



## Corporate Backgrounder

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### **About Herman Miller, Inc.**

Herman Miller is a globally recognized provider of furnishings and related technologies and services. Headquartered in West Michigan, the global company has relied on innovative design for over 100 years to solve problems for people wherever they work, live, learn, and heal.

The company's designs are part of museum collections worldwide, and it has received the Smithsonian Institution's Cooper Hewitt National Design Award. Known and respected for its leadership in corporate social responsibility, Herman Miller has been included in the Dow Jones Sustainability World Index for the past 12 years, and has earned the Human Rights Campaign Foundation's top rating in its Corporate Equality Index for the past nine years.

In fiscal 2016, the company generated \$2.26 billion in revenue and employed nearly 8,000 people worldwide. Herman Miller trades on the NASDAQ Global Select Market under the symbol MLHR.

### **Mission, Vision and Values**

The company's corporate mission is simply this: "Inspiring designs to help people do great things." Herman Miller designs and those developed in partnership with leading independent designers solve real problems for people and the organizations they work for.

The mission is built on the values that define the company and are expressed as "the things that matter." These values include curiosity and exploration, design, performance, engagement, inclusiveness, relationships, transparency, cultural foundations, and a collective commitment to making a better world.

These values guide SHIFT, the company's transformative business strategy to become a premium global lifestyle brand with solutions for people wherever they work or live. With the acquisition of Design Within Reach (DWR), North America's largest premium retailer of authored, modern design, Herman Miller makes its products available to consumers through a network of retail Studios in the United States and Canada. The DWR e-commerce store joins Herman Miller's other e-commerce and brick-and-mortar locations—as well as other retailers the company partners with—in providing multiple channels for consumers to purchase its products.



The acquisition of Maharam, the global designer and provider of quality interior textiles, amplifies Herman Miller's offering of these products to commercial, healthcare, and residential customers around the world. The Maharam and DWR acquisitions expand an already robust international network of dealers and retailers, positioning the company for strategic growth across product divisions and global markets.

### **History and Innovation**

Established in 1905 as Star Furniture, the company was renamed Herman Miller Furniture Company in 1923 when founder D.J. De Pree purchased it with the help of his father-in-law, Herman Miller. Amid the Great Depression seven years later, De Pree was looking for a way to save the company when he met Gilbert Rohde, a designer from New York. Rohde convinced De Pree to move away from traditional furniture and to focus instead on products better suited to the changing needs and life styles of Americans.

De Pree committed the company to focus on “modern” furniture partly because he saw a moral dimension to Rohde's clean designs, honest materials, and lack of ornamentation. From then on, Herman Miller developed lasting ties with many of the world's great industrial designers—including George Nelson, Charles and Ray Eames, Isamu Noguchi, Alexander Girard, Robert Propst, Bill Stumpf, Don Chadwick, Ayse Birsel, Jeff Weber, Studio 7.5, Doug Ball, Gianfranco Zaccai, Yves Béhar, Sam Hecht and Kim Colin, and many others.

Herman Miller has always trusted its future to outside designers. Its collaborations with the world's leading thinkers and designers, combined with the company's own research and problem-solving approach, has led Herman Miller in new and innovative directions, such as:

- Pioneering the American modern furniture and interiors movement beginning in the 1930s, with new forms and materials that resulted in many products becoming recognized as international design icons
- Giving rise to the modern workplace and the office furniture industry with the invention of Action Office®, the first modular panel system, in the 1960s, and continuing innovations in open plan archetypes to the present day
- Creating and expanding adaptive furnishings and storage and transport systems in support of healthcare environments
- Establishing the first modern facilities management research program and curricula, through the company's Facilities Management Institute, which later became the International Facility Management Association (IFMA)
- Inventing and refining modern, high-performance ergonomic work seating since the 1970s
- Technological advances in electrical and data management tools and infrastructures for buildings, including highly flexible and programmable interiors that are now distributed under license through LeGrand Corporation
- Defining and advancing the concept of Living Office®, a high-performing workplace achieved through a holistic offering of knowledge, tools, products, and services to help organizations and their design partners create settings where the surroundings, furnishings, and tools work in concert to fulfill fundamental human needs



Today, Herman Miller continues to pioneer solutions that empower people to be more creative, connected, and engaged. The company is collaborating with thought leaders and designers to apply a greater understanding of people—how they think, how they are motivated, and how they create—to a complete understanding of work today.

### **Operational Excellence**

Herman Miller's commitment to operational excellence is a reflection of the company's strongly held values and history of innovation. To address customers' needs for design, specification, manufacturing, delivery, and installation process support, Herman Miller continually applies innovative practices and technologies to its operations network--linking suppliers and dealers to its manufacturing process.

In 1996, Herman Miller began an aggressive drive to reinvent its operations and established a fruitful relationship with the Toyota Supplier Support Center. Unique to the office furniture industry, the relationship enabled the company to adopt and implement world-class, lean manufacturing processes based on the Toyota Production System principles. Through the Herman Miller Performance System (HMPS), the company dramatically reduced manufacturing square footage and inventories, cut lead times for standard product from 8 weeks to as little as 10 days, and significantly grew sales and profitability.

Another component of the HMPS lean initiative focuses on the company's people and their development, complementing Herman Miller's long history of employee participation. Herman Miller believes its success in achieving operational excellence depends on the motivation and thinking of its people to solve problems and drive improvement.

### **Employee Engagement**

In 1950, Herman Miller instituted a formal program of participative management. An organization of employee-owners, the company is committed to problem-solving design, uncompromising quality, and customer satisfaction. To that end, Herman Miller instituted an employee stock ownership program in 1983.

The company encourages all employees to participate in the life and health of the business through a bonus program. Efforts to grow revenues and reduce costs—through employee cost-savings suggestions, control of business expenses, and increases in performance—contribute to meeting a yearly goal. When overall performance meets or exceeds established levels using a calculation based on EBITDA (earnings before interest, taxes, depreciation, and amortization), all employees share in the bonus.

This measure of operating and financial performance links incentive compensation for all employee-owners to the creation of shareholder value. The result is a highly motivated and business-literate workforce that each month reviews performance against goals, and that challenges convention and strives to create increasingly greater value for both customers and owners.



To ensure it cultivates the talented employee base this participation requires, Herman Miller has developed award-winning inclusiveness and diversity initiatives for engaging the entire supply chain to embrace a mix of backgrounds, experiences, and perspectives. Herman Miller believes that inclusiveness is critical to advancing its innovative culture and creating a stronger, more competitive company.

### **Environmental Advocacy**

Herman Miller's interest in the environment began with the strong convictions of its founder, D.J. De Pree, who stated that "Herman Miller shall be a good corporate steward of the environment." This commitment has evolved through more than 60 years of programs, initiatives, and the many contributions of individuals and teams. During that time, concern for the environment became part of the fabric of life at Herman Miller, from material development to product design to operations.

As a result of the company's ongoing advocacy for the environment, it is recognized around the world as an industry leader in responsible product design and manufacturing. Day-to-day operations reflect a commitment to financial, environmental, and social equity. Herman Miller's efforts to advocate for and protect the environment—notably through its Design for Environment (DfE) protocol—have resulted in products and programs that link the company with customers and investors who also share a passion for treating the natural environment with respect.

In 2004, the company put into place a set of environmental goals that included a zero operational footprint and 100 percent renewable electrical energy. Ten years later, it had largely achieved these goals, having reduced its footprint by 91 percent, and using 100 percent of its electrical energy from renewable resources. Given the progress toward these goals, the company believed it was time to expand its efforts in advocating for the environment.

Herman Miller's new 10-year sustainability strategy, called Earthright, begins with three principles: positive transparency, products as living things, and becoming greener together. As part of the effort, the company is finding new ways to involve more employees, suppliers, and customers. It has also sharpened its goals around the smart use of resources, eco-inspired design, and becoming community driven to include a commitment is to achieve the following goals by 2023:

- Zero waste
- 50% reduction in water use (30M gallons)
- 50% reduction in energy intensity
- 50% more local renewables (50,000 mwh)
- 100% Design for the Environment-approved products
- 100% level 3 certified products
- 125,000 tons of product taken back per year

Herman Miller believes respecting the environment is more than good business practice—it's the right thing to do. The company is committed to growing the business without growing its environmental footprint, to meeting the needs of the present without compromising the welfare of future generations.