

Small Market Deal of the Year

Trivest Partners

Pelican Water Systems, once a small, founder-owned company, is now the leader in its field in North America, writes Iris Dorbian



When Trivest sold Pelican Water Systems to Pentair for \$122.7 million in February 2019, it followed a six-year period of ownership in which the Coral Gables private equity firm turned a small founder-owned business into the number one salt-free water filtration and treatment market leader in its category in North America.

As a result of investments in marketing, management team, product development and infrastructure, Trivest grew Pelican's employee base from 17 to 65 staffers and top-line sales by 2.8x. At the time of the exit, Pelican was generating \$42.2 million in revenue. This was

a considerable jump from when Trivest acquired Pelican, which had revenue of \$15.1 million.

But the success didn't come without snags. After purchasing Pelican Water Systems in 2013, Trivest saw there were problems that the Deland, Florida, company had to overcome if it was going to flourish. Pelican was up to the challenge.

The first issue that needed to be addressed was Pelican's lack of management talent. Trivest smoothed that HR kink out by making key promotions and bringing in Iain Whyte, the former CEO of Premier Bathrooms Group, to lead Pelican. With an impressive work background that included a 15-year tenure at Aga Foodservice Group and senior executive positions in North America and

Pelican Water Systems

Why they won

\$42.2m

Pelican's annual revenue at the time of Trivest's exit

\$15m

Pelican's annual revenue when first acquired

65

Number of Pelican's employees, up from 17 when Trivest took ownership

2.8x

Increase in top-line sales under Trivest

53.3%

IRR, with an 11.4x gross multiple

Financial advisor

Lincoln International (for Trivest and Pelican)

Legal advisor

Akerman LLP (for Pelican)

Europe, the UK native was poised to take Pelican into its next chapter.

“He worked with private equity and has direct-to-consumer experience,” says Trivest managing partner Troy Templeton, when discussing Whyte’s qualifications for the CEO role. “[Improving the management team] was fundamentally

one of the main reasons we won the deal.”

The second issue was marketing. Lead generation was confined to a single channel: Google AdWords. And, although Pelican was the number one leader in its market, they were in danger of losing that footing. “You can’t just buy the same words every time and get the same results,” says Templeton, describing how Pelican’s founder employed this marketing tactic. “The competitors were getting smarter.”

The miracle of marketing

To drive sales and stay ahead in the game, Pelican needed to expand its media platforms. Moving away from simply relying on Google AdWords for lead generation, Trivest launched a multiplatform marketing initiative, which included SEO, social media and traditional advertising, such as billboards, direct mailers and TV/radio. Trivest also spearheaded a new distribution channel, a chief feature of which was creating branded mobile showrooms for customers via the Pelican website.

Trivest principal Brian Connell hails the latter tactic as being instrumental in giving Pelican a boost in the marketplace. “Instead of just talking to someone on the phone, [with this setup], you can see the product and demonstration,” he explains. “We can compete effectively by following a sales process that is much friendlier and consultative for the customer.”

Templeton cites the new distribution channel as one reason why Pelican was in four markets at the time of the sale. It was also a major factor behind the avid interest CPG companies had in Pelican after Trivest put it on the block.

Although Pelican was in tiptop shape, dominating its category with multiple lines of revenue, Trivest felt it was an auspicious time to exit. “We were six years into the investment,” says Templeton. “We had created tremendous value and were at an inflection point. Building Pelican from four markets to a hundred markets was going to be a number of years. Could we do that? We talked with the management team and decided a new owner with greater financial strength would be best for Pelican’s next phase.



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TROY TEMPLETON
Trivest

We’re not short-term investors but we’re not typically in for 10 to 15 years.”

Enter Pentair. With its approximately 120 locations in 25 countries, 10,000 employees and revenue of \$3 billion, according to its website, Minneapolis’ Pentair, which provides sustainable water solutions to home and businesses around the world, emerged as the winner among bidders. Pentair could widen Pelican’s geographic reach while expanding its portfolio of core water treatment products in the residential home water market. The synergy was a win-win for all parties involved.

“We had a lot of enthusiasm from a lot of consumer products companies,” says Templeton. “Pentair did the best job working with the management team and expressing their vision for the company. At the end of the day, we had choices and we thought Pentair was going to be the best home for Pelican.” ■