

ARISE ARCHITECTS CO-OPERATIVE



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CONVERSION TYPE

- For-profit to co-operative conversion: Sole proprietorship to worker co-operative

SECTOR

- Architecture

SUPPORTED BY

- Ontario Co-operative Association
- Innovation Guelph

COMMUNITY IMPACTS AND BENEFITS

- Saved two jobs
- Provided socially and environmentally conscious clientele with a co-op option
- First architectural co-op in Ontario and second in Canada: It inspired another group in Toronto to explore the co-op conversion option

Timeline of Conversion

- After nearly four decades of successful architectural practice in Guelph, David McAuley decided in 2017 that his time to retire was approaching. Rather than wind down the business, however, McAuley was keen on both keeping the business alive and continuing to work as an architect for the foreseeable future.
- It was during this period that McAuley attended a seminar where Peter Cameron, the then Executive Director of the Ontario Co-operative Association (OCA), suggested that McAuley might want to consider converting the business into a worker co-operative.
- McAuley then presented the idea to the two workers of J. David McAuley Architects Inc., who were both on board.

- The group spent the next two and a half years, with support from Innovation Guelph, a local business development centre, working out the financial and legal details of the succession. They ultimately decided on a delayed closing, whereby the co-operative would pay for the sale of the company in nine equal installments after it began operations.



*Founding worker-owners Yvonne Ip, Danielle Gignac, and David McAuley (left to right) at the co-operative's launch event - October 2019.
source: Arise Architects Co-operative's website*

- The group also worked on re-branding the architectural company putting emphasis on it being the first architectural co-op in Ontario (and second of its kind in Canada). By doing so, they believed that the co-operative could reach a clientele base sympathetic to the social and environmental aspects of the firms they work with.
- Arise Architects Co-operative was incorporated in 2019 and officially took over the business in January 2020.
- As of March 2021, Arise Architects Inc. continues its operations without two out of the three of its founding worker-owners, including David McAuley. The relationship between McAuley and the other two worker owners were irreparably severed during the first year of operations.

Key Lessons From Conversion

- Arise Architects Co-op's conversion story stands as a very practical example of a succession plan that could be replicated by other retiring business owners looking to generate value from the sale of the company and preserve its legacy while the previous owner continues to work for a while longer.
- Arise Architects also stands as a trailblazing co-operative in Ontario's architecture scene and therefore an inspiration for architects and for other forms of professional services providers that collectively owning and managing their workplaces is a possibility.

- A unique form of local business and economic development institutional support provided to Arise Architects by Innovation Guelph can be replicated in other jurisdictions for co-op conversion. This shows the importance of both governmental and social economy and community supports geared to forming and funding local business development centres.
- The story of Arise Architects also stands both as a testament to and a cautionary tale about the importance of interpersonal relations in co-operative governance (see below for related recommendations).

Key Challenges and Responses

CHALLENGE

As stated above, interpersonal relations and governance-related issues posed a significant challenge to the co-operative in its first years of operations and ultimately led to McAuley leaving the co-operative. We were able to interview all three founding worker owners of Arise and asked them about their key learnings from their governance-related and interpersonal challenges and their recommendations to other groups considering the co-operative model as a conversion and/or succession strategy.

RESPONSE

Their learnings are summarized below under four key interconnected recommendations:

1. Test run co-operative governance prior to conversion
2. Seek professional communications and decision-making support early in the conversion process
3. Identify and address potential conflicts of interest through sound governance mechanisms prior to the conversion
4. Establish a shared mission and vision

All four recommendations listed above point to the importance of working on interpersonal relations and sound governance practices, nurturing them well in advance of the conversion.