



Government Incentives Provided To Hayward Pool Products, Inc. For Increasing Manufacturing Capacity in North Carolina

Hayward Pool Products, Inc., like so many U.S. manufacturers, faced a challenging environment in 2005 as it reviewed location and expansion options for its businesses.

The 40-year-old company manufactures advanced pool and spa equipment including pumps, filters, heaters, heat pumps, automatic pool cleaners, controls, colored lighting, valves, accessories and other equipment. The corporate headquarters are located in Elizabeth, NJ. Manufacturing and distribution facilities are located in the U.S. and abroad. Hayward is the industry's market leader.

The company constantly evaluates where to place or replace manufacturing capacity. Its options generally include new locations as well as sites in China and in more than five states in the U.S.

Competitive pressures from lower cost manufacturers suggested Hayward consider moving production to China. Customer delivery, lead-time and support considerations caused a leaning to U.S. options. However, in order for the U.S. options to have sufficiently high ROI, they had to continue achieving the benefits of its lean transformation journey, begun many years ago. Productivity had to continue to improve, as would reductions in waste, in lead-times and in inventory. Yet, financial pressures could potentially slow lean training. Hayward had to find a way to ensure that lean training would continue at a high level.

In 2004 Hayward had begun a partnership with InterMedium Group regarding obtaining government training grants and other incentives to allow Hayward to continue aggressive implementation of its lean program. The IM Group's responsibilities were to identify the opportunities by state, drive the process to obtain benefits including gathering training plans and other data from Hayward, meeting with government officials, and completing applications. Where possible benefits would be sought at state, county and local levels.

In developing the overall strategy, one large project became apparent. Hayward needed to expand production and was considering making an investment of \$10 million, which would create 75 jobs. Along with this increase in manufacturing capacity came a requirement for significant training. The states where the expansion could be located included North Carolina and Tennessee.

The IM Group forecasted that Hayward should receive a minimum of \$250,000 in benefits. Working closely together, a strategy was developed, both North Carolina and Tennessee were evaluated and incentives were sought. Over the course of a couple of months various incentives, grants and tax credits were obtained for Hayward.

Hayward made a final decision in October of 2005 and chose to invest in North Carolina. North Carolina's total package included the following:

- Economic incentive payments from the Village of Clemmons and its county, Forsyth, of up to \$150,000
- A "One North Carolina Fund" grant of \$100,000
- A tax credit of \$1,000 for each new job Hayward Pools created, totaling \$75,000
- A second tax credit of \$500 per new worker to be trained on new equipment, totaling \$37,500
- Assistance of \$50,000 to train Hayward's new and existing employees in lean manufacturing and kaizen techniques

The total award of \$412,500 exceeded The IM Group's forecast by 73 percent.

In addition, Hayward Pools received a state tax credit of \$450,000 toward equipment purchases.

"We are very pleased that Hayward Pool Products is expanding its facility in Clemmons," commented Governor Mike Easley. "Forsyth County has seen its share of job losses recently, so these well-paying jobs will be very welcome. We will continue to make the critical investments that make North Carolina the location that companies like Hayward Pool Products want to expand in."

Don Alcorn, the plant manager of Hayward's Clemmons facility was equally pleased. "Since Hayward opened the plant in 1995, we've been extremely pleased with the quality and skill level of the local workforce. We've also maintained a positive rapport with the state and local governments. With the generous assistance from the One North Carolina Fund, Hayward will continue to support the state and local community by investing in the professional progression and technical training of Clemmons employees."