

## Allen Edmonds finding its growth stride

Written by MARK JAEGER

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### Port Washington shoe company has hired 200 during the past two years

Allen Edmonds Shoe Corp. is riding an improbable wave of favorable circumstances to new heights following some admittedly challenging economic times.

Underlining that point, the Port Washington-based shoe company has hired 200 employees over the past two years, boosting its local workforce to 450.

That increase in workers has been largely driven by a 20% annual increase in shoe sales over the past three years.



It is not coincidental that the growth paralleled the arrival of a new management team headed by President and Chief Executive Officer Paul Grangaard and Chief Financial Officer Jay Schauer.

“We’ve experienced quite a surge in the past three years. We have been very, very fortunate to have the capitalization and the structure in place to take advantage of these opportunities,” Schauer said.

“The Great Recession of 2008 was really hard on us, but in some ways it prepared us to make the changes that needed to be made. It resulted in the arrival of new management, the infusion of partner capital into the business and the recommitment to making high-quality shoes manufactured in the United States.”

Stagnant sales forced the company to lay off 8% of its workforce in 2008, and conditions looked bleak.

Still, Schauer said, the shoemaker stood firm, largely because of the infusion of \$10 million the private equity group Goldner Hawn Johnson & Morrison brought to the table in 2006, when it became majority owner.

A second shot of financial adrenaline came in 2010, with the State of Wisconsin offering a \$1.5 million forgivable loan through the Community Development Block Grant program.

“That loan will become a grant if we hire and retain 200 new employees. We have reached that number, and now it is just a matter of time to prove to the state we intend to keep those employees,” Schauer said.

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One of the reasons for the growing workforce was a company decision to close its production facilities in Lewiston, Maine, and consolidated shoe manufacturing in Wisconsin.

With more workers and more shoes to make here, company officials found themselves in growth mode when a lot of other companies were talking about cutbacks and layoffs.

Naturally, more workers has meant the need for more space.

“We explored all of our options for expansion of the footprint of our Port plant and found there weren’t many choices, especially without compromising things like parking,” Schauer said.

That resulted in the decision to move the company’s warehousing operations to a 34,000-square-foot building on Bywater Drive that formerly housed Mr. Z’s Pizza.

That transition is expected to start in February and be completed by April.

“Once that move is complete, it will free up a lot of floor space at the plant to add production capabilities without having to pile stuff up all over the place,” Schauer said.

The shuffling of operations could lead to the hiring of as many as 25 additional production workers by the end of this year, as well as up to 10 people at the new distribution center.

“We’ll need to do that hiring if we want to get our production numbers where we want them to be,” Schauer said.

Another reflection of the company’s growing workforce is its decision to share the cost of expanding the park-and-ride lot on Highway LL with the City of Port Washington and Ozaukee County. That lot is just north of the shoe company plant.

Reflecting on Allen Edmonds’ niche in the footwear industry, Schauer said the management team has emphasized the importance of the company commanding attention in the upscale shoe market.

“Allen Edmonds has always had great name recognition in southeast Wisconsin, but not necessarily in the broader market,” Schauer said.

“It is not that we want to become a leading-edge fashion company, but we have decided we need to be more current and relevant than in the past. We have adopted a laser-like focus on the competition and are paying more attention to the market.”

Schauer said one of the benefits of the bad economy is that more people are taking their jobs seriously, and that means re-examining the way they look when they go to work.

“Guys are starting to realize torn jeans and tennis shoes do not project the image they need. They want to look like they are serious. Even for the office casual look, guys are starting to realize leather-soled, wing-tip shoes go great with a nice pair of jeans,” Schauer said.

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Quality shoes have become important fashion accessories, just like ties, he said.

“While our shoes might not be inexpensive, customers are realizing there is great value for the price,” Schauer said.

Schauer is a member of the City of Port Washington’s Economic Development Committee and an ad hoc consultant to the Ozaukee Economic Development Board, and eagerly shares his insights in tackling corporate growth issues with local officials.

“I am willing to share what I have learned, but the fact is a lot of what Allen Edmonds has been through isn’t really relevant to companies that don’t have a retail component or aren’t reaching out to global markets,” he said.

Allen Edmonds traces its roots to 1922, when Elbert Allen founded the Allen-Spiegel Shoe Co. in nearby Belgium. The company got its current name when Bill “Pops” Edmonds became a partner.

Over the decades, it has developed an international reputation for handcrafted footwear using a 212-step production process.

Allen Edmonds has 40 retail outlets in the U.S., and began selling shoes in China late last fall.