



# ARISE ARCHITECTS CO-OPERATIVE

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## Legacy Leadership Lab Case Study

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### PUBLISHED

JANUARY 25 2021  
WATERLOO, CANADA



# Arise Architects Co-operative

Guelph, Ontario, Canada



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*As an employee that has worked with J. David McAuley Architect Inc. for several years, you have just received the news that Mr. McAuley is planning to retire. He is gauging interest in a conversion to a co-operative as a potential solution for this transition.*

## **Introductory Statement**

Arise Architects Co-operative began as J. David McAuley Architect Inc., a practice established over 40 years ago – the oldest architectural firm in Guelph. As David McAuley prepared to retire, he looked for a way to sustain his professional legacy, empower his employees, and have more agency over his work as he moved toward retirement. In order to achieve these goals, a worker co-operative was established and announced in October 2019. In the lead up to this transition, existing employees had to consider the pros and cons of co-ownership, shared risk, and democratic governance.

## **Background**

J. David McAuley Architect Inc. served southern Ontario by designing buildings used and admired by communities across the province. Over its 40-plus years of practice, the company team designed over 200 churches and worked on numerous other design projects under the leadership of J. David McAuley. By the time McAuley was considering retirement, his firm was well established within Guelph and beyond. The company, albeit a small enterprise, was known for its focus on community and sustainability, using new and repurposed materials creatively in their projects.<sup>i</sup> As J. David McAuley reached a new stage in his career, he began to consider his next steps and retirement. Two options available were to either sell the business to a willing buyer or shut the firm down. With a sale, McAuley's company would be in the hands of new owners with their own interests, goals, and resources. The staff would lose their employment if the firm was closed with McAuley's retirement. Neither of these options addressed McAuley's intention to stay on and retain some leadership capacity during his shift to retirement.

During this research process, a third option emerged: conversion to a social enterprise. J. David McAuley became interested in the co-operative model as an option for transition after conversations with the Ontario Co-operative Association. Because McAuley was not looking to retire imminently, transitioning to a worker co-op and becoming a member-owner himself gave him the ability to share the responsibility and the workload and ease into retirement in the future. Staff would have the option of becoming member-owners; by purchasing shares in the co-operative, they would gain a right to take part in decision-making and steer the company, building on the knowledge they had gained during their tenure at J. David McAuley Architect Inc.

One of the company partners described working at McAuley as aligned with a co-operative approach: "our methods have been co-operative for some time, with our commitment to working together to improve our communities, and our collaborative approach to design."<sup>ii</sup> The firm worked hard to gain the

trust of the community, focusing on designing homes, daycares, schools, and places of worship over the years – it was important to the founder and the staff that this legacy continue. But key considerations about governance, financing, and legal processes would have to come first if the conversion was to be a success.

### **Key Considerations**

1. J. David McAuley is planning to retire in the near future but would like to continue working for the time being.
2. The company is financially healthy and is a stalwart of the Guelph business community.
3. While considering the decision to invest in the co-operative business, the employees have to consider financial prospects, risk, responsibility, and governance control.

### **Current Situation**

It is June 2019. You are a valued staff person at the firm, having worked there for 5 years. You are aware of J. David McAuley's preference for a slow transition. You are facing a critical decision-making juncture and have to consider many factors. What resources would be needed to accommodate his plans and convert to a co-operative? What policies and practices should be put into place to ensure a successful democratically-run workplace? What are the new responsibilities of potential member-owners?

#### **OPTION A**

Is establishing a co-operative the best course of action or should Mr. McAuley sell the company to a third party? What should be considered in such a decision - staff capacity, current governance culture? Which staff members should be offered an opportunity to become a member-owner?

#### **OPTION B**

As an employee, how do you assess and understand the big risks and opportunities associated with converting to a co-operative? How do other options at the table compare when it comes to these risks? Consider short term issues as well as long term challenges to sustaining the co-operative.

#### **OPTION C**

As an employee of the company who had worked there for 5 years, what would you consider to be the biggest factors in your decision to buy into the co-operative and become a member-owner? What would you like to see the company do to ensure the transition be a positive one?