

## Pathway to Partnership

The 123-year old Lancaster County Historical Society and President James Buchanan's Wheatland—operated for 78 years by the James Buchanan Foundation for the Preservation of Wheatland—have a long and illustrious history, both together and apart. Throughout the twentieth century, each resided on the better part of 10 contiguous acres on the corner of President and Marietta Avenues in Lancaster, PA—4.5 acres belonging to Wheatland and 5.5 acres belonging to its neighbor; both lots once part of Mr. Buchanan's country estate. Wheatland was bought by the Junior League of Lancaster County in 1931 and returned to its Victorian glory by a dedicated group of volunteers, while the Lancaster County Historical Society—created in 1886 by another band of historically-minded volunteers—moved to its current location in 1956, when the Willson Memorial Building became its home. Through the decades, the two organizations operated as peers in the field of local history who shared a mutual respect and a few resources (parking, notably) between the two, but operated in independent spheres.

The first seed of merger was planted in 2004, when the James Buchanan Foundation (JBF) announced its intention to consider building a presidential library honoring the 15<sup>th</sup> President of the United States, and highlighting the Foundation's collection of books and manuscripts related to the life and legacy of Buchanan. Simultaneously, the Lancaster County Historical Society (LCHS) had begun to identify a need to expand its facilities to meet collections and programmatic growth. Recognizing the possible concerns associated with two building projects—and two capital campaigns—ongoing at the same time, Tom Ryan, LCHS CEO and Sam Slaymaker, JBF Executive Director, convened their respective Executive Committees of the Boards to discuss the efficiency of conducting the two project campaigns simultaneously, and to determine what synergistic opportunities existed.

The following February, Patrick Clarke arrived as JBF's new Executive Director. Immediately, Tom Ryan and Pat Clarke began a routine of meeting twice monthly over coffee in an effort to keep the lines of communication open and the spirit of collaboration alive. Opportunities clearly existed between the two organizations. LCHS was hosting an array of changing exhibitions, award-winning programs, and events that were drawing a repeat crowd. JBF had a new director with a fresh take on the interpretation of a President as well as his historic house site. Enthusiasm was evident on the part of both boards to take each institution to the next level. In an effort to continue moving forward, Ryan and Clarke enlisted the help of the new president of Franklin & Marshall College, John Fry. Fry had developed a reputation for bringing together members of the academic circles with community members to further an agenda that improved not only the experience of F&M College students, but also the experience of citizens of the neighborhoods around the College as well.

In November 2005, Fry met independently with both the JBF and LCHS Boards of Directors to present an assessment, developed with Ryan and Clarke, of the opportunities and challenges that were available in a true collaboration between the two neighbors. Hearty conversations were

generated in both board rooms, and two months later, in January 2006, Fry reconvened both boards together, along with a panel of community stakeholders—businesspeople, philanthropists, and community leaders—to suggest a strategy for moving toward a stronger and mutually beneficially relationship between JBF and LCHS. Acknowledging the needs of both partners—that of Wheatland to clarify its mission, expand its reach, and improve its long-term financial position along with that of LCHS to expand facilities to accommodate pressing collection and visitor needs or risk forfeiting its hard-earned market share, dedicated staff, and reputation as a leader among historical organizations in the Commonwealth of Pennsylvania—Fry asserted that there existed three options. Those options were:

1. Remain on parallel paths and continue business as usual;
2. Look for synergies and true, deep collaborative opportunities; or
3. Merge the two organizations into a history powerhouse.

What resulted from this gathering was a blueprint for collaboration known as the “Pathway to Partnership.” A unanimous vote was taken that day, endorsing the Pathway to Partnership, and encouraging the boards and staff to begin the process of building a close collaborative relationship between two natural partners. In an effort to keep the momentum going, the boards also approved the creation of a Joint Development Board (JDB) to explore and develop the Campus of History, the term coined by Ryan for the entire shared 10-acre property, as a model for programming, resource development, tourism, and marketing. The establishment of the JDB was a clear shift from planning for two separate futures apart from one another to investigating a future together. With Judy Ware appointed as the Chair, the JDB was composed of one third representation each from Wheatland, the historical society, and leading citizens in the community who would represent the larger interests of the community, rather than the particular interests of either of the principal partners. Advisory in nature, the JDB would gather ideas on expansion possibilities and landscape plans, arrange for retreats that would educate all the board members about the history of each organization, their resources, strengths, challenges, and hopes for the future, and offer a series of recommendations for the boards’ consideration.

## **Plans Take Shape**

In March and May 2006, members of the JDB participated in two initial planning sessions conducted by Susan O. Wood of Appreciative Inquiry Consulting. In using the Appreciative Inquiry approach—taking stock of what positive structures were already in place—Susan and the team explored three “big ideas”:

1. The two organizations were sitting on a shared property with the potential to become a united “Campus of History,” a visitor-friendly site with all the amenities necessary to become a local, state, and national destination.
2. The resources of the two organizations created ample opportunity to become a Civics Lab where visitors could learn about history at the local *and* national level through a variety of popular history programs ranging from lectures, symposia, historical reenactments, tours, interactive exhibitions, research and publishing opportunities.
3. Together, LCHS and JBF could share resources, gain through operational efficiency, and become more technologically agile.

To explore the three “big ideas,” the JDB issued a dual recommendation: hire a master planning firm to identify the common ground and determine options for the 10 acre “Campus of History” shared between the two partners, and hire a business planning firm to assess the financial strengths and weaknesses of each organization, project a 7-year plan for financial sustainability, and identify areas of possible overlap that might lead to financial and operational efficiency for the partners. A subcommittee of the JDB took on the task of interviewing four master planning firms and recommended Centerbrook Architects and Master Planners of Centerbrook, CT. From a pool of business planners, they recommended Urban Partners of Philadelphia.

Centerbrook and its team undertook a multi-faceted effort that included extensive research and stakeholder participation, and that considered the history, functions, limitations, and opportunities of both JBF and LCHS. On May 30, 2007, 60 individuals representing JBF, LCHS, the Tanger Arboretum—a 100-species collection of majestic trees on the grounds of the historical society—and the Lancaster community participated in a two-day workshop led by Centerbrook. A second workshop in June considered needs of staff and patrons of both organizations logistically, indicating the preferred relationships between users and spaces. The results of these workshops and multiple conversations with Ryan, Clarke, and members of the JDB yielded a complete Master Plan that was presented by Centerbrook to both boards and the JDB in October 2007. The plan suggested a reconfiguration of the ten-acre site to accommodate visitors in a more friendly and cohesive way in what would become a park-like setting, free of vehicular traffic in its core, and with a physical and visual unification to all ten acres. They also recommended the creation of an 18,000 sq ft building that could meet both institution’s administrative, collections, and programmatic needs, and offer visitors a cohesive orientation to the space as they arrived to visit either the historical society or Wheatland. The Plan made the most of the whole site, bringing efficiency to the forefront of both partners’ operations. In the meantime, Urban Partners prepared, and delivered in spring of 2008, a business plan that laid out a plan to ensure a sustainable financial outlook for the two organizations as far as 2014.

### **Close Collaboration Leads to Merger**

Throughout the two planning processes, the relationship between the Lancaster County Historical Society and Wheatland continued to be one of “closely collaborating partners,” rather than of two partners in a merger. At times, members of both boards felt strongly that, while collaboration was in the best interest of each institution, merger was a scary proposition. The question of maintaining a separate identity weighed heavily on many minds. The shift toward merger began in the summer of 2008, when, in conducting a feasibility study to assess the community’s interest in and ability to support a capital campaign to make the Campus of History a reality, it became clear that the business leaders, politicians, and philanthropists of Lancaster County saw merger between JBF and LCHS as both natural and necessary. In 51 interviews, 50 individuals noted strong interest in seeing the two merge to become one organization. At the same time, the economy was hitting an all-time low, and historic house museums everywhere had begun to evaluate their financial viability. With the key financial supporters of both JBF and LCHS indicating an interest in seeing a merger take place, members of the JDB began to examine closely what a merger might do to the financial interests of the Campus of History and its partners. In a series of meetings, Ryan and Clarke identified more than \$100,000 of annual

financial savings through the sharing of such simple resources as lawn care, lease agreements, and other operational functions.

On September 4, 2008, once more, the two boards and the JDB, along with a handful of community leaders, met at Franklin & Marshall College to review the findings of the feasibility study and to reopen the discussion of merger. With Bill Adams, retired CEO of Armstrong World Industries acting as emcee, the group reviewed the study and listened to a summary by Judy Ware, who presented the recommendation of the JDB to form a Task Force to pursue the advantages to both organizations of a merger and to craft a potential merger agreement. The Task Force consisted of Ryan and Clarke, the two board chairs, Kathy Gray and Tim Mackey, and Judy Ware. In separate board meetings later in the month, the creation of the Task Force was formally approved.

The Task Force met on an almost weekly basis at the Ware offices from October through January, and then at the offices of Barley Snyder, LLP in January and February. Each meeting was an in-depth conversation about how a merger might unfold in the most sensitive, agreeable manner. The expert legal counsel of Barley Snyder and Reese, Pugh & Samley, Wagenseller & Mecum, LLC was instrumental in fashioning the final merger plan and underscores the imperative for well-versed, knowledgeable counsel during a merger process. Initial discussions centered on identifying and answering pressing questions that a merger presented, such as:

- Which of our organizations would be the “surviving” entity in legal terms, meaning which EIN number, tax documentation, and tax status would we use? It was determined that the creation of a third, new entity—an option in mergers—would be both costly and time consuming.
- How would the long-standing traditions and identities of both organizations be respected?
- What would the make up of the board look like? And what of the staff? Would there be layoffs, consolidations?
- What would the governance look like? Who would lead the newly merged organization?
- How would the finances be handled? Whose bank accounts would we use?
- How would restricted accounts be managed? Could all accounts and endowed funds be managed appropriately in an effort to be good stewards of long-standing gifts?
- As a matter of law, the merged entity would become responsible for both partners’ finances, which meant full disclosure and due diligence would be required on both parts—there could be no secrets.
- How would fundraising be handled? What grants were outstanding for both organizations that might need to be taken into consideration? Who might need to be notified of the possible merger?

By February, the Task Force had dissected these and many other questions, reporting back with painstakingly crafted notes to the two board Executive Committees. A critical discussion—saved until the end because of its sensitivity—was that of the newly-merged entity’s name. Neither partner was eager to surrender its long-held identity, nor did it seem to be in the best interest of the reputations either partner had built up over decades to relinquish their familiar names. Yet, combining the two into one name would be cumbersome and difficult to market. Judy Ware brought a marketing consultant, Scott Scheffey of Scheffey Integrated Marketing,

into the mix to aid in the naming process. Inspiration struck when the Scheffey team stumbled upon the URL the historical society used for its website: LancasterHistory.org. When used with a tag line—Lancaster County’s Historical Society and President James Buchanan’s Wheatland—the name could enable us to indicate who the two current partners in our organization are, while allowing for possible future growth and shining light on the many resources we offer online.

A draft Agreement and Plan of Merger, with 14 Exhibits to flesh out its details had been created by mid-February. The Agreement of Merger allowed that the two organizations would be known as LancasterHistory.org and that the Lancaster County Historical Society would be the “surviving corporation.” Through the exhibits, the agreement provided:

- a restated Articles of Incorporation
- a list of registered “fictitious names” or aliases, including both organizations’ formal and informal former names (i.e. the Lancaster County Historical Society, the James Buchanan Foundation for the Preservation of Wheatland, Wheatland)
- a new set of Bylaws
- a negotiated Board of Directors, two-thirds of whom came from the LCHS board and one third from JBF’s board
- a list of committees, allowing for all board members not remaining on the new board to serve in a committee capacity
- a list of honored trustees from both organizations
- a new purpose statement and mission statement
- a set of guiding “marketing principles”
- terms of employment for the Director of Wheatland, along with a job description—this was important to the JBF board as one of their key concerns was retaining their director as an employee
- an organizational chart outlining all employees of the newly-merged organization and their “chain of command”
- financial information, including both organizations’ audited financial statements, operating budgets, and IRS documentation, as well as a proposed budget for the merged entity.

On February 24, in two special sessions, the two boards voted enthusiastically for the merger between the Lancaster County Historical Society and the James Buchanan Foundation for the Preservation of Wheatland. Three months later on May 27, 2009, with the approval of the courts and Commonwealth in hand, the merger became official.

**Lancaster County Historical Society and  
James Buchanan Foundation for the Preservation of Wheatland  
Merger Expenses**

**Financial Summary**

**Legal fees**

Barley Snyder, LLC	\$21,156 (LCHS legal fees)*
Reese, Pugh & Samley, Wagenseller & Mecum, LLC	\$ 1,328 (JBF legal fees)

**Planning fees**

Non-profit Management Consultant	\$ 7,800
Strategic planning session for merged entity	\$ 5,000
Board retreat	\$ 1,250
Staff retreat	\$ 440

**Marketing fees**

Promotional banners	\$ 1,362
Press Event management	\$ 1,400
Design of new logo for merged entity	\$ 2,950
Design of landing page for two websites	\$ 1,368
Mailings to both memberships	\$ 372

**Financial fees**

Final audit of JBF financial statements	\$ 4,250
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**Miscellaneous fees**

Registration of web domains	\$ 86
Registration of "fictitious names"	\$ 840

**Total merger-related costs** **\$49,602**

\*Barley Snyder donated an additional portion of their legal assistance to LancasterHistory.org