

**Columbia Land Trust/Three Rivers Land Conservancy
Combination Case Study
October 2010**

Summary of Process

Columbia Land Trust and Three Rivers Land Conservancy formed at the same time – 20 years ago. The two organizations have been geographic neighbors and collaborators throughout their history, with Columbia Land Trust serving the lower 250 miles of the Columbia River, and Three Rivers primarily serving the Portland Metropolitan area. Considering our shared visions, missions, values, and service areas, the staff and boards of both organizations have on various occasions discussed combining efforts.

In January 2009 the two groups explored our relationship through collaborative efforts, including co-hosting our two biggest fundraising events. The two groups then initiated a more formal exploration of a combination starting in July 2009. The organizations entered into a formal Memorandum of Understanding that established a process to both conduct necessary due diligence and to begin working together to foster greater understanding and trust. Background information was gathered to inform the process, including interviews with both internal and external stakeholders to gain additional perspectives on the issues and concerns facing a combination of the two organizations.

The results of the collaborations and initial research suggested that combining forces would result in greater capacity for the two organizations and, in turn, an acceleration of accomplishing our missions. The boards then met jointly to have a frank conversation about what a combination might look like for each organization. Following that meeting, the boards of both organizations voted to commit to a combining of some or all properties, programs, and people from Three Rivers Land Conservancy into Columbia Land Trust.

The two organizations then began the full due diligence process, including developing a combination strategy and conducting joint strategic planning for the combined organizations. Steering committees were formed with board and staff from both organizations for the combination and planning processes. The two processes were implemented simultaneously and were both lead by outside consultant, Marc Smiley.

The two organizations each engaged pro-bono attorneys to guide the negotiation process, help consider legal issues, and draft necessary documents. The groups developed a matrix of potential combination strategies with pros and cons of each approach, bearing in mind personnel, legal, organizational, mission and financial issues that would need to be solved to make the combination a success. Based on our research, the boards voted unanimously in spring 2010 to combine through a transfer of assets from Three Rivers Land Conservancy to Columbia Land Trust. At that time, Columbia Land Trust assumed overall responsibility for Three Rivers, including financial, management, and stewardship responsibilities, based on the terms of a Combination Agreement and Management Services Agreement.

The groups spent the next several months planning for the combination of the organizations. A staffing assessment was completed as part of the strategic planning process, and some Three Rivers staff were

hired by Columbia Land Trust. In addition, four members of the Three Rivers board were brought onto the Columbia Land Trust board, increasing the Columbia Land Trust board by about a third. Three Rivers converted to a membership organization, with Columbia Land Trust as its sole member. An initial set of properties was transferred from Three Rivers to Columbia Land Trust in August 2010. Columbia Land Trust staff is now developing a final plan for the remaining properties. There was an acknowledgment early on that some Three Rivers properties may not, for a variety of reasons, transfer to Columbia Land Trust.

Lessons Learned

Combine organizations only for a good reason and communicate the reason clearly. Combining two organizations is a significant undertaking. It is critical to fully understand the purpose of the combination and the costs and benefits. In addition, it is important to have a clear message about the purpose of the combination for buy-in of board, staff, funders, volunteers, partners, etc, and that the message is communicated up front and regularly throughout the process. It took our organizations time to hone the purpose and message and, in turn, achieve buy-in.

Staff and the boards of both organizations must be committed to the combination. Board and staff buy-in for the combination is critical to sustain the process. Frustration and resentment will build if there is not buy-in. In addition, board and staff need to commit the time and resources to this process, and be realistic about what that commitment is. Overall, our combination and related strategic planning likely took twice as long as was originally anticipated.

Not everyone will think this is a good idea. The combination represents change, and not all supporters will be happy about that change. We found that long-term supporters – including a few board members – of both groups had the greatest concern.

Dedicate a lead board and staff person from both organizations to the process. Combining organizations is a large project to manage with many details to negotiate. The dedication and continuity of a small group of representatives from both organizations is necessary. We found that having board and staff perspective on the negotiating team was helpful.

Fully account for costs up front. This can be an expensive process, particularly if dedicated pro-bono legal support is not available. Budget for it up-front so nobody is surprised at the cost. Depending on the combination structure used, expenses can include: attorneys, facilitators/consultants, closing/title/recording fees, meeting expenses, outreach events, hiring new staff, outreach to media and supporters, branding, moving/closing/supporting offices, integrating financial and fundraising databases, and significant staff time.

Funding the process can be challenging. While donors of both organizations expressed support for the combination, many were not willing to support the process financially. Fundraising was particularly challenging for post-combination expenses, such as branding and communications. Those most interested in supporting the process financially were local community foundations, large foundations

that historically funded both organizations, the Land Trust Alliance, and long-term donors. Coupling strategic planning with the combination was attractive to funders.

Engage an outside consultant to lead. We hired Marc Smiley from Decisions Decisions to help plan, guide and mediate the combination process, as well as the strategic planning. The process was more efficient, unbiased, and well informed due to Marc's merger expertise.

Dedicated legal support is critical. Both organizations benefited from focused, committed pro-bono attorneys that dedicated tens of thousands of dollars of in-kind legal support to the process. There are many legal aspects to consider when combining land trusts, particularly around nonprofit corporate/merger and real estate matters. The combination may not have been possible without this commitment.

Combining organizations with land assets is complicated. Like most mature land trusts, the conservation criteria applied by both Columbia Land Trust and Three Rivers have evolved over the years. There were lands in the Three Rivers portfolio that Columbia Land Trust and Three Rivers felt did not closely align with the mission and goals of the new combined organization.

We reached out to legal and conservation experts and other land trusts across the country to explore options for the properties. We addressed some challenges related to aligning our current conservation profiles to Three Rivers' existing property portfolio, but were still left with some unanswered questions. We chose to transfer the conserved properties from Three Rivers to Columbia Land Trust in a phased approach, giving us flexibility to continue to explore options, complete due diligence on the properties in a manageable time frame, find other appropriate organizations to take some properties, and perhaps work with the landowners to improve the conservation values of some properties.

Approximately one-third of Three Rivers properties have been transferred either to Columbia Land Trust or other organizations. Our goal is to either transfer or have an action plan for the remaining properties by the end of 2010.

Complete the process in a timely manner. The uncertainty that comes with combining two organizations causes stress for board, volunteers, supporters and, in particular, staff. You risk losing your momentum and support if the process takes too long. We lost a few staff members during this process in part due to protracted uncertainty.

Combining cultures takes great focus and care. The cultures of Columbia Land Trust and Three Rivers were quite different. We hired a consultant in the early stages of the combination to conduct a cultural assessment of both groups. She helped us identify the differences and potential challenges, and develop strategies for integration. We learned through her research and our own that combining cultures of two organizations is perhaps the most overlooked aspect of corporate and non-profit mergers, and the biggest reason for failure. The integration of board and staff is an ongoing process.

Ensure capacity to effectively engage donors and volunteers during and after the merger. One of the benefits of combining two organizations is the access to additional supporters. We found that there is a fairly small window during and after the combination to engage those individuals and that we risked losing their support if we didn't reach out to them soon after announcing the combination. It's important to ensure there is capacity to respond to and take advantage of the opportunity to engage these individuals.

Columbia Land Trust and Three Rivers board and staff committed significant effort to connect with supporters from both organizations. Following the combination, we have found that we do not have the capacity to effectively manage all of the relationships from the two organizations. We are looking at strategies to re-organize ourselves to distribute the responsibility for relationship management across all board and staff.