



TREYA partners

Hayward Pool Case Study



Treya was able to address over \$13 million in annual spend across 10 categories.

ABOUT HAYWARD POOL

For over 80-years, Hayward Pool Products been helping pool owners enjoy the pleasures of pool ownership by manufacturing cutting edge, technologically advanced pool equipment worldwide. Hayward strives to ensure that its Totally Hayward™ System operates at maximum efficiency all season long. Whether customers are trying to create the perfect backyard environment or , reduce operating and maintenance costs through the ease of wireless controls, Hayward is your single source solution. Hayward's products include a complete line of technologically advanced pumps, filters, heaters, heat pumps, automatic pool cleaners, lighting, controls and salt chlorine generators — high-quality components engineered to work together to keep pools at their best.

OVERVIEW

Hayward Pool Products was initially introduced to Treya Partners through its Private Equity owner, CCMP Capital Advisors. CCMP is a leading private equity firm with over \$17 billion in buyout and growth equity transactions since 1984. CCMP and Treya have partnered together on previous cost reduction initiatives for other CCMP investments and jointly identified opportunities at Hayward.

With over \$650M in revenue and over 1000 employees at Hayward, Treya engaged in a spend management initiative to drive cost savings across 10 spend categories (including Freight, Packaging, Telecom, Temporary Labor, Travel, MRO, and Office Supplies) totaling \$40 million in annual spend. Prior to the start of its project with Treya, Hayward acquired two companies, Paramount Leisure Industries and ConnectYard, and added another manufacturing center in Arizona, generating additional vendors and spend addressable by the project. The project sponsors included Hayward's Chief Financial Officer, Chief Human Resources Officer, and Director of Global Supply Chain.

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We were introduced to Treya Partners from our PE ownership group due to their past successful projects for other portfolio companies. Treya's professionalism, deep expertise, and willingness to be adaptable to our business requirements were well received by our teams and led to cost savings without requiring significant changes to vendors and/or business processes.

Karthick, Director of Global Supply Chain

SUMMARY

The Challenge

- Fragmented spend across several spend categories with limited spend visibility
- Multiple locations/business units with existing long-term vendor relationships
- Limited ability to explore new vendor relationships due to operational constraints

The Process & Solution

- Focused on creating leverage with incumbent suppliers (volume consolidation, growth, competitive base expansion, supplier development, etc.)
- Utilized combination of RFPs, direct incumbent supplier negotiations, and GPO contracts
- Designed project sequencing/phasing to align with Hayward resources' availability
- Involved Hayward stakeholders in sourcing process to ensure buy-in for award decision

The Outcome / Results

- \$700K in annual savings created on a \$13 million addressable baseline
- \$7 Million in Enterprise Value Creation
- Majority of business remained with incumbent vendors after sourcing activities, resulting in limited changes to operations and rapid savings realization

THE CHALLENGE

Hayward has multiple locations across the country with a unique combination of manufacturing and distribution centers. Spend was fragmented across the vendor base and heavily decentralized, resulting in contracts that did not leverage the company’s full enterprise spend. Purchasing decisions, along with the availability of contract data and line item purchasing detail, were also highly decentralized. In addition, key business units had long standing vendor relationships in several high spend categories (e.g. Temporary Labor, Packaging, Freight), with Hayward’s business processes integrated seamlessly with the those of the incumbent vendors. Hayward had minimal ability to replace existing vendor relationships due to existing integrations and limited resources. Treya was tasked with developing a project approach and strategy to deliver savings through the optimization and expansion of current relationships.

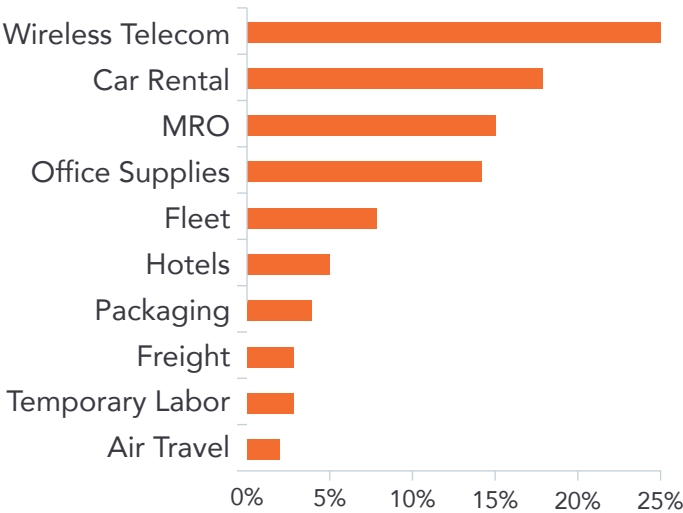
THE PROCESS & SOLUTION

With the agreed upon outcome of limited vendor changes, Treya focused on leveraging relationships with existing vendors with the goal of achieving volume consolidation and growth/expansion. Treya utilized a combination of RFPs, direct incumbent supplier negotiations, and GPOs (for commoditized categories such as Office Supplies and MRO) to obtain competitive proposals quickly. Due to overlap in Hayward stakeholders, Treya sequenced categories in order to not overwhelm stakeholder bandwidth and ensure appropriate stakeholder participation throughout the project across categories. Stakeholders supported initial data collection efforts, with Treya relying heavily on vendors for complete data sets. Treya worked closely with stakeholders to finalize category strategy, and later, reach final award decisions. Stakeholder involvement through the sourcing process helped ensure supplier award decisions were made that would be practical for the organization

THE OUTCOME / RESULTS

The overall strategic sourcing project was a major success for Hayward. Although the total addressable spend was reduced due to contract and operational constraints, Treya was able to address over \$13 million in annual spend across 10 categories. The categories addressed included Freight, Temporary Labor, MRO, Fleet, Packaging, Travel and Office Supplies. For the commoditized categories, Hayward was able to realize immediate savings through Treya’s GPO contracts while ensuring future costs are controlled through participation in a managed program. The RFPs and direct incumbent negotiations resulted in the majority of the savings, with extremely limited vendor changes ultimately taking place. Hayward was able to realize savings upon contract execution in most cases without having to rely on strained internal resources to manage a vendor transition. The project created \$700K in annual savings, which translated to \$7 million in enterprise value.

PROJECT SAVINGS % BY CATEGORY



About Treya Partners

Leading provider of Procurement Improvement services to mid-market Private Equity fund sponsors (and their portfolio companies) since 2006. Clients include over 40 PE funds.



Leading mid-market focused procurement value creation firm - serves over 40 PE firms



Founded in 2006 by former practice leads of top supply chain consulting firms



Broad and deep expertise across all indirect, and many direct, spend categories



HQ in San Francisco - serve clients nationally



Serves numerous sectors, including manufacturing, distribution, retail, technology, and healthcare.



Portfolio company focused projects typically result in 3-10% EBIT impact



Culturally sensitive approach - aggressive with a “soft touch”



Unique, results-driven, risk-free approach to value creation