



TRIGGER EVENTS

WHAT'S YOUR PAIN?

LIQUIDATION

Liquidation

What To Consider In The Situation

In the lifecycle of a business, sometimes it comes time to close the company. It may be that the market has changed, the economy changes, or the owners are just ready to be done. However, Liquidation does not mean the owner has failed. If the business has produced a quality of life for the owner, fulfilled a personal passion, or changed other peoples' lives, then the business was a success. Shutting the company down can be the right decision for many different reasons.

It is important that owners understand the steps of shutting down a business; you can't just close the doors and lock up. There are legal, tax, human resources, city, state, and federal requirements that need to be met. Aside from dealing with the tangible assets and business operations, there is also a very personal and emotional side to closing your company that should not be discounted. Telling your family, your employees, vendors, and suppliers who have all been on your side for decades is not easy. The process of liquidation will take time, and professional assistance can help meet all the legal requirements and support you during a difficult transition.

How ECG Supports The Situation

When considering shutting down your business, there are many ramifications to consider. There are legal documents that need to be completed and sent to the city, state, and federal government. There are final tax returns from sales, income, and payroll that need to be filed and reconciled. There are operational actions, such as notifying your landlord, vendors, customers, and employees.

Our Exit Engineers® work with owners to develop their liquidation plan and break it down into specific action items that will need to be implemented to successfully close the business. We work with the company's attorney and CPA to assist and back-up the owners in case employees leave abruptly.

Case Study Example

The Challenge

A company had been struggling with the COVID-19 pandemic and kept fighting to keep their doors open. They counted on government-sponsored financial assistance and were able to work through the shutdown. Unfortunately, the market changed, their clients didn't come back and their employees all had to be re-trained. Regardless of how hard the owner worked, he couldn't turn a profit and decided to shut down his business. He had equipment, inventory, and debt; and felt tired and defeated.

The Solution

We worked with the owner and his advisors to develop and execute a liquidation plan. We helped with communication to the employees, selling the company assets and inventory, terminating the lease, the final payroll audit, and supporting the CPA to file the last tax returns before the company was fully shut down.

The Result

We negotiated a path to liquidation that allowed the owner to exit with all his debts paid and his employees finding new employment. It was a tough and emotional exercise, and the owner appreciated our team being on his side the whole way and exited with his head held up high with his head up high.

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