IOWA SELF-EMPLOYMENT

General guidance regarding IVRS/IDB Self-Employment program processes.

Business Program Process Guide

Updated July 2011

IVRS/IDB SELF-EMPLOYMENT BUSINESS PROGRAM PROCESS

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Section I - INTRODUCTION

This manual has been developed to assist IVRS/IDB counselors in providing Self-Employment services. Self-Employment is a vocational option that may be considered as part of an individual's informed choice. A program for Self-Employment has been developed under an agreement between Iowa Vocational Rehabilitation Services (IVRS) and Iowa Department for the Blind (IDB). It is available to active clients of IVRS or IDB who are able to become **self-sufficient** establishing, expanding or acquiring a small business.

PURPOSE

The purpose of Iowa Self-Employment (ISE) through IVRS/IDB is to assist individuals to achieve a level of self-sufficiency (a minimum of 80% of Substantial Gainful Activity). Self-Employment is a vocational option that must be agreed upon by the individual and IVRS/IDB, and is available only to **for-profit** businesses intended for operation within the State of Iowa. The intent of Self-Employment services is to support an employment outcome that will significantly contribute to a client's financial self-sufficiency.

IVRS/IDB DEFINITION OF SELF-EMPLOYMENT

Self-Employment is a business that is owned, operated and actively managed by an individual who sells goods or services for the purpose of making a profit. The individual needs to be able to show ownership of at least 51% of the business. IVRS defines Self-Employment as an employment outcome in which an individual works for profit or fees in a business, profession or trade.

A self-employed individual works for ones' self and may work at home or at another work site controlled by the client. Self-Employment includes:

- sole proprietorships
- partnerships
- corporations (C Corp, S Corp)
- Limited Liability Companies (LLC's)

SELF-EMPLOYMENT ACTIVITIES IVRS/IDB DOES NOT SUPPORT

- Hobbies or similar activities that are NOT income-producing at the level required for self-sufficiency.

- Business ventures that are speculative in nature or considered high-risk by the Better Business Bureau (or a similar organization). Examples of this might include multi-level marketing, investment schemes or stocks, authorship, etc.

- The purchase of real estate, real estate improvements, including leasehold improvements.

- Coverage for individual insurance needs.

- Vehicle lease or purchases unless documentation shows a vehicle is an integral part of a business and specifically related to a business equipment or service need. Final approval is required by Bureau Chief.

- Non-profit 501(c)(3) or similar businesses cannot be supported due to the fact that IVRS/IDB funds are used to assist for-profit making ventures.

- Businesses that may be determined to be inconsistent with community standards such as alcohol, tobacco, firearms, adult entertainment industry, pornography or drug paraphernalia.

- Ebay businesses.

IVRS/IDB funding assistance cannot be used to support adult entertainment businesses, including pornography or drug paraphernalia. IVRS reserves the right to deny approval and funding of a business determined to be inconsistent with community standards including products that are controlled or regulated such as alcohol, tobacco, and firearms. Clients interested in developing such businesses must initially approach communities or Chamber of Commerce centers, and City Council or other appropriate governing bodies in which the intended business will operate in order to obtain primary approval, prior to secondary approval, to be explored by IVRS/IDB Administration through the Attorney General's office (State of Iowa).

SELF-EMPLOYMENT AS AN OPTION

Self-Employment is not an appropriate vocational goal for everyone. The process for developing a plan for Self-Employment is progressive and begins with an assessment of a client's potential for success in Self-Employment based on the following conditions:

- Client displays the personality, traits and characteristics conducive to Self-Employment.
- Vocational evaluation and appropriate feasibility studies reflect Self-Employment aptitude and a good employment match.
- The income derived from a Self-Employment plan is to be the client's primary source of support.
- It is the client's informed choice consistent with their unique strengths, resources, abilities, capabilities and interests.
- Client understands the complexities and seriousness of this choice.
- Self-Employment will produce a greater likelihood of attaining and maintaining employment.
- IVRS/IDB may limit or deny ISE assistance to an applicant who has previously received educational or training equipment from the division through another rehabilitation program when such equipment could be used in the applicant's proposed business.

Before investing time and money into a Self-Employment venture, Self-Employment applicants must complete an in-depth study about the business they intend to start. IVRS/IDB Counselors and IVRS Business Development Specialists will outline a plan of action to help explore an individual's qualifications and skills, the entrepreneurial idea, assist in determining the feasibility of the business idea, and facilitate Business Plan development should the idea demonstrate promise. Iowa Economic Development, Iowa Small Business Development Centers, Service Corps of Retired Executives (SCORE) and the Abilities Fund are organizations that can help with preliminary exploration of business ventures. ***If an application is denied on the basis of an inadequate evaluation score, an applicant may appeal the decision to IVRS/IDB consistent with the normal appeal process.***

Exception process: A request for an exception shall originate with a counselor, who shall detail the reason(s) why an exception is believed to be warranted by completing the appropriate form. The form shall be presented to a supervisor for determination. The supervisor's determination shall be documented by the supervisor in the designated place on the form and forwarded to ISE staff for review.

Mediation or Appeal: Applicants who are dissatisfied with a decision or service may file an appeal through the regular IVRS/IDB appeal process. Applicants may ask for mediation or a hearing before an impartial hearing officer after there has been an opportunity for informal administrative review by IVRS/IDB.

Section II – ROLES AND RESPONSIBILITIES

Counselors play a vital role in advising clients about the demands, risks and responsibilities of Self-Employment. Counselors provide clients with information and resources to research, evaluate and make an informed choice about the potential and feasibility of a Self-Employment proposal, and determine whether a Self-Employment option is viable.

IVRS/IDB Counselor:

- Serves as a continuous point of contact for individuals interested in Self-Employment.
- Evaluates a client's eligibility, motivation and appropriateness for Self-Employment.
- Makes referrals to IVRS Business Development Specialists for technical assistance and support, when appropriate.
- Provides counseling and guidance to address disability and vocational issues that impact the progress of developing the business.
- Maintains contact with clients to ensure adequate delivery of services.
- Helps individuals in Self-Employment understand the different steps and processes involved, and ensures signature statements outlining client's *Self-Employment Responsibilities* and *Income Offset Form* are reviewed and signed.
- Develops the Individual Plan for Employment (IPE) and incorporates milestones and progress measures.
- Collaborates with others involved in client's business to ensure issues impeding potential success are addressed.
- Generates authorizations for expenditures, based on Business Development Specialist recommendations, on behalf of the client in accordance with ISE policies and procedures.
- Maintains a running total of Financial Assistance and Technical Assistance amounts to ensure expenditures do not exceed $10,000 amounts (or requests an exception).
- Conducts regular reviews and revises plan(s) as needed.
- Determines status movement within case.
- Completes case closure after communication with all team members occurs and client's ability to sustain business without further IVRS/IDB services appears reasonable.

ROLES AND RESPONSIBILITIES

IVRS/IDB Client:

- Expresses commitment or intent in pursuing Self-Employment and provides information related to skills and capabilities required to manage a small business.

- Completes assessment materials for IVRS/IDB Counselor including participation in ISE orientations, workshop or other activities recommended by IVRS/IDB.

- Allows for information to be obtained by releasing information (such as a Credit Report) or signing forms required for Business Planning such as *Income Offset* and *Self-Employment Responsibilities* form.

- Determines business concept which then is developed into a formal Business Plan Feasibility Study for IVRS/IDB review.

- Assumes responsibility for writing, completing and presenting a business proposal that includes the following: a clear Business Plan, the financial information required, an itemized list outlining assistance requested from IVRS/IDB, and detailed financial projections (incorporating start-up, routine operating costs, cash flow, income statements, profit/loss and balance sheets) which demonstrates the ability of the business to support an individual's personal obligations.

- Participates in meetings and technical assistance sessions to facilitate the business proposal's development.

- Complies with requests made by the IVRS/IDB Counselor and/or Business Development Specialist as required.

- Obtains quotes from vendors including W-9 forms (if needed) or information related to business or financial planning.

- Provides IVRS/IDB Counselor and Business Development Specialist with monthly financial information required to evaluate the performance of the business.

- Complies with all local, state and federal laws and requirements for small businesses.

ROLES AND RESPONSIBILITIES

IVRS Business Development Specialists:

- Guides clients through the Business Planning Feasibility Study process.
- Provides Iowa Self-Employment orientation sessions for individuals in IVRS Self-Employment programs.
- Assists clients as necessary to develop and assess financial projections.
- Offers technical assistance in helping a client assess feasibility and advising on Business Plan development.
- Provides technical assistance in generating and analyzing competent market analysis information.
- Provides technical assistance in developing viable marketing strategies.
- Recommends potential training and/or alternative funding resources.
- Reviews client financial requests and makes recommendations for Technical or Financial Assistance.
- Conducts orientation sessions for IVRS/IDB counselors and staff related to the ISE process.
- Advises client on securing information related to business partnership agreements, financial or tax filings.
- Maintains ongoing communication with clients, counselors, supervisors and program administrator that is specific to each case.
- Conducts follow-up meetings as needed to assess the progress and status of individual cases.
- Makes recommendations as necessary to assist with evaluating financial performance and viability of business.
- Completes necessary paperwork and reports including monthly financials to assure program compliance is maintained and prevents issues from developing.
- Provides initial oversight to help ensure business ventures comply with all relevant state, federal and local laws and regulations.

ROLES AND RESPONSIBILITIES

IVRS/IDB Supervisor:

- Evaluates and makes recommendations regarding client's business proposal as needed, including but not limited to, business proposals that are speculative or considered high-risk—in addition to those inconsistent with community standards.

- May participate in scheduled Business Planning Feasibility Study meetings.

- Makes recommendations to counselors and IVRS/IDB administration as necessary.

- Approves expenditures/invoices required for payment in IRSS system.

- Approves exceptions in accordance with IVRS/IDB policy and procedures including:
    1. any case in which the individual is not required to put up at least 50% of the financial package.
    2. insurance coverage or rent needs for business operations that exceed six months.
    3. vehicle lease or purchases (final approval is required by Bureau Chief).
    4. vehicle insurance (final approval is required by Bureau Chief).
    5. vehicle maintenance and repairs (final approval is required by Bureau Chief).
    6. computer purchases.
    7. closing a case in status 26 if a client is achieving at an optimal level of employment but earning less than 80% of SGA.
    8. any authorization that does not conform to ISE Program processes.

ROLES AND RESPONSIBILITIES

IVRS/IDB Administration:

The role of IVRS/IDB Administration is to ensure that Self-Employment is part of a client's informed choice and consistent with the individual's unique strengths, abilities, and options. Once a client of IVRS/IDB is determined to be appropriate for Self-Employment, IVRS/IDB staff provides services to help ensure that eligible individuals are equipped to manage and operate successful businesses that have long-term viability.

- IVRS/IDB Administration is involved in:
  1. cases exceeding $10,000 for Technical Assistance
  2. cases exceeding $10,000 for Financial Assistance
  3. cases involving vehicle lease or purchase, maintenance, repair and/or vehicle insurance

SECTION III – THE SELF-EMPLOYMENT PROCESS

OVERVIEW

The entire Self-Employment process should be a joint venture between IVRS/IDB Clients and Counselors, in conjunction with IVRS Business Development Specialists, the Program Resource Manager, IVRS/IDB Supervisors, along with consultants and/or service providers, vendors and other individuals involved in planning or responsible for providing financial or technical support.

The successful Self-Employment enterprise is operated by an individual with an array of skills and abilities including organization, business and financial management, marketing and other talents, as well as knowledge and expertise in the products or services being produced. It is essential that an IVRS/IDB client is informed of potential risks, and efforts are made to reduce these risks to the greatest extent possible prior to involvement in Self-Employment. The IVRS/IDB Self-Employment process involves a five-step approach. Each step consists of questions to explore or tasks to complete prior to an applicant advancing to the next step. It is important that dialogue between IVRS/IDB counselors and clients occur throughout each step, with an ongoing focus on disability-related information.

IOWA SELF-EMPLOYMENT PROCESS OUTLINE

Step 1 Initial Planning (Checklists 1, 2, 3)

- completed by VR counselor with client

Step 2 Application

- completed between client and counselor
- reviewed by IVRS/IDB counselor
- scored by IVRS Business Development Specialist
  - →60 points/100 needed for Technical Assistance Only
  - →75 points/100 needed for Technical and Financial Assistance
    (Financial Assistance is contingent upon an approved ISE Application, Business Development Specialist recommendations, and available only in Step 4)

Step 3 Business Plan Feasibility Study

- Feasibility research conducted by client with assistance and review as needed from IVRS Business Development Specialist (IVRS/IDB counselor involvement may vary)
- Business Plan incorporating Feasibility research completed by client with guidance from IVRS Business Development Specialist
  - →75 points/100 needed

Step 4 Business Implementation

- facilitated by IVRS Business Development Specialist with client and counselor

Step 5 Business Follow-up

- completed by IVRS Business Development Specialist
- information provided by client
- counselor involvement if needed for post-closure services

PURCHASING GOODS AND SERVICES

The State of Iowa outlines specific purchasing principles that must be followed when contracting for services. It is the policy of the State of Iowa to obtain goods and services from the private sector with the purpose of achieving value for the taxpayer through a process that is fair, open and objective. Vendors should state the type of goods or services to be obtained, the costs, and a timeline for delivery.

Authorization for goods or services shall be made by an IVRS/IDB counselor based upon the negotiated rate and terms agreed upon and as noted in the contract. A copy of each contract shall be filed with the division. **Purchases of goods or services for a client's business must be recommended by a Business Development Specialist and approved by the counselor and supervisor prior to authorizing.**

PURCHASING EXCEPTIONS

Counselors must complete a *Self-Employment Exception Request* form (found in this guide on pages 59-60) for the following:

- Not requiring a client to provide at least 50% match for financial assistance funding
- Technical or Financial assistance Self-Employment purchase(s) which will exceed $10,000
- Business rent which will exceed six months
- All other situations in which the purchases do not conform to ISE policy

Counselors should follow IVRS/IDB exception to policy guidance for all computer purchases. This applies to vehicle lease/purchase/maintenance, repair or the purchase of vehicle insurance for which Bureau Chief approval is required. A separate form for these types of purchases can be found on the agency's internal intranet site.

VENDOR PAYMENTS

Approval for payment of authorized goods or services shall be made by authorized division personnel. ISE authorization payments require the following:

CLIENT AS PAYEE

a. an original client signature on the authorization billing (R-450) copy AND
b. **original, detailed receipts**/documentation attached to the R-450 which shows the products purchased or type of services provided, when purchased or provided, and the cost for each.

A Client's signature only on the R-450 billing will no longer be accepted.

VENDOR AS PAYEE

a. an **original invoice providing detail regarding** the **actual services and products provided** and the cost for each.
    1. Services should include the actual dates provided, number of hours and cost per hour.
    2. Products should include the date purchased, quantity, name of each item and the cost.
b. NOTE: Re-submitting an earlier proposal or bid as an invoice for payment is not acceptable without the detail noted above.

A vendor signature is not required since an original invoice will be attached to the R-450 billing.

IVRS/IDB TAX EXEMPT STATUS

As governmental subdivisions of the State, IVRS and IDB are granted exemption from State sales and use taxes under Section 423.3(31) of the Iowa Code. This applies to all goods, wares, or merchandise and services purchased by the State for public purposes. A letter from the Iowa Department of Revenue substantiating agency tax exempt status can be provided to vendors as documentation of the exemption. The letters can be found on the Iowa Self-Employment internet website under the link *Partner Information* / *Additional Forms*.

IVRS/IDB Self-Employment Program

Step 1 INITIAL PLANNING CHECKLISTS Cover Sheet

When completing this form on your computer, please use the Tab key or mouse-click in the gray shaded areas.

Client Name:
Address:
City, State, Zip:
Phone (include area code):

VR Counselor:
Area Office:
Case File No.

PLEASE CHECK AS APPROPRIATE:

☐ **Applying for Technical Assistance (TA) – up to $10,000**

Available at: Any stage of the business program process

Specialized technical assistance may include, but is not limited to, market analysis; marketing plans; engineering, legal, accounting, and computer services; preliminary Business Plan development; financial packaging; and other consulting services that require specialized education and training.

NOTE: No dollar-for-dollar client match is required.

☐ **Applying for Financial Assistance (FA) – up to $10,000**

Available ONLY at: Implementation stage

Working capital (not cash) including but not limited to, design and printing of marketing materials, advertising, rent (up to six months), direct mail postage, raw materials, inventory, insurance (up to six months), and other start-up, expansion, or acquisition costs.
Total dollars awarded in three equal phases over time.

NOTE: Dollar-for-dollar client match is required.

☞ CLIENT: Complete Checklists 1, 2, & 3 and return to your counselor.
☞ COUNSELOR: Submit all three together to ISE clerical in Des Moines for processing to the Business Development Specialist assigned to your area.

INITIAL PLANNING (Step 1)
Checklist 1
Self-Employment Information

Client Name (please PRINT):
Counselor Name:

The following statements must be addressed before the option of IVRS/IDB Self-Employment is considered. Use as much space or additional paper you need to provide complete responses.

1. (a.) Please check the statement that most applies to you:

   ☐ I want to start my own business.
   ☐ I currently own a business.
   ☐ I want to acquire an existing business.

   (b.) I am applying for assistance from the ISE Program because: _____

2. Describe your business idea, specifically identify:
   (a.) the type of business: _____

   (b.) the goods or services that will be sold by the business: _____

3. My business will be a for-profit entity. YES ☐ NO ☐

4. (a.) I have NO outstanding debt such as: defaulted student loans, delinquent child support, unpaid income tax, bankruptcy, a poor credit rating, inadequate collateral, or any judgments or liens against me. TRUE ☐ FALSE ☐

   (b.) If you answered "False" to question 4(a.), please provide detail of any outstanding debt where noted below. Include to whom money is owed, how much is owed to each entity and note if there is a payment agreement for each debt. *Note: Continued involvement in the ISE program requires a copy of any agreements that have been established to resolve the issues you have identified.*

MONEY OWED TO:	PAYMENT AGREEMENT	AMOUNT OWED:
1). _____	YES ☐ NO ☐	$ _____
2). _____	YES ☐ NO ☐	$ _____
3). _____	YES ☐ NO ☐	$ _____
4). _____	YES ☐ NO ☐	$ _____
5). _____	YES ☐ NO ☐	$ _____
6). _____	YES ☐ NO ☐	$ _____

5. I am willing to provide to IVRS information related to the following:
   – Income Offset Information YES (**see page 21 for form)** ☐ NO ☐
   – Credit Information (credit report, credit score) YES (**see page 22 for form)** ☐ NO ☐
   – Personal Financial Statement YES (**see page 23 for form)** ☐ NO ☐
   – Personal Budget YES (**see pages 24-25 for form)** ☐ NO ☐

6. Your response should be "Yes" if the following is a true statement: I do **not** have a criminal history, including misdemeanors which might interfere with owning or operating the proposed business or obtaining needed collateral. YES ☐ NO ☐

   If you answered "No," please provide detail below, including how this may affect your proposed Business Plan. _____.

7. My proposed business is an activity that can be legally undertaken in the State of Iowa[1]. ("legal" as defined by Iowa's Attorney General) YES ☐ NO ☐

   Please note proposed business location _____.

8. I will own at least 51% of the business and operate and actively manage it. YES ☐ NO ☐

9. If there are other owners in your business, describe their contribution to the business. _____

10. If this is an existing business, please provide documentation (such as a Partnership Agreement or Business Articles of Incorporation) of at least 51% ownership.
    YES, I HAVE INCLUDED ☐ NO, I HAVE NOT INCLUDED (note why) ☐

11. (a.) In total, I need (in dollars) $_____ to start, expand, or acquire my business.

    (b.) I need Technical Assistance (consultation) for the following type of expertise: _____

    (c.) I plan to request (in dollars) $ _____ from the ISE program for Financial Assistance.

    (d.) If I am requesting Financial Assistance, I can provide that amount as a "match" (dollar-for-dollar) in either existing business assets or cash. YES ☐ NO ☐

    If you are requesting Financial Assistance, and have answered "yes" to question 11(d), please complete the following questions 11(e), (f), (g)

[1] *Keep in mind VR cannot support businesses that may be determined to be inconsistent with community standards such as alcohol, tobacco, firearms, adult entertainment industry, pornography, or drug paraphernalia.*

11. (e.) If **ASSETS** will be used as match, list each item and its fair market value (FMV). (Use an attached sheet if needed). *FMV is an estimate of the price or value of what a buyer is willing to pay a seller for an asset or piece of property.*

- *Please provide documentation which verifies the fair market value of each item listed for Business Development Specialist review/approval.*
- *Fair market value of match items may need to be reassessed if a period greater than 12 months elapses between the original submission and the time of Financial Assistance disbursements.*
- *Contact your Business Development Specialist if valuation assistance is needed.*

ITEM NAME	FAIR MARKET VALUE
1). _____	$
2). _____	$
3). _____	$
4). _____	$
Subtotal 11(e)	$

(f.) If **CASH** will be used as match, list the source of cash and its current value. (Use an attached sheet if needed).

SOURCE	VALUE
1). _____	$
2). _____	$
3). _____	$
4). _____	$
Subtotal 11(f)	$

(g.) **Total** assets/cash used as match 11(e) + 11(f): $

12. **RECAP Of Needed Dollars vs. Available Funds:**

1. **TOTAL NEEDED**	enter amount from box 11(a)	$
2. Requesting from ISE	enter amount from 11(c)	$
3. Personal Assets/Cash	enter amount from box 11(g)	$
4**. TOTAL FUNDS AVAILABLE**	[add box 11(c) + box 11(g)] =	$

If the **total needed (Box 12-1)** is greater than the **total funds available (Box 12-4)**, where will you obtain the additional funds needed for your business? _____

13. I am receiving the following assistance:

☐ SSI ☐ SSDI ☐ Private Insurance ☐ Worker's Compensation
☐ Food Stamps ☐ FIP (Family Investment Program) ☐ Other

14. (a.) My desired Self-Employment earnings each month will be: $ _____

(b). I understand that my private or public assistance benefits may be reduced and eventually eliminated if I become Self-Employed. YES ☐ NO ☐

(c.) I am willing to aggressively seek self-sufficiency based on a minimum 80% of SGA (Substantial Gainful Activity). In 2011, it is $800 ($1,312 for Blind) a month in Net Earnings from Self-Employment (NESE), although this number increases annually.
YES ☐ NO ☐

(d). I understand the goal of the Iowa Self-Employment Program is to help me achieve self-sufficiency. ☐ YES NO ☐

15. If I am awarded funding from IVRS, I agree to provide to IVRS Business Development Specialists monthly copies of my business financial statements, annual business tax returns, and any other pertinent information for up to two years.
☐ YES NO ☐

STOP OR PROCEED DEPENDING ON CLIENT'S RESPONSES TO THE ABOVE. ANY RESPONSES WORDED "NO" OR "FALSE" SHOULD BE ADDRESSED PRIOR TO PROCEEDING TO THE SIGNATURE PAGE.

CHECKLIST 1 – SELF EMPLOYMENT INFORMATION
SIGNATURE PAGE

Note: If completing this form on your computer, please print all of Checklist 1 before signing.

By signing below, I attest to the truthfulness and accuracy of the information I've provided.

Client Signature: _____, date_____

I have reviewed this information with this client.

IVRS/IDB Counselor Signature: _____, date_____

INCOME OFFSET FORM
IOWA VOCATIONAL REHABILITATION SERVICES
Notice to Applicant

To: IVRS Financial Liaison
Iowa Vocational Rehabilitation Services
510 East 12th Street
Des Moines, IA 50319

Disclosure of information requested by the Iowa Vocational Rehabilitation Services (IVRS) is voluntary. However, failure to disclose certain items of information requested may result in a delay in the processing of an application for Self-Employment services, or its rejection.

Iowa Law 265-25.4.4(d) "*Application procedure*"
"Awards will not be made if an application has a credit history showing delinquent credit obligation including, but not limited to, unpaid income tax, delinquent child support obligation or defaulted student loans."

The primary purpose for collecting the requested information is to assess the creditworthiness of the applicant. Efforts will be made to protect the privacy of applicants to the extent possible consistent with State law.

I hereby authorize and consent to the release of information and records bearing on my credit history; business income, all liabilities and assets including (but not limited to) child support, student loan status, tax information, etc., to representatives of Iowa Vocational Rehabilitation Services. This information will be used for the purpose of determining my eligibility for assistance within the IVRS/IDB Self-Employment program.

This authorization is valid for the length of my involvement with IVRS/IDB, not to exceed one year from the date of signing. I understand that my records are protected under the Federal Regulations governing Confidentiality and cannot be disclosed without my written consent unless otherwise provided for by the regulations. I also understand that I may revoke this consent at any time except to the extent that action has been taken on it.

My signature acknowledges that I have read the above, accept the conditions stated therein, and have received a copy of the *Notice to Applicant* regarding disclosure of information.

_____ _____
Client Signature Date

_____ _____
IVRS/IDB Counselor Signature Date

IVRS/IDB COUNSELORS: ***PLEASE READ***
1. **Provide signed copy to client. Retain original in VR case file.**
2. **Forward (1) client name, (2) last four digits of Social Security number, and (3) case file number to Dawn Trenez via e- mail at: Dawn.Trenez@iowa.gov (click on address to open e-mail)**
3. **In your e-mail to Dawn, cc (copy) the ISE Business Development Specialist.**

Counselor will be informed by IVRS personnel either "Yes," a client is on the Income Offset or "No," they are not. The purpose of an Income Offset search is to determine if a client owes money to another State agency/entity. If a client is on the Income Offset, prior to proceeding further, the client must contact Administrative Services (current contact is Martha at 515.281.5202) to determine the particulars of their debt. A client must provide documentation of resolution of any State-owed debt to continue the ISE process.

R-ISE-1 (rev 10/08)

INSTRUCTIONS FOR OBTAINING A FREE CREDIT REPORT

The Fair Credit Reporting Act (FCRA) is a federal law that oversees the collection and use of consumer credit information. This law requires each of the three credit reporting agencies (Equifax, TransUnion and Experian) to provide consumers – at their request – with a free copy of their credit report every 12 months. **While many internet sites may offer free credit reports, clients are cautioned that some charge additional ongoing fees to your credit card for acceptance of the free report. In addition, some false sites could use the personal information obtained from you for fraudulent purposes. We encourage you to use the site www.annualcreditreport.com.**

You may request all three reports at once or stagger your requests over time. Each consumer reporting agency may receive information from different sources so the information in your report may contain slightly different data than that collected by the other two companies. You do not need to contact each reporting agency separately. **The information below is a central site set up by all three agencies for consumers to access their credit reports.**

Before ordering your report, you will need the following information:

- Your full name
- Address (if you have moved, you many need to provide your previous address(es)
- Social Security number
- Date of birth
- For security purposes, you may be asked to provide information that only you would know, like the amount of your mortgage payment.

To Order Your Free Annual Credit Report:

BY INTERNET:
www.annualcreditreport.com

BY PHONE:
Call toll-free: 1-877-322-8228

BY U.S. MAIL:
(your counselor can provide you with a paper copy of the request form)

Mail your completed Annual Credit Report Request Form to:

Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281

Counselor: you can access the paper copy of the form on the IVRS ISE intranet and internet sites. Please remind clients that reports take approximately 4 – 6 weeks *by mail* and should be shared with counselor upon receipt. Send only a file copy of the report to the Business Development Specialist. Clients are responsible to review the report and ensure any adverse credit report information has been addressed.

PERSONAL FINANCIAL STATEMENT FORM

Personal Financial Statement of:
[Enter your name here]
as of:
mm/dd/yy

INSTRUCTIONS:
Your personal financial statement should show only your personally held assets and liabilities (debts). Do not include any business assets or liabilities.

Step 1: Prepare a list of all assets owned whether they are paid for or not.
Enter the amount you would receive by selling the asset for cah.

Step 2: Prepare a list of liabilities (money you owe).

Step 3: Net Worth = Total Assets minus Total Liabilities.

If you wish to delete these instructions, click the border of this box and then press the DELETE key.

Assets	**Amount in Dollars**
Cash - checking accounts	_____
Cash - savings accounts	_____
Certificates of deposit	_____
Securities - stocks / bonds / mutual funds	_____
Retirement Funds (eg. IRAs, 401k)	_____
Notes & contracts receivable (specify)	_____
Life insurance (cash surrender value)	_____
Personal property (art, jewelry, furnishings, etc.)	_____
Autos/Vehicles	_____
Home - current value	_____
Other real estate (market value)	_____
Other assets (specify)	_____
Other assets (specify)	_____
Other assets (specify)	_____
Other assets (specify)	_____
Total Assets	_____

Liabilities	**Amount in Dollars**
Note: Enter loan or debt balances, not monthly payment amounts.	
Credit Card Debt (please list)	_____
Credit Card Debt (please list)	_____
Credit Card Debt (please list)	_____
Credit Card Debt (please list)	_____
Alimony	_____
Child Support	_____
Federal Taxes payable	_____
State Taxes payable	_____
Home mortage	_____
Other real estate mortgage/loans	_____
Auto loans (please list)	_____
Auto loans (please list)	_____
School Loans (include loans in deferrment)	_____
Other liabilities/loans (specify)	_____
Other liabilities/loans (specify)	_____
Other liabilities/loans (specify)	_____
Total Liabilities	_____
	_____
Net Worth	_____

Counselor: The above is a "picture" of the form. The spreadsheet is available on the Self-Employment intranet and internet sites.

Monthly Personal Budget Form

Enter whole dollar amounts. Columns will automatically add and calculate totals. Form can also be completed manually. If some expenses are paid annually, divide by 12 to arrive at monthly amount. If paid semi-annually, divide by 6; and if paid quarterly, divide by 4 to determine the monthly amount.

INCOME - monthly	enter whole dollar amounts
HOUSEHOLD INCOME SOURCES	**Amount**

Total Income

EXPENSES - monthly	enter whole dollar amounts
HOME EXPENSES	**Amount**
Cable TV	
Cell Phone	
Computer Internet	
Home Phone	
Home Repairs/Maintenance	
Homeowner's/Renter's Insurance	
Mortgage/Rent	
Real Estate Taxes	
Utilities (Gas/Electric)	
Water/Trash	
Other	
Home totals	

DAILY LIVING EXPENSES	**Amount**
Alimony	
Child Care/Child Support	
Church Tithing	
Clothing Purchases	
Donations/Charity	
Gifts	
Groceries	
Laundry/Dry Cleaning	
Pet Care (food, vet, boarding)	
Personal Care - other items	
Postage	
Salon/Barber	
School Supplies	
Subscriptions/Newspaper	
Other	
Daily Living totals	

--Personal Budget continued on next page--

Counselor: The above is a "picture" of the form. The spreadsheet is available on the Self-Employment intranet and internet sites.

Monthly Personal Budget Form

page 2

ENTERTAINMENT EXPENSES	Amount
Dining Out	
Gym Fees/Club Memberships	
Movies/Plays/Concerts	
Music CDs, Books	
Vacation	
Video/DVD rentals	
Other	
Entertainment totals	

HEALTH-RELATED EXPENSES	Amount
Co-payments/Deductibles	
Dental Insurance	
Disability Insurance	
Health Insurance	
Life Insurance	
Over-the-counter drugs/medical supplies	
Prescriptions	
Other	
Health totals	

FINANCIAL EXPENSES	Amount
Savings	
School Loans	
Retirement (IRA, etc.)	
Credit Card Payments	
Loans not otherwise listed	
Other (please list)	
Financial totals	

TRANSPORTATION EXPENSES	Amount
Auto Gas/Oil	
Auto Insurance	
Auto Licensing	
Auto Repair	
Car Wash	
Public Transportation	
Other	
Transportation totals	

Total Expenses

Money Remaining (Income minus Expenses) rev. 07/11

Counselor: The above is a "picture" of the spreadsheet. The spreadsheet is available on the Self-Employment intranet and internet sites.

INITIAL PLANNING (Step 1)
Checklist 2
Disability Analysis

Client Name (please PRINT):
Counselor Name:

Use as much space or additional paper you need to provide complete responses.

It is important for an individual interested in Self-Employment to thoroughly consider any barriers a disability might present in terms of employment. This information should be reviewed with IVRS or IDB counselors along with the need for possible accommodations. Many business ventures that did not take into account disability-related issues failed by neglecting to adequately address the impact of disability in Business Planning.

1. Describe the nature of your disability and any functional limitation(s):

_____

2. Describe the types of things you have done to minimize the functional limitation(s):

_____

3. Describe the impact these strategies have had upon your ability to perform functional activities related to your work or daily living activities (example: stamina, endurance, mood, other):

_____

4. Describe what you would do if there were periods of time your disability interfered with your ability to work:

_____

5. If there are transportation issues related to your disability, identify how those will be resolved.

_____

6. Describe how you will handle any physical demands of your business (including work schedule).

_____

7. In light of your disability, how will you handle the mental and emotional demands of your business?

_____

8. What concerns might you have related to owning, operating, and actively managing a business given the limitations posed by your disability?

_____

9. What kinds of assistive aids, devices, technology or accommodations might be required in order for you to successfully run your business?

_____

****

Prior to proceeding through the Self-Employment process, SIGNATURES are required below. If you have completed this form on your computer, please print Checklist 2 before signing.

I attest that a thorough analysis of the anticipated requirements of the business and the implications of the functional limitations imposed by my disability has been thoroughly examined and I am able to continue the Self-Employment process.

Client Signature: _____, date_____

I agree with the analysis prepared by this individual that the anticipated requirements of the business and functional limitations of this client are compatible or can be reasonably accommodated.

IVRS/IDB Counselor Signature: _____, date_____

STOP OR PROCEED TO CHECKLIST #3

INITIAL PLANNING (Step 1)
Checklist 3
Is Small Business Right For You?

Client Name (please PRINT):
Counselor Name:

Use as much space or additional paper you need to provide complete responses.

Certain skills and experiences are necessary for a business to be successful. The IVRS/IDB counselor should ask individuals considering Self-Employment the questions below:

ALL APPLICANTS, please answer the following:

1. Are you aware that running your own business might require working long days, up to seven days a week as well as holidays? YES ☐ NO ☐

2. (a.) Is your family prepared to accept the strain that comes with running a business?
   YES ☐ NO ☐
   (b.) Discuss their reactions, concerns, etc. _____

3. (a). Do you like working with people? YES ☐ NO ☐

   (b.) Describe how you handle conflict. _____

4. Describe your management skills in owning and operating a "for-profit" business. _____

5. Describe your financial and accounting skills in owning and operating a "for-profit" business. _____

6. Describe your experience in providing this type of service or product. _____

7. Describe your related technical skills (e.g. education, experience, certifications, etc.) in owning and operating this type of business. _____

8. (a.) Are you willing to participate in an ISE orientation session or other related business training as recommended? YES ☐ NO ☐

If you want to **start** your own business, ►answer Questions 9 - 12
If you want to **expand** your business, ►answer Question 13
If you want to **purchase** an existing business ►answer Question 14

STARTING YOUR OWN BUSINESS? ***Please answer the following:***

9. Are you prepared to lower your standard of living until your business is established (if needed)? YES ☐ NO ☐

10. Are you prepared to lose any assets and/or cash savings? YES ☐ NO ☐

11. Are you willing to research your business idea and provide necessary documents to IVRS? YES ☐ NO ☐

12. If a loan is needed for business start-up, are you willing to borrow money if necessary? YES ☐ NO ☐

EXPANDING A BUSINESS YOU CURRENTLY OWN? ***Please answer the following:***

13. Are you able to provide to the ISE Program:
    (a.) Copies of any existing Business Plans? YES ☐ NO ☐
    (b.) Historical business financials and tax returns equivalent to the number of years in operation – up to three years? YES ☐ NO ☐
    (c.) Information showing profitability of your business? YES ☐ NO ☐
    this current year? YES ☐ NO ☐
    (d.) Information showing your business's positive cash flow this current year?
    YES ☐ NO ☐
    (e.) Information showing you have at least 20% equity in your business? YES ☐ NO ☐
    (f.) Current business balance sheet? YES ☐ NO ☐
    (g.) Any other pertinent business information, upon request? YES ☐ NO ☐

If you have responded "Yes," to any of Question #13, please provide those documents.

PURCHASING AN EXISTING BUSINESS? ***Please answer the following:***

14. Are you able to provide to the ISE program:
    (a.) three years of historical business financials and tax returns from the current owners? YES ☐ NO ☐
    (b.) current business balance sheet from the current owners? YES ☐ NO ☐
    (c.) any other pertinent business information, upon request? YES ☐ NO ☐

If you have responded "Yes," to any of Question #14, please provide those documents.

If you have completed this form on your computer, please print Checklist 3 before signing.

By signing below, I attest to the truthfulness and accuracy of the information provided.

Client Signature: _____, date_____

I have reviewed this information with this client.

IVRS/IDB Counselor Signature: _____, date_____

STOP AND RESOLVE ALL "NO" RESPONSES PRIOR TO PROCEEDING.
(any Yes/No questions should be answered "Yes")

NOTE TO COUNSELOR: All three Checklists should be submitted together to ISE clerical in Des Moines for processing to the Business Development Specialist assigned to your area.

Until recommendations are provided by the Business Development Specialist, IVRS/IDB counselor should wait before advancing to Step 2 of the process.

APPLICATION

IVRS/IDB Self-Employment Program

Step 2

When completing this form on your computer, please use the Tab key or mouse-click in the gray shaded areas. Use additional paper if needed to ensure detailed responses.
Return the completed form to your counselor.

Please Print

Client Name:
Address:
City, State, Zip:
Phone (include area code):

VR Counselor:
Area Office:
Phone (include area code):

Client Case File No.

If applying for Financial Assistance only, a Business Plan Feasibility Study* <u>must</u> accompany this application.

Counselor: Please see pages 40 – 41 of the Business Program Process guide for the "Guide to What a Business Plan Should Include"

★★ Please note: Approval and acceptance of this application is not a guarantee of funding. ★★

APPLICATION (Step 2)

The purpose of this application is to help determine if a business idea is feasible; and to identify questions and problems prior to establishing Self-Employment as a realistic and viable goal. The following information should be completed by a client and returned to the IVRS/IDB counselor.

I. DESCRIPTION OF THE BUSINESS

A. Status of Business
Start-up ☐
Existing ☐
Taking over existing/purchase ☐

B. Explain your business proposal, using additional paper if necessary.
_____

C. What type of business you will operate:
Wholesale ☐
Retail ☐
Service ☐
Manufacturing ☐
Construction ☐
Other (describe) _____

D. (1) Business Form
Sole proprietorship ☐
Partnership ☐
Corporation ☐
Limited Liability Company (LLC) ☐

(2) If Partnership, Subchapter S, Corporation, or LLC, have formal arrangements been made? YES ☐ NO ☐
If not, when will they be completed? _____

E. (1) Have you spoken with vendors/suppliers to find out what help they will provide? YES ☐ NO ☐

(2) If you answered "Yes," who are your potential vendors and what terms and conditions do they offer? _____

F. What are the proposed days and hours of business operation? _____

G. State the laws (city/county) that govern your business as well as zoning requirements. Note: Your business must be legally zoned to operate from the chosen business location. Documentation will be required.
_____

H. List all permits and licenses (building, food, tobacco, utility, etc.) needed for the initiation of your business. _____

II. MARKETING YOUR BUSINESS

A. What will you sell? _____

B. Describe your target customers. Where are they located? Include information about age, gender, education, marital status, income, activities or interests, geographic area, etc. Please provide detail. _____

C. (1) How often will your customers buy your product or services?

_____

(2) How much will your customers buy?

_____

(3) How do you know they will buy?

_____

(4) Have you or do you plan to canvas your customer group?

_____

(5) Describe how you will estimate sales potential for your product or service:

_____

D. Identify trends in your industry and what effect those trends may have on your idea. _____

E. (1) What is the present size of your market? _____

(2) Where did you find this information? _____

F. How have you determined the selling price for your product or service?

_____

G. How much will you need to sell in a month to achieve earnings that equal or exceed 80% of Substantial Gainful Activity ($800 per month; $1,312 for Blind in 2011)? _____

H. (1) Will you be offering credit terms to your customers? YES ☐ NO ☐

(2) If you answered "Yes," what will the credit terms be? _____

I. (1) How do you plan to market your product/service? If expanding, provide information about your past, present and future marketing ideas.

_____

(2) How much do you estimate you will spend on promotion annually?

_____

(3) How often do you plan to market your product/service? _____

J. (1) What do you estimate will be your total cost to manufacture or provide your product or service? _____

(2) What will be your selling price in a typical job? _____

K. (1) Who are your current competitors? _____

(2) How long have they been in business? _____

(3) What are their strengths and weaknesses? _____

(4) How will they react to you entering the market? _____

L. Why will people buy from you? _____

III. Financial Business Information

Use additional paper if needed.

1. State your plans to meet any debts or payments on loans to start the business:

_____

2. Explain how you will make up any losses in the operation until the business is self-supporting:

_____

3. List your existing equipment, inventory and expenses you will contribute to start, expand or acquire your business and how equipment/inventory will be maintained:

_____

4. Restate the amount of Financial Assistance you are requesting from IVRS and tell how it will be used. _____

5. Describe your arrangements for recordkeeping and accounting:

_____

Instructions

CLIENT:
Return your completed application to your IVRS/IDB Counselor for review.

COUNSELOR:
Prior to proceeding, ensure the following items have been completed:

- ✓ Client has attended *an ISE orientation*.
- ✓ *Checklists* 1, 2 and 3 have been completed with IVRS/IDB counselor, justify client's ongoing involvement in Self-Employment, and sent to ISE clerical who will forward (after processing) to Business Development Specialist for review.
- ✓ IVRS/IDB Supervisors have been informed of client's continued involvement in Self-Employment by counselor (if required).
- ✓ Consideration for Benefit Planning has been given if appropriate to each case.

After reviewing to ensure all questions are completed, send to IVRS Business Development Specialist for scoring. Depending on an applicant's score, an interview may follow to discuss next steps/acceptance for Self-Employment.

STOP OR PROCEED

APPLICATION SCORING 56.39(4) Step 2 - continued

Applications for technical assistance—evaluation factors. Applications for the program will be reviewed and evaluated using a 100–point system, based upon the following criteria:

A. Descriptive and organization information: 0 - 30 points

- Does the applicant have education, skills, and work experience relevant to the proposed business venture?
- Does the applicant document previous management or accounting experience?
- Does the applicant have a clear understanding of the nature of the business?

B. Market information: 0 - 30 points

- Does the application indicate a clear understanding of potential customer groups and how to reach them?
- Does the application show sufficient knowledge of products/services, competition, and marketing methods?
- Does the applicant understand the critical issue of location?

C. Financial information: 0 - 30 points

- Does the applicant demonstrate an understanding of how to estimate sales potential?
- Does the applicant indicate knowledge of estimated capital requirements for business start–up, expansion, or acquisition?

D. Creditworthiness: 0 - 10 points

- Does the applicant's past credit history demonstrate responsible behavior?
- Awards will not be made if the applicant has a credit history showing delinquent credit obligations including, but not limited to, unpaid income tax, delinquent child support obligations, or defaulted student loans.

Scoring information and guidance will be provided by IVRS Business Development Specialists to the IVRS/IDB Counselor within 30 days of submission with notification by letter to the applicant. **Applications receiving a minimum of 60 points out of a total 100 points will be eligible to pursue Technical Assistance funding.**

If the application is for Financial Assistance only, a Business Plan Feasibility Study will be required at the time of submission of the application. **Applicants whose Business Plan Feasibility Study receive a minimum score of 75 points out of a total of 100 points and a minimum of 15 points per section will be able to pursue Financial Assistance funding. Approval of financial assistance funding is also contingent upon documentation of the applicant's ability to match dollar-for-dollar the amount of funds requested.**

TECHNICAL ASSISTANCE

Technical Assistance, not to exceed a cumulative total of $10,000, is available for an active client of IVRS during any part of the business process. Technical Assistance funds are used to offset any costs associated in obtaining client appraisals, and can be used for costs that relate to assessment or evaluation of a client's appropriateness for ISE services. The IVRS Business Development Specialist and client identify whether specialty consultants may be needed. Business Development Specialists will provide a Technical Assistance Summary Recommendation Form to IVRS/IDB counselors for approval. Technical Assistance services may include consulting in the areas of accounting, legal, specialized marketing, IT, etc. Contracts between IVRS and outside consultants must include:

- Hourly fees for services
- The type of service to be provided
- Timeline for delivery of services

Applicants will be provided a list of qualified business consultants by the business development specialist if specialized consultation services are necessary. The selection of the consultant(s) will be the responsibility of the applicant and must be approved by authorized agency personnel.

BUSINESS PLAN FEASIBILITY STUDY
Step 3

THE BUSINESS PLAN FEASIBILITY STUDY OVERVIEW

The purpose of a Business Plan Feasibility Study is to determine the likelihood of business success (feasibility) and develop a written guide that details the goals, business strategy and operations (business plan). The Business Plan Feasibility Study will require an applicant to identify specific steps in the Business Planning process as well as who will be involved in each step of the process, address budgetary guidelines, and provide a timeline.

Determining Feasibility

Each client must conduct a detailed assessment or study of his or her business idea to determine if the business makes sense in four specific areas: *Personal Sense*, *Business Sense, Market Sense, and Financial Sense*. The purpose of assessing the feasibility of a business provides clients of IVRS/IDB an objective look at whether or not their idea makes sense and the client has the potential to achieve success within that business.

After reviewing the feasibility research data, Business Development Specialists will provide to IVRS/IDB counselors and clients feedback in one of the areas outlined below:

1. Gives the client a green light to continue proceeding with the Self-Employment process;

2. Provides the client with information indicating it is not feasible to move ahead in the Self-Employment process;

3. Documents any shortcomings needing further attention before moving forward;

4. Recommends changes to the business idea in order to achieve feasibility.

Writing the Business Plan

A Business Plan is created after the feasibility study determines that a business idea makes Personal, Business, Market and Financial sense. The plan is a comprehensive, written document that shows how a business will succeed. The main reason to develop a Business Plan is for the client's benefit so that informed decisions can be made. A Business Plan is also considered "the bait" needed to raise money and is almost always required by lenders/investors. Business Plans detail the personal, business, marketing and financial sides of a business and give clients an outline in which to organize their thoughts. IVRS Business Development Specialists are available for technical support; however clients should have the skills and knowledge to complete the majority of their Business Plan independently. Keep in mind, a Business Plan and getting loans are NOT the end steps. The long-term objective is to make money in order to become self-sufficient.

NOTE*:* *Clients are encouraged to use no-cost consultation services from the Small Business Administration, Small Business Development Centers, Chambers of Commerce, SCORE and other community resources. In addition, the considerable knowledge held by experienced IVRS/IDB staff may also be an option to assist in Business Plan development. In the event an individual needs additional assistance due to disability in order to complete a Business Plan or other related tasks, IVRS/IDB can arrange for a qualified vendor or other qualified resources to assist. If this service is purchased from a vendor, the cost of developing a Business Plan is deducted from any IVRS/IDB Technical Assistance monies an individual might be eligible to receive.*

Most people who read Business Plans (bankers, investors, etc.) expect to see a summary of the plan called an Executive Summary. The Executive Summary is usually the first (and sometimes only) part of the plan read. A good Executive Summary should give the reader the "big picture" by putting all of the information into perspective, while providing an incentive to continue to read the rest of the plan.

For IVRS/IDB clients writing Business Plans, it may be helpful to write the Executive Summary first (with the understanding that some of the information may be unknown), then research and develop the complete Business Plan, and then rewrite the Executive Summary. Comparing the initial Executive Summary to the final version helps provide clients a unique perspective on how far they've come within the Self-Employment process while hopefully giving them a greater appreciation for everything they've learned along the way.

GUIDE TO WHAT A BUSINESS PLAN SHOULD INCLUDE

I. TITLE PAGE:

A. Business Name
B. Names of Owner(s)
C. Address, Phone number
D. Date prepared
E. Copy # (each photocopy should be assigned a specific number for tracking purposes)

II. EXECUTIVE SUMMARY (maximum 2 pages) This is the most important section as it must completely, clearly, and concisely summarize the entire plan and entice the reader to continue. It should be written first, and then rewritten last after the entire Business Plan is completed. This section should include:

A. The Problem / Need / Opportunity and Proposed Solution / User Benefit
B. Statement of Purpose: [e.g. "The following Business Plan has been developed by (your name) to take advantage of this opportunity by (include vision and mission)]."
C. Brief description of each of the remaining sections (noted below) of the Business Plan
D. Why this venture makes Personal, Business, Market, and Financial Sense
   1. include a Summary of Funding Request
   2. include Uses/Sources of Capital information
E. Verbiage that encourages the reader to continue (e.g. "I encourage you to continue to read the rest of this Business Plan as it specifies – in detail – how and why this business will be successful.")

III. TABLE OF CONTENTS

IV. BUSINESS DESCRIPTION

A. Business Name and Location (city and state)
B. Business Stage: (start-up, existing, or purchase)
C. Legal Structure (sole proprietorship, partnership, etc.)
D. Mission and Vision Statements, Objectives, Milestone Summary
E. Brief history of the idea / company, and brief description of owner's Qualifications and experience (include resume in Appendix)
F. Industry Background [North American Industry Code Classification System (NAICS) code, Size, Trends, Growth Potential]
G. Description of the Product and Services (unique qualities, proprietary rights, and value to customer)

V. MARKETING

A. Market Research and Analysis
   1. Research Methodology
   2. Market Segments, Target Market(s), and Size
   3. Competitive Analysis, Estimated Market Share
   4. SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)
   5. Differentiation, Positioning, Sustainable Competitive Advantage(s)
B. Marketing Plan
   1. Overall Objectives [Sales, Profits, Return On Investment (ROI) Strategy]
   2. Product / Service Strategy and Tactics
   3. Place (and Distribution) Strategy and Tactics
   4. Pricing Strategy and Tactics
   5. Promotion Plan (PR, Advertising and Sales, Positioning statement)

What A Business Plan Should Include – continued

VI. OPERATIONS

A. Facilities and Hours of Business
B. Equipment
C. Fulfillment Process (How does the client get your product or service?)
D. Critical Success Factors (What has to be done every day to succeed?)
E. Milestone Schedule (Timetable for activities to be accomplished)

VII. MANAGEMENT

A. Key Owner(s), Managers, and Personnel (Responsibilities and Experience)
B. Organizational Chart
C. Board of Directors, Advisors (Accountant, Attorney), Consultants

VIII. FINANCIAL

A. Capital Request [If seeking non-ISE funding, e.g. loan(s) or investors' funds]:
1. Amount: Exactly how much money do you need? What are the sources? (Debt/Equity)
2. Purpose(s) / Uses: a capital equipment list and sources of funds for each
3. Benefit: Why is this a good business opportunity for your business?
4. Need: Why do you need the bank's / investor's money?
Poor credit, losses, no cash, are <u>not</u> valid reasons.
5. Primary repayment for loans or investor's dollars, how and when do you plan to pay it back? (Should be excess cash flow from profitable operations based on projections below).

$$\text{DSC: Debt Service Coverage} = \frac{\text{Net Income+Depreciation+Interest - Distributions}}{\text{Debt Service (Principal and Interest Payments)}}$$

(> 1.25, the higher the better)

6. Secondary Repayment (Collateral): What happens if your plan doesn't work out? Keep in mind the value of your collateral is based on quantity and quality.

B. Projections:
1. List of Assumptions
2. Projected Beginning Business Balance Sheet (Sources and Uses of Funds)
3. Income Statement and Cash Flow (monthly for 3 years)
4. Ending Balance Sheet
5. Summary of Best / Worst Case Scenarios
6. Breakeven and Ratio Analysis
7. ROI

C. Historical Financials: (For Existing Businesses)
1. Annual Income Statements / Federal Tax Returns (Schedule Cs) for last 3 years
2. Current Year-To-Date Income Statement and Business Balance Sheet (less than 90 days old)
3. It may also be necessary to include: Schedule of Current Debts and Aging of Accounts Receivables

IX. APPENDIX (Supporting Documents)

This part of the plan contains the detail that will document and verify the statements made in the main portion of your Business Plan. The most common documents are:

A. Personal Income Statement
B. Personal Financial Statement (PFS) and Credit Report
C. Personal Resume
D. Petitions/Letters of Intent from potential customers that include specific sales amounts and time frames
E. Letters of commitment from funding sources
F. Contracts and leases
G. Job descriptions
H. Legal documents

Any other pertinent information that will help document why this business will be successful.

★★★Additional resources to assist with writing a business plan can be found on pages 79-81★★★

IPE COUNSELOR GUIDANCE:

☞ **During the initial steps of the Self-Employment process, the IPE reflects "Assessment" or "Other" services (in status 12-0) until the Business Plan Feasibility Study is completed.**

The IPE is reviewed after Feasibility to determine if continuing with the business idea is still warranted. Once IVRS Business Development Specialists determine the business idea is feasible (or that expansion of an existing business will produce an increased level of self-sufficiency), the IPE can be revised to reflect the necessary services to more fully develop the business and engage in active service delivery.

☞ **The developed Business Plan is not written on an IPE to move a client into status 18-7 until it has been accepted by the IVRS Business Development Specialist and agreed upon by the counselor and client.**

Technical Assistance monies are available for IVRS/IDB clients up to Step 5. Financial Assistance is only available for IVRS/IDB clients during Step 4, Business Implementation, and does not become available until after IVRS Business Development Specialists have approved a client's Business Plan Feasibility Study.

ISE funding is not disbursed after a client is moved to Status 22.

Business Plan Feasibility Study Scoring 56.41(2)(3)

Applicants receiving a minimum score of 75 out of 100 points with at least 15 points per section on the Business Plan Feasibility Study will be recommended for Technical or Financial assistance funding or both.

The submitted Business Plan Feasibility Study will be reviewed and evaluated using a 100–point system, based upon the following criteria in the Business Plan Feasibility Study Scoring Form:

Business Plan Feasibility Study Scoring Form

PERSONAL SENSE

Total Score Possible: 20 points **SCORE: _____**

CREDITWORTHINESS [10 pts]

- Is the personal credit report sufficient to be considered for financial support or loans?
- If the credit report documents serious delinquencies or derogatory indicators or remarks, or adverse data from public or collection information, how have these issues been addressed or resolved?
- Other outstanding debt obligations which have been self-reported?

BUSINESS COMPATIBILITY [10 pts]

- Is there evidence that consideration and solutions/accommodations were given to possible barriers that might result due to disability?
- Has the client had direct business experience in the type of industry for the business proposed?

BUSINESS SENSE

Total Score Possible: 20 points **SCORE: _____**

EXECUTIVE SUMMARY [5 pts]

Should contain the following:

- States the Problem / Need / Opportunity and Proposed Solution / User Benefit
- Statement of Purpose
- Brief description of each of the remaining sections (noted below) of the Business Plan
- Why this venture makes Personal, Business, Market, and Financial Sense
    1. includes a Summary of Funding Request
    2. includes Uses/Sources of Capital information
- Verbiage that encourages the reader to continue (e.g. “I encourage you to continue to read the rest of this Business Plan as it specifies – in detail – how and why this business will be successful.”)

BUSINESS SENSE continued

BUSINESS DESCRIPTION [5 pts]
Should contain the following:

- Business name and location (city and state)
- Business stage: (start-up, existing, or purchase)
- Legal structure (sole proprietorship, partnership, etc.)
- Mission and vision statements, objectives, milestone summary
- Brief history of the idea / company, and brief description of owner's qualifications and experience (include resume in Appendix)
- Industry background [North American Industry Code Classification System (NAICS) code, size, trends, growth potential]
- Description of the product and services (unique qualities, proprietary rights, and value to customer)

OPERATIONS [5 pts]
Should contain the following:

- Facilities and hours of business
- Equipment
- Fulfillment process (How does the customer get your product or service?)
- Critical success factors (What has to be done every day to succeed?)
- Milestone schedule (Timetable for activities to be accomplished)

MANAGEMENT [5 pts]
Should contain the following:

- Key Owner(s), managers, and personnel (responsibilities and experience)
- Organizational Chart
- Board of Directors, advisors (accountant, attorney), consultants

MARKET SENSE:

Total Score Possible: 20 points **SCORE: _____**

MARKETING
Should contain the following:

Market Research and Analysis [10 pts]

- Research Methodology
- Market Segments, Target Market(s), and Size
- Competitive Analysis, Estimated Market Share
- SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)
- Differentiation, Positioning, Sustainable Competitive Advantage(s)

Marketing Plan [10 pts]

- Overall Objectives [Sales, Profits, Return On Investment (ROI) Strategy]
- Product / Service Strategy and Tactics
- Place (and Distribution) Strategy and Tactics
- Pricing Strategy and Tactics
- Promotion Plan (PR, Advertising and Sales, Positioning statement)

FINANCIAL SENSE

Total Score Possible: 20 points **SCORE: _____**

CAPITAL REQUESTS & FINANCIALS [0-20 pts]

- Grant and/or loan request
- Distribution of loan and/or grant proceeds
- Assumptions
- Three (3) years Projected Cash Flows
- Three (3) years Projected Profit and Loss
- Beginning and ending Projected Balance Sheet
- Break-even Analysis
- Loan Repayment
- ROI

HISTORICAL FINANCIALS (For Existing Businesses) [10 pts if applicable]

- Annual Income Statements / Federal Tax Returns (Schedule Cs) for last 3 years
  Current Year-To-Date Income Statement and Business Balance Sheet

OTHER CONTENT AREAS:

Total Score Possible: 20 points **SCORE: _____**

TITLE PAGE & TABLE OF CONTENTS [5 pts]

- Business Name
- Names of Owner(s)
- Address, Phone number
- Date prepared
- Copy # (each photocopy should be assigned a specific number for tracking purposes)

APPENDIX (Supporting Documents) [15 pts]

Should provide evidence substantiating details or verifying the statements made in the main portion of the Business Plan Feasibility Study. The most common documents include:

- Personal Income Statement
- Personal Financial Statement (PFS) and Credit Report
- Personal Resume
- Petitions/Letters of Intent from potential customers that include specific sales amounts and time frames
- Letters of commitment from funding sources
- Contracts and leases
- Job descriptions
- Legal documents
- Any other pertinent information that will help document why this business will be successful

STOP OR PROCEED

Scoring is completed by IVRS Business Development Specialist and reviewed with a client and counselor before proceeding.

BUSINESS IMPLEMENTATION (Step 4)

Business Implementation is the stage in the Self-Employment process that allows the IVRS Business Development Specialist to recommend Financial (or Technical) Assistance to IVRS/IDB counselors. This process is a three-phased approach to ensure continuity, financial viability of the business — and ultimately — achieve business sustainability. Providing Financial Assistance is only authorized if the business has a need for funds in order to be successful, and the individual can provide (or demonstrate) a dollar-for-dollar match of the funds requested.

Continuation of financial support of the business requires extensive monitoring on the part of IVRS Business Development staff to determine if the business is meeting the projected income levels and proceeding according to plan. **Financial support also requires that a client demonstrate cooperation by providing Business Development Specialists financial information before additional funds are expended.**

I. SUMMARY OF IMPLEMENTATION ACTIVITIES

1. Business Development Specialist provides counselor with a copy of the scored Business Plan and will request they arrange a meeting between client, counselor and Business Development Specialist.
2. A Financial/Technical Assistance Summary Recommendation Form created by the Business Development Specialist will be provided to the counselor, supervisor, and client prior to the financial assistance meeting.
3. During the financial assistance meeting, the client will discuss their Business Plan, Financial Assistance requests, and any Technical Assistance requests.
4. Business Development Specialist will make final Financial and/or Technical Assistance recommendations to the counselor.
5. If in agreement, client will review and sign the Self-Employment Responsibilities Form which demonstrates acknowledgement that client will be responsible to provide the Business Development Specialist monthly financial information.
6. **Counselor is responsible to:**
    a. approve and prepare authorizations.
    b. obtain completed W-9 for vendors not in the I-3 system.
    c. track authorization expenditures to ensure totals do not exceed Technical and Financial Assistance totals.
    d. ensure vendors submit detailed invoices for items sold or services provided. Summary statements or simply signing the R450 billing copy does not satisfy the requirements for ISE purchases from vendors.
    e. complete exception requests if Financial Assistance authorizations do not conform to policy.
    f. ensure the VR payment option selected for Ticket-To-Work Self-Employment clients is **Reimbursement** (rather than Milestone).

SELF-EMPLOYMENT RESPONSIBILITIES FORM

- Client understands that compliance with all applicable federal, state, local regulations and statutory requirements (including income reporting and filing and paying taxes) is required.

- Client agrees to report any changes that may affect the planned program to their counselor and understands that any changes or additions to the plan must be discussed and approved prior to implementing the changes or purchasing additional services.

- Client agrees to cooperate with IVRS/IDB Step 4 requirements and provide necessary information to assist staff in understanding his/her Self-Employment progress and document business financials, submitting the Client Financial Implementation Form to their Business Development Specialist by the 10th of each month.

- Client will not sell, mortgage, give away or dispose of any tools, equipment or supplies without the consent of IVRS/IDB unless the client holds clear title to the item(s).

- The client's title to non-expendable tools, equipment and supplies is conditional and title to items purchased becomes the client's under the following condition:
  Instances when tools are provided during training or within the Self-Employment process, client ownership occurs on the date a file is closed successfully in status 26-0.

- Client agrees to return tools, equipment and/or supplies not being used in the business, and understands items are subject to recovery by the State at any time prior to successful case closure, at which time client assumes ownership.

- Client understands the State retains title to any item in which there is a shared financial participation and is not considered owner until the case record reflects a successful closure.

- Client agrees to abide by the terms and conditions outlined prior to receiving any tools, equipment and/or initial supplies.

- A client understands that in order to receive tools, equipment, inventory and/or supplies, the following conditions must be met:
  - Client has adequate resources available for the proper maintenance and upkeep of tools, equipment, inventory and supplies.
  - Client has the proper skills and managerial ability to succeed in the trade or occupation for which the tools, equipment, inventory and supplies are provided.
  - Appropriate insurance and liability is obtained/maintained to protect the client and business in case of incident.
  - Client agrees that before tools, equipment and/or supplies are provided, they do not acquire ownership until their case is successfully closed. It is understood if a business discontinues operation, the State of Iowa has the right to repossess the tools or equipment for re-issue.

Continued on page 2

- Client agrees to participate fully in Step 5 Business Follow-Up for two years (24 months) following the successful closure date. Step 5 activities include:
    1. *Site visits by your Business Development Specialist based on need and as scheduling allows;*
    2. *Quarterly communication with your Business Development Specialist by phone or e-mail to discuss general business progress;*
    3. *Submitting quarterly your monthly financial statements to your Business Development Specialist.*

CLIENT'S PRINTED NAME _____

Client Signature: _____, date_____

Counselor Signature: _____, date_____

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II. FINANCIAL ASSISTANCE 56.42

Financial Assistance funds may be awarded up to $10,000 based upon an approved Business Plan Feasibility Study and the client's ability to demonstrate a dollar-for-dollar match based on the amount of funding needed. The match may be provided through approved existing business assets, cash, conventional financing or other permitted sources.

The amount recommended by the Business Development Specialist and approved by the counselor and supervisor will be provided in three phases of business operations. The timing of each phase and the amount of funds for each phase shall be established in the scored and approved Business Plan Feasibility Study. Financial Assistance is only authorized when each phase meets specified business results, there is evidence of business need and the business is progressing according to plan.

Clients receiving Self-Employment Financial Assistance should demonstrate ongoing cooperation, providing the Business Development Specialists with the financial information needed to assess business progress before additional funds are expended.

At any time in the process that Business Plan projections do not meet anticipated expectations, the plan should be reviewed to consider the need for any revisions. The financial projections should be consistent to the level of income needed by the individual as agreed in the IPE and outlined within the Business Plan.

III. CASE PROGRESSION

Progress reports providing an overview of the previous month are supplied by the 15th of each month by IVRS Business Development Specialists to counselors for review during Business Implementation. Clients who are current Social Security beneficiaries whose progress reports/*Client Financial Implementation Forms* show achievement of SGA in any given month will be asked by their Business Development Specialist to begin completing a *Ticket-To-Work Self-Employment Income* form. The Business Specialist will forward the form to the appropriate Ticket-To-Work agency liaison. Business Development Specialists recommend a date for business stabilization in collaboration with a client and counselor in order for a case file to move to status 22-0.

- The intent of any service provided is to help the business achieve stabilization (status 22-0).
- There is no specified number of months from business start-up to stabilization.
- Stabilization is defined as a point in the business where the client, counselor and Business Development Specialist agree that the business is operating as outlined on the IPE and meeting financial projections specified in the Business Plan. This triggers a status movement to 22-0, as well as changes within service delivery.

Before a client is moved to status 22-0, documentation is needed outlining the following:

- Client is operating and actively managing their business.
- Profit and loss statements document monthly business earnings of at least 80% of SGA.
- For clients whose earnings are less than 80% of SGA and are not expected to achieve that threshold due to disability reasons, an exception request should be completed by the counselor (unless previously completed).
- At stabilization, the business could be considered self-sustaining if average earnings reflect a minimum of 80% of SGA monthly (unless an exception has been approved).

Within status 22, the **Business Development Specialist** coordinates the following:

- Monthly communication, checking with the client and counselor to ensure business operations are continuing as planned.
- Collecting and analyzing financial information to assure the business is on track for eventual closure in status 26-0.
    - Preparation of the Ticket-To-Work Self-Employment Income (SEI) form if applicable.

IMPLEMENTATION, Step 4 – continued

- Providing recommendations if assistance is needed beyond minimal troubleshooting by the Business Development Specialist to resolve issues. If assistance is needed, it should be provided, however 90 additional days must pass (purchasing services at this point indicates the business is not stable). *This may also reflect a need to move the case from status 22-0 to 18-7 if additional service provision is needed to reach stabilization again.*

- Recommend a date for case closure.

At status 22, **IVRS/IDB Counselor** will:

- Maintain contact with a client to address any rehabilitation issues that might impact a client's progress.

- Determine client's willingness to sign a *Statement of Understanding* release form for publicity purposes.

The *Client Financial Implementation Form* is provided by the IVRS Business Development Specialist to IVRS/IDB counselors by the 15th of each month**. Entrepreneurs are responsible to contact the IVRS Business Development Specialist to discuss their progress and provide the *Client Financial Implementation Form* by or before the 10th of each month*.***

The IVRS/IDB (Entrepreneur) and Business Development Specialist will plan for Step 5 Follow-Up during Business Implementation.

Client Financial Implementation Form

★★**Client:** This form **must** be submitted to your Business Development Specialist *by the 10th of each month.* ★★

For Month/Year: _____

Client Name (please PRINT): _____

Client Case File #: _____ **Counselor Name:** _____

Client Mailing Address: _____

Client Phone # (include area code): _____

Note: In order for the business to be exceeding expectations, the Variance totals (column C) for Sales, NESE, and Ending Cash Balance should be a positive number. The Expenses Variance total should be a negative number. The Owner's Draw Variance should be "0."

Month	A PROJECTED	B ACTUAL	C VARIANCE (B minus A)	Comments use additional paper if needed
Sales			$ -	
Expenses			$ -	
NESE*	$ -	$ -	$ -	
Ending Cash Balance			$ -	
Owner's Draw			$ -	

Y-T-D	A PROJECTED Year-To-Date	B ACTUAL Year-To-Date	C VARIANCE Year-To-Date (B minus A)	Comments use additional paper if needed
Sales			$ -	
Expenses			$ -	
NESE*	$ -	$ -	$ -	
Ending Cash Balance			$ -	
Owner's Draw			$ -	

**** Net Earnings from Self-Employment***

PROGRESS ON LAST MONTH'S ACTION STEPS: space for only 4 lines of text - use additional paper if needed

OTHER POSITIVE OUTCOMES: space for only 4 lines of text - use additional paper if needed

MY MOST PRESSING ISSUES/CONCERNS: space for only 4 lines of text - use additional paper if needed

ACTIONS I WILL TAKE THIS MONTH: space for only 4 lines of text - use additional paper if needed

Client Signature: _____ **Date:** _____

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Counselor: The above is a "picture" of the spreadsheet. The spreadsheet is available on the Self-Employment intranet and internet sites.

MAXIMUS

Self-Employment Income (SEI) Form

Beneficiary Quarterly Report

Self-Employment

Beneficiary Name: _____ *SSN:* _____

Calendar Quarter: _____

	Month _____	**Month _____**	**Month _____**
Gross Income			
Gross Expenses			
Net Self-Employment Income			

I was actively involved in the operation of my business during the following months:

- ❑ _____
- ❑ _____
- ❑ _____

Beneficiary Signature _____ Date _____

Address _____ Phone _____

_____

_____ Email _____

Ticket to Work and Self-Sufficiency Program
Payment Request
PO Box 1433
Alexandria, VA 22313-1433 **FAX: 703-683-3289**

Counselor: The above is a "picture" of the spreadsheet. The spreadsheet is available on the Self-Employment intranet and internet sites.

BUSINESS FOLLOW-UP (Step 5)

IVRS Business Development Specialists will follow-up with a client entrepreneur to review business progress, provide assistance to address problems that may occur, and ensure business operations are progressing as planned. Additional follow-up may be provided on an as-needed basis or as requested by the entrepreneur. Follow-up will continue for up to two years or until mutual agreement is reached that follow-up is no longer necessary.

During this phase of service, the entrepreneur will continue to provide the following to the Business Development Specialist each quarter for two years after moving into Step 5:

1. (a) *Client Financial Implementation Forms* (the monthly forms will be submitted quarterly) **and**
   (b) *Business Cash Flow from Non-Income Sources*, also completed, signed and dated.

2. Completed, signed and dated copy of the *Maximus Ticket-To-Work Self-Employment Income (SEI) Form* if the entrepreneur receives Social Security Disability (SSDI) or Supplemental Security Insurance (SSI).

These quarterly forms shall be retained confidentially with the Business Development Specialist through the completion of Step 5 at which time all forms will be incorporated into the ISE file. Business Development Specialists will submit the Maximus Ticket-To-Work SEI form to the appropriate agency liaison.

IVRS/IDB counselors are involved in continual communication with Business Development Specialists during all phases of Self-Employment services prior to Business Follow-up. Counselors, having obtained signatures of entrepreneurs interested in publicizing and promoting their business through IVRS initiatives, will provide the Business Development Specialist with a copy of the Statement of Understanding (Publicity Release) form. Additionally, entrepreneurs will be asked about their willingness to participate in upcoming surveys conducted by ISE pertaining to program satisfaction and recommendations for future improvements.

Business Follow-up provides an excellent opportunity for IVRS/IDB staff to sustain a valued relationship with a client and obtain needed feedback related to client satisfaction with the IVRS/IDB Self-Employment program.

STATEMENT OF UNDERSTANDING

I voluntarily agree to participate in the publicity efforts of Iowa Vocational Rehabilitation Services.

I understand that this may identify me as a client of IVRS and may indicate the services I have received. I grant IVRS permission to take and use photographs or information about myself for media production associated with public presentations, written publications, public service announcements, and similar efforts.

I understand the information being released will contain (check all those areas for which approval is granted):

___ Identify my disability
___ Identify my barriers to employment
___ Identify the job I obtained and the wages I earn
___ Identify how my counselor assisted me in my goal
___ Other: _____

I understand that the photographs and other materials will be used without compensation and will become the property of IVRS. I understand that I may ask at any time that my picture and information not be used in any newly created material.

(Signed) _____
(Client)

_____
(Parent/Guardian/Representative)

(Printed) _____
(Client)

_____
(Address)

_____
(Phone Number) (County)

_____
(E-Mail Address)

_____
(Date)

_____
(Printed) IVRS Representative

_____
(Date)

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STATEMENT OF UNDERSTANDING – page 2

Please use the following questions to take notes while discussing with the client prior to closure and then summarize in one or two paragraphs below.

BACKGROUND INFORMATION ABOUT THE CLIENT

CHALLENGES AND LIMITATIONS POSED BY THE DISABILITY FOR THE CLIENT

IVRS SERVICES PROVIDED TO ASSIST THE CLIENT IN ACHIEVING HIS/HER VOCATIONAL GOALS

COUNSELOR'S INVOLVEMENT WITH THE CLIENT TO ASSIST WITH OBTAINING COMMUNITY EMPLOYMENT

ACTIONS OF COUNSELOR TO ASSIST EMPLOYER SO THE CLIENT COULD BE PRODUCTIVE

ENTREPRENEUR COMMENTS

TYPE OF BUSINESS, WHERE LOCATED

SENATOR'S AND/OR REPRESENTATIVE'S NAME AND DISTRICT

SUCCESS STORY SUMMARY:

Iowa Self-Employment (ISE) Program

Business Cash Flow from Non-Income Sources

Client Name: _____

Calendar Quarter: _____

Name of Month(s)			
Cash Receipts			
Additional Owner Contribution			
Non-ISE Funding			
Loans			
Other			
Total Non-Income Cash Receipts			

Cash Disbursements			
Loan Principal Payments			
Owner's Draw			
Equipment Purchases			
Other			
Total Non-Income Disbursements			

Net Cash Increase/Decrease **(receipts minus disbursements)**			

End of Month Cash Balance in business checking account (enter amount from bank statement)			

My signature below indicates the information I have provided is true and accurate.

Beneficiary Signature _____

signature required - do not type name

Date _____ **Phone** _____

E-mail _____

Return to your Business Development Specialist.

July 2011

Counselor: The above is a "picture" of the spreadsheet. The spreadsheet is available on the Self-Employment intranet and internet sites.

SECTION IV – FORMS

All forms are listed alphabetically below for easier reference.

Forms can be downloaded from the intranet or internet and saved to a computer for electronic completion. They can also be completed manually.

ISE INTERNET WEBSITE:
http://www.ivrs.iowa.gov/IowaSelfEmploymentProgram/ClientInformation.htm

IVRS INTRANET:
http://ivrs/intranet/Self-Employment/VRSelfEmployment.html

Application	.....	**Pages 31-35**
Business Cash Flow Non-Income Sources (Step 5 only)	.....	**Page 57**
Checklists 1 - 3 Coversheet	.....	**Page 15**
Checklist 1	.....	**Pages 16-20**
Checklist 2	.....	**Pages 26-27**
Checklist 3	.....	**Pages 28-30**
Client Financial Implementation Form (Steps 4 & 5)	.....	**Page 52**
Credit Report Instructions	.....	**Page 22**
Exception Request Form	.....	**Pages 59-60**
Income Offset Form	.....	**Page 21**
Monthly Personal Budget Form	.....	**Page 24-25**
Personal Financial Statement Form	.....	**Page 23**
Progress Checklist for Counselors	.....	**Pages 61-65**
Ticket-To-Work SEI Form	.....	**Page 53**
Self-Employment Responsibilities Form	.....	**Pages 47-48**
Statement of Understanding (PR Release)	.....	**Pages 55-56**

EXCEPTION REQUEST FORM FOR SELF-EMPLOYMENT

IVRS USE ONLY

INSTRUCTIONS TO COUNSELOR: Counselor may complete page 1 on computer.

1) Highlight/Select fields to enter client name, case file # and counselor name. 2) Use TAB key to advance to other fields.
3) Print BOTH pages, sign page 2 and route to appropriate personnel for approval signatures.

A. Client: **File #:** **Counselor:**

Do not complete this form if it is for computer or vehicle exceptions. You should follow IVRS procedures regarding these purchases. IVRS *Personal Computer Purchase Review Guide can be found at*:

http://ivrs/intranet/ReferenceManual/PersComputerPurchaseReviewGuide.doc

IVRS *Request for Exception to Policy* can be found at:

http://ivrs/intranet/ReferenceManual/RequestforExceptiontoPolicy.doc

B. Based on the information contained in (check the appropriate box):

☐ 1. INITIAL PLANNING ☐ 2. APPLICATION ☐ 3. BUSINESS PLAN FEASIBILITY STUDY
☐ 4. BUSINESS IMPLEMENTATION

This client has the potential to engage in the proposed self-employment business. An exception is requested to IVRS/IDB policy.

C. Please check exception reason in boxes below.
NOTE – all approval signatures must be obtained in the order listed under each exception

REASON FOR EXCEPTION:

☐ **Not requiring a client to put up at least 50% of the financial package**

APPROVALS REQUIRED:
1. Counselor **2.** IVRS Supervisor **3.** Program Rehabilitation Supervisor (Lee Ann Russo) **4.** Bureau Chief (Kenda Jochimsen)

REASON FOR EXCEPTION:

☐ **Project exceeds $10,000**

APPROVALS REQUIRED:
1. Counselor **2.** IVRS Supervisor **3.** Program Rehabilitation Supervisor (Lee Ann Russo) **4.** Bureau Chief (Kenda Jochimsen)
5. VR Administrator (Dave Mitchell)

REASON FOR EXCEPTION:

☐ **Business rent / insurance which exceeds six months**
☐ **Closing a case in status 26 if earnings are less than 80% of SGA**
☐ **Situations that do not conform to the ISE process (e.g. serving clients not recommended to continue, etc.)**

APPROVALS REQUIRED:
1. Counselor **2.** IVRS Supervisor **3.** Program Rehabilitation Supervisor (Lee Ann Russo)

D. Exception Justification (type reason here, use additional paper if necessary):

The dollar amount of this request is: $_____ . The reason for this exception is:

Continue to Signatures, Page 2

COUNSELOR MUST SIGN AT THE TOP OF PAGE 2.

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EXCEPTION REQUEST FORM FOR SELF-EMPLOYMENT
Signature Page
IVRS USE ONLY

Client: **File #:** **Counselor:**

Counselor should print form (2 pages) before signing.

(1) **COUNSELOR SIGNATURE**

IVRS Counselor Signature: date:

Route to appropriate personnel for required additional signatures as noted on Page 1

(2) **IVRS SUPERVISOR**

Approved☐ Disapproved☐ (if not approved, provide the rationale below)

Comments, if any:

IVRS Supervisor Signature: date:

(3) **PROGRAM REHABILITATION SUPERVISOR**

Approved☐ Disapproved☐ (if not approved, provide the rationale below)

Comments, if any:

Program Rehabilitation Supervisor: date:

(4) **IVRS BUREAU CHIEF (as appropriate)**

Approved☐ Disapproved☐ (if not approved, provide the rationale below)

Comments, if any:

Bureau Chief: date:

(5) **IVRS ADMINISTRATOR (as appropriate)**

Approved☐ Disapproved☐ (if not approved, provide the rationale below)

Comments, if any:

Administrator: date:

After all necessary signatures are obtained, this form must be returned to ISE clerical.

☐ Original - Case file Copy ☐ Self-Employment Copy (3 copies) Rev. 07/11

PROGRESS CHECKLIST FOR SELF-EMPLOYMENT

STEP 1 Initial Planning (status 10-0)

- ☐ **Checklist 1** *Self-Employment Information* is completed and signed by Counselor and Client.
- ☐ Client signs **Income-Offset Form** permitting counselor to initiate email to State office to determine if client is showing delinquent State credit obligations (Dawn Trenez current contact).
- ☐ **Income-Offset** check has been completed.
- ☐ **Credit Check** has been completed.
- ☐ **Personal Financial Statement** has been completed.
- ☐ **Monthly Personal Budget** has been completed.
- ☐ Client meets all program criteria including documentation of their ability to match Financial Assistance funding request and information that demonstrates likelihood for business success.
- ☐ **Checklist 2** *Disability Analysis* is reviewed and signed by Client and Counselor.
- ☐ **Checklist 3** *Is Small Business Right for You* completed and signed by Counselor and Client.
- ☐ Expansion – Financial Documentation Included.
- ☐ Acquisition – Financial Documentation Included.
- ☐ All three Checklists and accompanying paperwork have been reviewed in their entirety to ensure thoroughness of completion prior to submitting to Business Development Specialist.

Note: Counselor should address the next four asterisked check boxes:

- ☐ ∗Counselor has information or documentation related to Client's academic, communication and managerial skills that supports an ability to manage their own business with or without accommodations.
- ☐ ∗Client understands the income derived from a Self-Employment plan is to meet or exceed an average 80% of Substantial Gainful Activity (SGA amounts vary the beginning of each calendar year).
- ☐ ∗Benefits Planning is considered by Counselor for Clients receiving SSA benefit.
- ☐ ∗Client attends an Iowa Self-Employment (ISE) orientation – strongly recommended.

STEP 2 Application (status 10-0)

- ☐ Client completes **Application** for Self-Employment to Counselor.
- ☐ Counselor reviews and if supports, submits Client's completed **Application** to IVRS Business Development Specialist. Prior to submission, Counselor can obtain advice from IVRS/IDB management.
- ☐ **Application** is scored by the Business Development Specialist who provides copy of findings to the Counselor.
- ☐ **Application** interview occurs between Business Development Specialists, Client and Counselor as necessary to discuss scoring and next steps.
- ☐ Form letter will be sent by ISE staff to the Client and Counselor regarding the acceptance of the Client's **Application** to the program.

STEP 3 Business Plan Feasibility Study – PART 1 (status 12-0)

- ☐ Counselor moves Client's case file to Status 12 at some point during Business Plan Feasibility Study. **Feasibility** services begin upon acceptance to the program.
- ☐ Client completes the Business Plan Feasibility Study under guidance from the Business Development Specialist.
- ☐ Business Development Specialist provides Client with necessary information, tools (to include a *General Guide to Feasibility Assessment* and/or *Guide To What a Business Plan Should Include* outline), and/or other resources to allow the client to prepare the Business Plan Feasibility assessment.
- ☐ **Feasibility** meetings may occur with all involved parties at which time feedback provided by the Business Development Specialist of the feasibility study is discussed and next action steps are determined.
- ☐ **Stop** process if business idea is not feasible or the self-employment goal is no longer feasible.
- ☐ **Modify** business concept and resubmit.
- ☐ **Continue** as planned to **STEP 3 Business Planning – PART 2.**

STEP 3 Business Plan Feasibility Study – PART 2 (status 12-0)

- ☐ Clients with an existing business may be asked to complete the *Client Financial Implementation Form* to provide their Business Development Specialist with an overview of current business financial performance and how assistance may be needed.
- ☐ Client prepares a complete **Business Plan**, including quotes from vendors, using guidance from the Business Development Specialists and other business community resources.

- ☐ Counselor re-submits newly signed and dated Income Offset form if a period of greater than 12 months has elapsed since the date the initial form was signed in Step 1.

- ☐ Client will reassess and submit the value of items submitted as a match if greater than 12 months has elapsed since the original submission. Business Development Specialist to provide assistance if needed.

- ☐ Client's completed **Business Plan Feasibility Study** is scored by Business Development Specialist, who provides recommendations for next steps to all parties involved.

- ☐ **Stop** process if Business Plan Feasibility Study score is insufficient.

- ☐ **Modify** business plan and resubmit for reconsideration if score is insufficient.

- ☐ **Continue** if Business Plan Feasibility Study meets scoring criteria.

- ☐ Client will provide updated quotes from vendors for both Financial and Technical Assistance, if different than originally proposed, to present to the Business Development Specialist.

- ☐ Counselor ensures IRSS VR payment option for Ticket-To-Work Self-Employment clients is **Reimbursement** (rather than Milestone).

- ☐ Counselor moves Client's case file to Status 18-7 if Business Plan Feasibility Study is approved. Client moves on to **STEP 4 Business Implementation.**

STEP 4 Business Implementation (status 18-7)

- ☐ Business Development Specialist contacts the Counselor to make arrangements for a Financial Assistance meeting with the Client.

- ☐ During Financial Assistance meetings, the client will discuss their **Business Plan Feasibility Study**, Financial Assistance requests, and any Technical Assistance requests. Remaining business planning or financial issues are resolved between all parties.

- ☐ If all parties agree, Counselor will review the ***Self-Employment Responsibilities Form*** with the client and the client will sign the form.

- ☐ Business Development Specialists create *Financial and/or Technical Summary Recommendation Forms*) associated with purchases or services needed for Client's business, providing to Counselor and Supervisor for review.

- ☐ Counselor approves authorization(s), as recommended by the Business Development Specialist, for Financial and/or Technical Assistance. Area Office clerical enter into IRSS, notifying Area Office Supervisor of request to approve authorization in IRSS system. After approval is received, Area Office clerical will complete authorization process and send copies to client/vendor.

- ☐ Counselor/Area Office Clerical sends W-9 forms to any new vendors.

- ☐ All vendors to receive page 2 of Technical or Financial Assistance Summary Recommendation Form, which is a notice to vendors regarding ISE detailed billing requirements.

- ☐ Counselor reviews vendor bills for items purchased for client. Authorizations and totals should be tracked by Area Office staff.

- ☐ After reviewing, Area Office clerical enters invoice/billing information into IRSS and forwards the original bill (must be a detailed vendor invoice or original client reimbursement receipts) and Page 2 (completed by clerical) of the *Official Authorization and Billing Form* to Financial Dept. of IVRS State Office for payment.

- ☐ Clients seeking reimbursement must ALSO sign the *Official Authorization and Billing Form* along with providing original receipts. Vendors do not need to sign the R-450 Billing Form as they will be submitting a detailed invoice with the form.

- ☐ Regular contact occurs between Business Development Specialist and Client which is communicated to Counselor.

- ☐ By the 10th of each month, the Client should complete the *Client Financial Implementation Form* to provide to the Business Development Specialist with the financial information requested.

- ☐ Progress reports are provided by Business Development Specialist to Counselor and Client by the 15th of the month, (whenever possible).

- ☐ Clients who are SSA beneficiaries and have earnings which equal or exceed SGA should begin and continue to complete the *Self-Employment Income (SEI) Form* with Business Development Specialist for Ticket-to-Work (TTW) program. Original form is forwarded to the TTW liaison at the State Office, copies for case file records are forwarded to Counselors by the Business Development Specialist.

- ☐ Business Development Specialist makes final Financial and/or Technical assistance recommendations to Counselor.

- ☐ Counselor completes an *Exception Request Form for Self-Employment* (unless previously completed) for clients whose earnings are less than 80% of SGA and are not expected to achieve that threshold due to disability.

- ☐ Business Development Specialist recommends a business stabilization date in collaboration with Client and Counselor.

STEP 4 Business Stabilization (movement into status 22-0)

- ☐ Upon Counselor approval of stabilization date, Counselor moves Client's case file to Status 22.
- ☐ Monthly communication involving all parties is documented through reports generated by Client and provided to Business Development Specialist who communicate progress to Counselors (via phone or written correspondence).
- ☐ Discussion initiated by Business Development Specialist in collaboration with Counselor and Client to outline expectations for follow-up which includes continued communication between Client and Business Development Specialist once Counselor closes file.

STEP 5 Business Follow-up (movement into status 26-0)

- ☐ Pending Client's progress after 90 days or more in Status 22, agreement is reached between Business Development Specialist, Counselor and Client to complete case closure.
- ☐ Counselor obtains Client signature on the *Statement of Understanding* (Publicity Release) form to forward to Business Development Specialist if Client is interested in publicizing and promoting their business success through IVRS initiatives.
- ☐ Counselor informs Client about *Satisfaction Survey* ISE generates to obtain input from program participants.
- ☐ Counselor ensures IRSS closure data form reflects an RSA Employment Status at Closure of ***03-Self-Employment – Excluding BEP***.
- ☐ Business Development Specialist provides to client the *Client Financial Implementation Form*, the *ISE Business Cash Flow from Non-Income Sources Form,* and if appropriate, the *Ticket To Work Self-Employment Income Form* for ongoing post-closure completion.
- ☐ Client will continue to provide to the Business Development Specialist their monthly financial information, submitting quarterly post-closure.
- ☐ Business Development Specialist continues to provide follow-up tracking and/or business assistance in partnership with Client/Entrepreneur for up to two years or until mutual agreement is reached that follow-up is no longer necessary.

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Section V – DEFINITIONS

PERTAINING TO IVRS/IDB SELF-EMPLOYMENT PROGRAM

A

Accounting – The task of organizing business financial transactions. Accounting work includes budgeting, cost analysis, financial reporting, tax preparation and auditing**.**

Active Participation – The involvement of an individual who is fully committed and engaged at every level to manage all business activities with the notion that those activities will produce what is thought to be a positive end result.

Advertising – Any paid form of attracting attention to a business, usually within the media such as television, radio, magazines and the newspaper.

Application – The gathering of information between client and counselor that may be completed by a client interested in Self-Employment to establish, expand, or acquire a small business. Completing an *Application* is Step 2 in the Self-Employment process and submitted by a client to their rehabilitation counselor after *Initial Planning* (Step 1) has occurred.

Articles of Incorporation – The documents filed with a state government which form a corporation and describe its structure. Fees for filing vary among states.

Asset – Any item of lasting value. In business, assets usually include land, buildings, vehicles, furniture, bank accounts and inventory.

B

Balance Sheet – A financial statement showing the financial condition of a business at a particular point in time. Assets = Liabilities+Equity.

Board of Directors – A group of people elected by stockholders to run a corporation.

Bookkeeping – The recording of financial transactions in a ledger.

Break Even – A business is considered *breaking even* when net sales are sufficient to pay all business expenses on a monthly basis and no additional money is required.

Business Concept – A brief description of a business, including what makes it unique and better than its competition**.**

Business Development Planning – The process of preparing a Business Plan using Technical Assistance, if deemed necessary. *Business Planning* occurs after a feasibility assessment is completed and is part of Step 3 in the IVRS/IDB Self-Employment program.

DEFINITIONS – continued

Business Development Specialist – An IVRS employee who is the rehabilitation counselor's link to the IVRS/IDB Self-Employment program. Responsibilities include evaluating and scoring all applications and Business Plan Feasibility Studies, providing business case management services, assisting with financial packaging, providing consultation and technical assistance on business development, implementation, monitoring and follow-up. Business Specialists respond to any communications directed to the IVRS/IDB Self-Employment program. This individual will be the primary point of contact for counselor questions and comments regarding Self-Employment.

Business Expansion – An addition to an existing business based on probable future demand that adds capacity to further the business objectives in order to improve its competitive position or market share. A Business Plan must document plans to increase capacity and outline the specific shared contributions of the existing business in relationship to the expansion.

Business Follow-Up – After a business start-up, a client is monitored to assure all facets of the business are being managed effectively. Monthly reports are compiled by IVRS Business Development Specialists documenting that start-up operations are proceeding as planned in the final step (Step 5) of the Self-Employment program.

Business Implementation – Resources in the form of Financial and/or Technical Assistance may be provided during *Business Implementation*. Examples include equipment or supplies authorized by rehabilitation counselors in *Business Implementation* (Step 4) of the Self-Employment program.

Business Ownership – A legal form of business organization. The four primary legal forms of business ownership are: Sole Proprietorship, Partnership, Corporation, and Limited Liability Company (LLC).

Business Plan – A comprehensive blueprint for a new business, referred to as the "bait" needed to hook potential investors or lenders. A good Business Plan has several necessary components, including a business description, a market plan, and a financial plan.

Business Start-Up – A new business that has not been in existence before.

Business Structure/Form – The legal form of conducting business that consists of these main types of business structure: sole proprietorship, partnership and corporation.

Business Sustainability – A condition where the business generates excess cash flow from profitable operations and is likely to continue to do so in the future.

Business Trends – The specific direction of movement over time of one or more business indicators which can be used to predict future business behavior. For example: sales have increased (decreased) every year for the last five years, so the trend is up (down) and is likely to continue.

Business Viability – The condition where an existing business demonstrates success and the likelihood for continued success based on historical financial performance. At a minimum, a business should show current year net income, positive cash flow, adequate cash "cushion," and 20% equity position.

C

Capital – The money used to start and run a business. Most start-up capital comes from a client, their family or friends.

Cash Flow – The cash receipts (inflow) and cash disbursements (outflow) representing operating activities of a business over a period of time.

Cash Flow Statement – A financial statement showing the projected cash receipts, cash disbursements, and cash position of a business over a certain period of time.

Chamber of Commerce – An international non-profit organization devoted to promoting American business and helping business owners.

Commission – Payment of a percentage of the sale of a product to the person who sold it.

Competition – Those companies operating in the same market with similar products or services trying to attract the same customers.

Continuity – In business, continuity means the ability to keep the business going despite problems such as illness or death of one or more owners.

Corporation – One of the three main legal forms of doing business. To form a corporation, the company must file Articles of Incorporation and issue stock**.**

Co-signer – Someone who shares authority and responsibility for another person's debt obligation.

Cost of Goods Sold (COGS) – Costs directly tied to the number of products sold or number of customers served.

Creditworthiness – Having a financial history deemed to be trustworthy and dependable enough to provide credit or loan money. Future ability to pay is also a factor considered by creditors.

D

Doing Business As (DBA) – a business name that is different from your personal name, the names of your partners or the officially registered name of your LLC or corporation. Sole proprietorships and general partnerships doing business under an assumed name must file a Trade Name Report with the local county recorder's office.

DEFINITIONS – continued

Demographics – Information related to data about a population such as location, age, gender, income, education, etc.

Depreciation – The annual expense of using an asset in business. Depreciation is that percentage of the value of the asset used in any one year. (The IRS determines the useful life of assets and sets depreciation rates).

Direct Mail – A form of advertising in which letters and/or brochures are mailed directly to those people most likely to buy a product or service.

Distinction of Product – The qualities and characteristics of a product or service that "sets it apart," makes it unique and appealing to others.

Drawing Power of Product/Evidence – The capacity for attracting customers to your business based on the products/services offered and your sustainable competitive advantage(s). Evidence is based primarily on a combination of (1) Primary Research: gathering your own data in the form of Letters or Petitions of Support; (2) Secondary Research: published information; and (3) Company's historical sales figures.

E

Employer Identification Number – An official number issued by the IRS required for all businesses that hire employees.

Entrepreneur – Anyone who starts, manages and assumes the risk for a new business.

Equity – Initially, the money an entrepreneur brings to the business. Also defined as Total Assets minus Total Liabilities.

Executive Summary – The two pages immediately following the title page of a Business Plan. It is considered the most important section as it must completely, clearly, and concisely summarize the entire plan and entice the reader to continue.

Expense – The cost of doing business, such as office supplies, stamps, telephones and advertising.

F

Fair Market Value (FMV) – Estimate price or value of what a buyer is willing to pay a seller for an asset or piece of property.

Feasibility – Relates to determining if a business concept is viable. A business venture is considered feasible when it can generate enough profit to meet the income goal required for an individual to be considered self-sufficient. Business Development Specialists make a final determination of feasibility in Step 3 of the Self-Employment process after scoring a client's completed Business Plan Feasibility Study.

FICA – An abbreviation for Federal Insurance Contributions Act which translates into Social Security Tax.

Finance – The area of business dealing with money, banking and investments.

Financial Assistance – Financial Assistance relates to monies used to purchase the necessary tools, equipment, products or services necessary to open the doors of the business and maintain the business as outlined in the client's Business Plan. Expenditures for financial assistance cannot exceed $10,000, unless authorized by the Administrator of IVRS/IDB. Applicants must provide 50% of the equipment or working capital needed to start, expand or acquire a business by providing a dollar-for-dollar match of the financial assistance requested. This match can include loans, cash and/or previous assets for the business that were contributed by the client. Previous IVRS/IDB expenditures for items purchased as part of a client's rehabilitation plan that can be utilized in the business count towards the agency's $10,000 figure. The specific dollar amount available depends upon the unique and individual needs of the business as outlined in the Business Plan.

Fixed Costs – The regular, ongoing costs of running a business that don't really depend upon how many customers there are. Examples of fixed costs are advertising, office expenses, utilities and rent.

Franchise – A franchise is a locally owned outlet of a national company (such as McDonald's or Subway) in which a fee is paid for the rights to sell a nationally-recognized product or service.

G

Gross Income – Sales less the Cost of Goods before other costs are taken into account.

Guarantee – A promise or agreement that states the quality or length of a time a product or service should last, usually meaning the provider will replace it or provide a new one if the product or service fails to last.

H

Hobby – A hobby is an activity for which there is not an expectation of profit and is defined as a spare time recreational pursuit.

Home-based Businesses – Working at home should not be confused with home-based employment. If an individual's home is the location for performing job duties as an employee such as telecommuting, and the individual is working for someone else, the person is not "self-employed."

I

Income – In business, income is money received from customers through the sale of products or services. Income minus expenses equals profit.

Income Offset – A form signed by the client allowing IVRS to explore potential obligations for which a client may be financially responsible within the State of Iowa.

Income Statement – A financial statement that shows how much profit was earned over a specific period of time, sometime called a Profit and Loss (or P and L) Statement.

Income Tax – A tax collected by state and federal governments. The amount paid is based on a percentage of personal or business income.

Incorporate – The act of forming a corporation by filing Articles of Incorporation with a state's Secretary of State office and issuing stock.

Initial Planning – Begins as Step 1 in the Self-Employment process and involves a counselor and client completing three separate checklists designed to identify issues needed for resolution prior to advancing further in the IVRS/IDB Self-Employment program.

Internal Revenue Service (IRS) – The agency of the federal government that collects taxes and administers tax laws.

Inventory – The amount of supplies, materials and/or products currently on hand to be sold. Inventory is considered a company asset, like cash or land.

Invoice – A statement issued to customers with the date, price, delivery and sales tax information. Typically, one copy of the invoice is given to the customer and at least one copy is kept for the seller's business records.

J

K

L

Legal Business Structure – Legal organization of a business venture such as sole-proprietorship, partnership, corporation, and limited liability company (LLC).

Limited Liability Company (LLC) – a hybrid form of business legal structure that offers the limited liability of a corporation but the tax advantages of a partnership.

Liability – In business, liability means responsibility for a company's debts or legal claims.

M

Mailing List – A list of names and addresses purchased from a mailing list broker that is used for direct mail marketing.

Management – The process of leading and guiding a business. A manager is responsible for the outcome of the business with tasks that include planning, organizing, leading employees and controlling business activities.

Manufacturing – A type of business where products are made and then sold to a wholesaler or directly to a retail store.

Market Analysis – Consists of analyzing your Industry, your Customer and your Competition.

Marketing – The process of getting the right goods and services to the right people, at the right price, at the right time and place, with the right communication and promotion. Marketing activities include market research, advertising, public relations, pricing and product distribution.

Market Niche – The profitable role of a product or service in satisfying the wants and needs of a market segment not focused on by the competition.

Market Research – The investigation process that a business goes through to find out what customers want.

Match – A dollar-for-dollar match is required in order for ISE applicants to be awarded Financial Assistance. Examples of match might include business equipment, tools, supplies, inventory, and/or cash needed to start, expand or acquire a business.

Medicaid (Title 19) – A needs-based program created by Congress to pay for covered medical and health care costs of people who qualify. The Medicaid program is funded by federal and state governments and is managed by the Iowa Department of Human Services.

Micro-enterprise – Is a business that employs 5 or fewer employees, usually in a sole proprietorship, partnership or family business. Start-up costs for most micro-enterprises are usually under $50,000.

N

Net Earnings from Self-Employment (NESE) – also known as net profit before taxes.

Net Profit – Refers to profit that is produced after all expenses and overhead, including taxes, are paid.

Networking – The process of finding new business opportunities by contacting friends, relatives and business associates.

O

Organization Chart – A drawing which shows the relationship between managers and employees in a company.

Orientations for Self-Employment – The IVRS/IDB Self-Employment program provides information to eligible rehabilitation clients who are interested in exploring entrepreneurship. Orientations help clients determine if Self-Employment is an appropriate goal and clarify expectations for small business development. An overview of the IVRS/IDB Self-Employment process is included in the presentation. Iowa Self-Employment program staff informs rehabilitation counselors of orientation schedules. Counselors can authorize as Technical Assistance if costs are involved for a client.

Outline of Potential Costs – A summary of costs provided by Business Development Specialist for counselors to review related to purchases or services needed once a client's Business Plan is approved.

Overhead – Business expenses or costs incurred in the operation of business that are not directly tied to the production of a product or service.

Owner's Withdrawal – A sole proprietor cannot pay their own salary since earnings are the profits left over after all expenses have been paid. They can however, can make an Owner's Withdrawal on a regular basis, based upon the estimate of company profits.

P

Partnership – One of the three main legal forms of doing business. In a partnership, more than one person invests in and assumes responsibility for the business.

Plan for Achieving Self-Support (PASS) – An SSI work-incentive that allows recipients to set aside income used to purchase items or services to help achieve their goal.

Product and Service Cost Analysis – This is a process a business must go through for each of its products and services to determine the production costs for providing the products and services offered. This calculation is derived by listing the cost of every item that goes into the product or service, including labor costs based on the amount required to hire someone to do the same work, and any overhead. This is used to determine the amount the product or service must be sold in order to guarantee a profit level sufficient to support the goals of the business.

Professional Corporation (PC) – a corporation organized by one or more licensed individuals (as a doctor, dentist, or physical therapist) especially for the purpose of providing professional services and obtaining tax advantages.

Profit – The amount of money left after a business has made a sale and paid all expenses.

Profit/Loss – Profit and loss are terms applied to the accounting spreadsheet that calculates all revenues (sales) and expenses. Subtracting expenses from revenues determines if the business has a net profit or loss. If expenses exceed revenues, it is a loss**.** If revenues exceed expenses, it is a profit.

Profit/Loss Statement – (see Income Statement) A financial statement that describes how much profit was earned over a specific period of time.

Program Rehabilitation Supervisor – An IVRS manager who supervises the Self-Employment program for quality services and generates information for reporting purposes to federal, state and local partners. This individual is responsible for the quality assurance of the IVRS/IDB Self-Employment program and monitoring outcomes, while providing guidance and technical assistance to Business Development Specialists and rehabilitation staff on disability-related issues affecting Self-Employment.

Progress Checklist – A tool for counselors to utilize that outlines responsibilities and timelines specific to each step in the IVRS/IDB Self-Employment process.

Q

R

Reasonable Period of Time – A specifically defined length of time following the provision of Financial Assistance to carry out the Business Plan, at the end of which it is expected that the individual will have achieved self-sufficiency. The length of time is jointly agreed to by the client, counselor, and IVRS Business Development Specialist, and reflected on the Individual Plan for Employment and Business Plan.

Refund – Money given back to a customer dissatisfied with a product or service which can be made in cash or in replacement merchandise (or both).

Retail – A type of business that buys goods from a wholesaler or manufacturer at one price, then marks it up to a higher price and sells it at a profit.

Revenue – All money taken in by a business from the sale of goods and/or services to customers before deductions for expenses.

S

Sales Tax – A tax collected by state (and some city governments) based on a percentage of the retail price of a product.

DEFINITIONS – continued

Self-Employed – The individual's primary employment and income is from the business for which Financial Assistance was provided, and the individual owns at least 51% of the business.

Self-Employment Program – A program developed under an agreement between Iowa Vocational Rehabilitation Services (IVRS) and the Iowa Department for the Blind (IDB). Through this program, state-appropriated money is made available to match Federal Title I VR dollars to create a fund available for specialized Technical Assistance in determining the feasibility of a business concept and/or developing a Business Plan. Financial Assistance is available for establishing, acquiring or expanding a business that is owned and operated at least 51% by an eligible client of either IVRS or IDB. The IVRS/IDB Self-Employment program is only allowed for profit-making businesses operating within the State of Iowa. Non-profit business ideas are not eligible for Self-Employment services and are recommended to be developed further through local community resources or other service providers.

Self-Sufficient – An individual who is *self-sufficient* no longer relies on supplemental income from public sources such as SSI, SSDI, TANF (Temporary Assistance for Needy Families) etc. Substantial Gainful Activity (SGA) determined by the Social Security Administration is also an indicator of self-sufficiency. Individuals are considered self-sufficient when they earn at least 80% of SGA and derive their sole means of support through Self-Employment.

Small Business Administration (SBA) – An agency of the United States Department of Commerce set up to assist entrepreneurs. The SBA provides counseling, information, seminars and loans to help promote small business.

Small Business Development Center (SBDC) – Sponsored by the Small Business Administration, a nationwide network of sites with more than 1,000 offices providing information, low-cost training and guidance to small business.

Social Security Administration (SSA) – A federal agency that administers Social Security and disability benefits.

Social Security Disability Insurance (SSDI) – A benefit payment program administered by the Social Security Administration to individuals (or their family members) who are unable to work for a period of one year or more due to a severe medical impairment but have previously worked enough to have earned "credits" by paying Social Security taxes.

Social Security Tax – The tax collected by the federal government to pay benefits to workers when they retire, die or are disabled.

Sole Proprietorship – One of the three main legal forms of doing business and the easiest type to set up. One person owns and has complete control of the business.

Sources and Uses of Cash – A statement that illustrates how much cash is needed, for what specific purposes, where it will come from, and how it will be used to start-up and operate the business.

Start-Up Costs – Start-up costs refers to all costs involved in opening a business, including equipment, inventory, rent and utilities, advertising, insurance, legal fees, supplies not related directly to resale, such as cleaning materials, office supplies, etc. Start-up costs are expenses incurred in setting up a new business until the business can reach a break-even level.

Stock – A certificate issued by a corporation that grants the stockholder partial ownership in the corporation.

Stockbroker – Someone licensed to buy and sell securities such as stocks and bonds.

Stockholder – Someone who owns part of a corporation.

Subchapter S – Alternative term for S Corporation; the "S" stands for small. A type of corporation in which the business income and losses pass through to the shareholders and taxed at the personal income tax rate. This form of corporation is restricted to one type of stock and a limited number of stockholders.

Subcontract – A term between a prime contractor and a subcontractor to furnish supplies or services for the performance of a prime contract or subcontract. A contractor is responsible for payment of all taxes, fees and charges when due.

Sustainable Competitive Advantage – The specific reason(s) why people should buy your product/service instead of your competitor's.

Substantial Gainful Activity (SGA) – To be eligible for disability benefits through the SSA, a person must be unable to engage in SGA which is defined by earning levels and dependent on the nature of a person's disability. The amount an individual earns factors into decisions on whether they continue to meet SSA's definition of disability.

Supplemental Security Income (SSI) – A federal supplemental income program that helps aged, blind and disabled people who have little or no income by providing cash payments to meet basic needs for food, clothing and shelter.

T

Target Market – Particular segment of the market to which a promotional campaign narrows its focus.

Technical Assistance – Any specific business-related service provided by a consultant designed to assist an applicant who is establishing, expanding, or acquiring a small business. Expenditures for Technical Assistance cannot exceed $10,000 unless authorized by the Administrator of IVRS. IVRS Business Development Specialists are responsible for recommending Technical Assistance for the business, in collaboration with rehabilitation counselors. Consulting services purchased on behalf of the client are determined by IVRS Business Development Specialists prior to expenditure. External Technical Assistance is used when specialized services are needed to meet the business needs. Examples of this include accounting services, web page design and attorney consultation. Technical Assistance does not include the skills necessary to actually operate the business. Those skills should be in place once a client's Individual Plan of Employment identifies Self-Employment as the viable goal.

U

Undercapitalization – Lack of money to keep a business going. Many new business owners fail to understand how much money is needed to run a business. It is the number one reason why businesses fail.

Unemployment Tax – Money collected by the state and federal governments from employers to pay benefits to workers who are laid off from jobs.

Unprofitable Business – By definition, any business which does not generate profit (Total Sales exceeding Total Expenses) over a given period of time. However, since only C-Corporations allow for owner's compensation to be classified as an "expense," it is customary in sole proprietorships, partnerships, S-Corps and LLCs to include a reasonable "owner's draw" in the equation – based on fair compensation for the owner's time, effort, risk involved, and the amount that could be made working for someone else in a similar capacity.

V

Variable Cost – Expenses that go up and down based upon the business sales volume.

Variance Analysis – The process of comparing, line item by line item, projected business financial performance to actual performance. (Projected Figure - Actual Figure = Variance) By regularly comparing these figures monthly (or more often), the business owner can make timely decisions that will fix problems and/or build on success.

W

W-4 Withholding Exemption Certificate – A form that needs to be filled out by every new employee that instructs the employer how much income tax to withhold from their paycheck.

Wholesale – Relating to the sale of goods for the purpose of resale to the final customers.

X, Y, Z

Zoning – Regulations established by local governments that set standards for doing business. Zoning laws vary from community to community. They state where and how small business may operate in a town. Many towns have zoning laws which forbid certain businesses to operate out of a home.

Section VI - RESOURCE INFORMATION

Feasibility Research and Assessment

State Library of Iowa State Data Center
A wealth of resources a mouse-click or phone call away! Obtain statistical profiles of Iowa communities and special population groups, or find general demographic, social, economic and housing data. Referrals to other information sources can be obtained from data center staff.
http://www.iowadatacenter.org/

MyEntre.Net Business Concierge
Access to specific services for small business owners, including consumer mailing lists; expenditure data; demographic, activity, interest, opinion, attitudes and values profiles; competitor's sales figures, industry trends, etc. Additional services include webinars and networking opportunities with other small business owners. Membership and services are free.
http://www.myentre.net/

Writing a Business Plan

Business Plan Template from SBA.gov
"This online business plan creator is designed to help you build a business plan template. When done, you will be able to generate and save a formatted business plan which can later be further modified or presented as a final product."
http://web.sba.gov/busplantemplate/BizPlanStart.cfm

A Business Plan Guide For Start-Up Business Owners
Registration is needed to access resources at this site but all services are free. MyEntre.Net is a support system for the 100,000+ small business owners in Iowa.
http://www.myentre.net/LinkClick.aspx?fileticket=uSyYwMbr9Wk%3d&tabid=167

Service Corps of Retired Executives (SCORE)
A non-profit organization dedicated to educating entrepreneurs and helping small businesses start, grow, and succeed. Find tools and templates (including business plans) or connect with a business mentor online or in-person. Log-in or registration is needed to download templates or search for a mentor but it is free.
http://www.score.org/resources/business-plans-financial-statements-template-gallery

Other Resources

Small Business Development Centers (SBDC)
Iowa SBDCs can provide unique local services to meet small business needs within the community. Each SBDC office subcontracts with universities, community colleges, and other institutions to provide a network of 15 regional assistance centers in Iowa. Receive assistance with research, counseling and training in management, financing and operating a small business. Obtain comprehensive information services and access to experts in a variety of fields.
http://iowasbdc.org/

Targeted Small Business (TSB)
Businesses owned, operated and actively managed by women, minority group members, or persons with disabilities can be certified by the Iowa Department of Inspections and Appeals as a Targeted Small Business. Once certified, TSBs are eligible to apply for low-interest loans and equity grants through the Iowa Dept. of Economic Development. In addition, State purchasing officers consider TSBs when seeking bids for goods and services.
https://dia.iowa.gov/tsb/index.php/home

Iowans for Social and Economic Development (ISED)
ISED assists microentrepreneurs (businesses with five or fewer employees and/or need $50,000 or less in business financing). Personal and business readiness workshops, business planning workshops, and one-on-one technical assistance and consulting is available.
http://www.isediowa.org/microenterprise_business_assistance.asp

IRS Small Business Workshops
Learning sessions throughout Iowa covering a variety of topics such as marketing, financials, business planning, hands-on assistance in developing a Facebook page, opportunities to meet and network with vendors and service providers, etc.
http://www.irs.gov/businesses/small/article/0,,id=99075,00.html

Work Incentive and Planning Assistance (WIPA)
Two Iowa coordinators provide benefits management assistance to Social Security recipients including Plans for Achieving Self-Support (PASS), which allows SSA beneficiaries to set aside money for starting a business, Self-Employment seminars and guidance regarding Social Security work incentives.
http://www.iowawipa.org/index.html

Taxes, Permits, Business Filings

Iowa Department of Revenue
Business tax forms, applications for permits and tax payment options are available at this site.
http://www.iowa.gov/tax/business/business.html

Iowa Secretary of State
A service center for Iowa businesses, this site contains a guide to choosing which type of organizational structure is right for your business, explains trademark, service marks, and a link to business license information. Online forms are available for business organization, biennial report filings, as well as other business entity documents.
http://www.sos.state.ia.us/business/index.html

IRS Small Business and Self-Employed Tax Center
All small business federal tax forms, publications and guidance are located here. Apply online for an Employer Identification Number (EIN), learn whether the people providing services for your business are employees or independent contractors, file reports, pay employment taxes online and much more.
http://www.irs.gov/businesses/small/index.html?portlet=7

Iowa Self-Employment (ISE) Program

Additional Resources can be found at the Iowa Self-Employment website:
ISE Small Business Resources (the Resource site is currently under construction)

DIVISION X
IOWA SELF-EMPLOYMENT PROGRAM
(a/k/a ENTREPRENEURS WITH DISABILITIES PROGRAM)

281—56.37(259) Purpose. The division of vocational rehabilitation services works in collaboration with the Iowa department for the blind to administer the Iowa self-employment (ISE) program, which is also known as the entrepreneurs with disabilities (EWD) program. The purpose of the program is to provide business development funds in the form of technical assistance (up to $10,000) and financial assistance (up to $10,000) to qualified Iowans with disabilities who start, expand, or acquire a business within the state of Iowa.
[**ARC 8806B**, IAB 6/2/10, effective 7/7/10]

281—56.38(259) Eligibility requirements. Clients of the division or the department for the blind may apply for the program. All of the following conditions are also applicable:

1. The division may limit or deny ISE assistance to an applicant who has previously received educational or training equipment from the division through another rehabilitation program when such equipment could be used in the applicant's proposed business.
2. Any equipment purchased for the applicant under this program that is no longer used by the applicant shall be returned to the division.
3. An applicant must demonstrate that the applicant has at least 51 percent ownership in a for-profit business that is actively owned, operated, and managed in Iowa.
4. Recommendation for and approval of financial assistance is based upon acceptance of a business plan feasibility study and documentation of the applicant's ability to match dollar-for-dollar the amount of funds requested.
5. In order to receive financial support from the ISE program, the applicant's business plan feasibility study must result in self-sufficiency for the applicant as measured by earnings that equal or exceed 80 percent of substantial gainful activity.
6. The division cannot support the purchase of real estate or improvements to real estate.
7. The division cannot provide funding to be used as a cash infusion, for personal or business loan repayments, or for personal or business credit card debt.
8. The division may deny ISE assistance to an applicant who desires to start, expand, or acquire any of the following types of businesses:

- A hobby or similar activity that does not produce income at the level required for self-sufficiency;
- A business venture that is speculative in nature or considered high risk by the Better Business Bureau or similar organization;
- A business registered with the federal Internal Revenue Service as a Section 501(c)(3) entity or other entity set up deliberately to be not-for-profit;
- A business that is not fully compliant with all local, state, and federal zoning requirements and all other applicable local, state, and federal requirements.

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281—56.39(259) Application procedure.

56.39(1) *Application.* Application materials for the program are available from the division and the department for the blind.

56.39(2) *Submittal.* Completed applications shall be submitted to a counselor employed by the division or the department for the blind.

56.39(3) *Review.* Applications will be forwarded to a business development specialist employed by the division for review. Applicants whose applications receive a minimum score of 60 points out of a total of 100 points are eligible to pursue technical assistance funding. Approval of technical assistance funding is based upon the results of a business plan feasibility study. If the application is for financial assistance only, a business plan feasibility study will be required at the time of submission of the application. Applicants whose business plans receive a minimum score of 75 points out of a total of 100 points and a minimum of 15 points per section are eligible to pursue financial assistance funding. Approval of financial assistance funding is based upon acceptance of a business plan feasibility study and documentation of the applicant's ability to match dollar-for-dollar the amount of funds requested. A decision on all applications and forms will generally be issued within 30 days of submission with notification by letter to the applicant.

56.39(4) *Applications for technical assistance—evaluation factors.* Applications for the program will be reviewed and evaluated using a 100-point system, based upon the following criteria:

a. Descriptive and organization information: 0 - 30 points. Does the applicant have education, skills, and work experience relevant to the proposed business venture? Does the applicant document previous management or accounting experience? Does the applicant have a clear understanding of the nature of the business?

b. Market information: 0 - 30 points. Does the application indicate a clear understanding of potential customer groups and how to reach them? Does the application show sufficient knowledge of products/services, competition, and marketing methods? Does the applicant understand the critical issue of location?

c. Financial information: 0 - 30 points. Does the applicant demonstrate an understanding of how to estimate sales potential? Does the applicant indicate knowledge of estimated capital requirements for business start-up, expansion, or acquisition?

d. Creditworthiness: 0 - 10 points. Does the applicant's past credit history demonstrate responsible behavior? Awards will not be made if the applicant has a credit history showing delinquent credit obligations including, but not limited to, unpaid income tax, delinquent child support obligations, or defaulted student loans.

56.39(5) *Appeal of application evaluation.* If an application is denied based upon the assignment of an inadequate evaluation score, an applicant may appeal the decision to the division or the department for the blind. An appeal shall be consistent with the appeal processes of the division or the department for the blind.

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281—56.40(259) Award of technical assistance funds.

56.40(1) *Awards.* Technical assistance funds may be used for specialized consulting services as determined necessary by the counselor, the business development specialist, and the client. Technical assistance funds may be awarded up to a maximum of $10,000 per applicant. Specialized technical assistance may include, but is not limited to, market analysis; marketing plans; engineering, legal, accounting, and computer services; preliminary business plan feasibility study; financial packaging; and other consulting services that require specialized education and training.

56.40(2) *Award process.* Upon approval of the application by the counselor and the business development specialist, generally within 30 days, an applicant will receive notification of eligibility to pursue technical assistance funding. The applicant must demonstrate the ability to cover any technical assistance costs beyond $10,000 if necessary. The business development specialist will identify whether specialized services are needed and will provide recommendation for approval by the division or departmental staff.

56.40(3) *Technical assistance contracts.* The division shall negotiate contracts with qualified consultants for delivery of services to an applicant if specialized services are deemed necessary. The contracts shall state hourly fees for services, the type of service to be provided, and a timeline for delivery of services. Authorization of payment will be made by a counselor employed by the division or the department for the blind based upon the negotiated rate as noted in the contract. A copy of each contract shall be filed with the division.

56.40(4) *Consultants.* Applicants will be provided a list of qualified business consultants by the business development specialist if specialized consultation services are necessary. The selection of the consultant(s) shall be the responsibility of the applicant.

56.40(5) *Case management.* The business development specialist or counselor will be available as needed for direct consultation to each applicant to ensure that quality services for business planning are provided in a timely manner.

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281—56.41(259) Business plan feasibility study procedure. Information and materials are available from the division and the department for the blind.

56.41(1) *Submittal.* The client shall submit the client's business plan feasibility study to the client's counselor if the study is completed at the time application is made or to the business development specialist if the business plan feasibility study is completed after application approval.

56.41(2) *Review.* The business plan feasibility study will be reviewed, evaluated, and scored by the business development specialist using a 100-point system. A business plan feasibility study receiving a minimum score of 75 points, with at least 15 points per section, will be recommended for financial assistance funding. Generally, the business development specialist will review the client's business plan feasibility study within 30 days of submission and will make recommendation for next steps to all parties involved.

56.41(3) *Evaluation factors.*

a. Personal sense: 0-20 points. Is the personal credit report sufficient to be considered for financial support or loans? If the credit report documents serious delinquencies or derogatory indicators or remarks, or includes adverse data from public or collection information sources, how have these issues been addressed or resolved? Are there other outstanding debt obligations which have been self-reported? Is there evidence that consideration and solutions/accommodations were given to possible barriers that might result due to disability?

b. Business sense: 0-20 points. Does the business plan feasibility study contain a well-written executive summary, business description, and operation and management plan?

c. Market sense: 0-20 points. Does the business plan feasibility study include details about market research and analysis as well as a market plan?

d. Financial sense: 0-20 points. Does the business plan feasibility study include details of capital requests, projected financials, and, where applicable, historical financials?

e. Other content area: 0-20 points. Does the business plan have a title page, table of contents, and appendix containing supporting documents?

56.41(4) *Appeal of denial.* If funding is denied based upon a low evaluation score, an applicant may appeal the decision to the division or department for the blind, consistent with the appeal processes of the agencies.

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281—56.42(259) Award of financial assistance funds.

56.42(1) *Awards.* Following the business development specialist's evaluation and scoring of the business plan feasibility study, the business development specialist will issue a recommendation to support or not to support the proposed business venture. The counselor shall make a decision regarding approval or denial of the recommendation. If approved, the client and counselor will review conditions of the financial assistance award and sign the appropriate forms of acknowledgment.

a. Financial assistance funds may be awarded up to $10,000 based upon an approved business plan feasibility study and evidence of business need or evidence of business progression. Before receiving financial assistance, the client must demonstrate a dollar-for-dollar match based on the amount of funding needed. The match may be provided through approved existing business assets, cash, conventional financing or other approved sources.

b. Financial assistance funds may be approved for, but are not limited to: equipment, tools, printing of marketing materials, advertising, rent (up to six months), direct-mail postage, raw materials, inventory, insurance (up to six months), and other approved start-up, expansion, or acquisition costs.

56.42(2) *Award process.* The amount that may be recommended by the business development specialist and approved by the counselor shall be provided in three phases of business operations, when each phase meets specified business results and when the need for additional financial assistance funding is indicated.

a. The timing of each phase and the amount of funds for each phase should be established in the approved business plan feasibility study, as recommended by the business development specialist and approved by the counselor.

b. Recipients of financial assistance must demonstrate ongoing cooperation by providing the business development specialist with financial information needed to assess business progress before additional funds are expended.

56.42(3) *Financial assistance contracts.* Contracts for financial assistance funds shall be the responsibility of the division and will be consistent with the authorized use of Title I vocational rehabilitation funds and policy.

56.42(4) *Vendors.* Procurement of goods or services shall follow procedures established by the department of administrative services. The type of goods or services to be obtained, as well as a timeline for delivery of such, shall be stated by the vendor and agreed upon by the division. Authorization for goods or services shall be made by a counselor employed by the division or the department for the blind based upon the negotiated rate and terms as noted in the contract. A copy of each contract shall be filed with the division. Approval for payment of authorized goods or services shall be made by authorized division personnel.

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These rules are intended to implement Iowa Code chapter 259, the federal Rehabilitation Act of 1973 as amended, the federal Social Security Act (42 U.S.C. Section 301 et seq.), and 2008 Iowa Acts, Senate File 2101.

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Section VIII – PROGRAM VISION

The vision of the Iowa Self-Employment (ISE) program is to provide quality, expert, client-centered services to Iowans with disabilities that embrace diversity, promote successful business ownership and result in self-sufficiency and economic development.

Section IX – STAFF CONTACT INFO

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