



Stepping into the future

Paul Grangaard is a people person, a product person and a team player whose leadership revitalized a much-loved family business that continues to thrive.

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In 2008, when Paul Grangaard took the helm as interim CEO at Allen Edmonds, the upscale Wisconsin-based shoe manufacturer was in bad shape. Sales had declined about 30%, with operating profit falling by 90% during the previous two years; revenue had dropped precipitously from 2007 to 2009, with a run rate of close to US\$65m. Despite this and notwithstanding his background as an investment banker rather than a manufacturer, Grangaard immediately felt comfortable.

"There's a line in a John Denver song from my youth that says, 'Going home to a place I'd never been before.' That's how I felt here," he recalls. "I thought, 'This is so much more fun than I knew it would be.'" When he was asked to remain as the permanent CEO, Grangaard didn't hesitate.

And it was his vision and leadership that redefined Allen Edmonds' path: the company is now experiencing significant growth, with record revenues and earnings

every year since 2011. It has opened 34 new retail stores since 2008, with plans to open 10 more throughout 2016. Further, and perhaps most importantly, Grangaard has created a company where employees want to work and stores where customers want to shop.

More than shoes

Not long after Grangaard's arrival, Allen Edmonds brought back three shoe styles that had been discontinued. "The pivotal event in turning this company around was that we brought back those three iconic styles," he believes.

Perfecting the product development process was another important step in the turnaround. "We weren't focused on what was going on in the market," Grangaard recalls. Allen Edmonds changed its strategy and now offers dress sneakers, apparel, belts, leather goods and other accessories, as well as elegant dress shoes such as the Walnut Strand. ►



Reprising iconic shoe styles has been key to turning the Allen Edmonds business around.



“People weren’t communicating across functions here,” he explains. “One of the things I learned at Piper Jaffray [the investment bank where he had previously worked] is that you don’t lead a group of really smart people by telling them, ‘Hey, watch me.’” Instead, he focused on bringing the right team together and improving communications.

“I got them all together and built a round-table leadership style among equals,” he remembers. One of his favorite stories is about how the management team jokingly debated whose idea it was to reprise the iconic shoe styles that sparked the company’s financial turnaround. “The head of technology is actually the guy who has the strongest case. Normally, he wouldn’t even have been in those discussions. Working with a team of equals and building that kind of partnership culture are very powerful.”

Today the team faces its biggest challenge to date. “Our success has caught the eye of the competition at a level that it didn’t five years ago,” explains Grangaard. He says that internet start-ups that procure products from low-wage countries are making decent shoes and pricing them close to Allen Edmonds’ shoes. As such, the Allen Edmonds team is very focused on their go-to-market strategy. “Go-to-market is everything from marketing to advertising to product selection to brand development. All of that is changing really fast right now,” he says, “and I’d say that’s our greatest challenge.”

Guiding principles

From the beginning, Grangaard resolved to build a positive culture where people had fun together. “We had to fight complacency, low morale, and frustration,” he says, “and we did it by building an upbeat, energetic, fun-loving culture. How do you do that? You hire the whole person, not just their productivity. I believe that



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happy people who are not fearful of losing their jobs do much better work than stressed-out people who are fearful of losing their jobs.”

Grangaard is down-to-earth and humble, without pretense. “I value this great country, I value our history, and I value education,” he says. “Be a good person; treat people the way you’d like to be treated. I make mistakes, so I want people to know that it’s OK if they make them. But I’m also committed to excellence.”

Those personal values inform the guiding principle at Allen Edmonds, which is authenticity. “That means being genuine, being true to yourself and being true to a bigger goal in life,” explains Grangaard. “We have that in this company.”

As an EY Entrepreneur Of The Year 2012 Upper Midwest Award winner, Grangaard remains a strong proponent of entrepreneurial ideals. “Entrepreneurship is what keeps this country great, and it’s why I’m so optimistic about the future,” he says. “If you’re a big company, you have to learn to think like a small company. If you’re a small company, you have to learn how to do things faster than anyone else, do things more intelligently than anyone else, take advantage of your limited resources, and stay very close to the marketplace and what it needs and wants. When you do that, it’s amazing how successful you can be.”

One way Grangaard stays close to the marketplace is by communicating directly with customers. You’ll find him



Family values

When Paul Grangaard took the reins of the shoe company founded by Elbert W. Allen in 1922 and run by his sons until 1978, he took on more than a business. He also inherited a company steeped in family culture and deeply committed to making shoes of such high quality that Presidents Ronald Reagan, George H.W. Bush, Bill Clinton and George W. Bush wore them for their inaugurations. Grangaard remains committed to that culture. "I think of Allen Edmonds as a family company with American values, when America's at our best," says Grangaard. "That means integrity, authenticity and a lack of pretense. It means we take what we do very seriously but don't take ourselves too seriously."

Family members are more like equals; they can rely on and trust each other, he says, and the company continues to operate much like the family-centered company it's been for 94 years. "People can make quick decisions in a family company because they're doing it for the family and for the customer. If they think it's the right thing to do, they just go do it. You don't have to write a memo or wait for it to go through the chain of command. You have the ability to implement it right away."

online holding Ask Me Anything sessions on Reddit and commenting in forums on AskAndyAboutClothes.com and StyleForum.net. In addition, he personally responds to many customer emails and holds Meet the CEO nights in stores across the country.

"The intensity of the loyalty of our customers is really incredible," says Grangaard. "One North Carolina customer drove an hour-and-a half to meet me." He also writes a letter in every catalog, and if you buy a pair of shoes online, you'll receive a thank-you note from him.

Leaving an impression

"When I came here, this company could have gone the way of a brand that was now just a name, with shoes made in somebody else's factories, where other shoes are made, too," Grangaard reflects. "And the headquarters in Port Washington, Wisconsin, may no longer have been very important. I think we've built this company to the point now

where that's no longer a question. I'm really glad about that."

Grangaard's work in the world at large isn't done. He's the type of leader who's focused on long-term success and helping others achieve it. In high school, Grangaard pushed his band to play its best. As a young adult, returning from living and working in Europe, he encouraged his Minnesota hometown's school system to embrace a more international perspective so that students could thrive in today's global society.

He may continue to affect the world by resurrecting another business. But it's just as likely that his next contribution will be more altruistic. "There are a lot of great Lutheran institutions in the upper Midwest. Many of them are struggling, and part of the reason is that they're all struggling by themselves. I might like to play a philanthropic and leadership role in trying to pull something like that closer together," he says thoughtfully. "I'd like to have an impact on the world." ■