

Furniture Manufacturing Industry In Kentucky



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The furniture and related product manufacturing industries have a significant presence in the state of Kentucky. As of December 2008, there were 109 such facilities in the Commonwealth employing 6,304 people. They produce everything from solid wood tables and chairs to plastic and solid steel furniture. The size of these facilities range from small one and two person operations to large companies employing hundreds of workers. Most of the facilities are smaller operations employing less than thirty people. However, the ten largest facilities employ 2,969 people and represent over forty-seven percent (47%) of all the industry's employees in Kentucky (See Table 1).

(Source: Kentucky Cabinet for Economic Development)

Table 1: Ten Largest Employers in the Furniture and Related Product Manufacturing Industry (December 2008)

Facility Name	Product Description	Employment
Eagle Industries LLC	Oak furniture	443
Quality Cabinets	Wooden & laminated cabinets	400
Leggett & Platt, Inc.	Inner springs & box springs	345
National Office Furniture Fordsville	Wooden office desks, bookcases and tables	311
Mouser Custom Cabinetry LLC	Custom wooden kitchen & bath cabinets & vanities	280
HON Co.	Wooden office chairs	260
Pan-Oston	Design, delivery & service of custom metal & wood store fixtures, cash registers & corporate office	250
Leggett & Platt, Inc. (Furniture Hardware Div.)	Swivel chair bases & recliner mechanisms	240
Rev-A-Shelf LLC	Kitchen & bath convenience products; plastic, chrome and wood storage organizers, child-proof locks.	228
American Woodmark Corp.	Hardwood components for the kitchen, and bath cabinets	212

Source: Kentucky Cabinet for Economic Development.

According to the United States Census Bureau, in 2006 there were 218 furniture and related product manufacturing facilities in Kentucky. They employed 5,791 people with an average annual wage of \$30,949. The majority of these facilities (167) and employees (3,177) were employed in the household and institutional furniture and kitchen cabinet manufacturing industries (NAICS Code 3371). (See Table 2)

Table 2: Kentucky's Furniture and Related Product Manufacturing Industry (2006 Data)

NAICS Code	Code Description	Number of Employees	Avg. Ann. Wage	Total Estab.
337	Furniture & Related Product Manufacturing	5,791	\$30,949	218
3371	Household & Institutional Furniture & Kitchen Cabinet Manufacturing	3,177	\$28,462	167
3372	Office Furniture (including Fixtures) Manufacturing	2,192	\$33,776	41
3379	Other Furniture Related Product Manufacturing	422	\$34,993	10

Source: United States Census Bureau, [County Business Patterns](#) 2006.

In 2006, Kentucky had a total gross state product (GSP) of \$146 billion. Although the furniture and related products manufacturing industry produced less than one percent (1%) of that amount, the state can expect that number to grow as its export market continues to increase. Kentucky's exports of these products have grown over the last few years. In 2003, the Commonwealth exported \$22,655,509 in furniture related products to foreign nations. This represented only 1% of the total such exports for the U.S. That number had risen over 23% to \$29,501,545 in 2006 but still only represented nearly 1% of the total furniture and related product exports for the U. S. In 2006, Kentucky was the 24th largest furniture related products producing state in the nation and the 11th largest among its competitor states (See Table 3).

(Source: Derived from data provided by the U.S. Bureau of Economic Analysis, www.bea.gov).

Table 3: State Exports for Furniture and Related Products Manufacturing Products 2006

STATE	2006 ANNUAL EXPORTS	STATE'S PERCENTAGE OF US EXPORTS	RANK BY EXPORTS
U.S. TOTALS	3,502,729,476	N/A	N/A
Michigan	387,885,244	11.07%	1
North Carolina	227,958,636	6.51%	3
Ohio	186,821,547	5.33%	4
Illinois	126,544,857	3.61%	8
Mississippi	109,124,899	3.12%	10
Tennessee	94,129,901	2.69%	11
Indiana	72,786,537	2.08%	13
Virginia	50,203,462	1.43%	18
Missouri	45,511,467	1.30%	19
Georgia	33,926,700	0.97%	20
KENTUCKY	29,501,545	0.84%	24
Arkansas	23,475,653	0.67%	26
Alabama	22,815,138	0.65%	27
South Carolina	17,254,160	0.49%	31
WEST VIRGINIA	791,717	0.02%	45

Source: Data provided by Wisser, at www.wisertrade.org, from U.S. Census Bureau, Foreign Trade Division.

Exports from the furniture and related products manufacturing industry have a small but growing impact on the economy of Kentucky. In 2007, these exports accounted for (See Table 4):

- Nearly \$33 million in total value added to the state's economy;
- 389 total jobs;
- Nearly \$18.3 million in employee compensation; and
- Nearly \$14.6 million dollars in taxes paid.

Table 4: Total Value Exports Contributed to the State in 2007

CATEGORY	DIRECT	INDIRECT	INDUCED	TOTAL
VALUE ADDED	\$18,555,590	\$3,849,872	\$10,472,214	\$32,877,676
JOBS	220	46	124	389
EMPLOYEE COMPENSATION	\$10,320,579	\$2,141,291	\$5,824,623	\$18,286,493
COMBINATION OF ALL TAXES	\$8,235,011	\$1,708,581	\$4,647,591	\$14,591,183

Source: Information calculated by the Kentucky Cabinet for Economic Development from data gathered from other sources.

The business climate in the Commonwealth is second to none. Kentucky offers a wide range of opportunities for a profitable investment in all business sectors. Kentucky's manufacturing base has shown particularly dramatic growth during the past decade. Below is a list of some of Kentucky's accomplishments:

- Kentucky ranked 10th in the 2007 *Site Selection* Governor's Cup awarded annually to U.S. states with the most new corporate facilities and expansions. Kentucky has the smallest population of any of the states in the top 10. (*Site Selection*, March 2008).
- Kentucky ranked 4th nationally in the 2007 *Site Selection* Competitiveness Award. The award is based on 10 quantifiable criteria that measure business expansion activity that took place in the previous calendar year. The indexing system puts all states on a level playing field. (*Site Selection*, May 2008).
- Kentucky tied for 9th (tied) for 2007 Top States with Most Top Metros with 6. (*Site Selection*, March 2008).
- Six Kentucky communities ranked in *Site Selection's* 2007 Top 100 U.S. Micropolitans for new and expanded facilities expansions in 2006. The communities are Glasgow (T28), Paducah (T28), Danville (T38), Frankfort (T62), Madisonville (T62), and Mayfield (T62). (*Site Selection*, March 2008).

- Kentucky ranked 12th in the 2007 *Site Selection* magazine list of top states with expanded manufacturing facilities in 2007. (*Site Selection*, March 2008).
- Kentucky ranked 12th in the 2007 *Site Selection* magazine list of top states with the most new corporate facilities and expansions from 2005 to 2007. (*Site Selection*, March 2008).
- Due largely to its abundant coal reserves, in 2006, Kentucky ranked as the second lowest cost among its competitor states for the provision of industrial electrical power. For the previous six straight years, Kentucky had the lowest industrial electrical power costs. (Source: Energy Information Administration/Electric Power Annual 2006.)
- Kentucky received the *Silver Shovel Award* in the 3 million to 10 million population category from *Area Development* magazine for being most successful in creating new jobs and securing investments in new and expanded facilities (July, 2007). The award was based on information submitted by the state about its 10 top job-creation and investment projects in 2006. The 10 projects Kentucky submitted for consideration created more than 3,500 jobs and represented more than \$1 billion in company investment. Eight of the ten companies were also new to the state.
- For 2008, the [Center for Digital Government](#) ranks Kentucky as the number seven most digitally–advanced state government in the nation. The [Digital States Survey](#) is a comprehensive study that examines best practices, policies, and progress of state governments in their use of digital technologies to better serve citizens and streamline operations. The survey contains more than 70 measurements in four areas: service delivery, architecture and infrastructure, collaboration, and leadership.

Kentucky's airports can compete with any in the world. According to *Airports Council International*, the Louisville International Airport ranks as the 3rd busiest cargo airport in North America. It ranks 9th busiest in the world. (August, 2008).

Kentucky is located in the center of eastern U.S. industrial and consumer markets, with its borders within 600 miles of 60% of the nation's population, personal income, and manufacturing business establishments.

Kentucky is at the highway crossroads of the Canada to Florida I-75 route, extending from the Great Lakes to the Gulf of Mexico, and the St. Louis to Norfolk I-64 route, which stretches from the Mississippi River to the Atlantic Seaboard.

The [Reason Foundation](#) ranked Kentucky's highways as the 9th most efficient in the nation in its 17th *Annual Performance of State Highway Systems* report. The

cost effectiveness for each state is computed by averaging its 12 performance ratios (ratio of each state's statistic to the national average, for 5 financial measures and 7 condition measures), then ranking the states. The report was released in July 31, 2008 and compared the state highway systems from 1984 to 2006.

Kentucky has some of the most innovative business development programs in the nation to encourage business investments and expansions, including a wide range of tax exemptions and financing. *Site Selection's* rankings of Kentucky among the topmost states in job creation for the last several years support Kentucky's position as an attractive state for both new and expanding business.

Kentucky has one of the lowest overall costs of doing business in the United States according to Regional Financial Associates (Economy.com). Regional Financial Associates publishes the North American Business Cost Review, which determines the cost of doing business within a state by measuring unit labor costs, energy costs, and state and local taxes. Kentucky ranks as the 15th lowest state for the overall cost of doing business in the United States. According to this index, the overall cost of doing business is eight percent (7%) below the U.S. average, and with respect to the cost of energy, Kentucky is significantly below the national average.

Inc. magazine's list of 2008 Boomtowns – 393 hot cities for entrepreneurs – includes five Kentucky communities on its Overall Best Cities for Doing Business is Bowling Green (49). The Best Small-Sized Cities for Doing Business includes Bowling Green (32) and Elizabethtown (97). The Best Medium-Sized City is Lexington-Fayette County (55). (May 2008).

In *Expansion Management* magazine's 2007 *Quality of Life Quotient Rankings*, Lexington-Fayette County and Owensboro ranked as *5-Star Quality of Life Metros* while Cincinnati-Middletown (OH-KY-IN), Bowling Green, Louisville and Henderson-Evansville (KY-IN) ranked as *4-Star Quality of Life Metros* (June 2007).

Expansion Management magazine's August 2007 issue ranked Kentucky's Workforce Training Programs, which includes the Bluegrass State Skills Corporation (BSSC), 5th in the U.S. For the 5th consecutive year, Kentucky has ranked in the Top Ten, placing 8th in 2006, 3rd in 2005, 5th in 2004 and 8th in 2003. The ranking considered the programs' efforts in facilitating customized business and industry training services for new, expanding and existing companies. Programs were judged in terms of financial value, ease of usage and applicability.

Kentucky ranked 22nd in the nation for having the lowest *Business Taxes as a Share of State, Local, and Total and Private Sector GSP, FY 2006* according to a study released in February 2007 by Ernst and Young (<http://www.ernst->

young.com) and titled: *Total State and Local Business Taxes, 50-State Estimates for Fiscal Year 2006*. Kentucky had a total share of 4.9% which was lower than the national average of 5.1%.

Kentucky's furniture and related product manufacturing facilities are able to compete not only nationally but internationally as well. Although it makes up a small percentage of the GSP of Kentucky, the sector is growing. This recent growth combined with the Commonwealth's competitive advantages provides the state with the potential to create an even greater number of higher paying jobs in the furniture and fixtures industry.