



## Buyer's View: Herman Miller



## Your seat, now showing at the Smithsonian

When the founder of Herman Miller Inc., D.J. De Pree, acquired the Star Furniture Company in Zeeland, Michigan, USA—with the help of his father-in-law, Herman Miller—it is unlikely that anyone could have predicted the path that the company would follow over the next 80 years or so, nor the position it would hold in the global furniture and furnishings market in the 21st century. Neither could anyone have forecast that the success and global recognition enjoyed by the company today would be the direct result of a situation that once jeopardised the whole future of the business.

Having established Herman Miller Inc. in 1923, following the acquisition of the Star Furniture Company, De Pree ran his business as a traditional furniture manufacturer. The company continued standard production for the next seven years until it was threatened with possible

ruin with the onset of the Great Depression in 1930. At the same time De Pree met Gilbert Rohde, a modernist designer from New York, who convinced him to move away from traditional furniture manufacturing and try a new approach to the market. This involved focusing on totally new, innovative designs to meet the needs of modern Americans in the 1930s. The strategy proved very successful and the rest, as they say, is history. The Herman Miller name is now recognised around the globe for its distinctive furniture and furnishings designed for the workplace, and home, and for its partnerships with numerous famous designers. And, if that were not sufficient to prove its success, Herman Miller furniture is even acknowledged by the art world and features in the permanent collections of art museums including the New York Museum of Modern Art, the Henry Ford Museum and the Smithsonian Institution.

### Traditional values in a modern world

Although Herman Miller now has offices, dealers, and licensees in more than 80 countries in North America, Asia/Pacific, Europe, the Middle East, Africa, and Latin America and has manufacturing facilities in the United States, Italy, and the United Kingdom, the company has maintained its heritage and is still headquartered in Zeeland, Michigan. Whilst it is known around the globe for its cutting-edge designs and innovation, it also remains true to the beliefs held by its founder.

Herman Miller is recognised for breaking the mould in furniture design as the first modern American furniture company in the early 1930s. It has continued in the same vein since that time. Following the first partnership with Rohde, the company has gone on to collaborate with numerous industrial designers such as George Nelson, ➤



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Charles and Ray Eames, Isamu Noguchi, Alexander Girard, Bob Probst, Bill Stumpf, Don Chadwick, Ayse Birsel, Jerome Caruso, Eric Chan, and Doug Ball, all of whom have helped to create the company's 'edge' over other companies and maintain its position as a groundbreaking furniture company. It was also said to be the first company to introduce the open office system in the 1960s. However, whilst De Pree had the courage to commit his company to 'modern' furniture as a means to survive in difficult times, he also saw a moral dimension to Rohde's clean designs, honest materials, and lack of ornamentation and the company continues to have a moral conscience in terms of its staff and the planet, even in the cut-throat manufacturing environment of the 21st century.

In 1950, the company began a programme of 'participative management' under which the employees were able to participate in the decision-making process and this continues to the present day. It also implemented an employee stock



### Celebrating in style

Herman Miller has established itself as a leading company through its strong brand identity and its recognisable designs, produced through long and fruitful partnerships with top designers. One of its signature designs from the Eames collection, the Eames Lounge and Ottoman, celebrated its 50th anniversary in 2006 and to highlight this an exhibition and book have been developed by Grand Rapids Art Museum.

The chair, designed by husband-and-wife team Charles and Ray Eames, is the focus of a travelling exhibition that opened at the Museum of Arts & Design in New York in May last year and then moved to the Grand Rapids Art Museum. This year the exhibition will visit The Henry Ford in Dearborn.

Entitled *The Eames Lounge Chair: An Icon of Modern Design*, the exhibition features an early production chair and ottoman that was used by De Pree himself in his Zeeland, Michigan, home. It also includes an 'exploded' 6-foot sculpture of the chair that shows each component of the design, from its moulded plywood and rubber shock mounts to its black leather cushions.



ownership programme in 1983. Herman Miller now uses a performance metric, planning tool, and compensation system called Economic Value Added (EVA)—an internal measurement of both operating and financial performance that is linked to incentives for all employee-owners, allowing the company to shift its focus from budget performance to long-term improvement.

According to the company, using this system has created a "highly motivated and business-literate workforce that challenges convention and strives to create increasingly greater value for both customers and owners."

### Green with experience

The company has also made a serious commitment to the environment.

Its Perfect Vision plan, launched in 2004, aims to create a 100% sustainable company by the year 2020 through the reduction of air emissions, water emissions and hazardous waste and by increasing its 'Design for the Environment' protocol—inspired by the McDonough Braungart Design Chemistry's (MBDC) Cradle to

Cradle philosophy—that focuses on the safety of a product's material chemistry, the percentage of its recycled content, the recyclability of its parts, and the ease of disassembly. It is also committed to using green energy and developing environmentally sound building projects and was a founding member of the US Green Building Council (USGBC).

Rather than merely committing itself to the environment, as many companies are at present to meet the demands of 'eco-conscious' consumers, Herman Miller is already making great strides in this area. It was presented with the Best of Competition Award at NeoCon 2006, for its My Studio Environments—a concept in open-plan workspace, designed by Douglas Ball, which already contains 28% recycled content and is 74% recyclable. Furthermore, renewable energy credits (RECs) now provide 28% of the company's total electricity demand—50% of which is from wind power and 50% biomass—which are distributed to the company's office and manufacturing sites, including its subsidiary, Geiger International, in Atlanta, Georgia.

This approach of balancing innovation and progress with strong traditional values and environmental sustainability, whilst improving its financial performance and pleasing its shareholders, may sound like a very hard juggling act but having reported a 13.9% increase in sales, a 22.1% rise in orders, and its highest quarterly earnings per share ever recorded by the company, for its second quarter ended December 2, this strategy appears to be working well. "Perfect Vision charts a challenging course, but we've made tremendous strides in only two years," says Brian Walker, president and CEO of Herman Miller. "These accomplishments demonstrate that Herman Miller makes choices everyday that further our commitment to sustainability. These choices enable us to be a better corporate citizen within our industry and community."

### Mixing materials for a natural finish

As Herman Miller strives to constantly improve the sustainability and 'recyclability' of its products, it has naturally had to examine the materials used in its furniture and has carried out a great deal of ➤



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research into new and renewable materials, finishes, and textiles to provide flexible options to meet the demands of its global customer base. As a result the company has developed a Colour, Materials, Finishes (CMF) programme and library, which features the company's full range of proprietary fabric and leather offerings, plus other high-end materials that are available through partnerships that have been developed with leading leather and textile producers.

Leather is a standard option on seating products, and specifically on all of the seating in its Eames collection. The company uses semi-aniline, full grain bovine leather in its standard leather products—all of which is sourced in Austria as, according to Barb Tasker, senior product manager of CMF Marketing at Herman Miller, this ensures that the company is supplied with “quality hides that are consistent, large, and free of natural hallmarks.”

Herman Miller also formed an alliance with US-based Edelman Leather in 2005 in order to enhance and expand its leather designs on select higher end items.

Through this partnership the company now offers over 50 colours from three Edelman lines—All-Grain, Dream Cow, and Metallic Dream Cow—which can be specified in its Eames sofa, Eames soft



pad and aluminium group seating, Eames chaise, Eames executive chair, Eames lounge chair and ottoman, Goetz sofa, and Nelson Marshmallow sofa.

“Today our factory supplies custom colours and our 600 basics for designers who want only the best.”

### Luxury as standard

Edelman offers a broad selection of high quality leathers developed specifically for interior design and furniture—all of which are tested to meet industry standards—for residential, hospitality, contract, aircraft, and marine use. The company sources all of its hides from small southern European farms, where the animals are enclosed with wooden fences thus avoiding brands and scars. These are then tanned at Edelman's own facilities, where they are custom-dyed and hand-finished as standard. Each leather is then inspected before it is shipped.

It is understandable why Herman Miller opted to form a partnership with Edelman for its luxury products. Having already established itself as a major supplier of leather to the fashion industry, founders Arthur Edelman and his wife Teddy, along with their son John, noticed a void in the interior design world and turned their attention to making leather for architects and interior designers. “When we started doing this, the leather industry was only interested in mass production of black and burgundy leather,” says John Edelman.

### No compromise on quality

Just as De Pree avoided financial ruin during the Great Depression by taking a bold step in a new direction, Herman Miller continues to thrive through constantly adapting to the changing market and consumer demands, whilst refusing to compromise on the quality of its products. In recent years many upholstery companies have failed due to the overcapacity in the sector and increased competition from lower end Asian producers; however, Herman Miller has continued to grow and expand because its customers are aware of the company's commitment to quality and innovation in both its production processes and its finished products. It is this flexibility and attention to standards that have safeguarded Herman Miller's place in the global market. Whilst even De Pree is unlikely to have envisaged the success that the company would enjoy, having overcome the tough challenges faced by the sector for over 80 years and ensuring that its customers are sitting, working, and relaxing comfortably, it is fair to say that Herman Miller's future in the market looks a great deal safer now. ☺

