



LOCAL

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## A longtime Bellingham business is leaving something of value to workers – ownership

BY DAVE GALLAGHER

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BELLINGHAM — When Rick Dubrow and Cindi Landreth began pondering passing their business on to someone else, they were not excited about selling it to strangers. They feel much better turning it over to the people who have created much of the wealth in the business.

In July A-1 Builders Inc. will officially become A-1 Builders, a worker-owned cooperative. The company will be operated by five initial owner-members, with more employees expected to come on board as members in the next two years. The company currently has around 20 employees and includes Adaptations Design Studio. Dubrow and Landreth will take a less active role in the company as they transition.

A worker cooperative ownership format is becoming an attractive succession-plan option, particularly for well-established local businesses where the owner is ready for retirement and doesn't have family members who want to take over. After the owner, it is usually the longtime employees that understand the business best.

“Sharing the load is better than having one person take over a company,” said Patrick Martin, one of the cooperative owners. Other members are Justus Peterson, Bobbi Plata, Maggie Bates and Shawn Serdahl.

Changing to worker cooperative is also a more value-driven than a maximum-profit motivation, said Tom Dorr, a business consultant who helped A-1 make the transition. It's ideal for smaller, longtime companies that want to keep the company culture in place. Whatcom County small businesses have a strong value-centric culture with strong community ties, including the buy local campaign, Dorr said.



A-1 Builders employees Justin Deane and Mike Gill are at work preparing a brick wall for a new door. A-1 Builders will become a worker-owned cooperative in July.  
A-1 Builders - Courtesy to The Bellingham Herald

The chance to become part-owner of the company should also help when it comes to hiring and keeping employees, Martin said, noting the home construction and remodeling business is a difficult industry to retain employees. He added that regular customers can be reassured they will continue to work with the same group of people they've come to know and shouldn't see many changes. For the workers, it is a chance to find some work stability.

Having people with different strengths run a company can have its advantages, but it can lead to terrible results if not done correctly. There are federal guidelines in place, but there are also plenty of business plans from other companies that successfully made the transition and are willing to share the process and the experience. A-1 Builders patterned some of its structure after Bellingham Bay Builders, which became a worker cooperative in 2004.

While there is a danger of a group of owners getting bogged down while voting on a business decision, that hasn't happened much at Bellingham Bay Builders, said Dave Brogan, one of the original members of the cooperative. Having a clear set of rules and expectations in place helps, he said, and a sense of trust develops and decisions are quickly made.

What's been particularly important is the impact it has had on the employees, Brogan said. The hiring process is more rigorous because the owners know they are hiring potential future business partners. Once someone is hired, they come into the job with more of a future owner mentality, which creates a different culture when it comes to doing day-to-day tasks.

For the owners, it is also a great way to create a better work-life balance, Brogan said.

“If I was a sole proprietor, I know I would be working a lot more hours,” he said.

For business owners who are thinking about retirement or otherwise getting out of a business, Dorr recommends early planning.

“Five years is not too early to start a succession plan,” Dorr said, adding it should be even sooner for someone considering a worker-owned cooperative format.



The five new owners/members of A-1 Builders: Bobbi Plata, Patrick Martin, Justus Peterson, Shawn Serdahl and Maggie Bates. All five have worked at management levels of the company.

A-1 Builders - Courtesy to The Bellingham Herald

For Dubrow and Landreth, passing along the business to employees gives them the sense they are creating a legacy. A-1 Builders, which started in 1955, will continue on with people who know what made the business last this long. That is a better deal than selling it outright, Dubrow said.

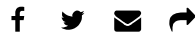
“We are leaving behind a value-driven group of people,” Dubrow said, adding that the business is now in the hands of people who share similar views of sustainable business practices.

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