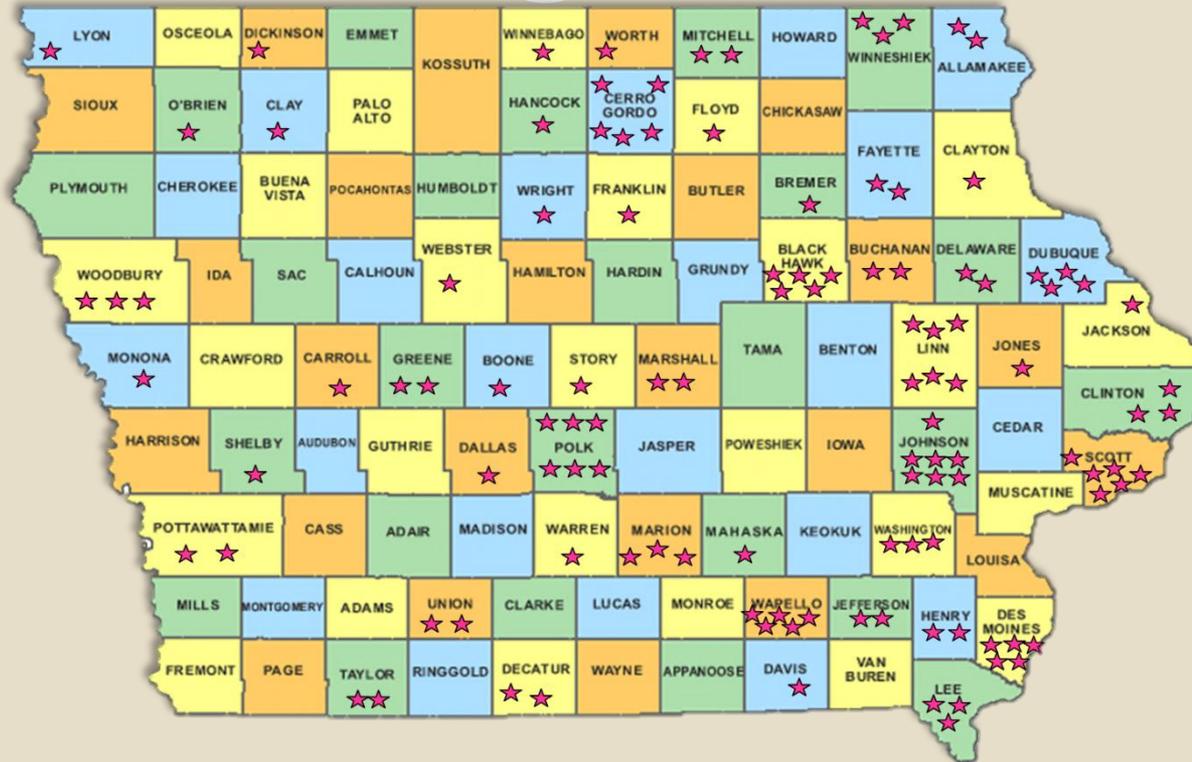


Iowa Self-Employment Orientation



Welcome!



- **Introductions**
- **Housekeeping Items**
- **Handouts**

LEARNING OBJECTIVES



- **About Iowa Vocational Rehabilitation Services (IVRS) and the Iowa Self-Employment (ISE) Program**
- **Is Self-Employment Right For You?**
- **The Iowa Self-Employment (ISE) Program Process**
- **Next Steps After the Orientation**

Iowa Vocational Rehabilitation Services



STATE AGENCY SINCE 1920

Our Mission: We provide expert, individualized services to lowans with disabilities to achieve their independence through successful employment and economic support.

Iowa Vocational Rehabilitation Services



STATE AGENCY SINCE 1920

Our Vision: To be a respected leader that delivers innovative services to better the lives of Iowans with disabilities.



IVRS Guiding Principles

- **Responsive.**
- **Teamwork and Cooperation.**
- **Trust and Integrity.**
- **Compassion and Respect.**
- **Improvement and Learning.**
- **Communicate.**
- **We are results driven!**

Iowa Self-Employment Program



Developed in partnership with IVRS and Iowa Department for the Blind (IDB).

Funding allocated by the Iowa legislature.

Designed for IVRS/IDB clients whose goal is self-sufficiency through the operation of a for-profit business.

IS SELF-EMPLOYMENT RIGHT FOR YOU?



- **May not be an appropriate goal for everyone.**
- **Essential to be well-informed.**
- **Important to explore options before business planning begins.**

How ISE Defines Self-Sufficiency



Net Earnings from Self-Employment (NESE)
of at least 80% of
Substantial Gainful Activity (SGA)



SGA is determined by the Social Security Administration and changes yearly.

Roles and Responsibilities



Roles and Responsibilities



Client

Committed to pursuing Self-Employment and is an active participant in the process.

Roles and Responsibilities

IVRS/IDB Counselor

Serves as the continuous contact for a client interested in ISE program services.

Roles and Responsibilities

IVRS Business Development Specialist (BDS)

Provides guidance to eligible clients throughout the business planning process.

Roles and Responsibilities

IVRS/IDB Supervisor

May participate in meetings or make recommendations related to a client's business proposal.

Roles and Responsibilities

IVRS/IDB Administration

Helps to ensure individuals in Self-Employment are equipped to manage and operate successful businesses with long-term viability.



Self-Employment

Finding a need and filling it in order to establish, operate and actively manage a business with the primary goal of making money (**Reward**) while lessening the **Risks**.



How Do You Make Money?



Making Money Means



Excess Cash flow
from
profitable operations.

**How do you calculate
*excess cash flow from
profitable operations?***

NESE



Net Earnings from Self-Employment

NESE (profitable operations)

-

Owner's Draw (what you pay yourself)

=

Excess Cash Flow

**Excess cash flow
should be a positive number.**

It is retained in the business as a cash cushion.

While similar, it is important to know the difference between Profit and Cash Flow.

The Difference Between Profit and Cash Flow



Example #1

- **Fact: A business that is unprofitable and would continue to be unprofitable, could continue forever.**

The Difference Between Profit and Cash Flow



WHY?

It could continue forever with cash coming in from somewhere other than profitable operations.

(Such as spouse's income)

The Difference Between Profit and Cash Flow



Example #2

- **Fact: A highly profitable business (e.g. NESE of \$10,000/month) has to close.**

The Difference Between Profit and Cash Flow



WHY?

One possible reason: if the owner is drawing \$15,000 a month, which is \$5,000 more than NESE.

The business runs out of cash.

REWARDS



Flexible Hours



Although to be successful, expect to work more than 40 hours.

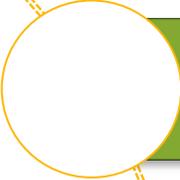


Be Your Own Boss

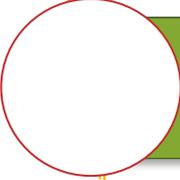


Actually, you will have many bosses. They are called customers.

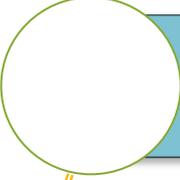
REWARDS



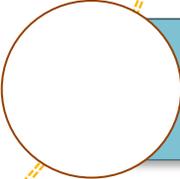
Increase Income



A long-term goal; most businesses do not make money right away.

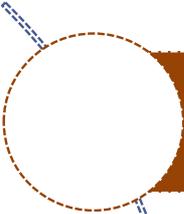


Do Something Enjoyable

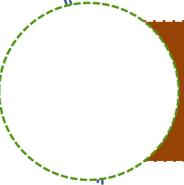


There is more to managing a business than doing the “fun” stuff.

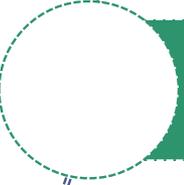
RISKS

A decorative graphic consisting of a solid white circle with a dashed blue outline, connected to the text bar by a dashed blue line.

Career Risk

A decorative graphic consisting of a solid white circle with a dashed green outline, connected to the text bar by a dashed green line.

Leaving a secure job you may not be able to go back to if the business does not work out.

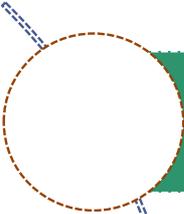
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Family and Friends Risk

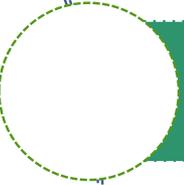
A decorative graphic consisting of a solid white circle with a dashed blue outline, connected to the text bar by a dashed blue line.

The time commitment will affect those around you. Clarify expectations.

RISKS

A decorative graphic consisting of a dashed circle connected to the text bar by a dashed line.

Financial Risk

A decorative graphic consisting of a dashed circle connected to the text bar by a dashed line.

You could lose money!

A decorative graphic consisting of a dashed circle connected to the text bar by a dashed line.

Psychological Risk

A decorative graphic consisting of a dashed circle connected to the text bar by a dashed line.

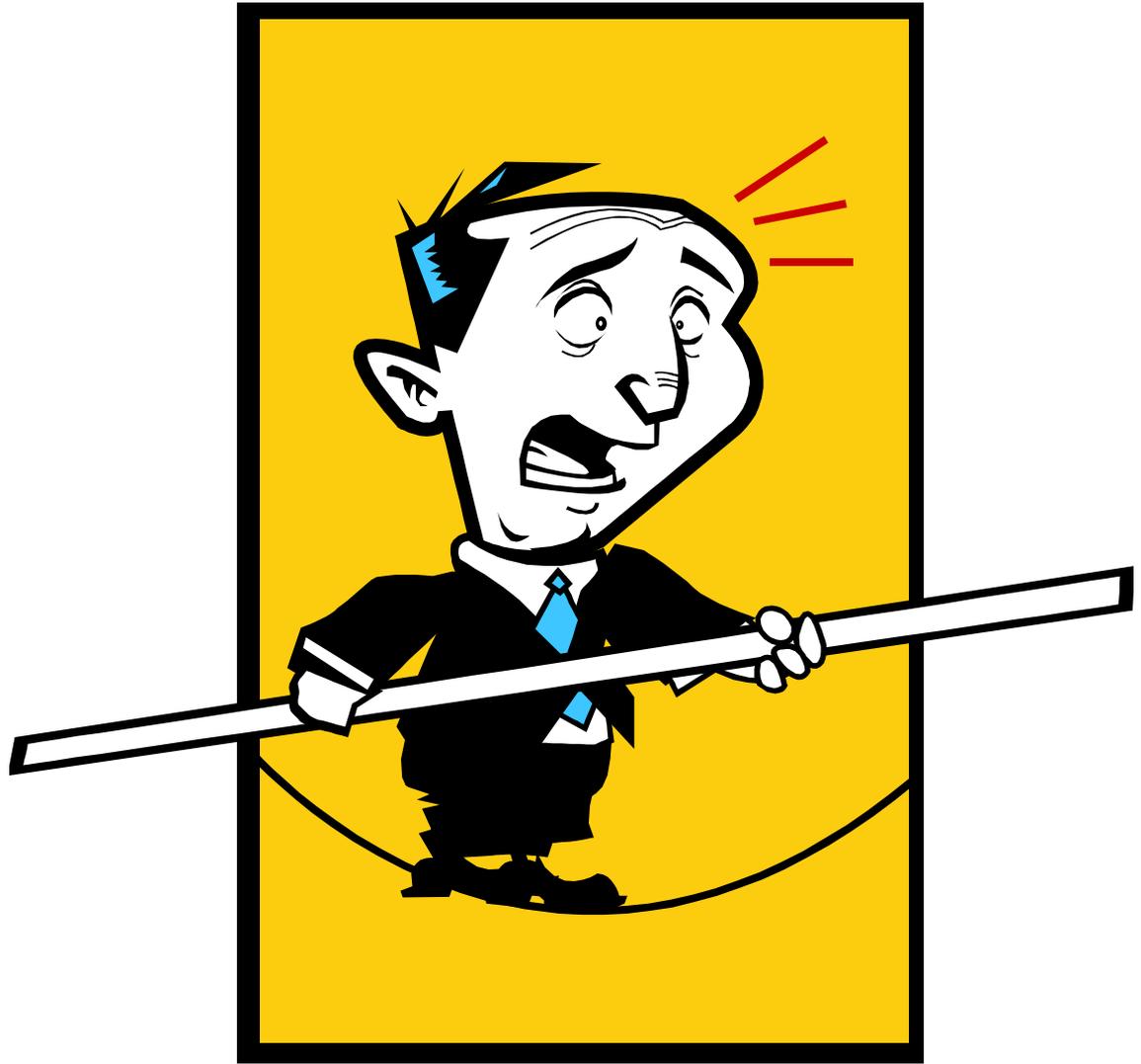
*Success does not happen overnight.
There may be setbacks.*



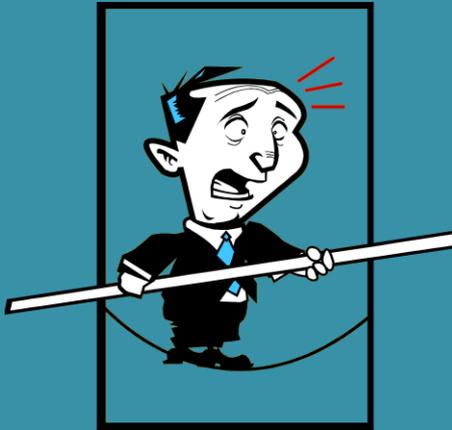
Mitigate

means to
minimize and
manage.

You can never
eliminate all
risk.

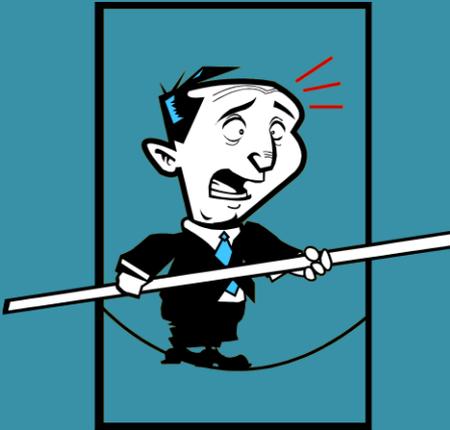


How Do You Mitigate Risk?



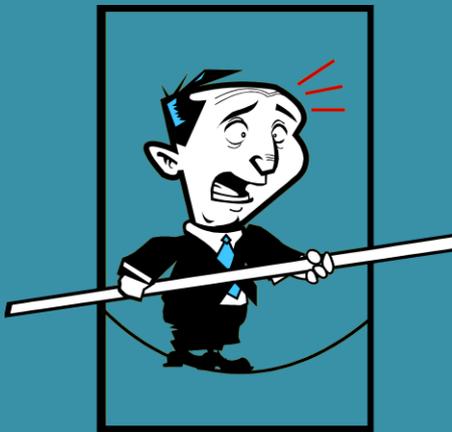


Develop a comprehensive Business Plan.





Have all financing in place before you start, expand or purchase a business.



To Run Your Own Business You Need:

Skills



Traits

PLANNING

PERSEVERANCE

ACCOUNTING

CONFIDENCE

FINANCE

INITIATIVE

MANAGING

MOTIVATION

MARKETING

ORGANIZED

SALES ABILITY

COMPETITIVENESS



You Can Do It!



- **Microenterprise (a business with 5 or fewer employees and requires \$35,000 or less in start-up capital) provides a viable alternative to minimum wage labor or public assistance¹.**

¹*Microenterprise in Iowa 2009, Association for Enterprise Opportunity*

Yes You Can!



- **People with disabilities are nearly twice as likely to be self-employed (14.7%) as the general population (8%)².**



²U.S. Small Business Administration SBA, 2008

Put The Odds of Success in Your Favor



- Research shows more businesses fail than succeed. Only 31% survive 7 years³.
- The primary reason: **Undercapitalization.** Running out of cash and credit due to lack of planning.

³*U.S. Small Business Administration SBA, 2008*

Put The Odds of Success in Your Favor



**THE IOWA SELF-EMPLOYMENT
PROGRAM CAN HELP YOU
PLAN FOR YOUR SUCCESS!**

THE ISE PROGRAM PROCESS



- ❖ **Step 1 INITIAL PLANNING**
- ❖ **Step 2 APPLICATION**
- ❖ **Step 3 BUSINESS PLAN FEASIBILITY STUDY**
- ❖ **Step 4 IMPLEMENTATION**
- ❖ **Step 5 FOLLOW-UP**

General ISE Guidelines



- ★ Be an Iowa-based business.
- ★ For the purpose of making a profit.
- ★ Your goal *at a minimum*, should be to earn 80% of SGA.
- ★ Income derived from Self-Employment should be your primary source of support.
- ★ Show 51% ownership of the business.
- ★ Actively manage and operate your business.



**Examples
of
Business
ISE May
Not
Support**

- **Non-Profit 501(c)(3)**
- **Speculative business**
- **Real estate purchases or improvements**
- **E-bay businesses**

Business Planning/ISE Planning Process

Business Planning Process

- Idea/Concept
- Research
- Feasibility Study/
Business Plan
- “Go” or “No Go”
- Track & Evaluate

ISE Five-Step Process

- Step 1: Initial Planning
- Step 2: Application
- Step 3: Business Plan
Feasibility Study
- Step 4: Implementation
- Step 5: Follow-up

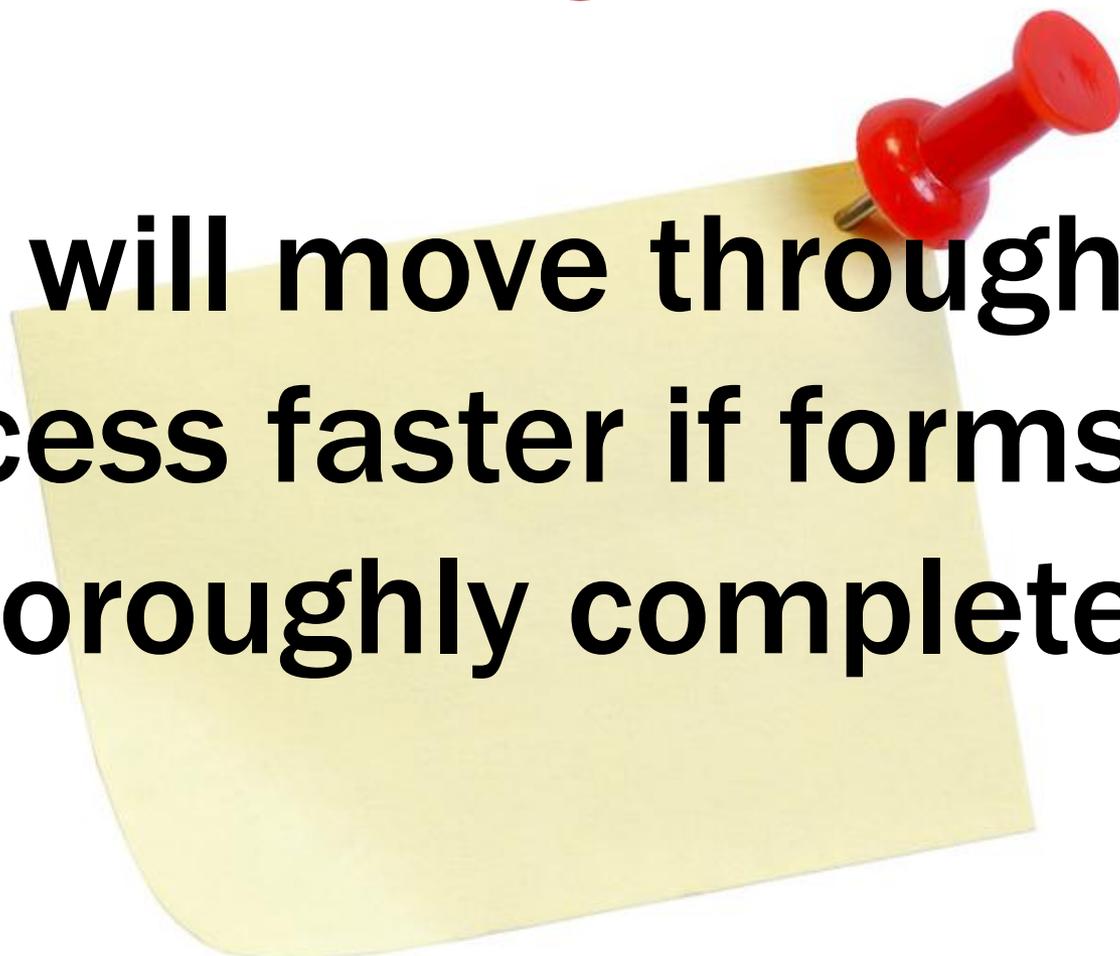
Step 1 – INITIAL PLANNING



Complete 3 Checklists:

- ✓ **Self-Employment Information**
 - Income-Offset Form
 - Personal Budget
 - Personal Financial Statement
 - Credit Report
- ✓ **Disability Analysis**
- ✓ **Is Small Business Right For You?**

Step 1 – INITIAL PLANNING

A yellow sticky note is pinned to the background with a red pushpin. The text is written on the note in a large, bold, black font.

You will move through the process faster if forms are thoroughly completed.

Step 1 – INITIAL PLANNING



The ISE program may provide up to \$10,000 in Technical Assistance and/or Financial Assistance, as needed, on a case-by-case basis.

Step 1 – INITIAL PLANNING



TECHNICAL ASSISTANCE

Marketing
Plan

Marketing
Analysis

Legal
Services

Computer
Services

Feasibility
Study

Website
Development

Accounting
Services

Business Plan
Development

NO MATCH REQUIRED

Step 1 – INITIAL PLANNING



FINANCIAL ASSISTANCE

Equipment

Supplies

Inventory

Insurance
(up to 6 months)

Advertising

Printing Costs

Postage

Rent
(up to 6 months)

DOLLAR-FOR-DOLLAR MATCH REQUIRED

Step 2 - APPLICATION



Further determines if **Self-Employment** is a realistic goal.

Scored by **Business Development Specialist** on a scale of **0 - 100 points**.

- **60 points** – may pursue **Technical Assistance**
- **75 points** – may pursue **Financial Assistance**

An image of a tilted application form titled "APPLICATION To IVRS/IDB Self-Employment Program Step 2". The form includes instructions: "When completing this form on your computer, please use the Tab key or mouse-click in the gray shaded areas." and "Please Print". It features several gray rectangular input fields for "Name", "Address", "City, State, Zip", "Phone", "VR Counselor", "Area Office", and "Case File No.". At the bottom, it states: "If applying for Financial Assistance only, a Business Plan must accompany this application." and "Please see pages 40-41 of the Business Process Guide for the IVRS/IDB Self-Employment Program." followed by "Client File No." and "Date".

Step 3 – BUSINESS PLAN FEASIBILITY STUDY

Feasibility

**Personal
Sense**

**Business
Sense**

**Market
Sense**

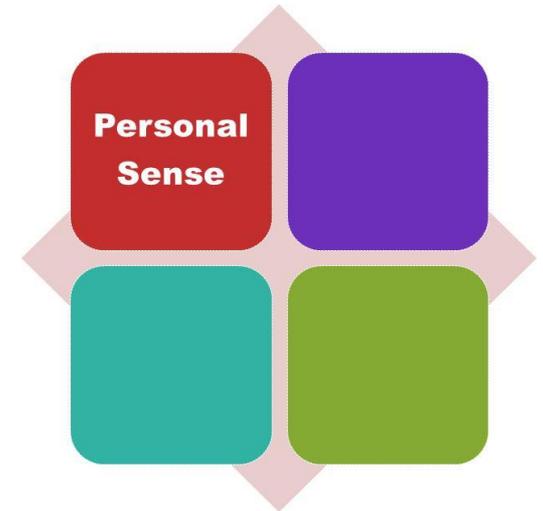
**Financial
Sense**

Step 3 – BUSINESS PLAN FEASIBILITY STUDY



Personal Feasibility

- Do your personal finances allow you to pursue Self-Employment at this time?
- Do you have the experience needed in this industry?



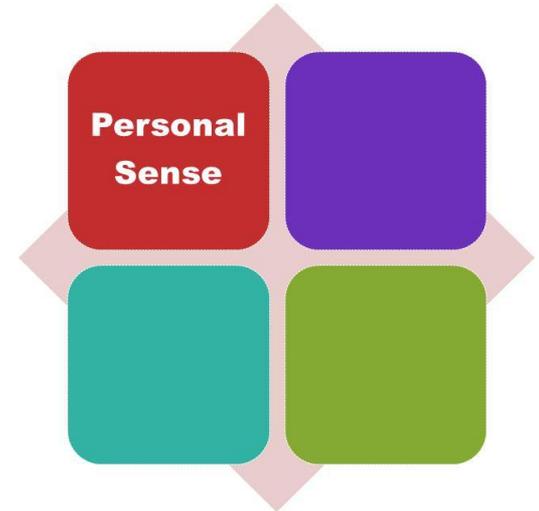
Step 3 – BUSINESS PLAN FEASIBILITY STUDY



Personal Feasibility

- Can the business accommodate any limitations presented by your disability?
- Are you prepared to accept the strain that may come with running a business?

Is your family?

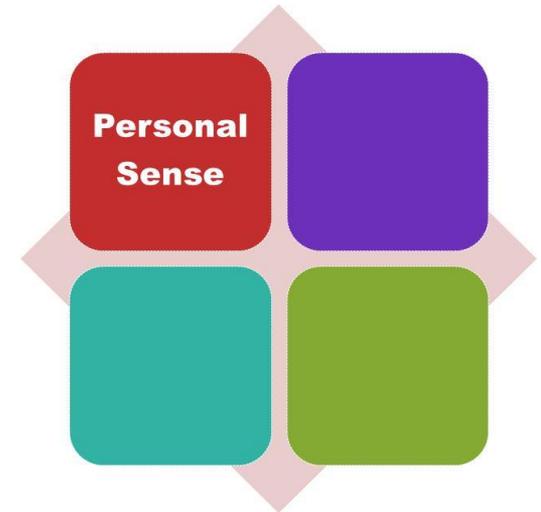


Step 3 – BUSINESS PLAN FEASIBILITY STUDY



Personal Feasibility

- Can you seek self-sufficiency through business ownership?

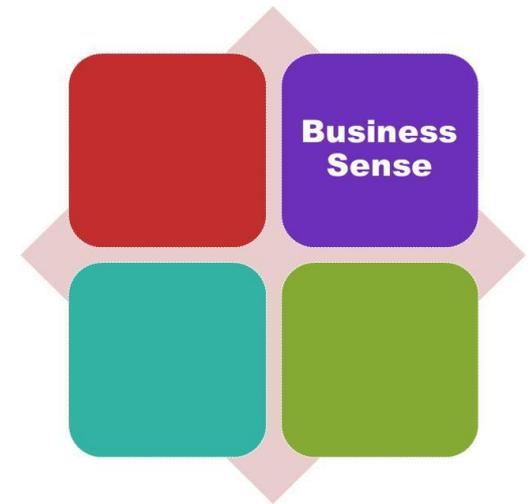


Step 3 – BUSINESS PLAN FEASIBILITY STUDY



Business Feasibility

- What are the regulations/requirements for this type of business?
- Is the chosen location adequate?

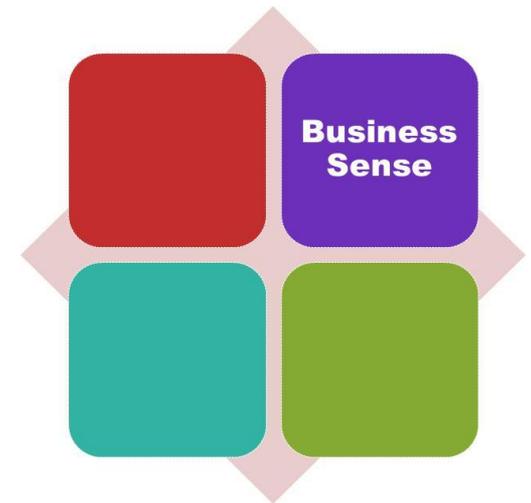


Step 3 – BUSINESS PLAN FEASIBILITY STUDY



Business Feasibility

- What factors need to be considered to make this business a reality?
 - Legal business structure
 - Operations/hours
 - Equipment & supply needs

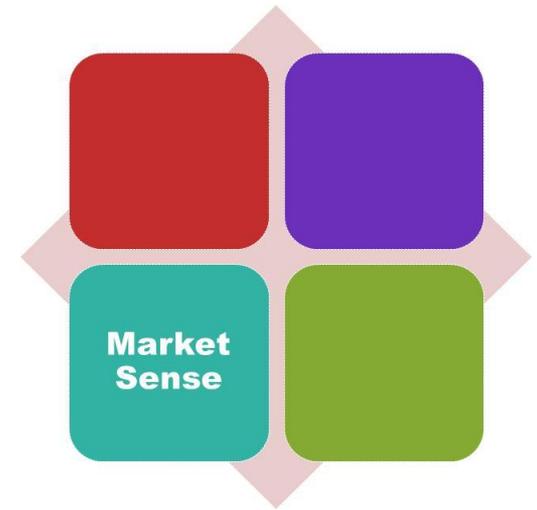


Step 3 – BUSINESS PLAN FEASIBILITY STUDY



Market Feasibility

- Who is your target market?
- Who are your existing and potential competitors?

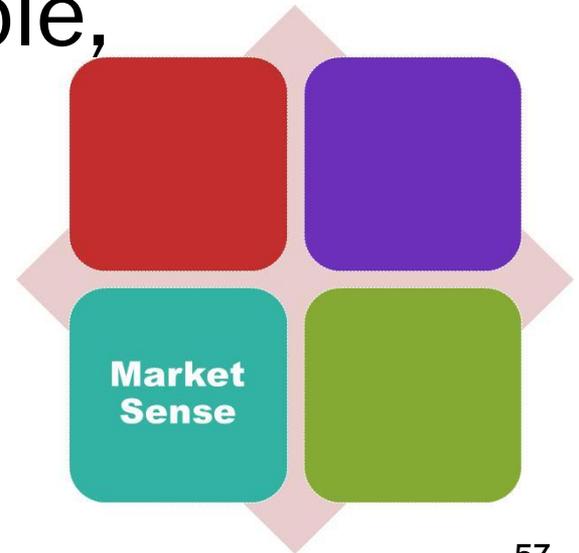


Step 3 – BUSINESS PLAN FEASIBILITY STUDY



Market Feasibility

- What is going on in your industry?
- What will be your sustainable, competitive advantage?

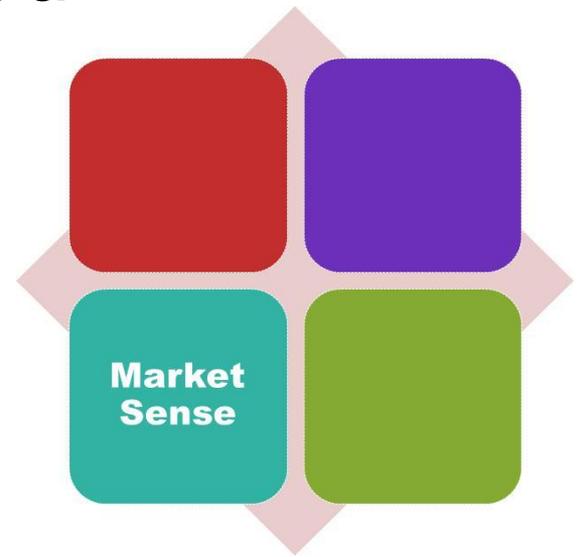


Step 3 – BUSINESS PLAN FEASIBILITY STUDY



Market Feasibility

- Are there enough people willing to spend enough money so you can make a profit?

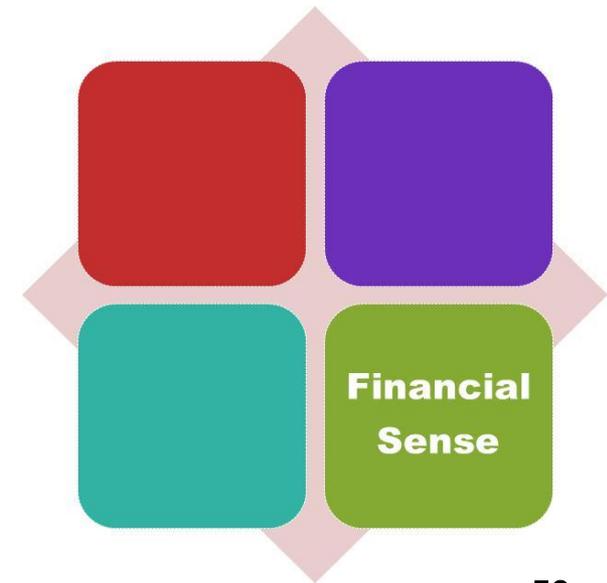


Step 3 – BUSINESS PLAN FEASIBILITY STUDY



Financial Feasibility

- How much money will it take to start your business?
- What will be your operating budget?

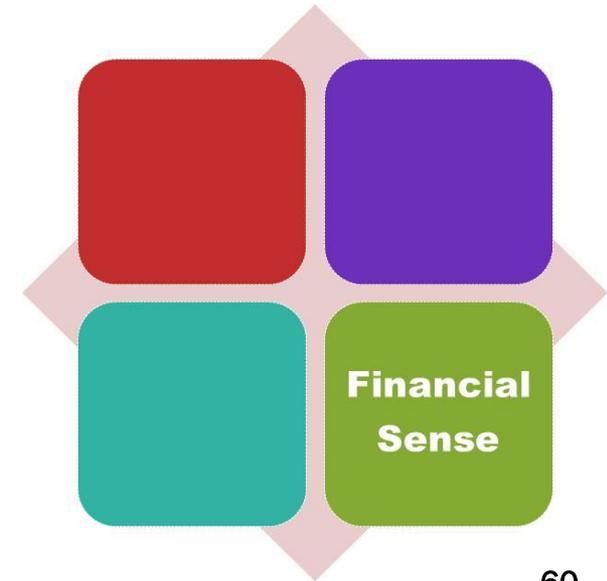


Step 3 – BUSINESS PLAN FEASIBILITY STUDY



Financial Feasibility

- Who will be responsible for maintaining records and documents?
- Establish your break-even point. Is it realistically achievable?

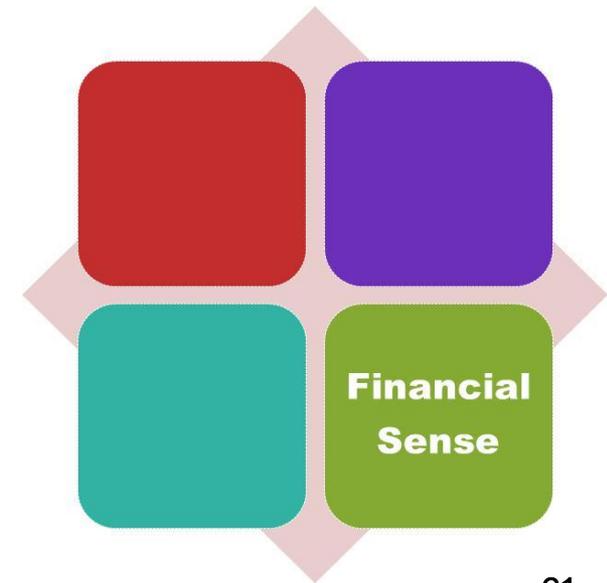


Step 3 – BUSINESS PLAN FEASIBILITY STUDY



Financial Feasibility

- Will the business generate excess cash flow from profitable operations?



Step 3 – BUSINESS PLAN FEASIBILITY STUDY



What if my business idea is not feasible?

Can you modify the idea?

Is there another Self-Employment opportunity that is appropriate?



Is Self-Employment your best option?

Step 3 – BUSINESS PLAN FEASIBILITY STUDY



**Business
Plan**

Provides a “roadmap” to keep you focused and on-track to maximize long-term business success.

Step 3 – BUSINESS PLAN FEASIBILITY STUDY



Why write a business plan?

**The main reason is
YOU!**



Step 3 – BUSINESS PLAN FEASIBILITY STUDY



Your business plan will lead you to an **informed** “Go” or “No Go” decision.



Step 3 – BUSINESS PLAN FEASIBILITY STUDY



Building from the information gathered in your Feasibility Study, you will create a document that includes:

- I. THE NARRATIVE**
- II. THE FINANCIALS**



Step 3 – BUSINESS PLAN FEASIBILITY STUDY



THE NARRATIVE

- Executive Summary
- Business Description
- Marketing
- Operations
- Management
- Supporting Documents



Step 3 – BUSINESS PLAN FEASIBILITY STUDY



THE FINANCIALS

- Capital Request
- Projections
 - Balance Sheet
 - Income Statement
 - Cash Flow
- Historical Records



Step 3 – BUSINESS PLAN FEASIBILITY STUDY



Your business plan feasibility study will be scored using a 100-point system based on:

- **Feasibility**
- **Market Plan**
- **Financial Plan**
- **Organizational Information**



Step 4 - IMPLEMENTATION



At this step in the ISE process, your Business Development Specialist will recommend Financial Assistance and/or Technical Assistance, according to your plan.



Step 4 - IMPLEMENTATION



Financial Assistance

- ➔ **Must establish a business need**
- ➔ **Dollar-for-dollar client match**
- ➔ **Generally disbursed in three phases**

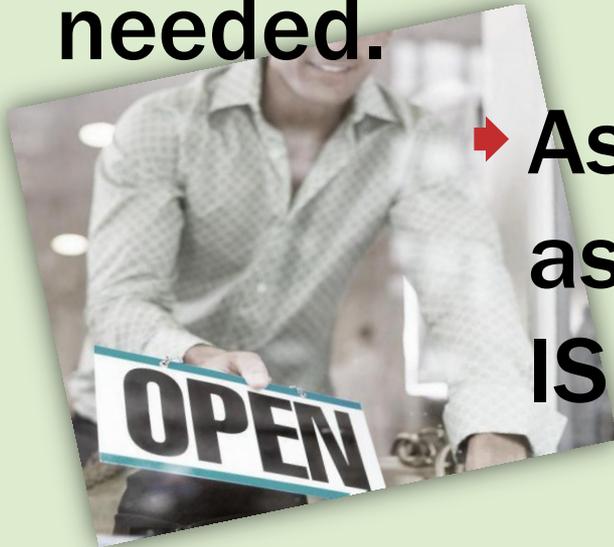


Step 4 - IMPLEMENTATION



Technical Assistance

- ▶ You and your BDS will determine whether specialty consultants are needed.



- ▶ Assistance may be available as needed throughout the ISE process.

Step 4 - IMPLEMENTATION



Business Monitoring

- ➔ **Client submits monthly progress reports**
- ➔ **BDS and Counselor monitor progress**
- ➔ **Case closed after 90 days' stability***



Step 4 - IMPLEMENTATION



*** There is no specified number of months from business start-up to stabilization.**



Step 5 – FOLLOW-UP



For two years after case closure, you and your Business Development Specialist will communicate to:

- review progress
- address problems
- ensure business operations are proceeding as planned



We value your success!

NEXT STEPS

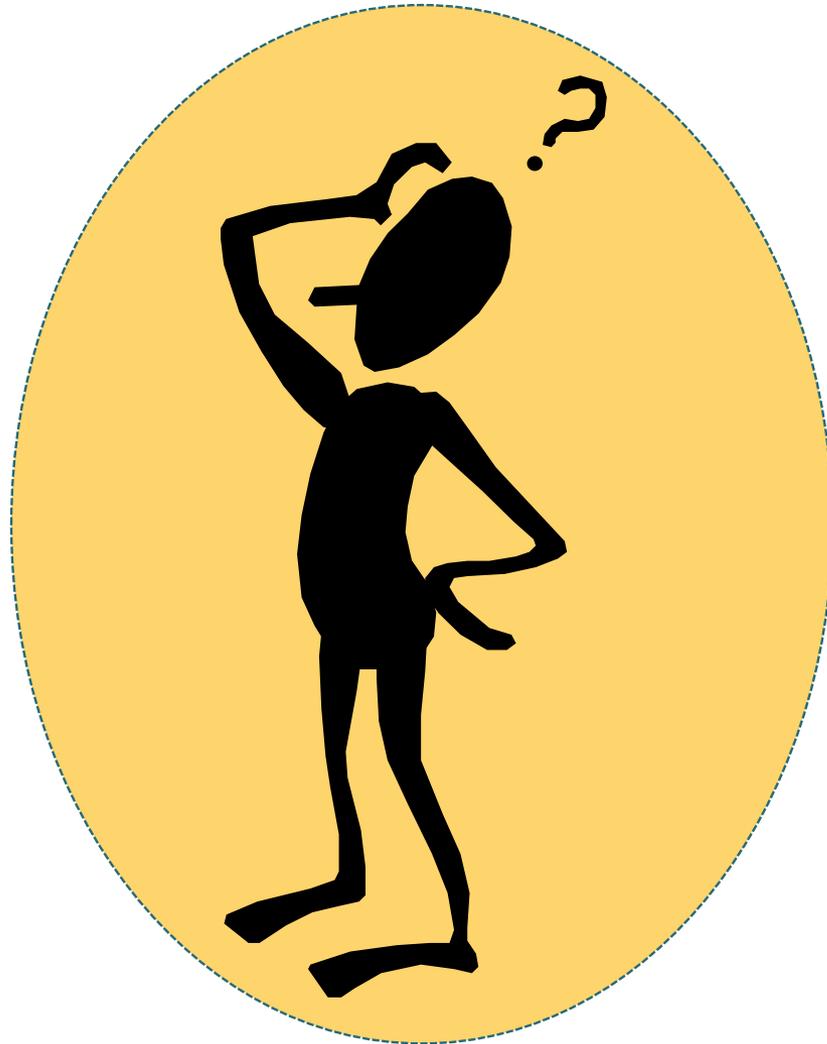


- **Contact your IVRS/IDB Counselor.**
- **Discuss what you have learned in this orientation.**
- **Determine if Self-Employment is an appropriate goal for you.**



Remember to complete both sides of your evaluation form.

Return to your instructor.



Any additional questions?

Thank you for coming today!



**WE LOOK FORWARD TO
WORKING WITH YOU.**



Iowa
Vocational
Rehabilitation
Services

Finding solutions. Generating success.

Need Additional Information?



PLEASE CONTACT:

- **Your Counselor**
- **Your Business Development Specialist**

