**Discussion on the Merger of**

**Jewish Guild Healthcare and Lighthouse International**

**by Dr. Alan R. Morse and Mark G. Ackermann**

**at the American Foundation for the Blind Leadership Conference**

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In one of the closing plenary presentations of the 2014 American Foundation for the Blind (AFB) Leadership Conference, Carl Augusto, President and CEO of AFB interviewed Dr. Alan Morse, President and CEO of Lighthouse Guild International and Mark G. Ackermann, Executive Vice President & Chief Operating Officer, Lighthouse Guild International and President, Lighthouse Guild Progams and Services Corporations. The wide ranging discussion centered around the recently completed merger between two venerable vision organizations Lighthouse International and Jewish Guild Healthcare.

The following is a compilation of the questions asked by Mr. Augusto and the responses by Dr. Morse and Mr. Ackermann:

**1. Why did the Guild and the Lighthouse merge? How did the process begin? How long did it take to complete the merger?**

There had been attempts to merge the two organizations for over fifty years. Each of these efforts failed because of a simple fact…egos. Either a board chair or an agency executive could not move forward with the discussions because it became apparent that they would not be at the top of the merged entity.

Informal conversations between the two of us began in Spring 2013. This effort succeeded because Mr. Ackermann suggested keeping the boards out of the discussions, as long as possible. The two board chairs did not meet until late June. The entire boards were brought into the process in July and a letter of intent was signed in September. The entire deal was closed on December 23, 2013.

**2. Why did you choose the name, Lighthouse Guild International? How will you be rebranding the two organizations?**

Lighthouse International represents one of the most iconic brands associated with providing services to those individuals who are blind or have impaired vision. By changing our name to Lighthouse Guild International, we will preserve and enhance the awareness and reputation of both organizations globally.

An aggressive rebranding effort was launched shortly after the merger was finalized. Since Lighthouse Guild is such a large organization, and one of its subsidiaries, Guildnet (A Managed Long-Term Care Medicaid Insurance Company), has a significant marketing budget, we were able to start using the new logo right after the first of the year in subway, taxi, bus, and print advertising. Now each of the entities with Lighthouse Guild is using a tag line – An Affiliate of Lighthouse Guild International, so the brand is getting around the New York metropolitan area media market.

In addition, a major “launch” of the new brand was announced in early April, accompanied with advertising in the New York Times, Wall Street Journal, and other regional and national publications.

The key to all this effort is to inform the public that the Lighthouse and the Guild have come together with their combined two centuries of service to provide the highest quality of service to all of our patients, clients, and students. Due to the economies of scale that will result from this merger, even more service will be able to be provided going forward.

**3. What efficiencies have and will you achieve as a result of this combination? Have there been any staff reductions as a result of this combination?**

We believe our two organizations are cost effectively addressing health care challenges and quality of life issues faced by people who are visually impaired, blind, or multi-disabled. We will realize approximately $3 million in back office efficiencies in year one alone, and will always be attentive to cost-saving opportunities. But, the focus of this combination is on significantly expanding access to innovative, best-in-class programs and solutions for people with vision challenges.

The leadership of the combined organization has undertaken a full and effective integration of programs and services. This will result in additional savings over time. It is important to remember that all of these savings will be put back into furthering our mission

**4. Will there be any service centers closures? What changes to your service offerings and signature programs are foreseen, particularly those in which there is overlap?**

There is not a significant amount of overlap in the services provided by our two organizations. Together, we will be able to offer individuals with vision impairment a uniquely comprehensive continuum of compassionate services through the integration and coordination of services across delivery systems. This broad array of services will include medical, rehabilitation, educational, vocational, long-term care and social services, all specially designed to enhance physical, emotional, social and intellectual functioning.

**5. What problem are you trying to solve through this merger? Why was this a good time to pursue a combination?**

We operate in an environment where there are increasing numbers of not-for-profit organizations providing a myriad of important services to those who need them. We believed that the time was right to unite two of the most well respected not-for-profit vision care organizations in order to significantly expand access to innovative, best-in-class programs and solutions for people with vision challenges. We are confident that a shared culture of embracing the best training and treatment breakthroughs will bring together a level of expertise in vision care that is unequaled, and we strongly believe that is in the best interests of our clients, patients and students.

This was an ideal time to pursue this merger because the right board chairs were in place and the right CEO’s were willing to step up to the plate and vigorously pursue making this a reality for good of all involved.

**6. How did your donors react to the merger? Do you anticipate it will have any effect on philanthropy?**

The combined entity continues to rely heavily on the support and commitment of our donors. Philanthropic support is made even more essential at a time when government spending is experiencing cutbacks. Our donors did not push for this combination, but we believe they will be excited by the opportunity to maximize the impact of their generosity on the lives of individuals with vision loss or impairment. In Fact, we have received high praise from many of our most significant donors, foundations, and corporations. We have been asked to speak at several philanthropic conferences on the importance of pursuing mergers to assure that Not-For-Profits are better shepherds of their philanthropic resources.

We anticipate that philanthropy will continue to grow for the combined entity.

**7. How have you handled the merger of the two boards? What is your new governance structure?**

Each organization was fortunate to have a dedicated Board which shares in our mission to offer the broadest array and most comprehensive scope of services currently available for individuals with vision loss or impairment. We believed it was important that all current members of the Boards of Jewish Guild Healthcare and Lighthouse International continue in their governing and philanthropic roles by joining a newly constituted Board of the combined organization. Therefore a combined board of 41 individuals has been constituted for Lighthouse Guild International. However a strong executive committee comprised of 10 individuals including the CEO and COO, oversee the day-to-day governance functions of the organization. In addition, there is a comprehensive committee structure which has members from the full Board of Directors.

**8. How have you handled the merger of the two management teams? How are you handling the integration of the two corporate cultures?**

We are managing Lighthouse Guild International with a management team comprised of executives from both organizations. We have been working hard at integrating the back office functions first. As a result there will be $3 million in savings in the first year alone as result of integrating functions such as finance, operations, human resources, public relations, marketing, development, and information technology.

Since there is little program overlap, our focus will be on expanding and enhancing access to innovative, best-in-class programs and solutions for people with vision challenges. In the months ahead more emphasis will be put into combining rehabilitation and clinical services.

It was clear there were numerous differences in the corporate cultures from the board room to the front lines. We are very cognizant of this and work daily to bring the cultures together.

**9. What service enhancements or improvements are envisioned as a result of this merger? How will access to services be expanded as a result of this combination? How will this benefit individual patients/clients?**

We believe this merger will, over time, open a world of possibilities for service delivery and knowledge sharing. Today, there is a significant need for programs and services, and it will only grow as our population ages. For many, vision loss or impairment intrudes on the ability to live independently living, and can negatively impact quality of life in a myriad of ways. We can meet these growing health care challenges and quality of life issues by increasing coordinated care options, furthering knowledge sharing and integrating new advancements in technology into our programs and services.

Both the Jewish Guild Healthcare and Lighthouse International buildings will remain open and active. They will operate as a joint headquarters, and we will of course maintain appropriate leadership at all of our sites. We have no current plans to open additional physical locations. We look forward to using our expanded resources to reach more people in need in a number of ways, including the use of technology and partnering with other service providers to holistically and cost effectively address needs across the entire continuum of ongoing health care challenges and quality of life issues faced by people who are visually impaired, blind, or multi-disabled.

**10. Would you say that this merger will serve as a model to encourage other not-for-profit organizations around the country to consider a merger or a strategic alliance?**

We operate in an environment where there are an increasing number of not-for-profit organizations providing a myriad of important services to those in need. We believed that the time was right to unite two of the most well respected vision care organizations in order to significantly expand access to innovative, best-in-class programs and solutions for people with vision challenges. It is up to each non-profit to make its own determination on what is best for their constituencies, however we encourage others to explore the possibilities of symbiotic relationships. We believe this combination represents a truly trailblazing approach as we will bring together a level of expertise in vision care that is unequaled.