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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

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 association. 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, one of the biggest ACRA members, had bought one of their major competitors, the Commonwealth Heritage Group.

Commonwealth were also a relatively large company – 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; 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. 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 investment – 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.

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 companies (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”. 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].
4 Commonwealth Heritage Group, company website: https://www.commonwealthheritagegroup.com/ [22.10.2022]

References


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