

PaleoWest buys Commonwealth Heritage Group: a transformation for Cultural Resource Management and commercial archaeology in the United States?

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Abstract – *PaleoWest*, one of the largest Cultural Resource Management (CRM) companies in the United States has bought one of their major competitors, *Commonwealth Heritage Group*. This means that *PaleoWest* is probably now the largest commercial firm working in archaeology in North America. This has in turn been driven by *PaleoWest* themselves having been recently acquired by *Riverside Company*, a global private investment group (venture capitalists). This is a significant transformation for the sector, a tipping point where major outside investors consider that the best of CRM companies can be seen as having the potential to grow and be profitable.

Key words – archaeology; professional archaeology, commercial archaeology; USA

Titel – *PaleoWest* übernimmt *Commonwealth Heritage Group*: ein Wendepunkt für die privatwirtschaftliche Archäologie in den USA?

Zusammenfassung – *PaleoWest*, eines der größten Unternehmen für das Management von Archäologie und kulturellem Erbe in den Vereinigten Staaten von Amerika, hat einen seiner größten Konkurrenten aufgekauft, die *Commonwealth Heritage Group*. Dies bedeutet, dass *PaleoWest* nun wahrscheinlich das größte kommerzielle Unternehmen ist, das in Nordamerika im Bereich der Archäologie tätig ist. Dies wiederum ist darauf zurückzuführen, dass *PaleoWest* selbst vor kurzem von der *Riverside Company*, einer globalen privaten Investmentgruppe (Risikokapitalgeber), übernommen wurde. Dies ist ein bedeutender Wandel für den Sektor der kommerziellen Archäologie, ein Wendepunkt, weil große externe Investoren der Ansicht sind, dass die besten CRM-Unternehmen das Potenzial haben, auch künftig zu wachsen und rentabel zu sein.

Schlüsselwörter – Archäologie; kommerzielle Archäologie; Firmenarchäologie; USA

ACRA – the *American Cultural Resources Association* – is the trade association for private companies undertaking cultural resources management (CRM) in the United States and Canada. In October 2022, 176 companies were members of the association¹. ACRA holds an annual conference, which is an opportunity for the owners and managers of these companies to get together to share experiences and enhance their professional continuing education. In September 2022, a big story was being talked about by a lot of the delegates at the ACRA conference in San Antonio; the news had broken that *PaleoWest*,² one of the biggest ACRA members, had bought one of their major competitors, the *Commonwealth Heritage Group*.³

Commonwealth were also a relatively large company⁴ – with at least one hundred staff members; this immediately increased *PaleoWest*'s staff roster and provided a wider organisational footprint. The acquisition gave *PaleoWest* a comprehensive geographical reach across the United States; while *PaleoWest* are headquartered in Arizona and had been focussed on work in the western half of the United States, *Commonwealth* were headquartered in Michigan and had offices in another sixteen states.

Cultural Resources Management (CRM), in the United States and Canada, is fundamentally compliance-driven (companies are doing work necessitated by laws or spatial planning regulations, on behalf of private or public clients), and while most of this work is archaeological, CRM is more wide-ranging than European commercial archaeology – CRM companies can also be working in adjacent architectural, historical, anthropological and ethnographic fields.

This has been the highest-profile and most visible merger or acquisition in the US CRM industry. CRM, like commercial archaeology in Europe, has been very busy during and following the COVID-19 pandemic, and it has become difficult to hire new staff (AITCHISON & DORE, 2022). This difficulty in hiring staff means that organic growth is challenging – and so for companies with sufficient resources, a very effective way to increase staff sizes and numbers of projects, and so market share, is to buy another company.

This has also happened recently in the United Kingdom, when *MOLA* acquired *L-P Archaeology* in June 2022;⁵ this made *MOLA* the biggest archaeological company in the UK – and possibly

in the world – as they then employed more than 400 archaeologists.

PaleoWest's purchase of *Commonwealth* has startled and shaken up the CRM industry – and what some have missed is that this agglomeration of resources – is actually the second step of a process of disruption. *PaleoWest* themselves had recently changed ownership – in December 2021, the business was acquired by the *Riverside Company*.⁶ These new owners are a global private investment, or 'venture capitalist' firm. This is itself remarkable. *Riverside* have announced that they are treating the acquisition of *PaleoWest* as a portfolio investment⁷ – meaning that the new owners will not be taking an active management role or asset stripping, with the sellers staying involved with running the company, and *Riverside* (as investors) looking to see the company grow and develop. *Commonwealth* is an add-on to this investment, adding to the scale of the business.⁸

Venture capitalists invest in companies they believe have potential to grow and provide returns on their investment. Since 1988, the *Riverside Company* has invested in more than 850 companies⁹ (whether buying outright or purchasing significant shares), 310 of which they consider to be in the business services sector, including *PaleoWest* and now *Commonwealth Heritage Group*. Their website identifies that they "are interested in business services companies that use information or technology to lower costs, increase revenues, improve quality of service and compete more effectively".¹⁰ And so this is very significant – if CRM as an industry is attracting such attention, then this may represent an enormous transformation; a tipping point where outsiders consider that the best of CRM companies can be seen as having the potential to grow and be profitable. And so this may attract further buyers and further investment to turbocharge the sector's continuing growth.

Notes

¹ ACRA Member Directory: <https://acra-crm.org/member-directory/> [22.10.2022].

² *PaleoWest* company website: <https://www.paleowest.com/> [22.10.2022].

³ Commonwealth Heritage Group (26.9.2022). *PaleoWest Joins Forces with Commonwealth Heritage Group*. <https://www.commonwealthheritagegroup.com/2022/09/26/paleowest-joins-forces-with-commonwealth-heritage-group/> [22.10.2022].

⁴ Commonwealth Heritage Group, company website: <https://www.commonwealthheritagegroup.com/> [22.10.2022]

⁵ MOLA team (16.6.2022). L - P: Archaeology joins MOLA: <https://www.mola.org.uk/blog/1-%E2%80%93-p-archaeology-joins-mola> [22.10.2022].

⁶ *Riverside* company website: <https://www.riversidecompany.com/> [22.10.2022].

⁷ *Riverside* (15.2.2022). *Riverside Preserves History with Latest Investment*. <https://www.riversidecompany.com/currents/riverside-preserves-history-with-latest-investment/> [22.10.2022].

⁸ *Riverside* (26.9.2022). *Riverside Digs for Success with Latest Add-on*. <https://www.riversidecompany.com/currents/chg-news-release/> [22.10.2022].

⁹ *Riverside* (2022). *Who we are*. <https://www.riversidecompany.com/who-we-are/> [22.10.2022].

¹⁰ <https://www.riversidecompany.com/industries/business-services/>.

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