



# Business Readiness Guide for the Deploying Service Member

South Carolina Small Business Development Centers

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## Introduction

Changes that happen in business during a deployment affect not only service members who own a business themselves, but also service members who play a key role in another person's enterprise. This guide will walk you through the basic steps of making pre-deployment decisions and start you on the road to preparation by completing checklists and recording information.

This guide has five sections that will be used in order:

### **SECTION 1 - STAY OPEN OR CLOSE THE BUSINESS**

Your first decision is whether to close a business or keep it open (whether the closure is permanent or temporary). This is a big decision, but an important one that needs to be thought through completely. In section one you will walk through questions that should be considered prior to making a decision.

### **SECTION 2 - CHECKLISTS**

Here you will choose one scenario that most closely fits your ownership situation and proceed through a checklist that applies to your decision to stay open or close. There will be no need to complete more than one checklist unless your role in the business changes prior to deployment.

### **SECTION 3 - LIST OF IMPORTANT NAMES AND INFORMATION**

After you have completed section two it is important to record your decisions and communicate the information to people who will need it in your absence.

### **SECTION 4 - SAMPLE LETTERS AND ANNOUNCEMENTS**

These can be used as a guideline for communicating with customers and vendors.

### **SECTION 5 - POST-DEPLOYMENT**

Some hints for the adjustment upon your return.

Take notes while you are completing each section. This will come in handy later.



## Section 1

# STAY OPEN OR CLOSE BUSINESS

In order to decide whether to keep your business open or close your business, you first need to answer questions about how your decision will impact you and the people around you. After evaluating your answers, it is advisable that you speak with an attorney and an accountant.

	YES	NO	STAY OPEN	CLOSE	NOTES
<b>Do I plan to operate the business upon my return?</b>					
<b>Does the business provide income necessary for me and/or my family to live while I'm away?</b>					
<b>Do I have financial obligations in the business that have to continue in my absence?</b>					
<b>Is the business financially stable now?</b>					
<b>Is there someone who can operate the business while I am away?</b>					
<b>Are there customers or vendors who will be significantly affected if I close?</b>					
<b>Are there significant changes that need to be made to the business now?</b>					
<b>Can these changes be made in my absence?</b>					
<b>If revenue falls off in my absence will the business survive?</b>					
<b>If sold, will I want to start up again when I return?</b>					
<b>Do I have time to sell my business before I leave?</b>					
<b>Do I know someone who would like to buy my business now?</b>					
<b>Do I know what my business is worth?</b>					
<b>Do I have a business plan?</b>					

**If you need help answering any of these questions, contact your nearest SC SBDC for a free, private counseling session.**

## Section 2 - Scenario 1

# SERVICE MEMBER IS THE ONLY BUSINESS OWNER

Now that you have answered some questions about staying open or closing, here are checklists to walk you through the process. Choose the checklist that applies to your decision, and follow it through to the end. After you have finished, continue on to the next sections to ensure that you have thoroughly prepared.

### Checklist 1A

#### Keep the business open

- Keep the business going with someone filling in for you
- Subcontract business to another company
- Temporarily transfer customers to a competitor

### Checklist 1B

#### Close the business temporarily

### Checklist 1C

#### Close the business permanently by selling or dissolving the company

### Notes:

## Checklist (1A): Keep Business Open

Completed	Task to Complete	Notes	Contact Name	Contact Number
	<b>Notify business associates of your deployment</b>			
	<b>Notify employees</b> <ul style="list-style-type: none"> <li>▪ To whom shall they report?</li> </ul>			
	<b>Prepare list of your duties</b>			
	<b>Decide who will take over your duties, then go over the list to determine training needs</b>			
	<b>Hire, subcontract or assign duties and complete training</b>			
	<b>Notify regulatory and professional organizations (local, state, federal)</b>			
	<b>Notify customers</b> <ul style="list-style-type: none"> <li>▪ Who'll take over their accounts?</li> </ul>			
	<b>Notify suppliers</b> <ul style="list-style-type: none"> <li>▪ Who'll handle ordering and accounts payable?</li> </ul>			
	<b>Notify attorney</b> <ul style="list-style-type: none"> <li>▪ Assign authority</li> <li>▪ Review ownership</li> </ul>			
	<b>Notify accountant</b> <ul style="list-style-type: none"> <li>▪ Tax reporting</li> <li>▪ Training needed for reading statements?</li> <li>▪ New point of contact</li> </ul>			
	<b>Notify bank and lenders</b> <ul style="list-style-type: none"> <li>▪ Signing authority</li> <li>▪ New point of contact</li> </ul>			
	<b>Notify insurance companies</b> <ul style="list-style-type: none"> <li>▪ Signing authority</li> <li>▪ New point of contact</li> <li>▪ Change in business status or rates?</li> </ul>			
	<b>Take inventory of business assets</b>			

## Checklist (1B): Close Business Temporarily

Completed	Task to Complete	Notes	Contact Name	Contact Number
	<b>Notify business associates of your deployment</b>			
	<b>Notify employees</b> <ul style="list-style-type: none"> <li>▪ Who will handle the final payroll?</li> <li>▪ When can they leave?</li> </ul>			
	<b>Decide who will take over your duties, then go over the list to determine training needs</b>			
	<b>Notify regulatory and professional organizations (local, state, federal)</b>			
	<b>Notify customers</b> <ul style="list-style-type: none"> <li>▪ Who are you recommending?</li> </ul>			
	<b>Notify suppliers</b> <ul style="list-style-type: none"> <li>▪ Pay balances due and set up for return</li> </ul>			
	<b>Notify attorney</b> <ul style="list-style-type: none"> <li>▪ Review ownership</li> <li>▪ Assign authority for details that come up after departure</li> </ul>			
	<b>Notify accountant</b> <ul style="list-style-type: none"> <li>▪ Tax reporting</li> <li>▪ New point of contact</li> <li>▪ Assign authority</li> </ul>			
	<b>Notify bank and lenders</b> <ul style="list-style-type: none"> <li>▪ Signing authority</li> <li>▪ New point of contact</li> </ul>			
	<b>Notify insurance companies</b> <ul style="list-style-type: none"> <li>▪ Signing authority</li> <li>▪ New point of contact</li> <li>▪ Change in business status or rates?</li> <li>▪ Keep account open?</li> </ul>			
	<b>Take inventory of business assets</b>			

## Checklist (1C): Close Permanently

Completed	Task to Complete	Notes	Contact Name	Contact Number
	<b>Notify business associates of your deployment</b>			
	<b>Notify attorney</b> <ul style="list-style-type: none"> <li>▪ Review ownership</li> <li>▪ Assign authority for details that come up after departure</li> </ul>			
	<b>Notify accountant</b> <ul style="list-style-type: none"> <li>▪ Tax reporting</li> <li>▪ Assign authority for details that come up after departure</li> <li>▪ New point of contact</li> </ul>			
	<b>Determine the value of the business</b>			
	<b>Notify bank and lenders</b> <ul style="list-style-type: none"> <li>▪ Debt remaining?</li> </ul> <b>Negotiate repayment</b>			
	<b>Notify employees</b> <ul style="list-style-type: none"> <li>▪ Who will handle the final payroll?</li> <li>▪ When can they leave?</li> </ul>			
	<b>Notify customers</b> <ul style="list-style-type: none"> <li>▪ Who are you recommending?</li> </ul>			
	<b>Notify suppliers</b> <ul style="list-style-type: none"> <li>▪ Pay balances due</li> </ul>			
	<b>Notify insurance companies</b> <ul style="list-style-type: none"> <li>▪ Change in business status or rates?</li> <li>▪ Keep account open?</li> </ul>			
	<b>Notify government, regulatory and professional agencies (local, state, federal)</b>			
	<b>Call a business broker to sell or make contact with potential buyers</b> <ul style="list-style-type: none"> <li>▪ Leave authority for someone else to sell? (Be careful with this one...)</li> </ul>			
	<b>Sell assets</b>			

## Section 2 - Scenario 2

# SERVICE MEMBER HAS PART OWNERSHIP IN A BUSINESS

As part owner of a business you need to work with the other owners to decide what will be done while you are away. Choose the checklist that applies to your situation:

### Checklist 2A

#### **Keep ownership in the business and do one of the following:**

- Change nothing (your role in the business now is minimal)
- Pass your responsibilities on to another owner
- Hire someone to take over your duties

### Checklist 2B

#### **Transfer ownership in the company**

### Notes:

## Checklist (2A): Part Ownership – Continue Operation

Completed	Task to Complete	Notes	Contact Name	Contact Number
	<b>Notify business partners of deployment</b> ▪ <b>Decide course of action</b>			
	<b>Notify employees</b> ▪ <b>To whom will they report?</b>			
	<b>Prepare list of your duties and responsibilities</b>			
	<b>Decide who will take over duties and go over the list to determine training needs</b>			
	<b>Hire, subcontract or assign duties and complete training</b>			
	<b>Notify regulatory and professional organizations (local, state, federal)</b>			
	<b>Notify customers</b> ▪ <b>Who will take over their account?</b>			
	<b>Notify suppliers</b> ▪ <b>Who will handle ordering and accounts payable?</b>			
	<b>Notify attorney</b> ▪ <b>Assign authority</b> ▪ <b>Review ownership</b>			
	<b>Notify accountant</b> ▪ <b>Tax reporting</b> ▪ <b>Training needed for replacement?</b> ▪ <b>New point of contact</b>			
	<b>Notify bank and lenders</b> ▪ <b>Signing authority</b> ▪ <b>New point of contact</b>			
	<b>Notify insurance companies</b> ▪ <b>Signing authority</b> ▪ <b>New point of contact</b> ▪ <b>Change in business status or rates?</b>			
	<b>Take inventory of assets</b>			

## Checklist (2B): Part Ownership – Transfer Ownership

Completed	Task to Complete	Notes	Contact Name	Contact Number
	<b>Notify business associates of deployment and closure</b>			
	<b>Notify employees</b>			
	<b>Notify attorney</b> <ul style="list-style-type: none"> <li>▪ Review ownership</li> <li>▪ Decide course of action for sale</li> <li>▪ Hire broker</li> <li>▪ Assign authority for details after departure</li> </ul>			
	<b>Notify accountant</b> <ul style="list-style-type: none"> <li>▪ Review ownership</li> <li>▪ Decide course of action for sale</li> <li>▪ Assign authority for details after departure</li> <li>▪ Tax reporting</li> </ul>			
	<b>Notify customers</b> <ul style="list-style-type: none"> <li>▪ If appropriate</li> </ul>			
	<b>Notify suppliers</b> <ul style="list-style-type: none"> <li>▪ If appropriate</li> </ul>			
	<b>Notify bank and lenders</b> <ul style="list-style-type: none"> <li>▪ Loans outstanding? Are you a guarantor on any of them?</li> <li>▪ Assign authority for details after departure</li> </ul>			
	<b>Notify insurance companies</b> <ul style="list-style-type: none"> <li>▪ Signing authority</li> <li>▪ New point of contact</li> <li>▪ Change in business status or rates?</li> </ul>			
	<b>Notify regulatory and professional organizations (local, state, federal)</b>			
	<b>Take inventory of assets</b> <ul style="list-style-type: none"> <li>▪ Sell assets to partners?</li> </ul>			



## **SERVICE MEMBER IS THE SPOUSE OR LIFE PARTNER OF BUSINESS OWNER**

The spouse or life partner of a business owner has more responsibilities than most realize. Even if they have no direct dealings or ownership of the business, chances are they are there for support and backup. Whether it is as the primary skill provider, bookkeeping or plowing the drive, these people have a bigger impact on your business than you may acknowledge.

Choose the checklist that applies to your situation:

### **Checklist 3A**

#### **Continue doing business**

- Change nothing (these people have little or no interaction with daily business activities)
- You will train your spouse/partner to do your jobs
- You will pass your responsibilities on to another person in the company
- You will hire someone to take over your duties

### **Checklist 3B**

#### **Close the business (see checklist 1C)**

**Notes:**

### Checklist (3A): Spouse or Life Partner – Continue Operation

Completed	Task to Complete	Notes	Contact Name	Contact Number
	<b>Notify partner of deployment</b> ▪ <b>Decide course of action</b>			
	<b>Notify employees</b> ▪ <b>To whom shall they report?</b>			
	<b>Prepare list of duties</b>			
	<b>Decide who will take over duties and go over the list to determine training needs</b>			
	<b>Hire, subcontract or assign duties and complete training</b>			
	<b>Contact resources to assist partner with duties if needed</b>			
	<b>Notify customers</b> ▪ <b>Who will take over their account?</b>			
	<b>Notify suppliers</b> ▪ <b>Who will handle ordering and accounts payable?</b>			
	<b>Notify attorney</b> ▪ <b>Assign authority (point of contact)</b> ▪ <b>Review ownership</b>			
	<b>Notify accountant</b> ▪ <b>Tax reporting</b> ▪ <b>Training needed for replacement?</b> ▪ <b>New point of contact</b>			
	<b>Notify bank and lenders</b> ▪ <b>Signing authority</b> ▪ <b>New point of contact</b>			
	<b>Notify insurance companies</b> ▪ <b>Signing authority</b> ▪ <b>New point of contact</b> ▪ <b>Change in business status or rates?</b>			
	<b>Take inventory of business assets</b>			
	<b>Put together emergency plan</b>			

## Section 2 - Scenario 4

# SERVICE MEMBER IS NAMED TO INHERIT A BUSINESS

If you are named to take over a business in a will or estate there are certain things that should be considered before your deployment and during your absence. If these points are not addressed prior to your deployment the business could suffer.

- 4A.** You (and possibly others) are named as executor to an estate with an actively running business, and you are expected to take over operations upon the owner's death.

### Checklist (4A): Named to Inherit

Completed	Task to Complete	Notes	Contact Name	Contact Number
	<b>Notify party that has named you in their will or estate plan</b> <ul style="list-style-type: none"><li>▪ Discuss confidentiality and possible legal and tax issues</li></ul>			
	<b>Contact attorney (if appropriate)</b> <ul style="list-style-type: none"><li>▪ Review ownership designation</li><li>▪ Decide who will act on your behalf and draw up agreement</li><li>▪ Decide course of action for maintaining business or sell if appropriate</li><li>▪ If more than one person is to inherit, decide what responsibilities will be</li></ul>			
	<b>Request inventory of assets</b>			
	<b>Request financial information</b>			

### Section 3 - List of important names and information

In order to leave others in a position to function in your absence there needs to be a list of names, contacts, and documents available to them. This list can be kept in a confidential place or held by a trusted person who can give out the information as needed.

	Company	Contact	Phone/Email
<b>Insurance companies</b>			
▪ <b>Health</b>			
▪ <b>Life</b>			
▪ <b>Fire, theft &amp; property</b>			
▪ <b>Auto</b>			
▪ <b>Business liability</b>			
▪ <b>Workers compensation</b>			
<b>Bank</b>			
▪ <b>Checking and savings</b>			
▪ <b>Loans, lines of credit</b>			
<b>Other creditors</b>			
<b>Other creditors</b>			
<b>Credit card companies</b>			
<b>Equipment leases</b>			
<b>Payroll company</b>			
<b>Licenses &amp; permits to do business</b>			
<b>Customer list</b>			
<b>Supplier list w/ terms</b>			
<b>Attorney</b>			
<b>Accountant</b>			
▪ <b>Bookkeeper</b>			
▪ <b>Taxes</b>			
<b>Landlord</b>			
<b>SC SBDC office</b>			
<b>Contracts and grants</b>			
<b>Inventory of business assets</b>			
<b>Copy of business plan</b>			

## Section 4 - Sample letters and announcements

### KEEP BUSINESS OPEN

Dear (name)

This letter is to make you aware that I have been ordered to active duty with the (U.S. Army, etc.), and will be leaving on (date).

While I am away I will be leaving my business in the very capable hands of (name) who has an excellent working knowledge of (business name) and will make sure that you continue to receive outstanding service.

Thank you for your support. I look forward to working with you again upon my return.

Sincerely,

Your name

Business name

Contact information

### CLOSE BUSINESS TEMPORARILY

Dear (name)

This letter is to make you aware that I have been ordered to active duty with the (U.S. Army, etc.) and will be leaving on (date).

After long consideration I have decided to temporarily close my business during my absence with the full intention of re-opening upon my return.

The last official date of my business will be (date). I will be contacting you soon to make sure that our business has been settled in a timely manner prior to closing.

Thank you for your continued support. I look forward to working with you again upon my return.

Sincerely,

Your name

Business name

Contact information

## **CLOSE BUSINESS PERMANENTLY**

Dear (name)

This letter is to make you aware that I have been ordered to active duty with the (U.S. Army, etc.) and will be leaving on (date).

I have weighed all of my options carefully, and after long consideration, I have decided to close my business prior to the deployment.

The last official date of my business will be (date). I will be contacting you soon to make sure that our business has been settled in a timely manner prior to closing.

Thank you for your continued support. It has been a pleasure working with you.

Sincerely,

Your name

Business name

Contact information

## **NOTE TO CONCERNED PARTIES**

Dear (name)

This letter is to make you aware that I have been ordered to active duty with the (U.S. Army, etc.) and will be leaving on (date).

While I am away, (name) will be handling your account.

Please offer (name) the same courtesies that you have offered me, and note that (name) has limited authority to enter into contractual, legal or financial arrangements made on behalf of the business. If any of those are required, please contact (name) to obtain official documentation and authorization at (contact information).

Thank you for your continued support and I look forward to working with you again upon my return.

Sincerely,

Your name

Business name

Contact information

## Section 5 - Post-deployment

Before you leave understand that you may still have some loose ends to clean up upon your return. If you decided to keep your business running or shut it down temporarily go back to the checklist to remember what you did in preparation for departure. It will be tempting to jump back in your old routine, but it's important to review everything and make sure that you have taken the necessary steps to get your business up and running in a logical and legal manner. The people who helped keep things running in your absence need and deserve time to adjust to your return. You need to take the time to sit with them and go over the details of what happened in your absence.

Remember that no one runs your business like you do! Relax and keep an open mind while you listen and understand how things were run in your absence.

If you decided to shut the business down and you have been considering starting a different business there are many resources available to you through your local SC SBDC office. If possible, take some online courses to help you get started when you return. If you would like to go back to your old business with a clean slate, these same resources can help you start fresh with a solid business plan and performance objectives.



Funded in part through a cooperative agreement with the U.S. Small Business Administration. Reasonable accommodations for persons with disabilities will be made if requested two weeks in advance. Contact your local SBDC.