



Steel, aluminum, copper, building stone (including marble, granite, alabaster, travertine and more) and many other materials are among the goods subject to tariffs.  
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#### Business Analysis

## Here's How Tariffs Are Affecting Five Different Businesses in the Furnishings Industry

AD PRO takes a deeper dive into how the Trump trade war impacts design businesses' bottom lines

By Meaghan O'Neill

June 6, 2019

With a rallying cry that dates back at least to his presidential campaign, [Donald Trump](#) has long seemed intent on escalating a [trade war](#) with China. Steel and aluminum, then \$200 billion worth of other goods have been subjected to tariffs of between 10 and 25 percent. Imports from Canada, the European Union, and India, among others, have also been in the crosshairs; just this week, Trump announced a new duty on imports from Mexico that will increase over time. If you're perplexed by the extent of it all, you're not alone.

The political and economic effects of these trade wars are wide-ranging, and for the furnishings industry, they've had a substantial impact. Cost, lead time, manufacturing, and sourcing issues—even for brands that manufacture in the U.S.—have left many in a state of uncertainty.

For [Skyline Furniture](#), a third-generation family business that supplies American-made furniture to dozens of retailers including [Bloomingdale's](#) and [One Kings Lane](#), the biggest impact has been on upholstery textiles. To combat [tariffs](#) they saw coming in 2018, the company “proactively bought a heavy amount of inventory,” says Meganne Wecker, president and chief creative officer. Skyline also began ramping up in-house textile printing to help further defray costs.

Unpredictable price increases, combined with a fluctuating retail market, make long-term planning more difficult, says Wecker. “We’re coming off several years of growth,” she says, “but in general, we’re just more cautious about expansion.”

While Skyline has had the ability to stockpile materials and absorb additional costs, some design businesses are simply importing fewer foreign goods. [RH](#), for example, announced that it expected to [reduce imports](#) from China by as much as 15 percent between 2017 and 2019. (RH declined to comment for this story.) Others with less liquidity or who can’t source materials elsewhere have been left with hefty cost increases.

“As a boutique manufacturer, the impact is tremendous,” says Gerald Olesker, founder and designer at [ADG Lighting](#). Though his custom pieces are fabricated in California, much of his sheet metal and certain components are only available through Chinese sources. Olesker worries that tariffs put artisanal designers at a significant disadvantage. A luxury retailer importing a finished lantern for, say, \$80 would pay just \$20 in duties, he points out, but might sell it for \$1,800. A custom item with a similar aesthetic could cost him \$800 in raw materials, effectively accruing 10 times the duty. “Really, it’s like my taxes went up 25 percent,” he says.

Though Olesker is still seeing sales increase, he says, “I have to grow just to maintain at this point.” Tariffs mean he won’t be reinvesting in new equipment or hiring additional employees.

“A blanket tariff that penalizes everyone is counterproductive,” agrees Janis Provisor, coprincipal of [Fort Street Studio](#), whose hand-knotted rugs are manufactured by artisans in China and India. The skilled labor and facilities to create these designs simply don’t exist in the U.S., she says, “but selling our work here provides income for not just our employees but also for the vendors, landlords, and others that do business with us. It’s a no-win situation.”

Like Provisor, Dr. Harvey Karp, cofounder of [Happiest Baby](#), says moving production elsewhere isn’t an option because Chinese technology, manufacturing, and shipping efficiencies can’t easily be replicated. His company makes the Snoo, a robotic baby bassinet developed with [Yves Behar](#). Adding a 25 percent tariff to the bassinet’s \$1,295 purchase price threatens the viability of his business, says Karp. “This is costing us millions of dollars a year that we will have to pass on to the consumer. Otherwise it would prevent our ability to develop and market products.”

Even fabricators sourcing raw materials from U.S. markets have taken a hit. Todd Noe, founder of [Noe Design Co](#) and [Maiden](#), makers of custom architectural elements and furnishings and pivot doors, was already using U.S. steel when tariffs were imposed. But as costs for foreign steel went up in 2018, so did [demand](#) for U.S. supplies, driving domestic prices sky-high. “For 17 years, I knew exactly what things would cost,” says Noe, then prices “tripled overnight.”

That crunch forced Noe (who also orders brass, copper, and aluminum from foreign sources) to streamline his process: Ordering for and cutting multiple jobs at once helped him reduce waste, manage lead times, and save money. “I don’t really look at it as such a negative anymore,” he says. “When we first got hit with the tariffs, it kind of sucked, but it’s helped us be more efficient.” (U.S. steel prices have since come back down.)

One positive industry outcome could include fewer knockoffs coming from China, or shifting some manufacturing into lower-cost regions such as Vietnam. Still, the disruption to the furnishings industry remains very real, and most economists agree that increasingly high and long-term tariffs will [impact global trade](#) and limit growth. In the meantime, design business professionals will be forced to continue doing something they already do well—come up with creative solutions, even if they do not fully counteract the resultant financial strain.