



▪ **TZEMED HEMED** ▪

Finding The Right Fit

Merging/Consolidating Congregations

There are many reasons why congregations would consider the option to merge or consolidate, many scenarios that move them toward that decision. Sometimes it is a joining of equals: two or more congregations facing similar issues of demographics and location choose to join to create a single, more viable institution. Sometimes complementary congregations, with different strengths and challenges, try to create a single, better rounded community. Sometimes a congregation that is weaker, perhaps because of its population, physical plant, or staff, considers joining forces with a stronger congregation. Often a sunset congregation looks to a merger to assure that it will not be forgotten. We are now seeing examples of shared buildings and campuses to take advantage of economies of scale.

Whatever the reason might be, merging or consolidating congregations is a challenge. As you begin to confront it, remember to talk to your USCJ KRM who has experience and access to resources that can help you in this process.

A Valuable First Step Before the Dance Begins

Before beginning a search for a partner or, if a partner appeared, it is valuable to put together a team and to address the most basic question: “*Why are we considering this step?*” There are a number of reasons why congregations begin considering merger or consolidation as an option.

The congregation has become too small; we can’t maintain it. Is the core issue that the congregation is too small? Or is it accepting the fact that the congregation used to be much larger? Are we in an area where the Jewish population is changing? Would merging address this issue?

We are burned out. Is the issue a matter of finding new leadership in the congregation? Are there members who have not been participating in congregational leadership and planning who could be asked to do so? Would merging address this issue?

No one lives here anymore; our community is disappearing. Is this issue primarily that no one lives near the current location? Has the area become unsafe or very tired looking? Could the congregation become viable in a new facility, closer to its core community? Would merging address this issue?

We cannot afford to financially maintain our community. Our building is costing us too much to maintain. Our revenues are decreasing. Our donors are moving away. We are running yearly deficits. Would merging address this issue?

The planning team should take the time to do an internal review of each argument. Doing so either will foster a decision to work at keeping the congregation independent or confirm that moving toward merger or consolidation is the best option for the congregation. The planning team can be the executive committee (more likely in a small congregation) or a newly formed group who represent different constituents within the congregation as well as those who have different areas of expertise.

Whatever the motivation, building a united single community from extant parts is a complex undertaking. What follows are areas to consider, based on anecdotes of real merger and consolidation experiences – some positive, some negative.

Congregational Culture

The most basic question is “Are the congregations similar enough -- do they share enough at their core level -- for a merger or consolidation to succeed?”

As a starting point, the congregation should do an in-depth study of what is important to the membership. Undertaking a congregational survey to find answers to questions such as: What are the congregation’s strengths? What are its weaknesses? To answer those questions, consider:

- In what ways will the congregational cultures complement each other?
- In what ways are they similar?
- In what ways are they different?
- Are they too different to meld successfully?
- Are their service styles similar on such issues as level of participation, use of music, openness to new melodies, preference to use same melodies, etc.?
- What kind of *klei kodesh* (spiritual leadership) does the congregation prefer? What kind of rabbinic leadership? What style of *hazzanut* in services? If the merged congregation cannot keep all the *klei kodesh*, how is the choice to be made?
- What style of congregational leadership, both lay and professional, do they prefer? Laid back? Activist? Populist? How important is involvement with Jewish community? With the secular community? Should the focus be internal or external?
- Can the groups meld socially?
- What are the cultural hallmarks of each congregation, those which must be preserved to keep each group positively disposed?
- What is the place of *tikkun olam* (social action and social justice) programming in the congregation?
- Can all the congregations accept the chance that they might need to leave current buildings and have different staff? (If that likelihood cannot be embraced, moving forward will be very difficult.) What are plans for the professional and support staff if they will not be retained? What legal issues might arise from change of position or loss of position? Have contracts been reviewed to assure both fair treatment and little or no significant financial loss to the merged congregation?
- Where will the new congregation locate? Is location a make or break issue? If changing demographics or neighborhood is a contributing issue, does a merger help to address that core issue?
- If the new relationship is with a non-Conservative congregation, there are additional questions as well.
 - Will the merger end a continued Conservative presence in the area currently served by the congregations?
 - Is there an interest among a significant number of members to move religiously, even slightly, to the right or left?
 - Can the synagogue regulars live with changes to the service to accommodate a shift?
 - What *siddurim* and *humashim* would be used?
 - Could the other congregation be comfortable with Conservative clergy?
 - Can all the congregations’ clergy abide by USCJ / RA / CA standards?

Can members live with these differences?

If, based on the above, it seems a merger could take place, create a detailed merger agreement with timetables.

Careful as you go....

Avoid territorialism; learn to say “us” instead of “you” and “we.”

Avoid choosing sides: don’t say “we did that this way.”

Avoid creation or fostering of winner – loser feelings

Moving Ahead

Working with an accountant who has **no ties** to any of the congregations, begin a review of all of the congregations’ finances, including cemeteries. Who is the client -- that is, how will these costs be borne -- if the merger does continue? If it does not?

It is important to find an attorney. It is best to have someone familiar with mergers and nonprofit organizations. Review the relevant state or provincial laws that apply to non-profit corporations considering merger. What decisions can the board make? What must the congregation decide? Are there specific regulations for real property, cemeteries or ‘significant assets?’

Have all congregations pass an appropriate Intent –to-Merge motion.

Sample Intent-to-Merge Motion

The Board of Congregation QQQ agrees to the following points between Congregation QQQ and Congregation RRRR:

Each congregation may inform its membership of the interest in merging.

The congregations will split the costs needed to determine if a merger should take place.

The congregations, represented by those individuals listed below, will consider the opportunity for merger in good faith. The committee noted below will have the authority to represent the congregations in the review and to write a draft set of terms.

The committee will provide a monthly report on progress to both congregations.

Providing Information

If it is well managed, publicity can help the process; mishandled, it can derail what could have been a great *shidduch*. How will people hear about the plans? Are there people who will react negatively (because of emotional ties, reacting before the whole story is told) who will need a special approach and discussion?

Each congregation should identify a team of people who are known to the membership and has a warm personality and a credible tone. That person should be ready to:

- tell the story of why we should merge
- review the options to explain why some options were acceptable while others were not
- explain what would be involved in making the merger happen

Proper Attitude

This is crucial at the beginning, to give the discussions a chance to move along; it is even more important when the discussion gets to the difficult details.

Never say no when you face key aspects of discussions (a better term than “negotiations”).

If everyone can adopt this way of facing challenges, that will help move decisions along. There are many popular business terms for this system, “getting to yes” or “create a win-win situation,” but no matter what it is called, taking a “we can work it out” stance will be

helpful. While there times when a merger will not work out, calling off merger plans should happen due to substantive issues, not unwillingness to do the work that is needed.

Communications

Throughout the discussions, it is vital to have as transparent a process as possible. Include open discussions and give all members constant updates. Set up committees to review areas that need to be resolved. Establish a unified system for decision making. Areas to review include:

How will *votes* be taken and *decisions* made? (Suggestion: all votes must pass with a *majority of the committee*, not just a majority of those present. For example, a committee of 14 -- seven from each congregation -- would need 8 votes for any issue to pass. If only 8 people are present at a meeting, all 8 must agree for the issue to pass.)

Which *committees* are needed to move forward? Which must a congregation have after the merger? Suggested committees include:

Finance; governance; ritual; personnel; physical plant, both current one(s) and updating for future home; education: formal, informal, adult; youth, celebration, publicity, cemetery

What will be the *composition of committees* during talks and in first years of operations?

How many members from each congregation? Equal number of people from each congregation or by a specific formula? How will chairs be chosen?

Create a *task list* for each committee

- specific measureable goals and job description
- deadlines for work
- sequence order for work to be done

Areas for committees to review:

Governance and Bylaws

Reviews structure models for congregations to determine which is best for the new congregation. How will the board of the new congregation function? How will it be structured at the beginning? How long before there is truly one board rather than representatives from each side? Which committees will be short-time, which long-term? Your United Synagogue district director has sample By-Laws available.

Name

What will the name of the new entity be? Will there be a legal name and a DBA name? Will it be a combination of previous names? A totally new name? A hyphenated name?

Personnel

How will clergy / staff be selected? Did a staff member's decision to leave or retire precipitate the merger discussion? Will current staff stay on? How will current and new expectations of programs and services be served? If people stay on, what work will be required to avoid the feeling of winner-loser?

Is there duplicate staff? What positions are unique to one side or other? In a merger of equals, how will which staff stays be determined? If a smaller group is joining a larger one, can members of that congregation live with the *klei kodesh* of the larger congregation? Will the combined group need new staff or clerical/administrative support? Are employments benefits offered by all congregations similar? Will there be a need to make changes in benefits to keep staff or bring new staff on?

Operations

What kind of office operation will be used? How will computer support issues be handled? If any congregation(s) uses volunteers for duties other congregation(s) pay for, how will that be resolved? What volunteer help will be needed? What support staff will be needed for clergy? How will maintenance and custodial services be rendered?

Dues Structure

What will the new dues structure look like? Will there be a temporary dues reduction to members of the congregation who are bringing financial resources to the other community?

Ritual

Need a full review of services – daily, Shabbat, holidays and High Holidays with an eye to *siddur*, *humash*, Torah reading style, service style and ritual practices in the synagogue on those days.

Need to define the role of women in services

What will the style of worship be? ambiance; formal or informal, participatory, instruments

“Perfection expectations” (for example, is there a willingness to have a less-than-perfect Torah reading if that allows congregants to serve as Torah readers? Can someone with enthusiasm but a less-than-perfect voice have the opportunity to lead services?)

What will be done with *yahrzeit* plaques? Dedicated *siddurim* and *humashim*?

Finance

What are the financial reserves brought by either or both sides? How will they be managed? Is there agreement about how funds are to be invested? Is there an investment committee? Does it have a set procedure and policy?

Are there new opportunities for funding with a combined group?

Are there short term / long term savings likely from the merger?

Type of dues structure [fixed fee, sliding scale, fair share] and system for dues adjustment or abatement.

Are dues level? Are dues of members of one side affected by funds brought to the merger? How long will special arrangements or accommodations last?

Keep in mind: from CompassPoint’s *Board Café* (June, 2004): “Research shows that nonprofit mergers don’t result in reducing administrative costs, but they do result in preserving what might have been lost: programs, services and the intangible, but valuable mission and community ownership.”

Programming

What are the congregations' favorite programs, services or events that must be continued in the new entity? Are there programs that must continue for at least a specific length of time? Is it possible to assure that each congregation's important constituencies will continue to be served?

Education

Review formal / informal education programs and their interfaces. What is the impact of a day school (if any) on the synagogue school structure? How will youth services relate to the religious school? What kind of class structure will be used? What qualifications will be set for teachers? Will teachers have to be hired? Will some have to be laid off? Will there be enough classroom space?

What will be the role of USY, Kadima and Ramah within the congregation? What steps will be taken to involve active teens in formal education and programming?

Auxiliary groups

The ambiance and culture of each congregation group must be considered. Review the importance of affiliating with the national organizations: United Synagogue, Womens League, Mens' Club, USY. What role will they play in synagogue life? What is the official status of the auxiliary's officers *vis a vis* the board?

Physical plant

A third party engineering firm should be engaged to inspect all properties.

An architect will need to be hired to determine future space usage.

If property is to be sold, what is it zoned (allowable use)? It will also need to be appraised.

What will be done with unused buildings? What can be salvaged / kept / sold? How will the new entity deal with possible liability, such as oil leaks from old tanks?

How will use of one of the current buildings impact on win-lose feelings? If there are plaques in the buildings (donor recognition, yahrzeit, etc.) will they need new or replacement plaques?

Cemetery

What will be the corporate status of cemeteries? Are cemeteries owned by congregations themselves or by subsidiary groups? What about cemeteries which are, in reality, simply sections of larger cemeteries?

What form of governance will be needed to operate the cemetery? If there are differences in policies for burial, costs for plots, burial of non-members or non-Jewish relatives, how will those differences be reviewed and reconciled?

How will perpetual-care funds be held? How involved is the synagogue office with cemetery operations? Who will oversee operations and maintenance of the cemetery?

As discussions continue, further thought must be given to these important but somewhat amorphous areas:

- What are the key issues?
- Where can we give?
- Where can we not give?
- Which decisions do not create difficulties for us?
- Should we reach an impasse on a no give question, what impact will that have on the overall plan for merger?

Representatives must ask themselves and each other a series of gut-level non-measurable but vital questions on a regular basis:

- Can we live with this?
- Does this feel right?
- Are these people with whom I can *daven*, learn and enjoy *kiddush*?

The answer to those questions, in addition to the measurable, more tangible ones, will tell if this is a *Tzemed Hemed* – a *fitting pair* or not. If the answers are yes, then it is worth the work to create a new entity.

Looking Ahead – Making It Stick

The creation of a new community and a new congregation is exciting, but it is just a beginning. While the business of the merger might be completed, the work that must be done to assure a successful merger must continue in earnest for months -- sometimes for years. Discussion has taught that some congregational mergers have moved along smoothly while some have never fully jelled, even decades after the new congregation was established.

It is a loss

When the new community comes into being, it marks the end of all the previous congregations. It is a time of loss to many members. Their congregation, once independent, is no longer as it was. Their congregation must now accommodate another congregation's dreams and ideas. Leaving a building clearly, but less obviously having to make room for others, brings moments of sadness. With the change of status comes a loss of dreams, even as new dreams are born.

It is a tiring joy

As any parent will attest, the joy of having a child comes with sleepless nights, physical exhaustion, frayed nerves and hypersensitivity. The same is certainly true in the merger process. Anyone who has rebuilt a residence knows that remodeling is a difficult time. There is disruption while the work is done, and more disruption as you learn how to use the new improved model. The same is true when we make changes in our spiritual home.

This is a time when feelings are tender. Everyone must work together to keep the merged congregation vibrant and viable.

How can we help this happen? There are a number of proactive opportunities:

The congregation should have a series of “getting to know you” social events, beginning as soon as possible after the merger/consolidation becomes formal, but not later than three months into the process. Members should be invited to a variety of programs. Every member of the congregation should be invited to meet the staff -- *klei kodesh*, professional and support. For at least one of the programs, the invitation should be made through a personal note or a telephone call; an open invitation in the synagogue bulletin is not sufficiently welcoming.

The type of programs the congregation chooses should fit its culture and its staff's personalities. A formal cocktail party would work for some congregations; an informal buffet or picnic would be better for others. Consider the various age cohorts when finding times for these social events; daytime might be best for older people, while evening might be better for others.

The agenda for the events is simple: to allow people to meet each other. Lay leaders and members of all the merger committees must be at each meeting, to help set the tone and make clear that the program of meeting each other matters. Even if the atmosphere is light, the work is serious and important.

The congregations should have a series of educational programs to define and clarify the religious approach the congregation will be taking. If the partners' approaches have been similar, the need for the programs is somewhat reduced. But because it is inevitable that there will be some differences in style and approach, at least one such session is necessary. It should take place soon after the merger is completed. Lay leaders and members of the merger ritual committees must be at each meeting.

The congregations should have events to bring parents of school children together. The session should focus on the style and approach the combined school will take, and should include a discussion of plans and goals for both formal and informal education in the new congregation. Lay leaders and members of the merger education committees must be at the meeting.

The congregations should have events to bring parents of high school students together. As with the other education meetings, the session should focus on the style and approach the combined youth groups and its youth commission will take. Any scholarship programs for USY and summer programs should be outlined.

Note that choosing a name for the new USY and Kadima groups is as significant for the teens, and likely as traumatic, as was choosing the name for the congregation itself.

The congregation should have a formal opening of the new merged congregation program. Events should celebrate the history of the legacy shules and a look towards the dreams of the future that helped power the work towards merger. The program should include bringing the Torah scrolls into the sanctuary, a brief history of each of the merger partners and unveiling of the new congregation's vision and mission statements.

Early in the process and quarterly for the first year, starting after the first fall holiday season, the ritual committee should meet to review the status of religious services.

- Have the services met the goals and expectations we set for them?
- Is the level of lay / clergy participation as we anticipated?
- How is the reality different than what we expected?
- Are the regulars content?

At least quarterly during the first year after the merger and every six months after for at least two years, the merger committee and each subcommittee should meet to review the following questions:

- What has gone as we had planned?
 - What has gone better than we had hoped?
 - What has not gone as we had hoped?
 - What areas have we put aside that need to be addressed now?
 - Have we been hearing rumblings from congregants who are not pleased with the merger?
Have we been acting proactively to address legitimate concerns or hard feelings?
 - Have all transfers and updates of physical properties been accomplished?
 - Are we seeing continuation of divisions by legacy congregation in areas such as:
 - Ritual assignments
 - Board or committee assignments or chairmanships
 - Participation in specific programs
 - Support of funds and other donations
- If so, how are we working with our partners to change that?

A report to the congregation addressing the status of the new congregation should be issued six months, one year and two years into the merger.