



SEPTEMBER 10, 2020

## Latest sale of Rosetta Stone clouds future of iconic Harrisonburg startup

By **Eric Gorton, Contributor**  
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Founded in Harrisonburg in 1992, Rosetta Stone grew into the area's largest tech employer and the world's leading language learning software company. The company, which has significantly reduced its local workforce in recent years, has announced it is being acquired by Cambium Learning Group.

By **Eric Gorton, contributor**

Allen Stoltzfus got the idea that computers could be used to ease the process of learning a foreign language while struggling to learn Russian in school. He ran the idea by a friend who was a programmer and they launched a product that became synonymous with language learning around the world, it just took a while.

That was one of the many lessons Eugene Stoltzfus said he learned in the early days of developing **Rosetta Stone** language learning software with his brother, Allen, and brother-in-law, John Fairfield.

"We dreamed we could make a living," Eugene Stoltzfus said with a chuckle as he recounted Rosetta Stone's early years and the challenges he and his colleagues faced in developing and marketing a product that was a little ahead of its time.

As it turned out, they did much better than just scratching out a living. After a little more than a decade of building Rosetta Stone into the world's leading language learning software, the founders sold the company for millions in the early 2000s. The new owners, ABS Capital and Norwest, took the company public, where it quickly struggled to maintain its value, at times seeing its stock dip to about \$6 a share after an IPO of \$18 a share.

New leadership helped Rosetta Stone regain its value over the past several years and on August 31, the company announced it was **being acquired** for a second time, this time by **Cambium Learning Group**, for \$30 a share, representing an equity value of \$792 million.

In a press release, John Hass, chairman and chief executive officer of Rosetta Stone, said, the transaction "represents the next step on a path that, over the past several years, has transformed our language business and built a previously small K-12 software business into a growing leader in education technology."

In the same release, Cambium CEO John Campbell said the company's "significant addition of Rosetta Stone" will allow it "to deliver even more expansive solutions to teachers, administrators, and learners everywhere."



Long a major employer in Harrisonburg, the company relocated its headquarters prior to its 2009 IPO. As recently as 2015, it employed 450 people in town, according to Harrisonburg Economic Development Director Brian Shull. That total has since fallen to about 180, Shull said.

It remains unclear how the latest acquisition might affect the company's presence in its home city. Andrea Riggs, senior director of global communications, did not directly answer a question from *The Citizen* about whether Rosetta Stone will stay in Harrisonburg.

"We feel that Cambium is the right partner to help us achieve our long-term strategic objectives to expand the business and fulfill our company's mission," she wrote in an email. "Finding a partner such as Cambium provides us with more flexibility and opportunities to invest in our businesses that we don't currently have today. The news has no impact on our strategic direction or our business priorities."

No one from Cambium responded to the question by press time.

Current employees, who spoke to *The Citizen* on condition they not be identified, said the only information they have received is what came out in the August 31 press release. One employee expressed "guarded optimism" after employees were told to continue doing their jobs.

Stoltzfus, who no longer has an official role with the company but has friends who work there, said he would be saddened if the company left Harrisonburg.

"I think the office for them in Harrisonburg has worked out pretty well," he said, noting that it would be much more expensive to operate in Arlington, where the corporate headquarters is located. However, "Cambium should do what they need to do to be successful," he said.

Despite significant reductions in its local workforce, Rosetta Stone remains the largest tech employer in Harrisonburg. The second-largest, Boston-based software company Jenzabar, has more than 100 employees in town, Shull said.

"The Rosetta Stone name is known around the world, and Harrisonburg is proud to be closely associated with this iconic brand," Shull said in an email to *The Citizen*. "We look forward to working with Cambium Learning Group and we are hopeful that this new ownership structure will provide additional resources for the Harrisonburg team and enable them to grow and prosper here. Rosetta Stone is a key player in Harrisonburg's technology cluster, and we will continue to strengthen that partnership going forward."

According to its website, Rosetta Stone uses advanced digital technology to help all types of learners read, write and speak more than 30 languages, including several endangered ones. Lexia Learning, Rosetta Stone's literacy education division, which Rosetta Stone bought in 2013, "is a leader in the literacy education space and helps students build fundamental reading skills through its rigorously researched, independently evaluated, and widely respected instruction and assessment programs."

Jack Marmorstein, who worked in various leadership roles at Rosetta Stone from 1998 until this past January, said Lexia is the part of Rosetta Stone most aligned with Cambium.

"I don't think anyone can be sure what the future holds for the legacy Rosetta Stone language business," he said.

He believes, however, that the Rosetta Stone brand is valuable enough that someone will want to use it.

Stoltzfus agrees. "It's still a really good program, nothing that competes with it in terms of effective teaching," he said.

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**Eric Gorton, Contributor**



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MAY 26, 2020

Harrisonburg nonprofits see fundraising losses — and gains — during pandemic

By Eric Gorton, Contributor

Posted in COVID-19 info, Harrisonburg Issues

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A volunteer at Our Community Place loads food into a vehicle // File photo by Tristan Lorel

By Eric Gorton, contributor

Fundraisers have been canceled or postponed, and normal operations are but a memory this spring for nonprofit agencies serving Harrisonburg and Rockingham County. Still, leaders of several say they remain solvent and able to perform their missions as the COVID-19 pandemic lingers on.

"It's an unpredictable and crazy roller coaster," said Sam Nickels, executive director of Our Community Place (OCP).

The agency provides 17,000 meals a year to the city's homeless and others with food insecurity, in addition to a number of other services, including laundry and shower services, storage lockers, case management, volunteer and job training opportunities, and help finding housing.

"We've lost a lot of money from fundraisers that have not happened, but we've gotten a lot of support from the government's PPP program (Paycheck Protection Program), The Community Foundation emergency fund, and our donors have also really stepped up," Nickels said.

Since OCP began a new fiscal year on April 1, donors have already given 43% of the \$150,000 budgeted for contributions from individuals, congregations and businesses, compared to 8% at this time a year ago, said Eric Olson-Getty, director of development and administration. However OCP will need to find a way to make up for losses from the canceled events.

"We anticipate that our income from in-person special events will be negligible to nonexistent this year, so the fact that we're doing well on individual donations right now doesn't mean we're secure for the long-term," Olson-Getty said. "Our expenses will eventually catch up to us if we don't find a way to replace income from canceled in-person events, and that will most likely need to be from sustaining this momentum from individual donors."

OCP will get some help from the The Great Community Give, normally held each April by The Community Foundation of Harrisonburg and Rockingham County. This year, the event has been postponed until June 24.

Nickels said OCP has expanded services and hired some additional part-time staff to provide more food, more case management and other services.

"Our big focus right now is trying to get as many people as possible out of the shelter and homeless hotels so they can 'shelter at home' like other folks in our community," he said.

Patchwork Pantry, another agency addressing food insecurity by providing three-day supplies of staples to those in need in Harrisonburg and Rockingham County, has "seen some generous gifts come in during this time," said Executive Director Jennifer Ulrich.

With a budget of \$19,125, the organization does not have an annual fundraising event and relies solely on its donors.

"I am a bit reluctant to say what percentage of our fundraising has come in as we may need to adjust our budget," Ulrich said, adding that the agency is seeing an increase in the number of folks needing food and the budget is a moving target.

"That being said, we are well ahead of what we normally raise by this time," she said.

In addition to money, Patchwork Pantry accepts donations of food and other items and has a supply of masks to hand out as well.

"We have a generous community," Ulrich said.

Revlan Hill, executive director of The Community Foundation, a nonprofit that builds and manages philanthropic funds to meet community needs, is impressed by donors who have continued their giving through difficult times, and by other local nonprofits that have risen to the challenge.

"The community at large has been terribly generous to the joint partnership that The Community Foundation and The United Way have together to raise money for nonprofits who are responding to the current pandemic, the COVID-19 Harrisonburg-Rockingham Community Response Fund," she said. "I've seen generosity like no other. Companies stepping up with large gift support. We've had some anonymous donors give quite large contributions."

The Great Community Give raised money for 89 nonprofits last year and is slated to assist more than 100 this year. Hill has not heard of any organizations that are in danger of folding due to the pandemic.

"I think people are thinking differently," she said. "There have been a lot of creative ways that organizations are changing ways of how they do business. We all know that what we do in the community matters."



A gathering at Our Community Place // Photo by Randi B. Hagl for Our Community Place

Nickels said Our Community Place has strong safety protocols that have enabled it to continue providing face-to-face services.

"We are proud of our staff and volunteers for stepping up during this time of increased danger in our work," he said. "Continued community support is what is allowing us to serve food seven days a week and to be working all day long on getting people into housing. We deeply appreciate the support everyone has provided."

Among the organizations having to operate differently is the Boys and Girls Clubs of Harrisonburg and Rockingham County, which implemented a virtual club, or "V-Club," to continue its educational mission.

"We reach out to our kids through that and it's focusing on fun things to do and providing a tiny bit of structure for their day," said Executive Director Sandra Quigg.

The clubs normally operate out of schools, but that became impossible on March 13 when public schools in Harrisonburg and Rockingham County shut down for the remainder of the academic year.

"We went into an abrupt stop," Quigg said. "We are a face-to-face youth development organization and our model has been, we're there with the kids. It took us a little bit to reevaluate and to determine, 'How do we do this? What do we do? How do we serve our kids?'"

Being forced to reinvent the way it reached children curtailed fundraising at a time of year when the agency normally focuses on it.

"We had to do a pretty hard pivot and so we couldn't focus on fundraising. That kind of explains our dip in fundraising. We weren't out there," Quigg said.

In addition, the agency expects to take another hit due to changes to its annual gala — by far its largest fundraiser of the year — originally scheduled for June 6, Quigg said.

Normally bringing in \$80,000-\$100,000, the event usually includes a number of live auction and silent auction items. This year, it will be held August 15 and feature fewer auction items "to be respectful of the situation," Quigg said.

"The focus is community and service and our 25-year anniversary. We still need the money, but we're very aware of our surroundings and what everyone else is going through," she said.

Donations picked up after the start of the V-Club and when one of the clubs reopened in Elkton to serve children of parents who have continued to work outside of their homes.

"We've been able to reach out and sort of say, 'This is what we're doing,' and donations started to come back in," Quigg said.

Grants have also helped, Quigg said, and grantors have been willing to adapt their expectations.

"The grants are usually fee-for-service. You are doing something and the grantor is looking for a report on that investment. Some are very specific, some are to fund a certain thing and there are certain outcomes they would like to see. What we have found is most of the grantors have been very, very flexible. One of our grants is a face-to-face mentorship and that became impossible. Another grant stated specifically it had to be done in our clubs, but we can't be in our clubs. We're extremely thankful that grantors have been flexible."

Still, the Boys and Girls Clubs, with an annual budget of about \$1 million and 70% of that coming from fundraising, are about 40% behind and have had to furlough about 35 part-time workers. Most of those, Quigg said, were students, many of whom live out of town when colleges are not in session. The organization has been able to retain its full-time staff.

Hill, of The Community Foundation, said she doesn't want donors to forget about organizations like the Boys and Girls Clubs whose primary missions may not seem essential during the pandemic.

"The thing is, the museums of our community, the educational nonprofit organizations of our community that help our children, the arts organizations in our community — they play a big role in making Harrisonburg-Rockingham County what it is," she said. "We're always encouraging people to think about, not just food, obviously everybody needs food, but all these organizations are important. Jewels for the community."

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NOVEMBER 30, 2020

## Shoppers visit downtown retailers for Small Business Saturday

By **Eric Gorton, Contributor**  
Posted in **Harrisonburg Issues**

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Small Business Saturday 2020. All photos by Eric Gorton

By **Eric Gorton, contributor**

Heather Brown has done some Christmas shopping online this year, but on Saturday she was among the steady stream of shoppers who visited Harrisonburg's downtown stores and restaurants.

Brown, of Harrisonburg, said she was not aware it was Small Business Saturday, but wanted to support the local businesses just the same.

As for visiting stores with a fair number of other shoppers during a pandemic that is getting worse by the day across the area and the country, Brown said she felt pretty comfortable.

"I have not seen anyone that has not been wearing masks or not trying to be responsible about COVID-19," she said.

Many of the shops provided hand sanitizer at their doors and posted signs requiring masks and social distancing. Some smaller shops kept watch on the number of people they had inside at any one time and at least one asked some shoppers to wait outside until others left so there would be room for proper distancing.



Joe Aubry (L) and Naomi Rabago

Naomi Rabago and Joe Aubry of Harrisonburg said the Small Business Saturday promotion — started 10 years ago by American Express and some partners to boost local businesses during the start of the holiday shopping rush — influenced their decision to visit the stores.

"It has been a little while since I have been out shopping in Harrisonburg with COVID so I figured now was a good time," Aubry said.

Rabago said she was looking for Christmas gifts from Harrisonburg small businesses for friends and family and that she wanted to support the local retailers — a sentiment echoed by other shoppers.

"Today, since it's Small Business Saturday, we really wanted to get down here and support some local businesses while we're shopping for our families for the holidays," said Madison Greer, of Harrisonburg.

Her boyfriend, Matt Cimino, said one of the benefits of shopping at the local stores is finding items he wouldn't find at the national stores.



Paul Hansberger, owner of Lineage, which sells its own hand-made canvas and leather handbags, accessories and candles in addition to products from other small businesses, said on Friday that in-store shopping was down some from a year ago, but online business has increased.

"I feel like Harrisonburg in general is very supportive of its small businesses and we're grateful that people continue to support our business as well as other businesses here in downtown," he said.

Hansberger expanded Lineage this year, opening a second location on North Liberty Street, after taking some time to improve his e-commerce operation.

Sabrina Dorman-Andrew, owner of New Creation, said, "People are visiting our physical stores, however traffic is down in-person from last year to this year. On Black Friday this year, for instance, both of our brick and mortars were down in sales and transactions. The online store, however, did four times as much in sales compared to Black Friday in 2019."

After going through some rough times at the beginning of the pandemic in March, many of Harrisonburg's locally owned enterprises have adapted to new ways of doing business, beefing up or adding e-commerce operations, said Andrea Dono, executive director of [Harrisonburg Downtown Renaissance](#).

HDR has assisted many of them, providing training and grants for businesses to improve their online presence.

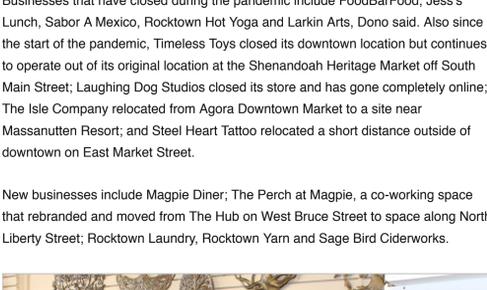
"We spent a lot of time educating the businesses with various tutorials, trainings, resources and then the grant program," Dono said, adding that the [Virginia Small Business Development Center, Shenandoah Valley](#), has also been instrumental in aiding businesses with their e-commerce platforms.

Although a few businesses have closed during the pandemic, Dono said, others have opened and some, like Lineage, have expanded their operations since the COVID-19 outbreak. Overall, the number of downtown businesses coming and going has been pretty typical.

"Every year we have some kind of turnover. There's always going to be an influx of businesses coming in, business going out and a lot of times when businesses are new, if they're in their first or second year, that's their hardest time and a lot of them don't make it through," Dono said. "I'm not really ready to say that the pandemic has taken a big toll on downtown just yet. While two or three of those might have been more directly related to the pandemic, I really believe that at least in the downtown, some of this churn that we're seeing is really more related to normal business activity."

Businesses that have closed during the pandemic include FoodBarFood, Jess's Lunch, Sabor A Mexico, Rocktown Hot Yoga and Larkin Arts, Dono said. Also since the start of the pandemic, Timeless Toys closed its downtown location but continues to operate out of its original location at the Shenandoah Heritage Market off South Main Street; Laughing Dog Studios closed its store and has gone completely online; The Isle Company relocated from Agora Downtown Market to a site near Massanutten Resort; and Steel Heart Tattoo relocated a short distance outside of downtown on East Market Street.

New businesses include Magpie Diner; The Perch at Magpie, a co-working space that rebranded and moved from The Hub on West Bruce Street to space along North Liberty Street; Rocktown Laundry, Rocktown Yarn and Sage Bird Ciderworks.



Downtown shoppers Sherry Moats (l) and Alexis Moats

Despite the pandemic, Amy Strunk said the timing was right for her to open Rocktown Yarn two weeks ago in Agora Downtown Market.

"I felt like we had a good niche that we could carve out for ourselves here and there's a very passionate knitting, fiber community here in Harrisonburg-Rockingham County," she said, adding that a recent cancer scare also played a role in deciding to open the business now.

While she offers online shopping, she estimated 95 percent of her customers have come to the store so far.

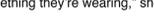
"Yarn is really tactile. People want to touch it, they want to know what it's going to feel like, especially if it's something they're wearing," she said.

Dorman-Andrew of New Creation said, "We have been very fortunate to have steady sales since kicking off our holiday shopping season. I believe it really speaks to the loyalty and support of our customers and am thankful that they have continued to stand with us during the most difficult year of business."

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