In 2003, footwear maker KEEN asked itself a simple question: can a sandal protect your toes? Their answer, the innovative Newport sandal, ushered in an altogether new category of footwear. To its line of iconic sandals, KEEN added hiking boots, work boots, casual footwear, and clothing. Today, the KEEN brand is recognized by explorers of all ages who cherish their freedom—the freedom to live active lifestyles, to travel, to enjoy the outdoors. KEEN’s ethos is a genuine reflection of its brand. The company’s disaster relief efforts, and its sustainability efforts internally and on behalf of public lands, lend proof. It could be said that KEEN’s chief stakeholder is the planet we live on.

“KEEN is really a different kind of business,” says President Casey Sheahan. “We characterize ourselves as ‘business unusual,’ by which I mean we have been consistently disruptive over the course of our history.”

Not long ago, disruption of another kind—the onslaught of online merchants challenging the very existence of brick-and-mortar retailers—was having an adverse effect on KEEN’s freedom to conduct business the way it always has.

KEEN CFO John Barron reflected on the unsettling reality of a fragile business climate for the footwear maker. “In the last 18 months, we’ve seen things materially change. What caused concern was when you see large retailers, headline-grabbing types of companies, going through failures.”

Relying on its risk management efforts had mostly worked in the past. But even during strong economic times for brick-and-mortar retailers, such due diligence wasn’t always enough. KEEN once had to deal with a large bankruptcy the company didn’t see coming. What could they claim in the bankruptcy proceedings? What couldn’t they claim? What was going to be the impact on their bottom line? KEEN had to scramble to find those answers.
Barron adds “I don’t think anyone has been in business for 10 or more years could say they’ve never been caught by surprise. Occasionally, things like that do happen and sometimes it is because you find yourself relying on a retailer’s statements. They may be given to you in good faith, but for whatever reason, the information you were told that you were going to receive payment turns out to be false.”

Now it was early 2016, and business as usual had become business as unpredictable. KEEN could no longer ship with the confidence of past years. Yet, for KEEN’s sell-through as well as that of its retail customers, it needed to keep doing that. The lag-time from shipping to distribution centers to individual retail stores can take weeks. Retailers require terms, typically of 30 days, occasionally 60, that allow them time to pay for product and sell it. But with formerly strong-performing retailers under-performing, some with the added burden of heavy debt to finance, granting terms now posed a greater risk for KEEN.

The situation then is the new normal today—a new normal that led to a discussion within KEEN about acquiring credit insurance. Euler Hermes was in that discussion from the start.

Barron says, “We started to go out and survey the marketplace and the [Euler Hermes] name came up very quickly. They have a very solid reputation in the industry and are very competitive.”

KEEN went on to choose Euler Hermes for its accounts receivables protection. Since then, KEEN hasn’t looked back. Rather, it’s looking ahead—and not just with the freedom it felt when times were better for its brick-and-mortar retailers. KEEN’s credit insurance has given it a newfound freedom to seize growth opportunities. In the past, KEEN would have been reluctant to do business with highly leveraged companies. Now the risk they pose can be mitigated on a case-by-case basis.

President Sheahan elaborates, “Euler Hermes has helped us extend terms to retail partners that we might have been hesitant about in the past and it allowed us to feel better about it and to sleep at night knowing that we were going to get paid… having credit insurance has really helped us grow KEEN measurably.”

While KEEN’s mission is to create original and versatile products that improve lives and inspire outdoor adventure, KEEN Senior Credit Manager Shavana Arneson says her personal mission is to maximize sales and minimize risk for the company. Partnering with Euler Hermes helps her department achieve those goals in multiple, complementary ways, while upholding KEEN’s commitment to its brick-and-mortar retailers.

“First off,” Arneson says, “We’re able to have a much more symbiotic relationship with our sales department. When they bring us a new account, most of the time we’re able to support that new account with a credit line. Secondly, we’re able to support the smaller retailer who helped build KEEN’s business. They’re very challenged right now. To help them revolve product, to make those sales happen—it feels really good. Thirdly, my team has more autonomy when we do credit reviews ourselves because we’re running them through Euler Hermes.”

When KEEN has questions about changing circumstances with accounts, they routinely consult with Euler Hermes on what credit limits they should be offering. And KEEN has the confidence to venture into international markets where US manufacturers have historically had little recourse in default situations.

Barron adds, “KEEN does business across the US with hundreds of retailers and across many parts of the world. We felt that the credit risk now was something we could not evaluate all on our own. Having an independent party like Euler Hermes allows us to manage that credit limit appropriately. Euler Hermes has brought us credit management capabilities that let us feel confident in shipping proactively and safely to existing and new retailers. There’s definitely an increase in revenue using [credit insurance] – a significant amount. We’ve been very satisfied with Euler Hermes’ cost benefit.”

With the security credit insurance provides during uncertain times for retailers, KEEN continues to be there for the small businesses that helped make it one of the most respected and ubiquitous American brands for outdoor footwear.

Sheahan concludes, “I would recommend other business companies take a hard look at credit insurance with Euler Hermes. It’s certainly a way for them to grow their businesses and to feel more secure in extending terms.”

For more information on how you can use credit insurance to meet your business needs, visit Euler Hermes at www.eulerhermes.us or email eulerhermes.usa@eulerhermes.com.