

# Getting Out of Business

There are various reasons why a person could want to get out of business and there are generally three ways to go about it:

1. **Liquidate the assets of your business.**
2. **Sell your business.**
3. **Pass the business on to someone else.**

## Liquidating the assets of the business

This is the simplest exit strategy. You would probably only choose this option if your business has not been very successful because you will exclude the possibility of receiving money for goodwill. All that you have to do is determine the fair market value for your assets and find someone who is willing to pay that. To get a fair market value you may want to talk to an appraiser or auctioneer.

## Selling your business

The first step is to place a value on your business and an easy way to do this is to consult an accountant. They will be able to tell you, based on earnings or market value, what you can expect to get for your business. The next step is to find a buyer. You can simply place an ad in the newspaper, use word of mouth and promote your sale to accomplish this. Once you find someone, or someone finds you, schedule a meeting. You will want to determine fairly quickly if the potential buyer: is serious, has the resources to make the purchase, and whether the buyer is the type of person that you want to sell the company to. The first meeting is usually a 'feeling out' process with little emphasis on the selling price.

You enter into negotiations, *only* when you both decide that it is a serious deal. After you are both satisfied with the terms of the purchase, a letter of intent will be drawn up outlining the terms. This would be a good time to include a lawyer in the process. The purchaser will enter the process of securing financing for the purchase. You will be asked to provide financial statements for your business as well as a listing of all assets. Once all of these steps have taken place and all documents have been signed, the transfer of the business will take place. *Note: make sure to consult an accountant early in the process to make sure that any tax implications have been addressed.*

## Passing the business on to someone else

This would normally come about when a business owner wants to pass the family business down to their children. The process consists of two main parts: transferring the power and transferring the assets. Because of the serious legal and tax implications of passing the business on to a successor, it is strongly advised that you consult both an accountant and a lawyer to discuss what is involved in the process.

## For More Information

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