plans to add 163,000 square feet were developed. Construction began by November, 1949, and after completion, 475,000 square feet of space was available for display. It was urgent that construction proceed quickly. It was necessary to complete a floor every two weeks in order to meet the needs of the buyers. The new building was finished in May, 1950, and space was immediately available for the 1950 summer

exposition. The semi-annual Southern Exposition was important to the economic development of the South, and the second major expansion was an important step in the Southern furniture industry becoming more recognized in the American furniture industry.

The mid-summer exposition of 1950 had 100 new exhibitors. The applicants had to be carefully scrutinized in order to have a balance with a wider selection for the buyers. Over 6,500 buyers attended. Some of the manufacturers on display received enough orders to last through October.

Two more expansions occurred during the 1950's. A 60,000 square foot expansion was planned, and this would mean a total of twelve acres of display space. In January, 1955, the third expansion was dedicated. Its cost was \$460,000. In January, 1957, it was planned to build a seven story annex on Wrenn Street which was parallel to the main building. The addition would add 140,000 square feet connected to the main structure.

The leaders of the Southern Market decided to make a change in the furniture marketing system, and the Southern Furniture Exposition became the marketing center of the nation because of it. Some of the Southern producers kept permanent displays for buyers who made visits in between expositions. Traditionally, January and July were set for the market, and April and October became the informal markets. In 1954, more buyers were beginning to attend the off-season markets. The winter and summer expositions were reduced to one week, and they dealt mainly with the study of trends and consultants with manufacturers, buyers, and designers. This was done to provide better service. The spring and fall off-season markets were expanded to change the basic marketing system in the South.

The number of buyers increased from the late 1950's and the early 1960's. Buyers became more interested in the advanced looks at new designs, and many buyers from large department store chains and syndicates attended the spring and fall markets. The Furniture Factories Marketing Association was formed to work out the details of the April and October displays. April and October became formalized and grew to a size and importance greater than January and July.

The South became the undisputed leader in the home furnishings industry in the United States. Leading manufacturers came to the April and October expositions. These two months became the national markets while January and July became the regional markets.⁵⁹

The April, 1955, exposition was described by Robert F. Gruenberg, general manager of the Southern Furniture Market Center, as having an European flair. European manufacturers had an impact on the entire design community. Because of the strength of the American dollar abroad, the number of foreign exhibitors rose from 52 to 108 in two years.

On display were more modern designs along with the usual conservative furniture. Leo Booth, vice-president of Lane Furniture Company, stated that modern was leading the designing style. Italian designers inspired high-sheen lacquers, pewter, brass, and soft leathers. Century Furniture Company also introduced its National Trust Collection of England, Wales, and Northern Ireland with twenty-eight piece set of designs based on furniture from Trevice Manor, a 14th century house in Cornwall, England.⁶⁰

The theme of the October, 1956 exposition was "Furnish America" and "Accessory America". Gruenberg, the general manager, explained

the patriotic celebration as a salute to the accomplishments of High Point. The city was the largest American marketplace for wholesale furniture and attracted more manufacturers than any other show in the industry.

Variations of traditional shapes and styles were featured. The past season's retail business and the housing market always influences how original the furniture at each market will be. Manufacturers had a poor spring which meant the new designs were more on the safe side instead of being more original and creative.⁶¹

The October, 1951 exposition featured 1,100 manufacturers in 3.5 million square feet of showroom space in over 170 buildings. There were more than 30,000 buyers attending, up by eight percent from the last market. The last show was fairly conservative with everyone playing it carefully without any heavy trend. It was what is called a finishing market where no new product lines are introduced, but there are product improvements such as detailing, coloring, finishes, fabrics, and colors. It reflected the home furnishings industry moving into the fashion business.

The Southern Market has been mostly traditional, but now it is offering a wider range of home furnishing styles. It is moving more toward items which are upscale and fashionable. The October, 1951 exposition exhibited many variations of "country" such as Colonial country, South west country, Chinese country, and Urban country. The more contemporary form of country with lighter wood finishes in the

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- Leather-upholstery furniture had a strong showing, partly because of the European influence. Peach was the dominant color.
- Upholstery was opulent. There were layered, contrasting fabric patterns in such colors as frosted chocolate, smoking jacket green, tortoise-shell brown, and faded apricot.
- Iron is now past the fad stage and is in different finishes. Verdigris continued to be popular. Patina, patice, and rust were also at the show.
- There were many types of finishes. Stone and iron had many specialized finishes. Wood had a variety of finishes such as painted, stained, and bleached, but most of them had light finishes which were handdone. Combinations of stone, iron, and rattan were also popular at the show.
- Futons have become mainstream in functional furniture. Foam furniture manufacturers have had increased sales over the years. Functional and versatile modular plastics in the Eurostyle mold is expected to do well in the near future.
- A wider spectrum of sizes was presented. They ranged from the larger, comfortable couches to the smaller pieces for the apartments.⁶²

More than eight of ten Americans prefer early American furniture, other casual pieces, and antiques. Modern, European, and exotic designs were the favorites of only a small number of Americans. About 10% of the population is expected to buy more of their furniture through furniture and specialty stores.⁶³

The October, 1987 exposition was entered into by the manufacturers optimistically, but the Wall Street Crash deflated their optimism. After things began to settle, manufacturers believed the fallout was slight. Fred Starr, president of Thomasville Furniture Industries, stated that business was strong despite the crash. The Northeast sector did suffer a mild softness of the market.

Jerry Epperson, an analyst for Wheat First Securities in Richmond, Virginia, said manufacturers are growing more concerned, and the reaction may be delayed. After the crash there was no reflection of uncertainty for three weeks. There was a slowdown at the end of the month of November and the beginning of December.

Glenn Goodwin from the accounting firm Seidman and Seidman said the orders totalled nearly \$1.6 billion in October. That number was not as high as expected for the show. Some cancellations at the time of the crash were beginning to take place.

The Southern Market's next move is to become an international furniture center. High Point is in the process of becoming a year-round marketplace for furniture. Major manufacturing companies and trade associations have relocated their headquarters there. It is possible that the Southern Furniture Market may change its name to one that describes its growing national and international scope.⁶⁴

The Furniture Industry Today

Furniture is a \$17 billion industry. Perhaps as much as sixty-five percent of the nation's furniture comes from North Carolina and Virginia. Most of it is within 125 miles of High Point. It is estimated that 46,000 people attend the April and October shows at the Southern Furniture Market.

High Point concentrates more on manufacturing and marketing than on design. It creates new designs and sets many trends in home furnishing. This may be because High Point is not on the beaten path. High Point has 140 furniture factories.⁶⁵

High Point is the manufacturing center for the 5,000 furniture producers and 50,000 retailers of home furnishings in the nation. The North Carolina-Virginia area is responsible for more than half of all American bedroom and dining room furniture.⁶⁶ There is keen competition among the trucking companies and the railroads to transport furniture raw materials and finished products.

Since furniture is a labor intensive industry, its competitive ability depends on reducing the costs of the factors of production other than labor. It is necessary to increase specialization and to develop close relationships with raw materials producers.

There is a concentration of furniture companies in the Piedmont. This concentration has attracted manufacturers of related goods such as leather, textiles, and machinery to the area. Nearly 1,400 furniture showrooms are located from the Lenoir-Hickory area to High Point. More than 40,000 people attend the showrooms during the eleven day buying period in April and October. High Point is the area in which

the higher priced furniture manufacturers are concentrated, and eighty percent of their showrooms are located here.

Caldwell and Burke counties are among the five top producers in the state. The industry benefits from its many suppliers of glue, foam rubber, wood products, bedding, and upholstery. The largest firm in North Carolina's furniture industry is Broyhill Industries of Lenoir in Caldwell County. It has sales of about \$275 million and employs 6,600 people.

Caldwell County was in a great deal of difficulty during the 1981-1983 recession. Unemployment was up to fifteen percent at the peak of the recession. Furniture jobs consisted of 12,000, or forty percent, of the labor force in the county. About 1,500 were involved with companies that made products used by the furniture factories or handled the furniture.⁶⁷

Drexel was the third largest furniture company in the United States. It is located in Burke County, and most of the plants are in Western North Carolina while others are in High Point and Kingstree, South Carolina. Drexel Furniture Company was founded in 1909 by Samuel Huffman. The firm has nine plants with more than 5,000 employees and is the largest maker of bedroom and dining room furniture. In 1961, it bought the Southern Desk Company and in 1963, Heritage Furniture Company, the best upholstering firm in the South. Drexel was acquired by the Champion Paper and Fibre Company.⁶⁸

The furniture industry can be greatly affected by the housing and automotive markets and by increases in consumer credit interest rates. About sixty percent of all furniture is sold on credit. It can be very difficult for the furniture industry to pick up

after housing starts have risen. Car sales also influence the market. When car prices drop, car sales rise. People who have bought a new car cannot afford to invest in furniture. Manufacturers tend to add to existing lines instead of introducing new ones.⁶⁹

The furniture industry has shown that it can bounce back vigorously from a recession. Consumer spending and housing starts typically lead the economic recovery phase. The remainder of the 1980's has a favorable forecast. The optimism for the future is because of North Carolina's increasing share of the total industry. It is increasing its share by not being fully automated. The industry is labor intensive, and much of the quality furniture produced is crafted by hand. There is also a proportional increase of people who are in the traditional age groups for purchasing furniture.

About 300,000 are employed in the industry nationally, and North Carolina has over 80,000. Most work is in relatively small and largely family-owned companies. About twenty-five percent of the nation's furniture and fixtures are produced in these plants. Furniture is the third largest manufacturing industry in the state.⁷⁰

Charles McKinney, vice-president of Dixie Furniture Company in Lexington, North Carolina, stated in 1981 that European buyers were complaining about the company not exporting. Dixie spent at least \$20 million on two new factories to increase production in order to export to Europe. The company has sales of \$100 million plus annually which includes about eight percent exports.

Dixie Furniture Company stresses quality. More processes, such as coloring and dyeing, are done by hand. More people are involved in the manufacturing process. Export sales are up, 1981.

The developed foreign companies have fewer craftsmen and raw materials. The United States has a plentiful supply of wood. That makes Dunning Industries' table lamps popular with the Japanese. The Greensboro-based company shipped \$1.2 million of lamps, represented about ten percent of total sales, to Japan and Europe. Their export sales are more profitable than domestic sales. The Lane Company, Ethan Allen, and smaller companies such as Dunning Industries ship up to ten percent of their output to Europe, Australia, and Japan. Furniture and lamp sales were up 110 percent to \$544 million in the late 1970's and the early 1980's.⁷¹

LADD Furniture was chosen as North Carolina's company of 1987 by Jenks Southeastern Business Letter. It was selected for its ability to carefully select acquisitions and to get the top performance from the companies. LADD is based in High Point and is one of the country's five largest furniture manufacturers. Chairman Don Hunziker, President Bill Fean, and Chief Financial Officer Dick Allen are the managers of the company which was created in 1981. LADD was formed from three companies: Lea Industries, American Drew, and Daystrom Furniture, subsidiaries of the Sperry and Hutchinson Company. It went public in 1981. Since that time it has bought Clayton Marcus, Barclay Furniture, and American Furniture Company of Martinsville. Its twenty-three plants operate in North Carolina, Virginia, Mississippi, and Tennessee.⁷²

Hyundai Furniture, a South Korean furniture company, plans to move its United States headquarters to High Point from Dallas. Harold Craven, chairman of the High Point Economic Development Commission, expressed delight at the move. One of the goals of the commission is to have as many headquarters located there as possible.

An assembly and distribution center for Hyundai will be located in High Point. The company currently has assembly and distribution centers in Los Angeles and Dallas, but they do not offer a strategic access to Eastern cities. They are not strong in the East, and this move to High Point will open the entire Eastern market since it will be in the center of the East Coast market. The location will allow better access to local suppliers and designers as well as the Southern Furniture Market.

Hyundai, a privately owned company, was organized in 1981. It produces medium-priced dining room and occasional furniture at its plants in Ulsan, South Korea. The product is assembled in the United States. Dining room furniture will be the primary product. Hyundai will ship a larger volume of orders and will expand its existing lines by \$10 to \$15 million.⁷³

An agreement between the United States and Canada may end a conflict over tariffs between the two countries. American furniture manufacturers complain that Canada had been charging a higher tariff on American products than the United States was charging Canada. The furniture tariffs are scheduled to be declined over a series of years. Beginning January 1, 1989, the tariffs will be decreased by twenty percent each year and will be eliminated in 1994.⁷⁴

North Carolina is now the largest furniture producing state in the United States. Many North Carolina firms have been located here for many years and presently there are about 700. High Point is the center of furniture in the state, and many companies such as Hyundai Furniture are relocating their headquarters there.

North Carolina Furniture Companies

Many furniture companies have existed in North Carolina, but only the more successful ones were able to continue to operate. Four companies which have managed to survive are The Boling Company, Century Furniture Company, Henredon, and Thomasville Furniture Industries. These firms stress quality and have been successful in their strategies.

The Boling Company

The Boling Company originally began as The Siler City Bending Company in 1901. Captain Malvola Jackson Boling acquired the firm in 1904, and reorganized it into the High Point Bending and Chair Company. Its charter allowed it to work with chair stock, chair timber, and bent material of any kind, but it specialized in manufacturing parts for the horse drawn vehicles.

Boling was aware of the predatory competition and the often confused means of sale and distribution experienced by many early companies, and he tried to combat these through several methods. He specialized in quality and durable products to encourage consumers to buy his goods instead of the competitors'. There was a close personal relationship between Boling and his employees, his suppliers, and his customers.

In 1908, Boling produced its first bentwood chair. Prior to this parts for the bentwood chairs were made and then sold as components to chair companies. This was the first time a complete bentwood chair was produced in the South, and for twenty-five years it was the only one of the Southern manufacturers to make bentwood chairs. These chairs were low cost and general all-purpose seating. Fifty chairs per day was the peak capacity of production.

In 1921, C. B. Thomas became president after Captain Boling died on June 8, 1918. In that same year the company began making fibre furniture such as wicker and rattan.⁷⁵ Fibre furniture was important to Boling during the 1920's. Fiber was one method of using products made from wood or wood-related raw materials. "Cableweave" was the trade name selected, and it was promoted as being handwoven and almost indestructible.

The first order of fibre furniture was sold to Marley Furniture Company in Siler City on March 28, 1921. For the next eight years it was difficult to provide enough production because of its popularity. After a few years, the fad was over and sales quickly declined.⁷⁶

High Point Bending and Chair Company promoted a special line of office chairs with solid wood seats in an unusual way. The chairs were featured in a joint catalog with the Myrtle Desk Company and the Alma Desk Company, two High Point desk manufacturers. The companies were in no way connected to one another except for the catalog. They did ship their products together to be more economical.⁷⁷

The Depression was beneficial to the Boling family. K. G. Clapp, Captain Boling's son-in-law, was developing a market for institutional chairs, especially in New England. Specialized lines were sold to schools, churches, hospitals, and other institutions. Plant production was good in this area.

In December, 1928, Standard School and Equipment Company of Louisville, Kentucky was purchased by buying stock in the Siler City company. Standard specialized in institutional chairs, but it was not doing well. The two companies were consolidated in Siler City in January, 1931. Standard's president, W. O. Jones, Sr., moved to Siler

City in 1929 as a part of the deal. He came ahead of the inventory and equipment. Mr. Jones was gifted in marketing and helped develop and serve the institutional field for the company.

Jones and Standard maintained a separate identity. The company has operated as Boling's church, school, and institutional division. It sells what it produces as well as resells some styles and lines which it purchases.

Jones retired but re-entered the chair business in Lawrenceville, Virginia. He worked with the Brunswick Seating Company which produced folding chairs. The Bolings later acquired the company.

Plastic and metal became strong competitors of wood for institutional furniture. Boling and Standard continued to do well with wood construction despite the competition.⁷⁸

In 1930, F. J. Boling, Captain Boling's oldest son, took over the management of manufacturing and sales after the business began to be troubled. The Atlanta branch was closed, and everything in Siler City was consolidated. F. J. was elected president in 1931, and served as the Chief Executive Officer until he died on December 2, 1965.

The B. J. Gregson Manufacturing Company of Liberty, North Carolina was bought in 1939. It was a chair manufacturer who would provide more production in school chairs. The lines were expanded to make special purpose seating and the company was renamed Stout Chair Company.

A dimension lumber plant was developed at Azalea, North Carolina by F. J. Boling and H. E. Stout in 1951, because of the increased raw materials requirements. There was a strong effort to find Southern hardwoods for the factories. The lumber plant was to supply dimension cuts from high quality trees grown in the mountains. For many years, this provided Siler City much of its stock.

Southeastern Equipment Company was developed by Boling. It was during the 1930's when the firm was planned to resell furniture in the rapidly expanding school, church, and institutional market. The company was chartered January 25, 1939 in Siler City. K. G. Clapp was elected president. His first act as president was to contact institutional equipment manufacturers around the nation to develop distributor relationships in order to resell their products along with that of the High Point Bending and Chair Company.

High Point Bending and Chair Company acquired many primary lines in an effort to expand. The Irving Seating Company of Grand Rapids, Michigan was to provide auditorium seating and school desks. National Store Fixture Company of Bethesda, Maryland was bought for the folding chairs and tables; and the Mercor Manufacturing Company of Greenway, Wisconsin for metal desks and chairs. Desks and chairs came from the Chamberlin Metal School of Conway, Arkansas, Alma Desk Company and Myrtle Desk Company of High Point.⁷⁹

Boling ventured from the basic wooden chairs at times to keep up with market trends and appearances of business opportunities. One venture was metal furniture. In the early 1950's, wood chair sales were cut because of metal furniture, especially with schools and institutions. It bought Harven Metal Products, Inc., a small metal working firm, of Winston-Salem on September 5, 1953. This was an effort to meet the competition headon. The firm employed twenty-five when Boling took over, and there were as many as thirty-five during the five years Boling owned it.

Metal furniture products included bar stools, baby high chairs, and serving carts. Metal wall racks for hats and coats, luggage racks,

and tables for motels. Many baby high chairs and step stools were contracted for by Sears Roebuck. Metal storage cabinets were added to the product line in the move from tubular metal to sheet metal. It contracted with other furniture companies to make metal braces for wood furniture.

Wood furniture lines were supplemented by metal fabrications for five years. It was time to decide whether to expand the metal business to deal with a larger volume or to sell it and concentrate on the wood lines only. It was decided to sell to Butler Enterprises of Winston-Salem on September 2, 1958.⁸⁰

A national survey was conducted in 1967 on the wood office furniture market, and it was determined that there was a need for another plant. There was an increased demand for wood office desks and bookcases for offices and libraries. A desk plant was built in Mt. Olive, North Carolina on a forty acre site to produce desks, tables, and bookcases. The first shipments were on November 11, 1968. The building was 168,000 square feet, and in 1978 a 35,000 square foot warehouse was added.

In 1979, The Boling Company celebrated its 75th anniversary. It was recognized as one of the major American furniture manufacturers. About 500 people were employed, and there was 442,000 square feet of operating space. F. J. Boling, Jr., Captain Boling's grandson, is the president. J. K. Boling, Sr., Captain Boling's son, is the vice-president, and K. G. Clapp is the treasurer. The company has twenty shareholders, sixteen of them are Boling family members.

F. J. Boling wants to continue the tradition of selling quality products at good prices. He buys the lumber and swivel chair controls.

Wood is purchased from large and small sawmills which are on the established hardwood market. A running inventory is kept. Some wood used for bending must be bought a year in advance so that it can season or become air dried. A large amount of wood comes from small sawmills within fifty miles, especially for oak. The wood market is mainly controlled by rate of consumption instead of lumbermen's schedules.⁸¹

Boling is the largest furniture firm in the world still managed by the founding family. It sells to offices, institutions, and homes all over the world. Many types of chairs, including baby high chairs and porch swings, have been made, but the original chair, Style No. 150, has remained the workhorse of the company. No. 150 is a plain, straightback chair which has had a continuous demand since its inception in 1920.

The company is dealer-oriented and always works through them. There are 3,000 dealers working for Boling across the country. They sell goods delivered from Siler City and eleven warehouses located from Boston to Seattle. Seattle and San Francisco handle sales to Alaska and Hawaii. New York City handles international sales.

The owners and managers of The Boling Company give much of the success to the people who operated the machine, staffed the administrative jobs, and sold the products. Woodbending and chair making requires inventing and developing special machines and unique skills. Many machines are developed to solve specific problems, and the people are versatile in that they can perform many jobs. People are heavily involved because furniture is a labor intensive business. Craftsmanship and worker loyalty is very important to Boling, and the company has extensive quality control measures.⁸²

Century Furniture Company

Harley F. Shuford, Sr., founded Century Furniture Company in 1947. It is located in Hickory, North Carolina and is a family-owned business. The second generation now manages it.

Shuford believed that there was a growing demand for quality furniture following World War II. Century Furniture Company was established to satisfy the demand. The company was formed in Western North Carolina around the hardwood forests and skilled craftsmen. Their first product was a mahogany dining room suite in an English 18th century style.

Pads were avoided, and this is the reason Century has a wide selection of designs with timeless quality. Furniture was manufactured so that the customer felt it was worth its price. Century's products were discovered by customers who were conscious of quality. Dining room groups, bedrooms, and occasional pieces were added. An upholstery manufacturing facility was acquired in 1977. Century began producing upholstered furniture in addition to wood products.

Quality furniture was important to Shuford. He stressed the values to his children that were important to maintain the company's position. The company is now managed by his children. Harley, Jr., the eldest son, is the president. Alex, the youngest son, is in charge of the upholstery division, and his daughter Nancy is the head of advertising and public relations.

Century owns six manufacturing facilities which are all located in North Carolina. Employees number 1,200, and many of these people work on a part-time basis for the company. The upholstery division offers a wide variety of products and more than 1,000 fabrics. Century's own trucks deliver the furniture in excellent condition to

its authorized dealers. This is a method which Century uses to ensure prompt delivery; therefore, it avoids dealing with the railroads and other trucking companies.

Century is now an international organization. It has showrooms in High Point, Dallas, Chicago, Houston, and San Francisco. In 1985, it was appointed to recreate furniture pieces from 200 houses in England, Wales, and Northern Ireland by the British National Trust. It has produced furniture for many well-known hotels such as the Plaza in New York City and the Willard in Washington, D. C. ⁸³

Century's philosophy is to strive to make furniture that will endure for generations. A furniture collection must undergo research and design refinement possibly for months or years. Many furniture pieces are based on traditional furniture styles. A designer may look through books, look at furniture collections, and buy certain antiques to study and adapt. After research is made, the design goes on paper, and prototypes are built.

Production is exact. Woods used include solid oak, mahogany, and maple. Each piece of wood is cut and sanded to the finest tolerance, and the joining is precise. Doors and drawers are handmade and hand-fitted to the pieces. One piece of furniture may require as many as twenty-seven steps.

Century searches throughout the world to make sure its customers have a wide assortment of fabrics. Its selection is updated every six months by at least 500 different fabrics. All are chosen carefully. They must be of superior design quality and must be in constant demand. Fabrics are selected from the Far East, velvet from Germany, and floral prints from Great Britain and France. Patterns are also selected from American Fabric Houses.

Century uses a great deal of fabric because it requires all of its furniture pattern to be matched and centered. There is one continuous pattern from the top to the bottom of the sofa and chair backs, cushions, aprons, and skirts.

A buyer may select from at least 100 separate sofa and chair frames. The frames are made using carefully selected hardwoods which are joined and reinforced by double doweling and wooden cornerblocks. Steel webbing, eight-way hand-tied coil springs, and an extra measure of padding are used to provide strength, comfort, and balance.

Much of Century's work relies on traditional design forms and furniture producing techniques. It relies on its past experience, but it does not interfere with its progressiveness or its innovativeness. Modern technology is used where it is more suitable than human labor. The experience of furniture making has improved the quality of the furniture. The furniture is more durable because the joining is more accurate, the bonding is more sure, and the finishes are clearer.⁸⁴

Hearedon Furniture Industries

The founders of Hearedon Furniture Industries were T. Henry Wilson, Ralph Edwards, and Donnell Van Hoppen. They were former executives of Drexel Furniture who began their own company in 1945. Sterling Collett was the fourth founder. The Wilsons and the Colletts do not get along very well. Both families have two representatives on the board and one member working for the firm. There could be a problem of this kind in the future.⁸⁵

Hearedon Furniture Industries, which is a public company, has a total plant, and it makes beautiful and expensive furniture. Its sales are \$11,495,750 in 1961 and \$24,775,365 in 1962. The plant, property, and equipment were valued at \$20,221,570.⁸⁶

Hearedon is the most profitable public company in the furniture business. Sales totalled \$93.7 million in 1972. Return on equity has averaged more than twenty percent since 1974, and there is no long term debt. It dominated the upper end of the market with 1,000 products in different lines. Sofas run from \$900 to \$1,900 and dining room tables from \$300 to \$1,700. Since it is an expensive line of furniture, Hearedon is not usually affected by economic downturns like companies in the lower end of the market.

Earnings growth could be a reason for Hearedon's profitability. The earnings growth has averaged a little over eleven percent for the past five years. This is mediocre compared to most companies in the industry.

The fastest way to improve earnings is longer production runs or cuttings. The industry averages about 27.4 percent for payroll to production. Hearedon's is less than twenty percent. Payroll to production improves by larger cuttings because there is not as much setup time which is a large part of the expense. Large cuttings are not made, especially in the upper price brackets. Cuttings are used to make a larger capital.

Another possible way to improve earnings is to have a better mix of cuttings in balance. What is difficult for a company with a limited plant is a changing order of cuttings. Another store may order at trade times, but the big orders are not. What is still a problem is the changing order of cuttings.

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The company is trying new ideas to expand its market. It is exploring the overseas market, and it already has an upholstery manufacturer in Stuttgart, Germany. Henredon is trying to find an opening in the upper end of the office furniture market. If the new markets yield rapid sales growth, Henredon has the financial ability to make major plant additions. Because of its flexible plants, it can trade up to larger cuttings to weed out the less profitable businesses.

A problem that faces Henredon is competitors who make cheaper copies of the furniture. The company looks for furniture designs with certain features in manufacture that at least will slow down possible competitors. The designs should not be so difficult that cuttings cannot be made.⁸⁷

William Smith retired as president of Henredon Furniture Industries in 1987, and Michael K. Dugan is the new president. The company produces high-end casegoods and upholstered products. Schoonbeck is the company's upholstered division.⁸⁸

Thomasville Furniture Industries

Thomasville Furniture Industries began as Thomasville Chair Company in 1904. Thomasville Chair Company was bought by Thomas Finch and Charles Finch in 1907. From 1909 to 1960, four furniture companies were acquired and two plants were built in Thomasville. In 1961, Thomasville Chair was merged with the R. F. Huntley Company of Winston-Salem, and the name was changed to Thomasville Furniture Industries.

In 1962, the company was bought by the 100,000 square foot plant. The company's production capacity was 100,000 units per year. Three more furniture companies in North Carolina were acquired

between 1964 and 1968. In 1968, Thomasville was bought by Armstrong Cork Company, which later became Armstrong World Industries.⁸⁹

Since being acquired by Armstrong, Thomasville has bought several plants. An idle metal works plant in Brookneal, Virginia was purchased in 1977 to assemble and finish furniture. Its Pleasant Garden plant was closed in 1982, but it was reopened in 1986 to make contract furniture. In 1986, Gilliam Furniture of Statesville was purchased for its upholstered furniture, and a former textile plant was bought to produce ready-to-assemble furniture.

Thomasville had record sales and earnings for the first half of 1987. There was a twenty-three percent increase in sales and a forty percent gain in operating profits. This followed a five year trend of higher sales and earnings.

Thomasville expanded in 1986 when many other competitors had excess capacity after the recession of the early 1980's. The company started second shifts, reopened old buildings and constructed new ones. The Thomasville plant added a second shift at the bedroom furniture plant, and 250 new jobs were formed. The Pleasant Garden plant, which had 300,000 square feet, reopened to make contract furniture for hospitals, hotels, and other institutions, and 300 new jobs were created. It acquired a plant with 177,000 square feet in Fluvanna County, Virginia to make ready-to-assemble furniture. Fifty to seventy-five jobs were initially added, and 200 new jobs are expected when the plant reaches full capacity. An additional 20,000 square feet was built to the Lewis & Clark Furniture plant, and over 100 new jobs were added. A Statesville plant with 100,000 square feet was added to increase production capacity, and 150 new jobs were added. It acquired the bankrupt United Globe Corporation, a lumber processing plant, to

supplement its Thomasville lumber drying capacity. It is 166,000 square feet with eighteen kilns, and it is located in Lexington. Thomasville also plans to construct a veneer panel plant with 100,000 square feet in Thomasville, and several hundred workers are expected to be hired.

Thomasville's expansions could increase its employment by 1,000 in 1988. There are now twenty-five plants operating in North Carolina, Virginia, and Mississippi. There are currently 7,100 employees. North Carolina employees number 5,800 of which 3,800 work in Thomasville.

Rumors had often circulated that the parent company, Armstrong World Industries, wanted to sell Thomasville. During the 1970's, Armstrong was rumored to be ready to sell because of the flat profits and the slow internal growth of Thomasville. During the 1980's, Armstrong has committed \$50 million in capital additions to the company. Thomasville's contribution to the total operating profits of Armstrong rose from eight percent in 1984 to 10.5 percent in 1987. It is expected to be twelve percent in 1988, and the investments are already paying off. Thomasville expects good times to go on because of the leading edge of the baby boomers is reaching 35-43, the prime furniture buying age.

The number of Thomasville retailers decreased from 5,200 in 1981 to 2,200 in 1986. One-fourth of American furniture retailers went out of business during the 1981-1982 recession. Some accounts were purposely dropped. The reason was to be more important to fewer accounts, and it wanted to make a heavy commitment to retailers who had made a heavy commitment to Thomasville.

Thomasville is beginning gallery programs where the company's products are presented in a rest setting in a separate area. The manufacturers encourage this by sharing in the set up costs, guaranteeing

inventory and quick shipment, training sales staffs, and participating in cooperative advertising. Gallery programs are the most important development this decade in furniture retailing. A survey by Furniture Today found that twenty-nine manufacturers had 2,400 galleries with retailers. The number is expected to be 5,700 in 1991. Thomasville has 185 in retail stores, and it expects to open 167 in 1988.

Most galleries cost six figures, but they work well. A gallery that is well done will increase sales per square foot of floor space by 50 to 100 percent, estimates Morris Bendleton of Boston. Gordon Schiffman of White's Fine Furniture and Sleep Shop chain estimates it at twenty-five percent sales increases.⁹⁰

The gallery approach to presenting furniture is being used by more manufacturers and retailers. Large showrooms give retailers an idea how to optimize furniture display. Accessories and other decorative details are used to present a total look. This is done to make the showroom more exciting and to offer customers accessories.⁹¹

Thomasville Furniture Industries' business is booming because of its business strategies. Agreements about them were reached in the early 1980's and implementation began in 1985. Four strategies were formulated. First, the quality of the product was to be enhanced while holding the price as stable as possible. Second, costs were to be reduced while productivity is increased by heavy capital investment. Third, the distribution system is to be streamlined between the manufacturing plant and the retailers' showrooms. Fourth, it is to emphasize quality of management at all levels.

The implementation of these strategies began in 1985. During 1982-1983, salaried staff was reduced by twenty-five percent. Prices

were slashed to move slow moving and discontinued stock from a giant warehouse in an effort to make the new inventory management and distribution system work. Limiting price increases protected product lines from losing ground to imports. A computerized forecasting system was designed to schedule production on the basis of anticipated demand. The traditional system was to accumulate orders and manufacture to fill pent-up demand. The implementation was expensive. In 1986, \$20.7 million was spent for capital additions. That figure had increased each year since 1982.⁹²

The Future of the Furniture Industry

The future of the furniture industry appears optimistic. North Carolina has been increasing its share of the total industry by not being fully automated. The industry is labor intensive, and much of the furniture is crafted by hand. This usually means the product is of fine quality.⁹³

Since furniture is a labor intensive industry, its competitive ability depends on reducing the costs of the factors of production other than labor. Labor is used a great deal; therefore, it would not be beneficial to reduce labor costs which are large portion of the expenses. It is necessary to increase specialization and to develop close relationships with raw materials producers. Specialization will allow a company to develop a distinctive competence in a certain type of furniture, and this will turn the furniture industry to a new and better effect. It is important to develop a close relationship with the raw materials producers in order to know the producers better.

A close relationship with the suppliers of raw materials will allow the company to examine the quality and the dependability of the supplier. This way the firm will have a reasonable estimation of when to expect delivery, and it will be able to schedule its production based on delivery.⁹⁴

Quality is one of the keys to the future for the industry. The quality of the product is important, especially when the product is as expensive as the furniture. Quality is to be enhanced while holding the prices as stable as possible. Prices have to be held as stable as possible because the competitors can charge lower prices to attract the buyers. In the highly competitive furniture industry, no one firm dominates the market, and the large number of companies allows a consumer a wider selection of products. The price can be a big influence on the furniture purchased by the consumer.

North Carolina firms compete with one another as well as with other companies in the United States. Now the firms face competition from foreign companies. One example is Hyundai Furniture which is planning to move its headquarters to High Point. North Carolina firms have an advantage over them. The developed foreign companies have fewer craftsmen and raw materials. The United States has a plentiful supply of wood, and their location allows for quicker delivery.

Heavy capital investments are needed to compete more effectively. New equipment will update the factories and allow more furniture to be produced at a lower cost. Firms such as Thomasville have been making capital investments to be more productive. Thomasville has

Many companies are exploring new markets in order to increase their market share. Henredon is examining the upper end of the office

furniture market, and it is introducing a modern line which is in a growing market. Many of the firms are exploring overseas to find a new market. Henredon now owns an upholstery firm in Germany.

Many furniture companies now realize the importance of the dealers. More emphasis is being placed on the dealers who sell the furniture. Companies such as Thomasville have chosen to limit the number of dealers to make a heavy commitment to those who have made a heavy commitment to the company. The dealers have gallery programs to sell the products by displaying the furniture in a setting to resemble a section of the home. This method is believed to be very effective in selling the products.

Computerized forecasting systems are needed by the companies in order to forecast the sales. The traditional system is to gather the orders and then produce according to them. With a computerized forecasting system, a firm will be able to forecast their sales and produce according to it instead of waiting for the orders to be made. The system will allow the companies to schedule their production to produce for anticipated demand. Raw materials can be ordered when they are needed, and more inventory of raw materials will not have to be kept in inventory because the forecast will determine when more is needed.

Quality should be emphasized at all levels of the company. Top management should make quality a part of its strategy and it should be the objective of everyone in the organization. Quality should begin with the design of the product and should be carried throughout the entire process. Quality will be the main feature that customers look for in furniture. Customers want a product which will last and is worth the price that is paid.

Conclusion

North Carolina's furniture industry has grown since its beginnings in the 1800's. The Southern industry began to develop after the Southern Furniture Exposition was established in High Point to promote North Carolina's furniture. Southern manufacturers were able to surpass production by Northern producers. The center of furniture manufacturing shifted to the South and to North Carolina in particular.

North Carolina companies are concentrating on future plans which will enable them to remain one of the major furniture producers in the nation. Their strategies include improving quality, entering new markets, and investing in new capital. These are among the efforts to maintain their present positions and to ensure their future ones. The furniture industry is highly competitive, and no one company controls a large share of the market; therefore, maintaining their market share is important. In order for North Carolina to expand its markets further, it must expand its Southern Furniture Exposition to include a more national and international scope. High Point is currently planning to expand the exposition to year round in an effort to increase North Carolina's share of the furniture industry.

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