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

Client

IVRS/IDB Counselor

IVRS Business Development Specialist

IVRS/IDB Supervisor

IVRS/IDB Administration
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?
Excess Cash flow from profitable operations.
How do you calculate excess cash flow from profitable operations?
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.
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)
Example #2

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

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

Family and Friends Risk
The time commitment will affect those around you. Clarify expectations.
RISKS

Financial Risk
You could lose money!

Psychological Risk
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**
- Planning
- Accounting
- Finance
- Managing
- Marketing
- Sales Ability

**Traits**
- Perseverance
- Confidence
- Initiative
- Motivation
- Organized
- Competitiveness

Iowa Vocational Rehabilitation Services/Iowa Department for the Blind
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 assistance.¹

¹Microenterprise in Iowa 2009, Association for Enterprise Opportunity
People with disabilities are nearly twice as likely to be self-employed (14.7%) as the general population (8%)\(^2\).  

\(^2\)U.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 years\(^3\).

- The primary reason: Undercapitalization. Running out of cash and credit due to lack of planning.

\(^3\)U.S. Small Business Administration SBA, 2008
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
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

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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

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

• Who is your target market?

• Who are your existing and potential competitors?
Market Feasibility

• What is going on in your industry?
• What will be your sustainable, competitive advantage?
Market Feasibility

• Are there enough people willing to spend enough money so you can make a profit?
Financial Feasibility

• How much money will it take to start your business?
• What will be your operating budget?
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?
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.
Why write a business plan?

The main reason is YOU!
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
THE FINANCIALS

- Capital Request
- Projections
  - Balance Sheet
  - Income Statement
  - Cash Flow
- Historical Records
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
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*
* 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.
Need Additional Information?

PLEASE CONTACT:

- Your Counselor
- Your Business Development Specialist