

**Life is interdependent.** Transition to Employee Ownership. Bring work to life.



**Your weekly blog on all things EO**  
with Barry Horner

Episode 12 | Series 1

## Why Architecture is Leading the Employee Ownership Revolution

**The leading UK professions most suited to becoming employee-owned (typically through an Employee Ownership Trust, or EOT) are those that are people-centric knowledge workers, rely heavily on intellectual capital, and face significant succession challenges under the traditional partnership model.**

The most prominent examples currently transitioning to employee ownership (EO) are law firms, accountancy and financial planning firms, and architectural/engineering consultants.

In this week's EO Know How, I focus on **architectural practices**. These firms are seeing a major uptake in interest in transitioning to an employee-owned model.

### **What is the rationale for such interest, within architectural practices?**

- **Project-Based Loyalty.** The success of an architectural practice relies on the entire team's commitment and long-term vision. Employee ownership aligns the interests of everyone, from the newest graduate to the lead director, ensuring higher quality outcomes and innovation.

- **Intellectual Property.** Architects are essentially selling creativity, expertise, and problem-solving skills. Protecting that collective intellectual capital and preventing a mass exodus of key creative/technical staff is paramount. EO helps lock in that talent.
- **Long-Term Vision.** Major infrastructure and architectural projects quite often span many years. The EO model provides the stability and continuity of ownership required to assure clients that the team and vision will not be abruptly disrupted by an acquisition.
- **Reputational Value.** Being an employee-owned firm is an attractive brand point when pitching for public sector or ethical private sector work, demonstrating a commitment to people and quality over short-term financial extraction.

### Further Strategic Advantages

- **Debt-Free Succession.** Transitioning to an EOT allows founders to exit at a fair market value, without requiring the next generation of architects to take on massive personal debt to 'buy in,' which is a common barrier in traditional partnerships.
- **Competitive Tax Relief.** While the 100% exemption has ended, a qualifying sale to an EOT now benefits from a 50% CGT relief. This results in an effective tax rate of approximately 12% (based on the current 24% main rate).
- **Recruitment & Retention.** In a competitive talent market, the ability to offer tax-free bonuses (currently up to £3,600 per year) and a genuine stake in the firm's future is a powerful differentiator that helps boutique practices compete with global giants.
- **Economic Resilience.** Architecture is sensitive to economic cycles. EO firms tend to be more resilient; because every employee is an owner, there is a collective drive to find efficiencies and pivot to new sectors rather than resorting to the redundancies seen in corporate-owned firms during a downturn.
- **Preserving the Design "Voice".** Unlike a trade sale to a large conglomerate - where a firm's identity is often absorbed - EO ensures the practice keeps its name, its specific design ethos, and its independent spirit.

### Is your practice ready for the next chapter?

Transitioning to Employee Ownership is as much about legacy as it is about liquidity. If you are looking to secure the future of your firm while rewarding the team that helped build it, then transitioning your architectural practice to employee ownership could be

the perfect blueprint.

Choosing the right path for succession is a landmark decision for any practice owner. If you are considering an EOT but aren't sure where to start, I would be delighted to help you navigate the initial 'thinking' phase. Let's arrange a complimentary discovery meeting to discuss your goals and assess the feasibility for your firm.

Reach out today to start the conversation.

Contact **Barry Horner** at [bhorner@pnfp.co.uk](mailto:bhorner@pnfp.co.uk).

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