Closing a Business Checklist

Deciding to close and then dismantle your business is a huge undertaking. Once the decision is made you may feel a tremendous sense of relief. But that doesn't mean for a second that you should take it easy.



- [ ] **Make an announcement to your employees.** Be sure to carefully craft an announcement for your employees. This will be different than what you tell your closest friends and advisors, as well as the media (please see below). But be sure to let them know before they hear it from someone else. You want to maintain a good relationship with your employees. You never know when you might do business with — or for — them again.

- [ ] **Advise your customers.** Just as you don't want your employees to find out secondhand about your business closing, you don't want your customers to hear about it over the transom. Give them the respect they deserve by personally letting them know either through a phone call or by a letter. Some customers may deserve both. In any case, be sure to let them know when your business will close and assure them that any outstanding work will be completed.

- [ ] **Make an announcement to the media.** Even if you haven't had a lot of communications with the media — local and/or national — you'll want to send out a brief press release explaining that the business is closing. You might include a brief quote describing the company's successes. Also, you could make a reference to something like "competitive realities" as an explanation for the closing. If you've never issued a press release, consult a public relations specialist or your attorney before releasing anything to the public

- [ ] **Check all your customer contracts.** Before you close your doors for good, you must review all your business agreements to make sure you're not in breach of contract. The last thing you need is to be sued by a customer. If you have any questions about your obligations, consult your attorney.

- [ ] **Cancel bank accounts and insurance policies.** As you close up shop you'll also need to close certain accounts. But don't be too hasty. You'll need to pay off creditors and vendors, and you'll want to maintain your insurance coverage up until you are officially out of business. As you navigate the financial piece of your business closing you'll want to stay in close touch with your accountant, too.

- [ ] **Take care of your business leases.** Don't forget to terminate your business lease. You could try to sublet the space. No matter what course you take, however, get everything in writing.

- [ ] **Get rid of unwanted inventory.** Instead of hanging on to supplies you'll never use, consider holding a sale for those items. In

addition to conducting a conventional “going out of business sale” you can also list items on an online auction site like eBay.com or run a classified ad on craigslist.com. But always proceed with caution

- [ ] **Deal with the IRS.** The IRS wants to make sure you close your doors legally, so this governmental behemoth provides a list of forms you must complete before locking your doors. Your accountant and lawyer should be able to help you with this.

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