

10.1 Dealing with success

PRODUCT
DISTRIBUTION
PROMOTION
PEOPLE
FINANCE
RISK
GROWTH

- > *When the time comes to exit*
- > *Closing down*
- > *If the business is failing*

Success has its price. As your business grows, it will take on a life of its own. More of your time will be taken up with administration. If you enjoy making food, and selling food to clients across the counter, you may find that the pleasure you derive from the business falls away.

Money is a measure of success, but it is not success itself. Success means having the resources to enjoy your health, your family relationships and friendships.

Sooner or later the time will come for you to exit your business. This could be because

- > you are ready to retire
- > you are tired, and want a change of pace
- > someone has offered to buy your business
- > the next generation are ready to take over the business
- > your personal circumstances have changed
- > the business is failing

There are several options for exiting your business, including

- > simply closing the business, liquidating your stock, selling your assets, cancelling your licences and registrations, and ceasing to trade
- > negotiating an orderly transfer of the business to the next generation
- > selling the business as a going concern
- > in the worst case, appointing a liquidator or filing for bankruptcy

If your business needs additional capital to go forward, expansion options include

- > franchising the business system
- > selling shares in the business to an investor

Closing down

If you decide simply to close down the business, you should

- > set a closing date linked to lease termination dates and other key dates, to minimise costs
- > terminate leases
- > advise suppliers and associates of the closing date in sufficient time to enable them to make other arrangements
- > advise customers of the closure—often a big Closing Sale is the best way to let them know, while keeping their interest right to the end

- > terminate leases, utility accounts and other agreements
- > sell the assets, pay the bills, and, hopefully, bank the difference
- > keep detailed records for tax return preparation purposes
- > close the doors and take some time out

If the business is failing

If the business is failing, it might be tempting to close your eyes and pretend it is not happening, or ignore the problem in the hope that hard work and a bit of luck will see you through.

In reality, accepting that something is seriously wrong, and that you need urgent help, is the best approach. If you are still solvent—able to pay your known debts—involving your accountant or a business consultant may help you to spot problems and correct them quickly.

If your financial position is untenable, you have several options. You can appoint an administrator of your company or personal assets, who will provide you with some legal protection while you work through your difficulties and assess whether the business can be saved or should be sold or closed down. You can close down the business and put your company into liquidation.

As important as your business is to you, there are more important things in life. Accepting that problems are real, and responding to them promptly and rationally, will put you in the best possible position for future success. Delay may become financial disaster, which could hobble you for many years.

Websites

Insolvency and Trustee Service Australia www.itsa.gov.au
Insolvency Practitioners Association of Australia
www.ipaa.com.au