# Legacy Treatment Services-Lessons Learned and Such

Roy Leitstein 16 September 2015

Legacy Treatment Services is a nonprofit human service agency dedicated to improving the lives of children, adults and families struggling with behavioral health and developmental challenges.  A merger of two agencies with a strong community presence and a combined 210 years of expertise, Legacy Treatment Services offers a comprehensive continuum that meets individuals and families at their particular point of need.

For 150 years, The Children’s Home educated, counseled and empowered youth with emotional and developmental challenges while The Drenk Center delivered a full spectrum of behavioral health services to all ages for more than a half century.  Legacy Treatment Services continues to build on both organizations’ histories by preserving the high standards of care already in place while evolving alongside community needs and best practices.

This merger has produced an organization shaped by innovative programming and evidence-based practices, delivered by a team of credentialed and experienced leaders with a passion for transforming lives.  With an array of services offered throughout the State of New

Jersey, Legacy Treatment Services' mission is to change the behavioral health and social service outcomes for people of all ages from surviving to thriving.

## The first step...

During the formative stages of the Legacy Treatment Services merger, I attended a conference at a statewide university on nonprofit mergers and acquisitions. One of the keynote speakers was the CEO of a nationally known nonprofit organization with individual organizations in many states. The CEO had successfully merged two nonprofit organizations and she was in the final stages of another merger and in the process of staging several more. When she addressed the crowd, she stated, "When you've done a single nonprofit merger, you've done just that – a single nonprofit merger." The general message was that no two mergers are alike and they each represent different opportunities for challenges and successes.

## Mission First and Always

Organizations should not merge just for the sake of doing it. This merger did not come about because other nonprofit organizations were merging. Nor did the merger manifest from a struggling organization's standpoint. In fact, it was quite the opposite. Both The Drenk Center and The Children's Home of Burlington County were respected, financially growing and successful organizations, with healthy futures. Our merger started and ended with the simple yet lofty goal of becoming better able to achieve the respective missions of both organizations. It is not feasible to overstate how helpful it was during the merger process to return to the simple fundamental idea of fulfilling the mission in a more efficient and greater capacity. This reality only came about after a true evaluation of the restated mission. While the language of the new mission statement was not actually completed until several months into the process, the evaluation of the mission was the first item discussed.

## No Money, No Mission

If the general conception of nonprofit mergers is that money is irrelevant to the merger process, I would beg to differ. While it was not the driving force behind the merger – it was an essential building block. Nobody was looking to merge and as a result, place the newly formed organization in financial hardship. The old adage, "No Money, No Mission" remains true in the merger process. Mergers cost money, they are an added expense – however in many cases and certainly in this instance, the sum of the parts was greater than the individual components. The entire merger process cost about $150,000 in hard costs. The forecasted revenue in year one of Legacy was $42 million dollars. One year later, the forecasted revenue for the year is north of $50 million.

## Plan, Plan some more, and then brace yourself

The Drenk Center and The Children's Home both had identified partnerships, mergers and acquisitions as goals in their strategic plans.  This merger began with two CEOs coming together, bringing the boards together and clearly articulating a plan and strategy for the merger.  Every aspect of the operation of each organization was evaluated from both a macro and to a large extent, micro level.  One year later – we realized the pieces that we forgot in the process.

Once the grandiose notion of merging and the idea phase run their course – it genuinely comes down to brass tacks.  Harry Marmorstein – Legacy's CEO-Emeritus and The Drenk Center's former CEO and Roy Leitstein – Legacy's CEO and The Children's Home former CEO were required to develop an organization from the ground up.  An organizational chart was developed and a new budget was established.  Every imaginable aspect of operations received detailed task analyses and projections, including office locations, program regionalization, and human resources.  It was only after the organizational evaluation and design was completed that true discussion and recommendation for merger could be granted.

A joint merger board committee was created, comprised of three members of each organization's 20 person board.  The joint taskforce had three core responsibilities – assist and recommend approval of by-laws for their governance, ask questions, and finally, evaluate and determine whether the merger should be recommended to the full board. The joint merger committee was instrumental in the evaluation process and their insight and macro level involvement helped immensely for a successful merger. The taskforce met every other week for approximately five months. The full board of each organization was given regular updates but only two board votes were motioned: begin the merger process and grant approval for the final merger.

The boxer, Mike Tyson once said, "Everyone has a plan 'till they get punched in the mouth." I am reticent to believe that our organization is the only merger that hit a few obstacles. In fact, our merger was ready six months before our contracts from the state could be changed! The plan helps, exponentially; however, our limited experience suggests that the best chance for achieving a successful merger is a plan that is fluid and dynamic. The plan should be rigid where necessary but malleable otherwise.

## Boards, CEOs, Staff – everyone matters

While it may seem commonsense, a genuine evaluation of the merger from every level within the organization should be utilized. The plan for Legacy's merger and creation included a review of each employee position within the organization. How would the merger impact each position? Was compensation impacted? Were roles changing? Did we need to eliminate positions? Should we eliminate positions? While a merger can mean many positive and wonderful possibilities for an organization – Legacy is nothing more than our staff. All staff wanted to know one question, "How is this merger going to impact me?" The question of how the merger impacts one's self is a very fair one and should be asked during the merger process as the design is created. The only way to be able to communicate an answer effectively to this is to have the genuine answer.

Boards matter – a lot. My favorite metaphor for a Board of Trustees of a nonprofit organization is to that of a rudder of a ship. The rudder points the ship in a direction (the compass should always be pointing the ship toward the mission) and the CEO is required to get the ship moving. Nonprofit mergers do not happen unless a board approves the structure. The ideal instance for this to occur is to ensure that board members feel valued, heard and educated on what is being presented. It was beyond helpful to structure the joint merger committee with members from both boards. Each board came into the merger process with the same question, "Why is this a good idea?!" At the end of a single day retreat, the merger committees were excited and explaining the merger to other members of their respective boards.

A CEO is the captain of the ship and anecdotally, a significant reason why many nonprofit mergers do not occur. We needed a true discussion of the role of each CEO within the proposed organization for Legacy. While we had an 8 year history and friendship – the discussion took an abrupt pause when we were broaching the discussion of who would run the organization. It was only through honesty and an admission of ego, title, and role that our leadership design came to fruition. It was beyond helpful to have David Guth, CEO of Centerstone of America and author of Strategic Unions: A Marriage Guide to Healthy Not-for-Profit Mergers lead this discussion. David helped Harry and I finalize our organizational roles and introduce the joint merger committee to Legacy Treatment Services and our plan for the future.

## Communicate, Communicate some more, and then....not so much

A simple and clear communication plan was developed during the merger process. We determined when and to whom we would communicate. Staff, contracting bodies, the press, external stakeholders.....consumers! What was being communicated, by whom and to who were all established. When a vacuum of communication exists, our experience was that the rumor mill tends to fill the void. In the absence of communication, fiction will take root, grow and expand exponentially. We utilized mass email internally and externally. We literally contacted hundreds of people by phone over a single day to announce the intent to merge. Organization-wide meetings and conference calls were utilized to announce our intended merger as well. Even with the best of intentions, honest communication, and appropriately articulated plans – sometimes people make things up. For example, we made a clear and intentional decision to not eliminate a single person as a result of the merger. Positions would eventually change – staff would stay, staff would go of their own accord but we would not "merge" anyone out of a position. Regardless of how often and in what method this was communicated, not everyone truly believed this would occur.

In hindsight, the greatest error made during the merger was with regard to communication. We had a joint message that essentially told our staff that the name of the organization is changing but your role and the organization will remain the same. It was genuinely our intent. In retrospect, the communication should have stated, "We are changing lots of things! The first is our name. We are in this together and we value each of you in this process of transformation. Do not worry; we will get through this together." We communicated, we communicated more and then we exercised the hardest aspect of the merger in my perspective.....waiting

## The Hardest Part.....WAITING!

Sometime between the announcement and execution of the merger is, well... nothing. Staff and external stakeholders, as well as consumers, may expect some miraculous, overnight transition but it happens methodically and over time.  In reality, from the perspective of the CEO, the CFO, Human Resources or anyone on the administrative team, a little bit of the merger occurred every day.  However, through the eyes of the multitudes of other staff and departments, ranging from facilities and operations to clinical and residential departments, nothing was happening and it was happening a lot!  The sign on an office building can change in a day but the organizational culture, policies, procedures, vendors, and about one million other aspects of organizational operations do not occur overnight – merger or not.

IT WORKED

One year later, we have transitioned two separate $20 million dollar nonprofit organizations into a now $50 million dollar nonprofit organization.  We go back to the first premise of the merger; to better achieve our mission.  Legacy Treatment Services is more efficient and, quite honestly, better at achieving its mission than The Children's Home or The Drenk Center ever were individually.  Our outcomes are sound, our finances are healthy and we are better positioned in the marketplace to help more people than ever before.

**About the Author: Roy Leitstein has served as Chief Executive Officer of Legacy Treatment Services since**

**its inception last year. He has a Bachelor's degree in Psychology and a Master's degree in Human Services. Roy began his career in social services while serving in the United States Army and volunteering for the Exceptional Family Member Program. Upon discharge from the 101st Airborne Division, Roy continued his work in the field of social services by working in direct care for Carrier Clinic's East Mountain Youth Lodge (EMYL). Roy helped design and implement several expansions for EMYL as a Program Supervisor. He moved on to Community Access Unlimited as the Assistant Executive Director of Youth Services, where he was responsible for the successful operation and expansion of more than a dozen youth service programs including New Jersey's largest network of scattered site apartments for youth between the ages of 18 and 21. Roy was promoted to the Managing Assistant Executive Director, overseeing all program operations for Community Access Unlimited. This included programs serving hundreds of youth and adults with developmental disabilities each year. He then left to become Executive Director at The Children's Home where after 8 years, he co-facilitated a merger between The Children's Home and The Drenk Center and assumed the role of CEO. Roy has been married for 15 years to his wife Aimee and they have two children - Noah (13) and Molly (8).**