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COVER STORY

The king of pools

Michael Phelps may have all those Olympic medals, but this crown goes to a 62-year-old manufacturing CEO in suburban Albany. Chances are, you've taken a dip in one of his pools.

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Mark Laven moved back to the Albany region two days after graduating from Ithaca College, dedicating his career to expanding the pool manufacturing empire that his father pioneered nearly 60 years ago.

The graduate of The Albany Academy, a private preparatory school, built **Latham International** Inc. into one of North America's largest in-ground pool and parts manufacturers.

The company has assembled a workforce of 1,200 employees who make Viking, Pacific, Trilogy and other top industry brands of fiberglass and vinyl liner pools, steps and pool covers at 21 factories across the United States and Canada. Laven has become a leader in most of the product lines he carries despite being headquartered in Latham, an Albany suburb and an unlikely location for the industry. New Yorkers purchased less than 5 percent of all new in-ground pools in 2013, while California, Texas and Florida accounted for more than half of all U.S. pool sales.

The 62-year-old CEO of Latham International joined the company in 1975 as families were moving out of downtown Albany and into surrounding towns following the construction of the Interstate 87 Adirondack Northway. Shopping malls were being built and the demand for suburban homes and in-ground pools was growing. The population shift and new technology in the vinyl-liner pool industry created a market for pools that previously did not exist.

The start of Laven's career parallels the middle class shift to the suburbs in the 1970s and '80s. The company grew as Clifton Park's population swelled by 19,000 and Colonie increased by 22,000 in two decades. Over the last few years, however, the pool executive has led the company down a much different path, enabling Latham International grow during the worst downturn in the history of the U.S. pool industry.

When the U.S. housing market collapsed at the start of the Great Recession, causing swimming pool industry sales to plunge to 1970s levels, Laven responded by selling Latham International to Littlejohn & Co., a Greenwich, Connecticut private equity firm that gave him access to enough capital to acquire five competitors in five years.

By lining up new investors, acquiring competitors, reducing production costs and adding new products, Laven increased revenue by \$80 million in five years to \$240 million last year. He also increased profits and market share in an industry that has yet to recover from the 2008 housing collapse.

The U.S. pool industry, which constructed 40,000 in-ground pools at the bottom of the recession, is projected to build 60,000 pools this year. That is a fraction of the 175,000 pools that were sold in 2005.

"There is no question that the swimming pool industry continues to have a hangover effect from the recession," Laven said. "Pools are selling only modestly better than they did at the bottom of the recession."

Laven describes 2009 and 2010 as the most difficult time in his career. Pool sales plunged as credit dried up and foreclosures skyrocketed. Laven's father died. Then, Laven decided the best way to overcome millions of dollars in corporate debt from old acquisitions was to put Latham International into Chapter 11 bankruptcy for 30 days.

During that two year span, Laven had to learn how to consolidate factories, trim his workforce and reduce costs, all things that he said he never wanted to learn. The company came out of that period with Littlejohn as its new owner and was in a position to grow at a time when the pool industry was not. Laven credits much of that success with the backing he had from Littlejohn.

"Littlejohn's philosophy was let's run the business like we are going to own the business together forever," Laven said. "Littlejohn placed a bet with the company without any negative effects. Hopefully, we can have the same exact kind of outcome for Wynnchurch."

He is talking about **Wynnchurch Capital Ltd.**, the Chicago private equity firm with \$2.3 billion in assets under management, that acquired Latham International from Littlejohn in August for an undisclosed price. Wynnchurch owns a portfolio of companies that make everything from water pipes and nails to anti-microbial fibers.

Laven has bought and sold Latham International several times over the last 40 years, and even retired for several years after selling the company when he was 39. Under Littlejohn and Wynnchurch ownership, he has remained CEO and plans to continue expanding the business by pursuing more acquisitions.

"Whether the market rebounds or not, acquisitions will continue to be a part of the future," he said. "We are under represented in the extreme sunbelt markets and will look for opportunities to increase our interests in Florida, Texas, Arizona and southern California."

That would continue a course that Latham International has followed for some time. Over the last five years, Latham International expanded its product lineup by acquiring fiberglass pool makers Blue Hawaiian in Florida, Trilogy in Tennessee and Royal Fiberglass Pools, which operated plants in Louisiana and Illinois. Those deals were followed by the 2013 purchase of Plastimayd, a safety cover and vinyl pool floor maker in Portland, Oregon, and the 2014 acquisition of Pool Cover Specialists, a pool cover manufacturer with factories in Salt Lake City, Utah, and Knightstown, Indiana.

Laven, who plays a key role in negotiating acquisitions, said the deals were part of a strategy to position the company to be in a stronger position when pool industry sales finally rebound to pre-recession levels.

Analysts project that the pool industry will grow over the next five years due to a big increase in the construction of single-family homes. Residential construction is expected to grow by 6.7 percent a year for the next five years, creating more demand for pools.

Omar Khedr, an analyst for IBISWorld in New York, projects that the swimming pool industry will grow from \$12.3 billion this year to \$14.7 billion by 2020.

"It's going to be growing pretty rapidly," Khedr said.

Laven, who grew up in the pool business, said he has been on a mission since the day he joined the company to take the business to a new level.

"My goal was to become the largest, most successful manufacturer in the market," Laven said.

Born in Fort Benning, Georgia where his father was a lieutenant during the Korean War, the Lavens moved to the Albany region after the war. Merrill Laven started a company in 1956 that began as a home improvement contractor, selling windows, siding, doors and roofing materials before adding vinyl swimming pool products.

"He found there was a bigger market for swimming pools than the rest of the products we were selling," Mark Laven said. In-ground vinyl-liner kits were sold to builders around the region before the company switched its focus from being a reseller to become a pool and parts manufacturer.

Mark Laven was so excited about joining his father's pool company that he started working two days after finishing his bachelor's in business administration at Ithaca in central New York. He spent the next seven years learning the business from his father Merrill Laven who retired in 1982 and moved to Sarasota, Florida after selling the business to Mark and his brother Robert and three other partners from outside the family. The brothers bought out the other partners five years later.

Laven and his 50-person salesforce have managed to build Latham International developing a network of pool dealers and installers who sell their products, including some of the largest players in the industry. Chief among them is Concord Pools, a company also headquartered in

Latham that is owned by Mike Giovanone, one of the largest pool dealers in the Northeast.

Giovanone and Concord Pools see a big opportunity to grow by selling on one of Latham International's biggest brands, Viking Pools. Laven and Latham International made its first investment into the fiberglass pool market a decade ago when they acquired Viking.

Giovanone is opening a Viking Pool fiberglass pool distribution center this month in Queensbury that is a new concept for the industry. He invested more than \$1 million to open a distribution center that he expects will lead to more than 150 pool sales in the first year.

"Fiberglass is the fastest-growing segment of the industry," Giovanone said.

By opening a distribution site that is visible to an average of 40,000 vehicles per day, along the Adirondack Northway, Giovanone is betting he will expand his business and give a boost to the pool industry. Fiberglass pools account for about 13 percent of the overall market for swimming pools.

Giovanone and Laven expect that percentage will grow due to the high cost of concrete pools, which can cost twice as much to install in some parts of the country because of labor and material costs. In Albany, a fiberglass pool with other landscaping and backyard improvements costs about \$40,000 to install. A concrete pool would cost closer to \$80,000.

Giovanone also sees other opportunities coming over the next five years.

Pool installations were at an all-time high in 2004 through 2006. Because many of those pools have a 15-year lifespan, there are a large number of vinyl liner pools that will need to be replaced soon, Giovanone said. That is going to create a lot of new business.

Robin K. Cooper covers manufacturing and sports business.