

Self-Employment Business Startup Toolkit

Assisting DVR Consumers to Pursue their Goal of
Starting a Business

Wisconsin Division of Vocational Rehabilitation



**This toolkit was developed, adapted, and copied from the DVR 2004 Transition Toolkit, DVR BEST Manual, and the Research and Training Center on Disability in Rural Communities, Self-Employment Steps for Vocational Rehabilitation Counselors, Helping a Consumer Start a Business, 2004.*

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Introduction

DO YOU FEEL THAT YOU DO NOT KNOW ENOUGH ABOUT SMALL BUSINESSES AND SELF-EMPLOYMENT WHEN WORKING WITH CONSUMERS?

Then this *tool* was developed with you in mind! It is designed to be just that...a tool to help you through the business planning process. This tool addresses how to start the initial conversation with your consumer, assess feasibility of the proposed business, create the business plan, develop the IPE, launch the business and more.

The information provided in this toolkit is best practice and is meant to help you and your consumer through the process; it is not meant to be taken as DVR policy nor does it replace DVR policy related to self-employment. *If DVR policy is being referenced it will be italicized and clearly noted as policy.* [Appendix 1](#) states the DVR policy specific to self-employment.

When working with consumers who are interested in self-employment, this toolkit should be referenced and used as a resource. You should allow for flexibility, changes in the process, and inclusion of other tools that you find useful to ensure that individual needs are being met.

In the past, DVR had the Business Enterprise Service and Training (BEST) program that worked directly with consumers to assist them through the development process, review and approval of the Business Plan. Today the DVR Counselor and Consumer Case Coordinator, along with the Business Review Committee, local teams, and community resources, work to assist the consumer through this process.

Along with this updated resource tool, DVR staff are encouraged to use the [Self-Employment, Steps for Vocational Rehabilitation Counselors: Helping a Consumer Start a Business](#) manual.

Please note that this current tool was not designed for supported self-employment, existing businesses, or Business Enterprise Plans.

Employment opportunities requiring individuals to be self-employed as a "consultant/contractor" with an already established sole contract (e.g., ARISE, NTI) would not require the use of this toolkit or a business plan.

DVR has determined that utilizing the self-employment toolkit process or the development of a business plan for these types of "self-employment cases" is not necessary as the DVR consumer is not needing to market their skills or abilities in order to obtain outside contracts nor do they typically require start-up funds.

These cases do require guidance and counseling services to assist the consumer with the implications and requirements of being self-employed as a consultant/contractor (e.g., taxes, identification and implications of chosen ownership structure, impact on benefits, etc). Counseling and guidance should also address a contingency plan should the sole contract end. **Staff are encouraged to work with their supervisors when these cases arise to assist in determining the appropriate process to be used.**

Please refer to the following links for information on Employee vs. Independent Contractor:

<http://www.irs.gov/businesses/small/article/0,,id=99921,00.html>

<http://www.irs.gov/pub/irs-pdf/p1779.pdf>

http://dwd.wisconsin.gov/wc/employers/independent_contractors.htm

As with **all types** of Individual Plans for Employment (IPE's), Self-Employment IPE's have the following common elements:

- 1) Involvement of the consumer:
 - a) DVR staff should encourage consumers to actively participate in the development of their IPE and be active participants throughout the life of their plan. DVR staff and consumers should regularly review the progress of the case toward achieving the long term goal and making changes as needed.
 - b) Consumers may involve anyone they wish in the process. DVR staff and consumers should include other team members and supports as mutually determined necessary and appropriate.
 - c) DVR staff should ensure that throughout the case that information being shared is understood by the consumer, provided in an appropriate format, and that the consumer is given assistance and accommodations in completing tasks as appropriate.

- 2) Identification of a specific IPE goal:
 - a) All plans need to have a specific employment goal identified. This goal should be appropriate and consistent with a consumer's strengths, resources, priorities, concerns, abilities, capabilities, interests and informed choice.
 - b) This goal should be clearly documented in the case file. Remember that self-employment may be the accommodation needed to assist the consumer in obtaining the occupational goal.
 - c) The DVR staff and consumer should ensure that the goal and services are appropriate given other identified barriers such as a prior criminal record.
 - d) A self-employment IPE goal should be stated as an occupational grouping, not just "self-employment." Self employment is a way to earn money at the occupation. (See [Step 4](#) - Development of the IPE for the Occupation.)

3. Identification of services:
 - a) IPE's should identify all of the service needs that are known at the time the IPE is developed and that DVR and the consumer have agreed are necessary to achieve the goal.
 - b) In identifying the services needed, the DVR staff and consumer should start with the goal that has been determined appropriate and work backwards; then identify the steps and services that will be needed in achieving the goal (e.g., inappropriate goal: self-employment as a welder; appropriate goal: welder, earnings through competitive or self employment working full time (40 hrs/wk). See [Step 4](#) for information on dual track goals.
 - c) When addressing the services needed, the DVR staff and consumer should work together to ensure that all of the functional limitations resulting from their disability and identified at the time of eligibility/Order of Selection (OOS) are addressed in the IPE. This is why they require our services.

- d) When addressing other barriers, the DVR staff and consumer should also ensure that any other barriers, not disability related, are being addressed in the IPE regardless of who is paying for them (e.g., transportation, childcare, credit issues, prior criminal record, etc.).

4. SSI/SSDI Recipients:

- a) For consumers receiving Supplemental Security Income/ Social Security Disability Insurance (SSI/SSDI) DVR staff should take time to discuss with the consumer if they might be interested in going off of cash benefits by working at the Substantial Gainful Activity (SGA) level or working at Trial Work Wage level (TWW). The discussion should be reflected in the IPE case note and also in the goal by stating their anticipated income level (TWW or SGA), their anticipated hours of work per week and following the requirements outlined in [Step 12](#) of the DVR staff section.
- b) A referral should be made to a benefits specialist to assist in explaining the advantages and benefits of achieving Substantial Gainful Activity (SGA), possible work incentives (e.g., PASS Plan, Property Essential for Self-Support (PESS), Impairment-Related Work Expense (IRWE), Blind Work Expense, and Unincurred Business Expense) and the impact of self-employment on their benefits. This should be addressed in the IPE along with the consumers informed choice regarding earnings.
- c) Consumers receiving SSI and Medicaid should be made aware that if they decide to structure their business as a Limited Liability Company (LLC), S Corporation, or C Corporation, business assets may be considered as personal assets which could jeopardize their SSI or Medicaid benefits.

DVR staff should reacquaint themselves with DVR's policies and purchasing authorities related to self-employment, each time they acquire a consumer interested in self-employment. (See [Appendix 1](#).)

We hope that staff as well as consumers, and other stakeholders in this process, will find this tool to be useful in assisting consumers with disabilities in achieving their goals.

Thank you!

Key Points

The following key points are a quick reference for DVR staff regarding processes related to self-employment cases found throughout this toolkit:

- DVR has one purpose - “to provide VR services for individuals with disabilities so that such individuals may prepare for and engage in **gainful** employment.
- Twelve steps in the self-employment process:
 1. Discuss the Preliminary Information for Expressed Interest in Self-Employment
 2. Arrange Initial Appointments to Discuss Self-Employment
 3. Determine Feasibility of Proposed Business
 4. Develop the IPE for the Occupation
 5. Complete Skill Development
 6. Meet to Discuss Continued Interests and Progress
 7. Develop the Business Plan
 8. Initial Review and Submit the Business Plan to Potential Investors
 9. Internal Reviews of the Business Plan
 10. Amend the IPE and Identify DVR Contribution
 11. Opening the Business
 12. Successful Closure of DVR Case
- DVR staff and the consumer should work together to ensure that all functional limitations listed in the Eligibility/OOS case notes and other identified barriers are addressed in the IPE.
- Throughout the case, DVR staff should ensure that the information being shared is understood by the consumer, provided in an appropriate format and that the consumer is given assistance and accommodations in completing tasks as appropriate.
- A self-employment IPE goal should be stated as an occupational grouping, not just “self-employment”. (See [Step 4.](#))
- DVR staff need to guard against any biases or feelings of inadequacy and continually support the consumer in making informed choices in the process of considering self-employment.
- DVR staff are not expected to be experts in self-employment. DVR can purchase business consultant services as necessary.
- DVR staff and the consumer need to determine if the consumer has the necessary skills and abilities to succeed in self-employment with or without accommodations. DVR staff need to understand that the business consultant will not be able to make this determination, nor is it ever his/her role to do so.
- The business consultant can make recommendations regarding what steps the client may need to take to enhance their probability of success.
- WDA’s will develop an internal educational/ review mechanism such as a Business Plan Review Committee or other approved resource to perform the functions of plan review and serve as an internal expertise resource to the WDA, performing similar services as those listed in the Business Plan Review Committee section in [Step 9](#) of this toolkit.
- The Business Plan Review Committee, or its approved equivalent, can approve funding for the business plan within DVR purchasing policy and delegated spending authority. (See [Appendix 1.](#))

- If a business consultant is utilized to review a plan for viability and quality it should not be the same entity that assisted with the writing of that plan.
- While it is understood that outside funding resources must be explored before DVR commits to funding a business; the outcome of this exploration can not be used as the sole reason for denial of DVR support.
- The criteria is the same as it is for all rehabilitation closures. See closure criteria listed in [Appendix 1](#). *For self-employment the wage is based on the business itself generating gross minimum wage that the consumer has sole ownership of.*

Information for DVR Staff

This section has been developed specifically as a **tool** to be used by DVR staff in working with consumers who have expressed an interest in self-employment. This section will go through the:

- Various roles of DVR staff in working with the consumer,
- Processes,
- Suggested steps, and
- Additional subjects that need to be discussed with the consumer in relation to starting a business.

Much of this same information will be listed under the section developed for consumers. The information provided here should be modified to meet the individual needs of the consumer.

Most DVR staff are not entrepreneurs or potential business owners- they are Counselors or Consumer Case Coordinators. Some DVR staff think that the best use of DVR funds is to assist consumers in becoming employed by other means than self-employment. Many DVR staff do not feel they know enough to assist consumers through the self-employment process.

DVR staff need to guard against such biases or feelings of inadequacy and continually support the consumer in making informed choices in the process.

DVR's Role in the Process:

In addition to the counseling relationship, your role in the self-employment process should include:

- Explain DVR's and any other organization's role and responsibilities in the process.
- Discuss with you what services will be provided and why; including how DVR decides whether or not they will support a proposed business plan.
- Communicate how the agency may help with training, the development of a business plan, and funding of the business.
- Assist you in deciding which business to pursue.
- Explain which assessments, if any, will be used.
- Identify resources, as determined needed, which will allow you to conduct a feasibility study.
- Assess your strengths and limitations and the resources necessary to assist you throughout the process including the development of the business plan.
- Monitor the quality of the services being funded by DVR and address concerns that may arise with vendors.
- Support you by acting as a liaison between consultants and lenders.
- Submit the final business plan for review to the internal review team to determine if a contribution from DVR is appropriate.
- Provide you in writing, and in your native language or mode of communication, or as appropriate your representative, an explanation why a service has been denied, reduced, suspended or terminated along with your appeal rights.

For a listing of the consumer's and the business consultant's roles, see [Appendix 2](#).

Listed below are the twelve self-employment steps that should be addressed (full description provided on following pages):

1. Discuss the Preliminary Information for Expressed Interests in Self-Employment
2. Arrange Initial Appointments to Discuss Self-Employment
3. Determine Feasibility of Proposed Business
4. Develop the IPE for the Occupation
5. Complete Skill Development
6. Meet to Discuss Continued Interests and Progress
7. Develop the Business Plan
8. Initial Review and Submit the Business Plan to Potential Investors
9. Internal Reviews of the Business Plan
10. Amend the IPE and Identify DVR Contribution
11. Opening the Business
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Step 1

Discuss the Preliminary Information for Expressed Interest in Self-Employment Checklist for DVR Staff

This checklist is to aid DVR staff when assisting consumers in making an informed choice regarding self-employment.

*Please note that after going over this information with consumers, some consumers may no longer be interested in self-employment. This decision may occur at any of the steps in the process. This decision is okay, as it is part of the informed choice process of the consumer.

- Explain that DVR has only one purpose – “to provide VR services for individuals with disabilities so that such individuals may prepare for and engage in **gainful** employment”.
- Explain that DVR services and funding for self-employment are related only to the **start-up** costs of a business, per DVR Policy, not for future or ongoing costs related to the business. When a business plan is reviewed, the review committee will assess the business’s ability to cover ongoing expenses and for the business to be self-sustaining. (See [Appendix 1.](#))
- Discuss costs for self-employment cases: No matter the plan type, the services and costs of those services for a case are dependent on what is necessary and appropriate for the individualized consumer to achieve his/her IPE goal. For some cases we may provide services that have a cost associated with them and some cases will have services with no cost associated with them (e.g., guidance and counseling, paid for by other resources). We should be spending no more or no less on a case than what is necessary for the achievement of the IPE goal.
- Explain that there are risks involved in starting a business. Many people consider running their own business at some point in their lives. Of these, very low percentages ever actually follow through and try it.
- Clarify that self-employment **is not** an employment goal for DVR purposes, just as working for someone else would not be written as an employment goal (e.g. full time employment working for a company).

Self-employment **is** a way to make money at an occupation or a means of practicing a skill (e.g., welding), or selling a product (e.g., insurance policies). (See [Step 4](#), Development of the IPE for the Occupation)

- Discuss the roles of the Consumer, DVR staff, Business Plan Review Committee, and the Business Consultant in the self-employment process. (See [Appendix 2.](#))
- Walk through the 12 self-employment steps with the consumer and share the Consumer Section of this toolkit. Explain that the average time for a case to be closed successfully in Self-Employment in the FFY 2010 was approximately 33 months compared to approximately 31 months for all rehabilitated closures.

- Explain that a feasible business plan is necessary before DVR can approve financing for the business. However, DVR may provide services to assist in the development of the business plan.
- Discuss DVR's funding policies and procedures.
- Discuss comparable benefits with the consumer. Explain that it must be determined if comparable benefits or services exist under any other program(s) and whether those benefits or services are available to the consumer at the time needed to ensure progress. Include an explanation of the services that are exempt from this requirement. (See [Appendix 1.](#))

Examples of comparable benefits:

- Referral to Service Corps of Retired Executives (SCORE) for business plan development assistance, if available and appropriate, versus referral and payment to a business consultant for business plan development.
 - Referral to a local community library for free basic computer skill development, if available and appropriate, versus payment to an agency for this skill development.
- If applicable, you should discuss with the consumer that DVR is not able to purchase real estate/ property or new construction. (See [Appendix 1.](#))
- Explain that all consumers need to make continual progress toward their goal within a reasonable timeframe. Explain that set target dates can be changed if appropriate but, stress that end dates are necessary for successfully completing self-employment activities and that these should be reviewed regularly.
- If the consumer receives SSI/SSDI benefits, discuss how earnings may impact his/her benefits as well as work incentives that may be available to him/her. [Appendix 3](#) contains information on business structure, Social Security, work incentives, and resources on how further information can be obtained.

Consumers receiving SSI and Medicaid should be made aware that if they decide to structure their business as a Limited Liability Company (LLC), S Corporation, or C Corporation, business assets may be considered as personal assets which could jeopardize their SSI or Medicaid benefits.

Consumers receiving benefits should be reminded that they are responsible for reporting any changes to their annual earnings or resources to the Social Security Administration. Failure to do so can result in over payment and subject to collections by SSA.

- If a consumer expresses an interest in starting a non-profit business the following should be discussed:

DVR does not support non-profit businesses as self-employment because:

- Non-profit businesses by definition do not generate a profit.
- These businesses are typically overseen by a board of directors. They are not owned and controlled by the consumer; therefore the consumer is not "self-employed".
- However, this does not mean that a consumer cannot work for a non-profit. It would simply be an employment goal like any other in which they work for an employer...it is not self-employment.

- If a consumer is interested in going into business with a non-DVR consumer partner, you should discuss that for DVR purposes the expectation is that the consumer have at least 51% ownership (controlling interest) in the proposed business. Furthermore, DVR would provide assistance toward an approved business plan at the rate of ownership and the business partner would be expected to contribute their rate of ownership (e.g., *consumer has 75 % ownership. BP lists \$1000.00 needed for initial stocks and supplies. DVR would look at assisting with only 75% of the initial stock and supplies request (75% of \$1000.00 is \$750.00) and the business partner would be expected to contribute the other 25% (\$250.00).*)

If two DVR consumers are going into business together, a single business plan would be developed. Each consumer must have his/her approved IPE. They would each, individually, be eligible for funding following DVR purchasing policy and procedures if the BP is approved and those amounts are needed as described in the business plan; but not to exceed the total need of the business plan.

Percentage of ownership of each consumer must be equal (50-50), where both partners are DVR consumers.

Each consumer must meet the successful rehabilitation standards independently of the other. That means that the income for each must meet the standard. Generating twice the minimum will not meet the standard. The earnings of each consumer must be at least minimum wage x the number of hours worked per week as identified in each IPE.

- Discuss with the consumer the expectations, roles, and requirements related to closing their case successfully. Be sure to discuss the different requirements for successful closures for SSI/SSDI beneficiaries who wish to work at Trial Work Wage (TWW) or go off of cash benefits. (See [Step 12.](#))

The consumer is responsible for reporting their annual earnings and expenses to the Internal Revenue Service (IRS) and Wisconsin Department of Revenue.

- Discuss the availability of Post-Employment Services. (See [Step 12.](#))
- Take the time necessary for the consumer to understand what you are communicating and check for their understanding throughout the process.

Step 2

Arrange Initial Appointments to Discuss Self-Employment

After reviewing the information listed in [Step 1](#), if the consumer still wants to pursue self-employment, DVR staff and the consumer should arrange appointments to go over the information provided in this step. The information found in this step is designed to assist the consumer in exploring his/her interests, self-employment in general, and begin to further explore his/her business idea.

DVR staff can also use other tools/resources not listed here that they have found useful in evaluating entrepreneurial traits/skills/characteristics/experience, reviewing the business concept, and or assessing the market. It is suggested that this be spread out over at least three appointments to allow a thorough discussion of all the information. As with all cases, if the IPE will not be developed within the 90 days, an extension is needed following DVR policy. See [Appendix 1](#) for information related to extensions.

It is also suggested that information for the next meeting be provided to the consumer so that the consumer is prepared for the discussion. Providing this information as outside activities provides an indication of the consumer's ability to take independent action to achieve their goal. Again, please ensure that the information being provided is in the appropriate format for the consumer and provide assistance as appropriate in completing the information.

1. Determination of Interest and Goals:

As with all IPE's, DVR staff and the consumer need to develop a goal that is appropriate given the consumers strengths, resources, priorities, concerns, abilities, capabilities, interests and informed choice.

DVR staff should use the same counseling steps he or she would utilize when doing career exploration. When aiding the consumer in identifying an appropriate goal, DVR staff may use assessments, internet research, counseling techniques, common sense, etc. The goal and research should be specific to the self-employment area in which the consumer is interested. The DVR staff should examine with the consumer their expectations regarding self-employment and discuss/rule out any that seem unrealistic.

For consumers who are receiving SSI/SSDI a referral should be made to a benefits specialist to assist in explaining the advantages and benefits of achieving Substantial Gainful Activity (SGA), possible work incentives (e.g., PASS Plan, Property Essential for Self-Support (PESS), Impairment-Related Work Expense (IRWE), Blind Work Expense, and Unincurred Business Expense) and the impact of self-employment on their benefits.

Consumers receiving SSI and Medicaid should be made aware that if they decide to structure their business as a Limited Liability Company (LLC), S Corporation, or C Corporation, business assets may be considered as personal assets which could jeopardize their SSI or Medicaid benefits.

To assist in determining if a goal is appropriate, it is suggested that as part of the exploration process that the DVR staff and the consumer first look at the position description and requirements for the job versus first identifying what they cannot do through a Functional Capacity Evaluation (FCE).

2. Advantages/Disadvantages of Self-Employment: (See [Appendix 4.](#))

It can be helpful as part of the counseling process, to review this list to guide and facilitate a discussion on self-employment. Some consumers may not be aware of some of the disadvantages and may not have fully thought through some of the information. The consumer may also be able to list some additional advantages and disadvantages given their own individual situation. It is also helpful to learn if the consumer has had any past experience in self-employment and what they learned from that experience.

3. Self-Assessment Inventory: (See [Appendix 5.](#))

This assessment compliments the feasibility study in [Step 3](#) and the entrepreneur inventory discussed below and included in [Appendix 6.](#) The self-assessment inventory is a list of 26 questions that may assist the consumer in thinking about their aptitude for self-employment and the viability of their business idea. There are no wrong or right answers.

4. Entrepreneur Inventory: (See [Appendix 6.](#))

Many professionals who assist others with starting businesses report that after helping a few people start businesses, they develop a good “sense” of whether or not a person has what it takes to be a successful business owner. However, you may not work with very many self-employment cases. In order to justify your decisions and actions, you will probably feel more comfortable using a more-objective way of identifying self-employment potential.

These tests may be useful as a springboard for discussions about self-employment interest, skills, or for discussing characteristics or readiness. They should not be used to determine support for an individual’s proposed business by DVR. Please use caution if you decide to use them.

Before you use one, judge it for yourself using the following criteria:

Generally the questions are transparent or leading, so people who want to start a business can easily figure out the correct response and appear as if he or she possesses entrepreneurial traits.

Many of the tests require dichotomous responses – either yes-no or true-false. This is problematic because (a) if a person has done something even just one time, he or she can answer “yes”; (b) it does not measure how strong a person’s trait is (e.g., a person possesses a trait but may not rate it highly on a scale of 1 to 5); and (c) there is no opportunity for a person to explain his or her answer.

Many of the traits attributed to entrepreneurs may not accurately reflect those of all entrepreneurs or business owners. Generally the traits recognized on these assessments were developed through interviews and surveys of Caucasian males between 30 and 40 years old. These assessments are culturally and sexually biased – use caution when interpreting their results.

5. Personal Expenses: (See [Appendix 7.](#))

Completing the Monthly Personal and Living Expenses Worksheet is an opportunity for both the consumer and DVR staff to evaluate the consumer's monthly expenditures in relation to the business. Additionally, this provides an opportunity for the DVR staff and consumer to discuss the need for a business to pay taxes and provide benefits for the owner and employees (if applicable).

Consumers receiving SSI and Medicaid should be made aware that if they decide to structure their business as a Limited Liability Company (LLC), S Corporation, or C Corporation, business assets may be considered as personal assets which could jeopardize their SSI or Medicaid benefits.

6. Credit Information: (See [Appendix 8.](#))

To help provide a brief understanding of credit you and the consumer should review [Appendix 8](#) and also review the resources listed in [Appendix 9](#). Having good credit is important when starting a business; however, it is still possible to start a business with poor credit.

There is an assessment in [Appendix 8](#) for the consumer to complete to review their own credit situation. This appendix is not meant to be all inclusive and, as needed, further information should be researched. For example a consumer's poor credit may be disability related (e.g., hospital bills). Further review by you may be needed to distinguish between disability related credit issues and money management credit issues. If appropriate and necessary, credit counseling services can be addressed in the IPE.

7. Resources: (See [Appendix 9.](#))

A list of resources has been developed and listed by category in [Appendix 9](#) of this toolkit. These resources will not only be helpful to you but also to consumers throughout the entire process. It may be helpful to go through these during a counseling session with your consumer or have them independently review them to gain further information regarding self-employment.

Step 3

Determine Feasibility of Proposed Business

After completion of the initial exploration in [Step 2](#), the feasibility of the proposed business needs to be determined.

A feasibility study is an analysis of the viability of an idea. The feasibility study focuses on helping answer the essential question: “Should we proceed with the proposed business idea?” All activities of the study are directed toward helping DVR answer this question.

Determining early that a business idea will not work saves time, money and problems later.

A feasible business venture is one where the business will generate adequate cash-flow and profits, withstand the risks it will encounter, remain viable in the long-term and meet the goals of the DVR Consumer.

A case example of how the feasibility study process may look is available at:
<http://www.uwex.edu/ces/cced/entrepreneurs/MeetGina.cfm>

Reasons to do a Feasibility Study:

Conducting a feasibility study is a good business practice. If a review of successful businesses was conducted, it would reveal that they did not go into a new business venture without first thoroughly examining all of the issues and assessing the probability of business success.

These are other reasons to conduct a feasibility study:

- Gives focus to the consumer.
- Narrows business alternatives.
- Identifies new opportunities through the investigative process.
- Identifies reasons not to proceed.
- Enhances the probability of success.
- Provides quality information for decision making.
- Provides documentation that the business venture was thoroughly investigated.
- Helps in securing funding from lending institutions and other financing sources.

The feasibility study is a critical step in the business assessment process. If properly conducted, it may be the best investment ever made.

Market Assessment:

A market assessment may be conducted that will help determine the viability of a proposed product or service in the marketplace. The market assessment will help to identify opportunities in a market or market segment. If no opportunities are found, there may be no reason to proceed with a feasibility study. If opportunities are found, the market assessment can give focus and direction to the construction of business scenarios to investigate in the feasibility study

Evaluating Alternatives:

A feasibility study is usually conducted after discussing a series of business ideas or scenarios. The feasibility study helps to consider specific business scenarios so they can be studied in-depth. During this process, the number of business alternatives under consideration is usually quickly reduced.

During the feasibility process, the consumer and DVR may investigate a variety of ways of organizing the business and positioning the business owner's products or services in the marketplace. It is an exploratory process and may lead you down several paths before a final decision is made. Just because the initial analysis is negative does not mean that the proposal does not have merit. Sometimes limitations or flaws in the proposal can be corrected.

The VR staff should be involved in this process. This is an opportunity for the VR staff to understand the issues of business development and issues affecting the consumer.

Format:

There is no single acceptable format for a feasibility study. Some feasibility studies are very time consuming and complicated requiring a complete market analysis, complex calculations or projections such as monthly operating expenses, cost of goods sold, gross profit margin, and monthly sales required. Others consist of a series of questions about the business, setting up informational interviews and/or selling a few and getting feedback while tracking time and costs. Sometimes feasibility studies are conducted by an independent business consultant. **It is recommended that the *Feasibility/ Market Analysis Outline found in [Appendix 10](#)* be utilized as a guideline when completing the feasibility study.**

Because the feasibility study may be new to many people, DVR staff may want to encourage the consumer to take advantage of agencies and organizations that conduct educational programs on developing a feasibility study (e.g. Small Business Development Centers, the Disabled Businesspersons Association, and technical college programs, etc.). Business consultants and accountants who focus on small businesses may also be able to assist consumers with conducting a feasibility analysis. When referring a consumer to a business consultant or similar agency it may be necessary to re-review [Appendix 13](#) (i.e., Business Consultant's Information Package).

Feasibility Study vs. Business Plan

A feasibility study is not a business plan. The separate roles of the feasibility study and the business plan are often misunderstood. The feasibility study provides an investigating function. It addresses the question of “Is this a viable business venture?” The business plan provides a planning function. The business plan outlines the actions needed to take the proposal from idea to reality.

The feasibility study outlines and analyzes several alternatives or methods of achieving business success. The feasibility study helps to narrow the scope of the project to identify and define two or three scenarios or alternatives. The business plan deals with only one alternative or scenario. The consumer should work with DVR to identify the best alternative for their situation. This becomes the basis for the business plan.

The feasibility study is conducted before the business plan. A business plan is prepared only after the business venture has been deemed to be feasible. If a proposed business venture is considered to be feasible, a business plan is usually constructed next that provides a roadmap of how the business will be created and developed.

The business plan provides the blueprint for project implementation.

If the venture is deemed not to be feasible, efforts may be made to correct its deficiencies, other alternatives may be explored, or the idea should be dropped.

Conclusions of the Feasibility Study:

The conclusions of the feasibility study should outline in depth the various scenarios examined and the implications, strengths and weaknesses of each. DVR needs to review the feasibility study and challenge its underlying assumptions. This is the time to be skeptical.

Don't expect one alternative to clearly be the best case scenario. Feasibility studies do not suddenly become positive or negative. As you accumulate information and investigate alternatives, neither a positive nor negative outcome may emerge. The decision of whether to proceed is often not clear cut. Major stumbling blocks may emerge that prohibit the business from being feasible. Sometimes, these weaknesses can be overcome. Rarely does the feasibility analysis come out overwhelmingly positive. The study will help you assess the tradeoff between the risks and rewards of moving forward with the business.

Feasibility Decision:

It is not the purpose of the feasibility study or the role of a business consultant to decide whether or not to proceed with a business idea. It is the role of DVR to make this decision, using information from the feasibility study and input from other decision makers.

The final feasibility decision is one of the most critical in business development. Once a proposed business is determined and agreed to be feasible there should be no further questioning throughout the self-employment process whether the business is feasible. This indicates the importance of a properly researched feasibility study that considers the consumer, market and all viability factors.

After conducting the feasibility study, DVR staff and the consumer should review the findings and have a discussion regarding the merit of the proposed business. Does the business appear feasible and realistic? If DVR staff have any concerns regarding the feasibility of the proposed business, this should be reviewed with the consumer. The DVR staff should be able to back up their concerns with facts. The consumer should determine after reviewing the feasibility report and DVR's input the appropriateness of moving forward with the proposed business. If it is not feasible, other options should be explored. If concerns remain regarding the feasibility of the plan, the DVR staff should ask the consumer to address each point the study identifies as evidence of unfeasibility, using researched facts to make the case for why they think the study is inaccurate on that point.

If a consumer is not planning to make more money than what it's going to cost to run the business *after a certain period of time*, then it's not feasible. That period of time is determined by how long the business owner can afford to wait to make a profit. In other words, does the consumer have enough money to pay all business and living expenses while waiting for the business to become profitable?

DVR counselors need to apply common sense to business proposals from consumers. Does the business make sense? Would you buy the product or service being sold by the consumer? Is the consumer capable of managing the business and aggressively selling? Without increasing sales and hard work, a business cannot be successful. Starting and growing a successful business usually involves more work than a full-time job.

The counselor should not move forward when they are not in agreement with the feasibility study's findings. The counselor's concerns should be case noted and addressed with the consumer at this time. The Business Plan Review Committee can be used as a resource/technical assistance to assist in making these determinations and as needed throughout the self-employment process.

Note: If the counselor and consumer are in disagreement, the consumer should be given his/her appeal rights.

Step 4

Develop the Individualized Plan for Employment (IPE) For the Occupation

After working through [Step 3](#), an appropriate employment goal should be identified. A description and appraisal of why this goal is appropriate, given the consumers strengths, resources, priorities, concerns, abilities, capabilities, interests and informed choice, should be documented in the IPE case note. If the consumer is interested in self-employment, indicate the specific occupational group based on the type of business the consumer wishes to start. **Self-employment is not determined as the specific goal at this time, the IPE will be written as dual track.** (See Initial IPE Example found in [Appendix 11](#).)

The IPE is written as a dual track to ensure that the skill itself is the primary focus, while allowing the individual to continue to determine if they are suited for self-employment as well as their specific proposed business. Dual track goals were established to allow consumers choice throughout the self-employment process, however this recommended process should allow for exceptions when warranted.

If the consumer and counselor agree that a goal should focus exclusively on the occupation through self-employment the counselor should consult with his/her supervisor for how best to proceed. The IPE's progress measures need to be incremental. DVR staff need to evaluate that the agreed upon actions steps actions were completed prior to initiating the next step.

Examples of employment goals:

- **Welder- full time through job placement or self-employment working above SGA.**
- **Retail Sales Person – full time through job placement or self employment.**

It is important that the IPE list all of the services that are needed and known, at the time the IPE is developed, including:

- Services needed to address the functional limitations identified at the time of eligibility.
- Services that are identified as a result of an assessment.
- Services that address other barriers that come to light e.g. criminal background, prior bankruptcy, driver license issues, skill deficiencies, etc.
- Specific training, work experiences, business classes, apprenticeships, informational interviews, etc that will assist the consumer in achieving their employment outcome.

It is the DVR staff and the consumer's responsibility to determine if there are any barriers that would prevent the consumer from obtaining the necessary certifications and/or licenses needed for the identified IPE goal.

Progress measures should be positive as well as measurable. Services should be incremental and should clearly identify who is responsible.

Provide the consumer their appeal rights in writing, and in the native language or mode of communication of the individual, or as appropriate the consumer's representative,

For consumers receiving SSI/SSDI and are interested in working at Trial Work Wage or going off of cash benefits this decision should be reflected in the IPE and also in the goal by stating their anticipated income level (TWW or SGA), the hours of work per week and following the requirements outlined in [Step 12](#).

Consumers receiving SSI and Medicaid should be made aware that if they decide to structure their business as a Limited Liability Company (LLC), S Corporation, or C Corporation, business assets may be considered as personal assets which could jeopardize their SSI or Medicaid benefits.

See Initial IPE Example found in [Appendix 11](#).

Step 5

Complete Skill Development and Prepare for Self-Employment

During this step if everything is going as planned, the individual is successfully completing training, education, or other activities needed to achieve their IPE goal.

If the person does not successfully complete the activities that are needed to reach their employment goal, then it is important to ascertain why. The individual may have been dissatisfied with the training or services - it may not have met his or her needs or may have been too academic. If so, perhaps another, less academic method should be explored. After spending time in a business or an apprenticeship, the individual may have realized that he or she does not want to start that type of business or work at the intensity level needed to make the business a success and could consider working for someone else in the type of business described in the IPE.

Step 6

Meet to Discuss Continued Interests and Progress towards Self-Employment

This is an opportunity for you to re-evaluate the individual's initiative and drive and to determine how invested the consumer is in starting the proposed business. At this time you should not mistake the effects of poverty, limited income, or disability for a lack of drive or motivation. You need to assess these qualities in the context of the individual's economic condition and functional limitations.

This meeting is also an opportunity for the consumer to re-evaluate his or her desire to become self-employed.

If the consumer has demonstrated their continued interest then they should be ready to move on to [Step 7](#). At this time, you and consumer should update the IPE to reflect services necessary to develop a comprehensive business plan. You should discuss with and provide the consumer a copy of the Business Plan Development Checklist. This checklist will be used by the Business Plan Review Committee to evaluate the proposed business plan.

If the consumer has decided that they are no longer interested in self-employment and/or their employment goal, then you and consumer should address this and update the plan as needed.

See IPE Amendment Example found in [Appendix 11](#).

Step 7 Develop the Business Plan

The next step is to take the information and data from the feasibility assessment and utilize that information to develop a comprehensive business plan. A comprehensive business plan will be the new business's road map. A comprehensive business plan can be used to obtain funding and is necessary for judging the potential for success. It must be well written and organized without spelling or grammatical errors to be credible.

DVR Policy states for self-employment services: *The consumer must complete a thorough and well-researched business plan on self-employment or the operation of a small business. The plan must address all aspects of start-up costs, sources of funding, sufficient resources to leverage start-up capital, ongoing operation costs and likelihood of profitability within a reasonable timeframe.*

It is recommended that you review the section titled, Parts of the Business Plan, which is in [Appendix 12](#). This should be used as a reference by DVR staff and consumers as it provides a description of the various parts of a business plan.

Most people do not have experience with developing a business plan. It is recommended that a referral to a consultant be done at this time. There are many consultants available throughout the state. See [Appendix 9](#) for some possible resources in your area. When making a referral to a business consultant, ensure the consultant receives and signs [Appendix 13](#).

It is important for you to stress to both the consumer and the consultant that **the consumer must be an active participant in the development of the business plan**. The consultant's role is to guide the development of the business plan. The consultant can conduct market research, assist with problem solving, assist with formatting the plan, and identifying possible funding sources. (See [Appendix 13](#).)

As stated previously, you and the consumer need to determine if the consumer has the necessary skills and abilities to succeed in self-employment with or without accommodations. The business consultant will not be able to make this determination. The business consultant can make recommendations regarding what steps the client may need to take to increase the probability of success.

The business plan will contain a list of equipment, tools, and supplies the consumer believes are needed for the business. This list should not identify whether or not the equipment, tools, or supplies are being requested due to disability related needs. It is recommended that you and the consumer review the equipment, tool, and supply list and identify in writing what they believe to be disability related needs and be able to present that information to the Business Plan Review Committee.

When submitting the business to potential investors, if a requested item/service could potentially identify the consumer as a person with a disability, you and the consumer should discuss whether or not to include it in the business plan.

Throughout this process, you and the consumer should be reviewing drafts of the business plan as they are developed and address concerns and needed changes as they arise.

Reminder: Consumers receiving SSI and Medicaid should be made aware that if they decide to structure their business as a Limited Liability Company (LLC), S Corporation, or C Corporation, business assets may be considered as personal assets which could jeopardize their SSI or Medicaid benefits.

Why Develop a Business Plan?

The number one reason businesses fail is *lack of planning!* This includes poor management and being undercapitalized. Instead of making mistakes on paper, business owners too often make them with real money and real customers. That is why most funding institutions and agencies require business plans and refuse to fund business start-ups that cannot provide a well-developed plan.

Entrepreneurs pride themselves on being active and optimistic. They identify a niche and are driven to fill it. They invent new products, processes, or services to manufacture and/or sell. To them, planning is an academic exercise for large corporations, classrooms, or consultants. In reality, planning is key to the success of any small business.

Marketplace or economic change has a greater impact on small businesses than on large corporations. Planning is the dynamic process that prepares small businesses for the future. A business manager/owner has five basic functions: plan, organize, staff, direct and control the business's operation. Each function must take place in the order listed. Planning is the first activity, and all other activities are premised upon it.

Benefits of Planning:

- It requires that the business owner evaluate the entire business. Daily decision making often involves resolving a series of seemingly unrelated problems. Planning identifies the underlying reasons for recurring daily problems.
- The business plan contains written information that can be useful to employees, investors, creditors, and other interested parties. It is difficult to communicate an informal, unwritten business plan to others.
- The business world is becoming increasingly competitive. In order to survive, a small business owner must find a well-defined market niche. He or she can not compete on price, and therefore must serve that market in a customer-oriented, cost-effective manner. Planning forces the entrepreneur to address these issues and enhances the likelihood of success.
- Small business products, services, and delivery systems are constantly changing. Change is a state of uncertainty, but it also presents opportunities to the *prepared* business owner. Planning is a systematic way to identify and capitalize on new opportunities.

- Planning does not end with completion of a written plan – the process is continuous. The business owner must constantly evaluate how the business is doing versus what had been planned and modify the plan accordingly. Ongoing comparison of planned to actual results provides a terrific opportunity to continuously improve the business.

The steps in the business planning process are the same for all businesses, but the results differ for each one. A manufacturing company specializing in high-quality custom orders, a fast-food restaurant, a clothing retailer, and an organic herb farm all have very different plans. Each business plan is tailored to the individual business and business owner.

Parts of the Business Plan:

The parts of a business plan are listed below. [Appendix 12](#) describes the necessary information (questions that must be answered) for each section. A link to sample business plans has been included in [Appendix 9](#). **In general, the information contained in a business plan should be consistent with this format, although section titles and order may vary.**

A business consultant may use a slightly different format – that is OK. However, the following information should be included in every business plan. If in a particular case a bulleted item is determined not necessary this should be addressed in a separate document and submitted to the review committee.

Title Page

The Executive Summary (brief summary of the entire business plan)

The Business Description

- The Business
- Business History
- Form of Ownership
- Ownership Interest
- Industry Trends
- Background Information About the Owner(s)

The Marketing Plan

- Products and Services
- The Target Market
- Business Location
- Competition
- Advertising and Promotion Strategies

The Operations Plan

- Inputs
- Facilities
- Operating Costs
- Licenses, Permits, Zoning, Insurance, Tax Number, Corporation Status
- Capital Equipment
- Production Methods
- Management Methods
- Employees if applicable
- Outside Services

The Financial Plan

- Need for and Sources of Cash
- Equipment List
- Income Statement
- Break Even Analysis
- Cash Flow Statement
- Balance Sheet (or Personal Financial Statement). An Example of a Personal Financial Statement can be found at: http://www.sba.gov/sites/default/files/tools_sbf_finasst413.pdf.
- Supporting Documents (optional)

Attachments

- Resume
- Other documents as needed

Business Plan Checklists

A Business Plan Checklist is a useful tool for evaluating the business plan and for informing the consumer how you will evaluate the completeness and contents of the plan. The Business Plan Checklist utilized by DVR is included in [Appendix 15](#). **A copy of this should be provided to the consumer to further assist them in the business plan development process.**

Step 8

Initial Review and Submit the Business Plan to Potential Investors

1. Counselor and Consumer Review for External Funding:

It is recommended that you, the counselor, and other DVR staff as appropriate follow the steps below prior to the consumer submitting the business plan to the community agency review entity or potential investors:

- Throughout the process, the VR Counselor, other DVR staff involved in the process, and the consumer should evaluate all drafts of the business plan for completeness and thoroughness.
- **Dialogue with the supervisor and reviewers throughout the development of the business plan in order to benefit from their advice, thereby enhancing the likelihood of a well developed, approvable Business Plan.**
- Review all other related information such as reports from business consultants.
- **If any changes or clarifications are needed at this stage, they should be addressed before submitting the business plan to potential investors or the review entity.**

2. Community Agencies:

An independent outside review of the business plan can be purchased as part of the process. If a WDA decides to have outside reviews conducted in their area, the option to have this done should be provided for all proposed business plans in that WDA. The review should address the general quality of the business plan. The DVR staff and the consumer should begin the discussion of selection of an appropriate choice for the independent review early in the process. Some sources for the business review consultation include: Service Corps of Retired Executives (SCORE), Small Business Development Center (SBDC), Wisconsin Women's Business Initiative Corporation (WWBIC), UW-Extension, Certified Public Accountants, independent consultants, local economic development committees and banks. As with any determination of a service provider, the consumer should be given informed choice to best meet their individual needs. (See [Appendix 13](#).)

The resource who assisted in writing the business plan should not be the same entity who reviews the plan.

Possible resources are listed in [Appendix 9](#).

3. Counselor and Consumer Review, if necessary:

If any concerns are raised or changes are recommended as part of the community agency review those should be addressed prior to submitting the business plan to potential investors.

4. Submit Plan to Potential Investors

After reviewing the business plan, ensuring all areas are appropriately covered and the plan is well written, the plan should be submitted to potential investors as determined appropriate.

Potential funding sources include family, friends, banks, micro loan programs, and Social Security Administration Plans for Achieving Self-Support (PASS). See [Appendix 3](#) for information on Social Security Administration (SSA) Plans for Achieving Self-Support, other SSA work incentives, and [Appendix 9](#) for other funding resources.

It is important to note that these potential funding sources (loans, family, friends, PASS, etc.) are not considered comparable benefits. These funds would be considered a consumer's contribution. *Wisconsin Division of Vocational Rehabilitation does not apply or require a financial needs test as a condition of providing vocational rehabilitation services. DVR consumers shall be advised that they can voluntarily participate in the costs of services in their IPE.* (See [Appendix 1](#).) Due to this, the outcome of this exploration can not be used as the sole reason for denial of VR support.

In some cases, banks may not be a good resource for start-up financing. Banks require a qualified borrower to have adequate collateral and demonstrate the ability to make loan payments. Banks also look at small loans, which are typically sought by small start-up businesses, as high-risk and have minimal profit potential. If a consumer is turned down for a loan DVR staff must understand why a loan was turned down. Does the lender fund business start-ups and/or make small loans? Was there inadequate collateral or a poor credit history? Couldn't the applicant convince the funder that he or she could repay the loan? Was the likelihood of the business succeeding in the proposed location so questionable that the funder did not want to set the applicant up for failure? Did the applicant meet the funder's guidelines? Was there bias against a person because of his or her disability? These are many valid reasons a loan request may have been denied. The consumer and DVR staff should explore the reason(s) why the consumer believes the loan requested was denied.

If potential funding is available and documentation of DVR's potential contribution may secure this funding, DVR may provide information in a letter discussing what they will be looking at supporting as far as services. If a letter of funding is requested the counselor can discuss this with the WDAs Business Review Committee how to proceed.

If DVR is identified as the sole contributor, the consumer and you should discuss the possibility of paring down the business or starting on a smaller scale than originally proposed to reduce required funds.

A basic tenet of business development is that the potential business owner must contribute financially to the business. A personal investment is considered **critical** for instilling a sense of ownership and reducing the likelihood that the business owner will walk away if the business falters. If the individual is serious about the business he or she will be willing to invest something of value besides time.

How much should the consumer contribute from his or her own funds? Recommended amounts vary. Consumers can contribute towards the funds in many ways including In-kind contributions. Some microloan organizations even accept such things as a car or personal item of value as collateral from low-income business owners who have no money of their own to contribute.

This is also the point where comparable benefits should be explored with the consumer. It is important to remember that DVR does not require comparable benefit exploration for assessments and rehabilitation technology.

Step 9

Internal Reviews of the Business Plan

Counselor and Consumer Review BP for submitting to Business Plan Review Committee:

Complete the Business Plan Submission Checklist which will be provided to the Business Plan Review Committee. Ensure that all information requested on the form is case noted in IRIS. The submission request will be returned if incomplete. (See [Appendix 14.](#))

Don't use the designated reviewers as a means of disapproval for an incomplete or poorly developed plan. The VRC should have a comfort level with the quality of the Business Plan the consumer submits to the review committee in order to recommend to the reviewers that the plan be approved.

If the business plan is ready to be submitted to the committee but, the counselor is not in support of the proposed business, the counselor should communicate these concerns to the consumer. Even if the counselor is not in support of the proposed business, he or she is still expected to assist the consumer in submitting the plan to the committee.

If, at any point, the consumer insists on going in front of the SE Review Committee without your support; tell the consumer, and reaffirm in writing, that you will also be presenting to the committee that you do not support approving the consumer's plan at this time, and the reasons why. It is not an option for you to remain silent. You must actively support or not support your consumer's plan.

The counselor is expected to be present as a means of support, along with other DVR staff as appropriate, whenever the review committee requests to meet with the consumer. The counselor is expected to share their support and concerns with the committee as well. Concerns by the counselor regarding feasibility or disability should not be the reason for the counselor not supporting the business plan. These concerns should have been addressed prior to the development of the business plan. At this point, the reason(s) for the counselor not supporting the business plan should be because the plan was poorly written or the plan is not in alignment with the business concept that was deemed feasible.

Internal Review- Business Plan Review Committee:

Each WDA will develop an internal review resource. Best recommended practice is to establish a business plan review committee or other similar internal resource as approved by the Bureau of Client Services Director. The intent of this committee/resource is to develop an internal expertise for critical thinking on the subject of entrepreneurship. A minimum of three persons should comprise this entity.

The internal review resource or committee will evaluate both the consumer's proposed business and the counselor's recommendation to assist them in determining if DVR will provide support. In addition, the business plan review committee or resource will review the business consultant's recommendations, any outside funding secured, as well as any input from other sources (e.g., training program, credit counseling agency, therapist, etc.).

The role of the Business Plan Review Committee is not to determine if the proposed business is feasible or if the consumer has the necessary skills and abilities to succeed in self-employment with or without accommodations. These issues should have been addressed earlier in the process.

It is recommended that each WDA have a designated committee member/resource person that can be contacted when the counselor and consumer are ready to submit the Business Plan Submission Checklist and any related documents for review. The committee should review the submission checklist and the business plan to ensure that the plan is complete and ready for review. If there are items on the submission checklist that are missing, the committee designee should contact the counselor and identify what items are missing and request that those items be added to the business plan prior to the review.

The Business Plan Review Committee will schedule a meeting for the consumer to present the proposed business plan within two weeks of receiving it. The consumer may invite an advocate and others they choose to attend the presentation to the committee. If the committee or other identified resource will not be able to meet within this time frame a reasonable extension can be agreed to by all involved parties, including the consumer. The consumer's counselor is expected to attend this presentation to provide support and assistance to the consumer, along with other DVR staff as appropriate.

Within three business days of the review meeting, the committee will inform all interested parties of whether or not the plan has been approved or denied. If approved, the VRC can authorize for services within their delegated purchasing authority. The VRC needs to document in a case note what services were purchased and reason(s) why.

If the anticipated purchasing approval requires the Director's purchasing authority, it is recommended that the team have a mechanism in place to have the director sit in on the review committee for that particular consumer.

If the anticipated purchase amount exceeds the Director's purchasing authority, the Director needs to summarize within three business days in an IRIS case note the rationale justifying the purchase request. The Director is to email the Bureau Director requesting review of the IRIS case note dated X for either approval/denial of purchase.

The Bureau Director is to approve/ deny the request within five business days. If the plan is denied, a meeting will be arranged with the consumer, counselor and other interested parties to review this decision, answer questions, and discuss what changes need to be made in order for the plan to be resubmitted.

*Any decisions to not support the proposed business needs to be provided to the consumer in writing, and in the native language or mode of communication of the individual, or as appropriate the consumers representative, along with their appeal rights and CAP information. *You should document in IRIS the determination by the committee.*

Please note: To allow for flexibility, when it is appropriate to move the business through the process more quickly (e.g. smaller and simpler/ straightforward business proposal), the review committee can choose to review the proposed business plan through other methods such as email and the consumer does not have to present the plan to the committee.

Step 10

Amend the IPE and Identify DVR Contribution

Up to this point, in most cases, self-employment has not been formally identified as the employment outcome. If DVR has decided to support the business, this decision should be reflected through an IPE amendment. See Final IPE Amendment Example in [Appendix 11](#).

The amendment should identify DVR's contribution and specify how start-up funds will be used. DVR staff should ensure all purchasing policies are being followed. Approvals are for funds following delegated spending authorities and DVR purchasing policies.

Any request for additional funding or services must be done through the exception process. (See [Appendix 1](#)).

Step 11

Opening the Business

At this point in the process all funding sources have been identified, secured, and the consumer is ready to open the business.

There can be a tendency during [Step 11](#) for staff to be less involved and feel more at ease since the consumer is working. However, this is a time where the counselor and other DVR staff should be even more involved and actively engaged with the consumer to ensure things are going well in the business. DVR staff are encouraged to visit the business, connect with the consumer, continue to provide guidance and counseling and provide other supports as needed. This is a critical time for the consumer and the success of their business.

If after DVR's funding parameters have been finalized any request for additional funding or services must be done through the exception process. (See [Appendix 1](#).)

It is also important to remind the consumer of DVR's requirements and expectations related to successful case closure. (See [Step 12](#).) This is also a good time to make the consumer aware of the availability of Post-Employment Services. For further information on Post-Employment services, please refer to the [DVR Post-Employment Guidance Piece](#).

Step 12 Successful Closure of DVR Case

After all necessary criteria have been met for the individual case, the case can be closed as successful.

To determine if the consumer can be closed as successfully rehabilitated after 90 days:

- The closure criteria is the same as it is for all rehabilitation closures (90 days of at least a gross minimum wage at the level agreed upon (full time, half time, etc.), stable on the job, etc. (See [Appendix 1.](#))
- For self-employment cases, the minimum wage is based on the business generating the income, where the consumer is sole owner. This is not necessarily the same as the consumer's income as they may be reinvesting the money into the business, paying employees, and not drawing an actual income at that time.
- The consumer's business must have brought in the equivalent of gross minimum wage times the number of hours per week that has been agreed upon in the IPE (10 hours, 20 hours, full time - calculated at 40 hours) for each of the three consecutive months.

Example: 20 hours (# of hours/wk. the IPE states this consumer will work) x \$7.25/hr (min. wage) x 4.3 (# of weeks in a month) = \$623.50/mo. (sustained for 3 consecutive months)

These earnings must be documented through the consumer providing DVR a brief letter stating that "... the monthly gross income figures from my business for September 20XX is ..., October 20XX is ..., and November 20XX is ...". If there is a cost for providing this information, DVR can assist with these expenses as determined appropriate.

The consumer should be reminded that they are responsible for reporting their annual earnings and expenses to the Internal Revenue Service (IRS) and Wisconsin Department of Revenue.

After all closure criteria have been met the case can be closed successfully.

Documentation for SSA cost reimbursement wage or self-employment claim:

*Consumers receiving benefits should be reminded that they are responsible for reporting any changes to their annual earnings or resources to the Social Security Administration. Failure to do so can result in over payment and subject to collections by SSA.

If the consumer will have earnings at SGA DVR will need wage documentation demonstrating SGA earnings for 9 out of 12 consecutive months.

How SSA looks at income for reimbursement is different than how DVR looks at income for closure.

- For self-employed individuals SSA looks at net income minus Work Incentive Deductions to determine if the consumer has earnings at TWW or SGA.
- The VRC must engage the consumer to determine what his/her net income will be and if any work incentive deductions will be utilized. This information will help determine if DVR will be able to make a claim on the file and if wage documentation should be obtained.
- The counselor and consumer should determine how to obtain the necessary wage documentation. The following are acceptable types of wage documentation:
 - Annual 1040 income tax returns- for SSA self employed cases
 - Quarterly FICA Documentation
 - 1040-ES- estimated tax payment if taxes not available- determined on individual basis
 - Schedule F for farmers

Please note: UI data is not available for self-employed consumers or farmers.

Please refer to the [Working with Social Security Consumers Directive](#) for specific requirements when working with SSI/SSDI consumers.

Appendix 1

DVR Policy Related to Self-Employment

VR policy states:

VR services are any services described in a plan for employment necessary to assist a consumer in preparing for, securing, retaining or regaining an employment outcome that is consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests and informed choice of the consumer, including:

Services to help achieve self-employment or small business goals: Technical assistance and other consultation services to conduct market analyses, develop business plans and otherwise provide resources to the extent such resources are authorized to be provided through the statewide workforce investment system to consumers who are pursuing self-employment or telecommuting or establishing a small business operation as an employment outcome.

The DVR and the consumer must assess the individual's knowledge, ability, motivation and personal commitment to establish, operate and maintain a business that generates a competitive wage and will be self-sustaining.

The consumer must complete a thorough and well-researched business plan on self-employment or the operation of a small business. The plan must address all aspects of start-up costs, sources of funding, sufficient resources to leverage start-up capital, ongoing operation costs and likelihood of profitability within a reasonable timeframe.

Consumer Case Services Purchase Authority:

VR Counselors, Consumer Case Coordinators (CCC):

Up to but not to exceed \$5,000

Contract and Procurement Officer, VR Supervisors, DVR WDA Directors:

Up to but not to exceed \$25,000

BCS Director and Central Office DWD Managers (If BCS Director or designee is not available request should go to DVR Deputy Administrator):

\$25,000 and above

Case Closure After Achieving an Employment Outcome

A consumer has achieved an employment outcome only if the following requirements are met and documented.

- Services provided under a plan for employment have contributed to the achievement of the employment outcome.
- The individual has achieved the employment outcome described in the individual's plan for employment.
- The employment outcome is consistent with the consumer's strengths, resources, priorities, concerns, abilities, capabilities, interests and informed choice.
- The employment outcome is in the most integrated setting possible; consistent with the consumer's informed choice.
- The consumer is compensated at or above the minimum wage and receives at least the customary wage and benefit level paid to other individuals performing similar work for the same employer.
- Employment has been maintained for at least 90 days.
- The consumer and VR Counselor employed by DVR consider the employment to be satisfactory and agree the consumer is performing well on the job.
- The employment is stable and the consumer no longer requires vocational rehabilitation services to maintain the employment.

Exception Requests

DVR consumers can request exceptions to the DVR fee schedule by completing an [exception request form](#). If you need assistance in completing this form or need this form in a different format please notify the DVR staff.

Comparable Benefits

Before providing any VR services to a consumer, except for services exempt from determination of comparable benefits, DVR staff must determine if comparable benefits or services exist under any program and whether those benefits or services are available to the consumer. If available, the comparable benefits and services shall be used in whole or in part to cover the cost of VR services, unless such determination would interrupt or delay:

- The progress of the consumer toward achieving the employment outcome identified in the plan for employment.
- An immediate job placement.
- The provision of such service to any consumer at extreme medical risk.

The following services are exempt from determination of comparable benefits:

- Assessment for eligibility and plan for employment needs.
- VR counseling and guidance.
- Referral and other services to secure services from other agencies.
- Placement services.
- Rehabilitation technology.

Comparable benefits do not include awards and scholarships based on merit.

Education Department General Administrative Regulations (EDGAR)

34 CFR Code of Federal Regulations 76.533 Acquisition of real property; construction.

No State or subgrantee may use its grant or subgrant for acquisition of real property or for construction unless specifically permitted by the authorizing statute or implementing regulations for the program

Extensions

DVR will complete development of the IPE as soon as possible. The IPE must be completed within 90 days of the date of eligibility (or activation from the Order of Selection waiting list - whichever is later). Extensions to the 90 day limit may be requested by the counselor if circumstances beyond the control of the consumer and DVR make an extension necessary. An example of a circumstance beyond the control of the consumer and DVR is if the IPE cannot be written without an evaluation which cannot be completed within the 90 day period. Exception requests must be approved by the consumer, the counselor, and DVR management before they are granted.

Requests for Extensions of Eligibility Determination and IPE Development Timelines

Requests must be made in writing, by a counselor, to a DVR WDA Manager. The request must document the following:

1. The circumstances beyond the control of the consumer and DVR that create the need for an extension, and/or
2. The specific assessment need that cannot be provided within the required time period or as part of the IPE development or implementation process,
3. The specific date by which the decision (eligibility or completion of IPE development) will be made,
4. The steps to be taken to complete the process, and a timeline for those steps,
5. Consumer agreement with the extension.

Appendix 2 Roles in the Process

The Consumer's Role

The potential business owner is ultimately responsible for:

- Identifying existing assets (knowledge, skills, equipment, support networks, etc.).
- Identifying potential weaknesses (skill deficiencies, poor credit, lack of transportation, criminal history etc.).
- Completing agreed upon assignments and tasks.
- Demonstrating progress as outlined in their IPE.
- Deciding what business to pursue.
- Conducting a feasibility study.
- Developing a business plan within an agreed upon timeframe
- Identifying in the business plan what tasks will be performed by them in their business and what tasks will be performed by outside supports e.g. bookkeeping, taxes, payroll, contract development, etc.
- Identifying and obtaining necessary permits, licenses, and insurance.
- Securing business start-up funds.
- Developing a customer base.
- Locating suppliers.
- Hiring employees if applicable.
- Starting the business.

The DVR Staff's Role:

In addition to the counseling relationship, the role of the DVR staff in the self-employment process should include:

- Explain DVR's and any other organization's role and responsibilities in the process.
- Discuss with you what services will be provided and why; including how DVR decides whether or not they will support a proposed business plan.
- Communicate how the agency may help with training, the development of a business plan, and funding of the business.
- Assist you in deciding which business to pursue.
- Explain which assessments, if any, will be used.
- Identify resources, as determined needed, which will allow you to conduct a feasibility study.
- Assess your strengths and limitations and the resources necessary to assist you throughout the process including the development of the business plan.
- Monitor the quality of the services being funded by DVR and address concerns that may arise with vendors.
- Support you by acting as a liaison between consultants and lenders.
- Submit the final business plan for review to the internal review team to determine if a contribution from DVR is appropriate.
- Provide you in writing, and in your native language or mode of communication, or as appropriate your representative, an explanation why a service has been denied, reduced, suspended or terminated along with your appeal rights.

The Business Plan Review Committee/Internal Reviewers Role:

- Become familiar with the DVR Self Employment Toolkit.
- Identify local community resources that may assist DVR staff and consumers through the business planning process.
- Act as a resource to the DVR staff as they assist the consumer through the development of the business plan.
- Designate a contact person for the DVR staff to notify when ready for the business plan to be reviewed.
- Review the business plan and any other submissions utilizing the Business Plan Development Checklist provided in [Appendix 15](#).
- Schedule a meeting to review the proposed business plan within two weeks of receiving it. If the committee will not be able to meet within this time frame, a reasonable extension can be agreed to by all interested parties including the consumer.
- Inform the interested parties of the decision in writing within three business days.
- If the reviewers do not approve the business plan as is, they must schedule a meeting within a reasonable time period with the consumer, counselor, and other interested parties to review this decision, answer questions, and discuss what changes need to be made in order for the plan to be resubmitted. If the committee determines that the plan is not feasible, they need to provide very specific reasons why they have determined the plan to be non-feasible.

- If the reviewers do not support the business plan, the consumer must be provided with a written copy, and in the native language or mode of communication of the individual, or as appropriate the consumers representative, of their appeal rights and Client Assistance Program (CAP) information.

The Business Development Consultant's Role may include:

- Guiding the consumer through the process with expertise and a realistic perspective (Except in cases where the individual needs more assistance as a reasonable accommodation). Note: the counselor will inform the consultant when this is needed.
- Assisting a consumer in conducting a feasibility assessment.
- Recommending potential funding sources.
- Assembling a funding package.
- Readyng the consumer for meeting with potential funders.
- Suggesting marketing strategies.
- Making recommendations on the viability of the proposed business.
- Referring consumer to other agencies, individuals, businesses that could assist with feasibility, marketing or other services to aid in plan development.
- Recommending steps the consumer may need to take to increase his/her probability of success.

Appendix 3
Social Security Work Incentives
Consumers receiving SSI and Medicaid should be aware that for Limited Liability Corporations (LLC), S Corporations, and C Corporations business assets may be considered as personal assets.

The following information is from the [Social Security Administration](#) website
(As posted in May 2008)

A. Social Security Administration - PASS plan

What is a PASS?

- It is an SSI provision to help individuals with disabilities return to work.

How does a PASS help someone return to work?

- SSI eligibility and payment amount are based on income and resources (things of value that individual owns).
- PASS lets disabled individual set aside money and/or things he or she owns to pay for items or services needed to achieve a specific work goal.

How does PASS work?

- Applicant finds out what training, items or services are needed to reach work goal.
- Can include supplies to start business, school expenses, equipment and tools, transportation and uniform requests.
- Applicant finds out how much these items and services will cost.
- PASS can help person save to pay these costs. PASS lets person set aside money for installment payments as well as a down payment for things like a vehicle, wheelchair or computer if needed to reach work goal.

How do you set up a PASS?

- Decide on work goal and determining items and services necessary to achieve.
- Can get help in setting up plan from a vocational rehabilitation (VR) counselor; an organization that helps people with disabilities; Benefits Specialists or Protection and Advocacy organizations who have contracts with SSA; Employment Networks involved in the Ticket to Work program; the local Social Security office or anyone else willing to help him or her.
- Contact local SSA office; SSA work site or some third parties shown above to get a [PASS form \(SSA-545-BK\)](#) to complete.
- Bring or mail it to the Social Security office.
- SSA usually approves plans prepared by VR
- **If goal is self-employment, there must also be a business plan**

What happens to the PASS?

- SSA sends PASS to SSA employees who are trained to work with PASS.
- PASS expert works directly with the applicant. PASS expert looks over the plan to see if work goal is reasonable
- SSA reviews plan to make sure that items and services listed on PASS needed to achieve the work goal and reasonably priced.
- If changes needed, the PASS expert discusses with the applicant.
- If PASS not approved, can appeal the decision.

PASS Cadre Location	Jurisdiction	Toll-free Number	Local Number
St. Paul, MN	Minnesota, Wisconsin	800-551-9796	651-290-0304 ext. 3009 or 3040

For more information visit <http://www.ssa.gov/>

B. Social Security Administration - Property Essential to Self-Support (PESS) (SSI Eligible)

How does PESS help you? We do not count some resources that are essential to your means of self-support when we decide your continuing eligibility for SSI.

What is not counted? We do not count your property if you use it in a trade or business (for example, inventory) or use it for work as an employee (for example, tools or equipment), regardless of the value or rate of return. Other use of the items does not matter.

We do not count up to \$6,000 of equity value of non-business property that you use to produce goods or services essential to daily activities, regardless of the rate of return. An example is land used to produce vegetables or livestock solely for consumption by your household.

We do not count up to \$6,000 of equity value of non-business income-producing property if the property yields an annual rate of return of at least 6 percent. An example is a rental property.

What type of resources do not qualify as PESS? We do not consider liquid resources; for example, stocks, bonds, or notes as PESS, unless you use them as part of a trade or business.

C. Social Security Administration - Impairment-Related Work Expense (IRWE) (SSDI and SSI Eligible)

- How do IRWE help you?** We deduct the cost of certain impairment-related items and services that you need to work from your gross earnings when we decide if your “countable earnings” demonstrate performance of SGA. It does not matter if you also use these items and services for non-work activities.
- When will we deduct your IRWE?** We deduct IRWE for SGA purposes when:
1. The item(s) or service(s) enables you to work;
 2. You need the item(s) or service(s) because of a physical or mental impairment;
 3. You paid the cost and are not reimbursed by another source such as Medicare, Medicaid or a private insurance carrier;
 4. The cost is "reasonable", that is, it represents the standard charge for the item or service in your community; and
 5. You paid for the expense in a month you are or were working.
- How do we use IRWE to figure your SSI monthly payments?** If you are receiving SSI benefits, we will also exclude IRWE from your earned income when we figure your monthly payment amount when you meet requirements 1 through 4 above, and you paid the expense in a month that you receive earned income or performed work while you used the impairment related item or services.
- Can IRWE be deducted during a non-work month?** In certain situations, we can deduct IRWE amounts for expenses paid before you start or after you stop work.

For more information visit

<http://www.socialsecurity.gov/redbook/eng/guide-employment-supports.htm#5>

D. Social Security Administration - Blind Work Expenses (BWE) – SSI Eligible

How do BWE help you?

We do not count any earned income that you use to meet expenses that are needed to earn that income in deciding your SSI eligibility and your payment amount. To qualify you must be eligible for SSI based on blindness.

The BWE items do not have to be related to your blindness. When we figure your SSI payment amount, we treat items as BWE instead of IRWE. We do it this way because it always results in a higher SSI payment amount for you.

The table below shows how your monthly payment would be affected by BWE versus IRWE.

Examples of BWE

- Service animal expenses
- Transportation to and from work
- Federal, state, and local income taxes
- Social Security taxes
- Attendant care services
- Visual and sensory aids
- Translation of materials into Braille
- Professional association fees, and
- Union dues.

Comparison of Monthly SSI Payment With BWE Versus IRWE

With \$40 BWE		With \$40 IRWE	
\$361	Earned Income	\$361	Earned Income
-20	General Income Exclusion	-20	General Income Exclusion
\$341		\$341	
-65	Earned Income Exclusion	-65	Earned Income Exclusion
\$276		\$276	
-138	½ Remaining Earnings	-40	Impairment Related Wk Expenses
\$138		\$236	
-40	Blind Work Expenses	-118	½ Remaining Earnings
\$ 98	Countable Income	\$118	Countable Income
\$674	2010 Federal Benefit Rate	\$674	2010 Federal Benefit Rate
-98	Countable Income	-118	Countable Income
\$576	SSI Payment	\$556	SSI Payment

E. Social Security Administration - Unincurred Business Expenses

SSI & SSDI -- "Unincurred business expenses" refers to self-employment business support that someone provides to you at no cost. In deciding whether you are working at the SGA level, we deduct unincurred business expenses from your net earnings from self-employment. Examples of unincurred business expenses are (1) a Vocational rehabilitation agency gives you a computer that is used in a graphic arts business; and (2) a friend works for your business as unpaid help.

For an item or service to qualify as an unincurred business expense:

- It must be an item or service that the IRS would allow as a legitimate business expense if you had paid for it; and
- Someone other than you must have paid for it.

One way to identify an unincurred business expense is that the Internal Revenue Service (IRS) does not allow you to deduct the cost for income tax purposes because someone gave you the item or services.

SSI -- We do not deduct unincurred business expenses from earnings when we figure your SSI payment amount.

For more information please visit <http://www.ssa.gov/>

Appendix 4

Advantages & Disadvantages of Self-Employment

These items should be used as discussion points with the consumer regarding the advantages/ disadvantages of Self-Employment as well as any additional ones that might not be listed here.

Advantages of Self-Employment

- Independence - control over work setting and schedule
- Employment where/when outside opportunities are few
- Being the boss
- Interacting with customers, suppliers, and others
- Enjoyable work
- Sense of achievement/satisfaction if the business succeeds
- Control over job security
- Control of business decisions
- Better standard of living
- Feeling part of the community

Disadvantages of Self-Employment

- Pleasing the customer (the REAL boss)
- Long, hard hours with little free time – owning a business requires longer hours and much more work than a 9-5 job
- Fluctuating income
- Unrelenting responsibility
- Possibility of business failure
- Stress on family/resource
- Possible exacerbation of health problems/disability

Any advantages or disadvantages not listed above that are specific to you?

Does the consumer have any past experience in self-employment? If so what did they learn from that experience?

Appendix 5
Self- Assessment to Determine My Aptitude for
Business Enterprise and the Viability of my Business Idea.

(Note: There are no wrong answers.)

1. Describe the business you plan to start. Will you offer a product or service?
2. Is there a realistic need for this business? If so, can you access (get potential customers to know about and use your service) the market?
3. List the reasons you want to go into business for yourself. (Include personal, financial, etc.)
4. How do you expect your business to change your life the first year?
5. Are you willing to work long hours/ weekends if necessary?
6. List your five greatest strengths and weaknesses. How will these strengths and weaknesses affect your business?
7. What type of training do you have in your chosen business?
8. Have you read materials relating to the type of business you will be starting?
9. Do you have any experience in the type of business you're thinking of starting?
10. List all of the tasks required for this business and who would do these tasks.
11. How are your organization and record keeping skills?
12. Do you need additional training? (i.e. business management classes?)

13. Are you prepared to deal with paperwork?
14. What are your top five priority business goals?
15. What are your top five personal goals?
16. Does your family support your business idea? Are they ready for changes in your lives?
17. How will you obtain the necessary financing/capital?
18. How is your personal credit history? If you have credit problems, how do you plan to solve them?
19. What financial resources do you have that can be used in starting your own business?
20. Who are your competitors and what will you do differently than them?
21. Can you work well with customers and others?
22. If you have a product, do you have reliable suppliers?
23. Are you comfortable with regulations, governmental permits and restrictions?
24. If you have a business site, does it have proper zoning?
25. If you do not have a business plan, what help will you need to write your Business Plan?
26. What assistance are you seeking from DVR?

Appendix 6

Entrepreneur Inventory

Nonstandardized Test (Example 1)

This inventory helps determine your potential for success as an entrepreneur. Follow the directions for each section and for scoring the inventory.

A. Life Experience Index

Place an "X" in the box that matches your response to each statement.

	True	False
1. I have a close relative who is, or was, in business for him/herself		
2. I have friends who own and operate a business.		
3. I have worked in a small business where I had close contact with the owner.		
4. I have owned or been a part-owner in a previous venture.		
5. I have worked in a small division of a large business where I had close contact with the division chief.		
6. As a child, I was involved in money-making projects such as lemonade stands, paper routes, babysitting, etc.		
7. I have lived in three or more cities in my life.		
8. I have been fired or quit because of disagreements with my boss.		
9. I have work experience in a variety of areas.		
10. I have had bosses reject my "better mousetrap" ideas.		
11. I am between 30 and 40 years of age.		
12. My spouse or family supports my work.		
13. My subordinates respect me and work hard for me, even if they do not like me.		
14. I find it easy to get along with people.		
15. When a problem arises, I usually figure out a way to solve it.		
16. I like to do things rather than plan things.		
17. What happens to me is what I make happen, not the results of luck of fate.		

B. Personality Index

Circle the number on the scale of 1-5 that corresponds to your reaction to each statement where 1 = strongly disagree and 5 = strongly agree.

<i>Compared to others....</i>	SD				SA
1. I have a high level of energy and drive.	1	2	3	4	5
2. I am self-confident.	1	2	3	4	5
3. I usually do not get uptight in ambiguous or uncertain situations.	1	2	3	4	5
4. I set long-term goals and stick to them.	1	2	3	4	5
5. I set realistic but ambitious goals for myself.	1	2	3	4	5
6. I like to set my own standards for performance when I undertake a task.	1	2	3	4	5
7. I like to get feedback on my performance.	1	2	3	4	5
8. I do not believe in perfect solutions, only in the best solution for the situation.	1	2	3	4	5
9. I get as much information as possible before making a decision.	1	2	3	4	5
10. I prefer games of skill over games of chance.	1	2	3	4	5
11. I do not get overly anxious about the consequences of my decisions.	1	2	3	4	5
12. I view failure as a learning experience and am not too discouraged by it.	1	2	3	4	5
13. I like solving challenging problems.	1	2	3	4	5
14. Routine and repetitive tasks bore me.	1	2	3	4	5
15. I ask for help if I need it to accomplish my goals.	1	2	3	4	5
16. My success depends on my performance.	1	2	3	4	5
17. I enjoy situations that require my initiative and depend on me for success or failure.	1	2	3	4	5
18. I am self-reliant.	1	2	3	4	5
19. I am a self-starter.	1	2	3	4	5
20. I feel money is more important as a measure of my success than for what it can buy.	1	2	3	4	5

C. Motivation/Accommodation Index

Circle the number on the scale of 1-5 that corresponds to your reaction to each statement where 1 = strongly disagree and 5 = strongly agree.

<i>Compared to others....</i>	SD				SA
1. I am willing to make work my first priority, ahead of my family and friends.	1	2	3	4	5
2. I am willing to invest (and possibly lose) my life savings.	1	2	3	4	5
3. I am willing to change my standard of living to accommodate the financial needs of my business.	1	2	3	4	5
4. I see building and running a business as an all-consuming way of life.	1	2	3	4	5
5. I like finding creative ways to do things.	1	2	3	4	5
6. I do not like to just do things better, I like to find new ways to do things.	1	2	3	4	5
7. I like working as a team with other people.	1	2	3	4	5
8. I feel comfortable being the boss.	1	2	3	4	5
9. I like to profit from the work of my employees.	1	2	3	4	5
10. I have a firm sense of business ethics	1	2	3	4	5
11. I value honesty, dependability, and reliability over making a quick buck as the customer's expense.	1	2	3	4	5

D. Business Readiness Index

Circle the number on the scale of 1-5 to indicate your knowledge and/or readiness in the areas addressed where 1 = low knowledge and 5 = high knowledge.

	Low				High
1. How right are the times for starting your business? How would you rate the current economic climate?	1	2	3	4	5
2. How much do you know about the operations of the kind of business you want to start?	1	2	3	4	5
3. How well do you know your goals for the size and profitability of your business in years 1-5?	1	2	3	4	5
4. How sure are you that a market exists for your product or service?	1	2	3	4	5
5. How well do you know your competition and why customers will choose you over them?	1	2	3	4	5

6. How well can you identify your target market?	1	2	3	4	5
7. How knowledgeable are you about the buying habits of your customers?	1	2	3	4	5
8. How clear are you about the amount of money you will need to start and operate your business for the first year?	1	2	3	4	5
9. How clear are you about the amount of money you will need to make from the business to support your family?	1	2	3	4	5
10. How certain are you of the amount of estimated start-up capital you can raise from your savings and other assets?	1	2	3	4	5
11. How clear are your estimates for the amount of money you will need to run the business in years 2 and 3?	1	2	3	4	5
12. How sure are you that the business can give you an adequate return on your investment of time and money?	1	2	3	4	5
13. If you could make twice as much money working for someone else as running your own business, how certain are you that you would start the business?	1	2	3	4	5
14. How would you evaluate your credit rating and financial reputation in your community?	1	2	3	4	5

Scoring Key (Entrepreneur's Inventory)

A. Life Experience: Count the number of "true" answers you gave and find your score below.

Number of TRUE's	Score for Section A
13-17	5
10-12	4
7-9	3
4-6	2
0-3	1

B, C, & D: Personality, Motivation, and Readiness: Add the circled numbers in each section and calculate their average to determine your score for B, C, & D.

B. Personality: total score _____ ÷ 20 = _____ average score

C. Motivation: total score _____ ÷ 11 = _____ average score

D. Readiness: total score _____ ÷ 14 = _____ average score

Now use the diagram below to graph your Entrepreneurial Profile:

	A Experience	B Personality	C Motivation	D Readiness
5				
4				
3				
2				
1				
0				

How You Stack Up

Successful entrepreneurs come in all shapes and sizes. This inventory gives you an idea of how you stack up on the factors experts think are most important. Your profile is one indicator of your readiness to start a business, but it cannot predict success. In fact, no test can tell the whole story! Whether or not you have what it takes to make it in business for yourself is ultimately UP TO YOU!

(Used with permission from Rural Entrepreneurship through Action Learning Enterprises (REAL), 115 Market Street, Suite 320, Durham, NC 27701; 919.688.7325.)

Figure 6: Rate Your Entrepreneurial Potential Nonstandardized Test (Example 2)

A. Rate Your Personal Characteristics

Rate yourself using the following scale. Give this assessment to two other people who know you well and have them rate you using this scale. Compare your answers with theirs.

Not At All									Always
1	2	3	4	5	6	7	8	9	10

Item	Rating Scale 1 to 10
1. I am a leader.	
2. I like to make my own decisions.	
3. Others turn to me for help with making decision.	
4. I enjoy competition.	

5. I have will-power and self-discipline.	
6. I plan ahead.	
7. I like people.	
8. I get along well with others.	
9. I take responsibility.	
10. I complete projects and tasks, once I start them.	

B. Identify Your Physical, Emotional, and Financial Status

Answer the following questions. Give this to two other people who know you well and have them answer the questions about you as well. Compare your answers with theirs.

How many hours a day can you work? _____

Will you work on Sundays and holidays? _____

Use the following rating scale to answer the next set of questions.

Strongly Agree										Strongly Disagree
1	2	3	4	5	6	7	8	9	10	

Item	Rating Scale 1 to 10
1. I have the physical stamina to work long hours.	
2. I am prepared for the emotional strain of running my own business.	
3. I am able to temporarily lower my standard of living if needed.	
4. I am willing to borrow to fund my business.	
5. I am prepared to invest my own money and capital in the business.	

Use the following rating scale to answer the next set of questions.

No Support									A Great Deal of Support
1	2	3	4	5	6	7	8	9	10

Item	Rating Scale 1 to 10
1. My immediate family will provide emotional support.	
2. My immediate family will participate in running the business (e.g., ordering, bookkeeping).	
3. My immediate family will take on household duties if I am unable to do them because of the business.	

Scoring Key (Rate Your Entrepreneurial Potential)

Add the scores for the "Characteristics" and the "Physical Emotional, and Financial Status" scales separately. There is no definitive way to score these scales - they are open to interpretation. Talk with the consumer about the answers and scores and how to realistically interpret them as they apply to the potential business. For example, you might say that a person who scores in the 90th percentile shows "very good" potential, and one scoring in the 80th percentile shows "good" potential. Scores below 80% of the total might indicate areas that need improvement before the individual pursues starting a business.

© July 1998, 1st Revision June 1999, 2nd Revision February 2001

(Research and Training Center on Disability in Rural Communities, Self-Employment Steps for Vocational Rehabilitation Counselors, Helping a Consumer Start a Business, 2004.)

Appendix 7 Personal Expenses Data Sheet

Monthly Personal and Living Expenses							
Month	January Amount	February Amount	Etc. Amount	Amount	Amount	Amount	Total
Dwelling:							
Rent Payment							
House Payment							
Property Tax							
House Repair							
Miscellaneous Expenses (lawn mowing, cleaning, snow shoveling)							
Homeowner's Association Dues							
Insurance							
Furniture/Appliance Payments							
Transportation							
Car Payment(s)							
Other Vehicle Payment(s)							
Vehicle Upkeep/Repair							
Fuel							
Insurance							
License(s)							
Public Transportation							
Utilities							

Telephone							
Gas							
Electricity							
Water							
Trash							
Personal							
Groceries							
Dining Out							
Entertainment							
Tobacco Products							
Medical/Dental/Vision Insurance							
Clothing							
Laundry/Dry Cleaning							
Medical/Dental/Vision/Hospital Exp							
Prescriptions							
Education							
Credit Card Payments							
Loan Payments							
Pets							
Dues & Subscriptions							
Gifts							
Donations							
Travel							
Cable TV							
Personal							

Hobbies/Crafts							
Music							
Personal Assistant							
Assistive technology purchase, payments & maintenance							
Internet Access							
Other:							
Total							

Average Expenses per Month (Total ÷ 6 months) \$_____

Sources of Income:

Source	Amount per Month
_____	_____
_____	_____
_____	_____

(Research and Training Center on Disability in Rural Communities, Self-Employment Steps for Vocational Rehabilitation Counselors, Helping a Consumer Start a Business, 2004.)

Appendix 8

Information Related to Credit

WHAT YOU SHOULD KNOW ABOUT CREDIT

- It is critical to establish a solid credit history.
- Each time you purchase something on credit or you apply for credit, it is reported to a national credit bureau.
- These bureaus track your credit and payment history.
- If you apply for additional credit (i.e. apply for a store credit card or auto loan) a credit report is generated based upon your name and social security number.
- A credit score is a rating assigned to you based upon your credit and payment history. Creditors and lenders use these scores to make decisions about applications.
- If you are denied credit, you are entitled to a free copy of your credit report.
- Your personal credit will affect your ability to get credit for a start-up business, daily operations and future growth.

HOW TO PROTECT YOUR CREDIT

- Obtain a consumer copy of your credit report (typically a nominal fee).
- Clear up any dispute on your credit report (in writing).
- Do not carry too many credit cards (this is “potential” credit liability).
- Protect your social security number: do not give it out haphazardly.
- Don’t apply for credit too often: it will count against you.
- Do not give out your credit card number to telemarketers you are not familiar with.
- Pay all bills on time.
- Do not simply cut up old credit cards: write to creditors to have them closed.

IDEAS FOR DEALING WITH BAD CREDIT

- Develop a budget and stick to it.
- Obtain a consumer copy of your credit report (typically a nominal fee)
- If you find an error on your report, contact the credit bureau(s) in writing.
- If you are denied credit, find out why.
- Contact creditors to make arrangements to pay back old debt.
- Do not ignore student loans, utility bills or delinquent taxes- pay them!
- Do not apply for more credit.
- Do not incur more debt.
- Only keep one or two credit cards; destroy others and close the accounts with creditors.
- Work with a reputable credit counseling or debt management service.
- Be wary of quick advertisements to repair credit – there are no easy cures.
- Do not automatically file bankruptcy; it can be more damaging in the long run.

CREDIT DANGER SIGNALS

When used wisely, credit is a helpful financial tool. However, when used carelessly, credit can cause serious financial problems.

Can you recognize the credit danger signals?

Circle Yes or No as you think about your own situation.

- | | | |
|-----|----|--|
| YES | NO | 1. Fail to save money |
| YES | NO | 2. Always out of money before payday |
| YES | NO | 3. New monthly charges are MORE than account payments |
| YES | NO | 4. Longer time needed to pay account balance |
| YES | NO | 5. Juggling payments to creditors |
| YES | NO | 6. Borrow to pay fixed costs such as insurance, gas or food |
| YES | NO | 7. Credit card as advances used to pay everyday expenses |
| YES | NO | 8. Credit calls and letters demanding payment of overdue bills |
| YES | NO | 9. Unsure how much you owe |
| YES | NO | 10. Always late paying bills |
| YES | NO | 11. Reached credit limit on your credit cards |
| YES | NO | 12. Only pay minimum on credit cards each month |

_____ _____ Total circled

Total the number of YES you checked

One YES:	Signals caution
Two YES's	Trouble brewing
Three or more YES's	You should be concerned and take immediate steps to correct the problem.

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Appendix 9 Resources

This appendix includes resources that might be helpful during the self-employment process. This list of resources is not meant to be all inclusive.

Small Business Development and Information Websites:

[Small Business Administration:](http://www.sba.gov/)

<http://www.sba.gov/>

Start-up help, research, business plan help.

[Wisconsin Department of Agriculture and Trade and Consumer:](http://www.datcp.state.wi.us/mktg/business/business_resources/index.jsp)

http://www.datcp.state.wi.us/mktg/business/business_resources/index.jsp

Click on Get Moo-La Booklet.

[Disability.gov](https://www.disability.gov/)

https://www.disability.gov/employment/self-employment_%26_small_business_ownership

Provides a section on self-employment and small business ownership which includes information about programs and services that can help individuals who are interested in starting a small business.

[The Wisconsin Women's Business Initiative Corporation \(WWBIC\):](http://www.wwbic.com/)

<http://www.wwbic.com/>

WWBIC is an economic development corporation providing quality business education and access to capital for entrepreneurs.

[SCORE – Service Corps of Retired Executives:](http://www.score.org/index.html)

<http://www.score.org/index.html>

SCORE "Counselors to America's Small Business" is America's premier source of free and confidential small business advice for entrepreneurs.

[Start-up USA](http://www.start-up-usa.biz/)

<http://www.start-up-usa.biz/>

Start-up USA is a partnership between Virginia Commonwealth University and Griffin-Hammis and Associates, LLC funded through the Office of Disability Employment Policy (ODEP). The website provides technical assistance and disseminates resources to individuals interested in pursuing self-employment. Website includes online webcasts and other resources including State VR Policies.

[WISCAP:](http://www.wiscap.org/)

<http://www.wiscap.org/>

A voluntary association of Wisconsin's 16 Community Action Agencies (CAAs) and 3 special purpose agencies that have state-wide anti-poverty missions. Provide resources and links on business development.

[WEN - Wisconsin Entrepreneurs Network:](#)

<http://wenportal.org/>

The WEN website offers products, services, and publications related to developing and marketing an invention or small business. Also includes a listing of Inventor and Entrepreneur Clubs around the state.

[Chamber Of Commerce for Persons with Disabilities, Inc.:](#)

<http://disabilitychamber.org/>

The Chamber's mission is to help persons with disabilities and their direct caregivers to form and grow businesses.

[Disabled Business Person Association](#)

<http://www.disabledbusiness.com/>

Founded in 1985 by successful business owners with disabilities, the Disabled Businesspersons Association, an all volunteer, 501(c)(3) non-profit organization provides business information and assistance to enterprising individuals with disabilities and professionals in vocational rehabilitation, worldwide.

Urban Miyares

3590 Camino Del Rio North, San Diego, CA 92108-1718

619-594-8805

info@disabledbusiness.com

[Center for Community and Economic Development UW-Extension](#)

<http://www.uwex.edu/ces/cced/entrepreneurs/MeetGina.cfm>

A case example of how the feasibility study process may look; Gina's Greenhouse.

Business Plan Examples:

[RTC Self-Employment, Steps for Vocational Rehabilitation Counselors:](#)

<http://selfemploymenttraining.ruralinstitute.umt.edu/EXAMPLE-business-plan.htm>

Sample business plan.

[Business Plans:](#)

<http://www.bplans.com/>

Some sample plans to review for free * Will try to sell software package (\$100-300).

[Small Business Development Center:](#)

<http://www.wisconsinsbdc.org/>

Provides free courses, resources, and assistance with small business development.

[Toolkit:](#)

<http://www.toolkit.com/>

Articles, tools, and links for business startups.

[Entrepreneur.com:](#)

<http://www.entrepreneur.com/>

Small business research, articles, tools, links.

Credit:

Three National Credit Institutions

You are allowed to obtain your credit report **free** once a year. This report will not include your credit score- there is a fee for the actual score:

1.) Equifax: 1-800-525-6285

<http://www.equifax.com/home/>

2.) Experian (formerly TRW): 1-888-397-3742

<http://www.experian.com/>

3.) TransUnion: 1-800-680-7289

<http://www.transunion.com/corporate/home.page>

*If your wallet is lost or stolen you should immediately report it (and a list of its contents) to the 3 organizations above **and**, to:*

Social Security Administration (fraud line): 1-800-269-0271

Financial Literacy Resource Center:

<http://www.finlitwi.org/default/index.html>

This website provides some information and websites for students on personal finance, e.g., money management, credit, investing, insurance, etc.

myFICO:

<http://www.myfico.com/>

Information about credit scores, how to improve credit scores, effects of low credit scores, etc. They also have the BEST calculators.

Annual Credit Report:

<https://www.annualcreditreport.com/cra/index.jsp>

This central site allows you to request a free credit file disclosure, commonly called a credit report, once every 12 months from each of the nationwide consumer credit reporting companies: Equifax, Experian and TransUnion.

Asset Builders:

<http://www.assetbuilders.org/>

Money Conferences held around the state. There are often scholarships available--although the registration is very low

Financing:

[Wisconsin Department of Commerce:](#)

Services and assistance to promote economic development

[Minority Business Development Loan Program:](#)

Provides financial assistance for the start-up and expansion of minority- owned businesses in Wisconsin.

[WisLoan Loan Program](#)

Government Sites:

[Veterans Business Development](#)

[Business Wizard:](#)

Determine licensing, permitting and regulatory requirements, Obtain necessary application forms, Identify available state resources, Access other valuable business-related information.

[Wisconsin Department of Revenue:](#)

Tax information and forms for the State of Wisconsin.

[US Patent & Trademark Office](#)

[US Business Advisor:](#)

provides a single access point to government services and information to help the nation's businesses with their operations.

[IRS - Internal Revenue Service](#)

[USDA Rural Development:](#)

Promote economic development by supporting loans to businesses through banks and community-managed lending pools

[Employment Support for People with Disabilities - Social Security:](#)

Provides information on employment support and options for individuals receiving disability benefits.

Appendix 10

Feasibility/Market Analysis

While there is not a required format for the feasibility study it is recommended the items found in this appendix be included as part of the feasibility study to ensure it is as comprehensive as possible. Not all items may pertain to a specific type of proposed business. For some questions, you may need to talk to business owners or do some research at the library. You should ensure that you answer the questions and being able to justify or back-up your responses.

Your answers will help both you and DVR staff clarify your business idea. Your answers are the beginning of your business plan and may help DVR determine whether you and Vocational Rehabilitation should work together toward the goal of self-employment.

Define your business.

- What type of business are you interested in starting? What does the business do?
- What market will your business operate in?
- How does that market function? Who are your competitors, how is the money handled, what are the markups/margins, etc.?
- What is your niche?
- What will your business do differently to attract customers?

Who is the target market?

- Define by demographics, location and geography.
- Are there segments within the market that may be easier to target?
- What are customer needs? Now and in the future?
- What would they be willing to pay for the product/service? Does your market analysis demonstrate this.
- How much would they buy? Over what period of time?

What is the competitive landscape?

- How many other companies already do what you do?
- How do you compare in a SWOT analysis (strengths, weaknesses, opportunities, threats)?
- What is your position in the marketplace?
- How will you differentiate your product from your competitors? What is it about your product or service that will encourage people to buy from you versus your competition? Would buyers be willing to pay a premium for this difference?

How big is the market?

- How many buyers?
- What do they typically pay for similar products/services?
- What is the dollar value of the market overall? What percentage or market share can you expect to capture?
- How will you tell potential customers about your business?

Will you make money? How soon?

- What will you charge for your product/service?
- Can you forecast your gross revenue (price per unit multiplied by number of units sold) based on reasonable assumptions?
- Does the product or service price and production goals support the need to hire employees? If so, how much will you pay them?
- Who will do the ordering, customer contact, and bookkeeping for your business?
- What hours and days will you operate?
- What equipment will you need? Do you need it right away? Do you need to own it or can you rent it?
- Will your disability pose any barriers to your operating this business? If yes, what are they? What are your ideas for overcoming these barriers?
- What will it cost to run your business each month and for a year?
- What will it cost you to acquire customers?
- How much money will you need to start your business? How much money can you contribute? Who can loan you money? What do you think are likely sources of money for starting your business? Can you obtain financing from a bank?
- What qualifications do you have for running this business?
- What will you need to learn to operate this business?

Appendix 11 IPE Examples

Initial IPE Example

Consumer Name Susie Rehab	IRIS Case Number Self-Employment Example 1	Print Date
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CHECK ONE: IPE IPE AMENDMENT

INTENT OF THIS PLAN:

- Not an SSA Recipient
- Earn Above SGA
- Earn At Least Trial Work Wage
- Earn Less Than Trial Work Wage

MY LONG-TERM EMPLOYMENT GOAL IS:
Full time employment as a welder either through job placement or self-employment.

THE DATE THAT I WILL REACH MY GOAL: July 2014

PRIMARY SERVICES	START DATE	END DATE	PROVIDERS	WHO PAYS	PAYMENT METHODS
Guidance and Counseling with my DVR counselor to assist me with making informed choices on how best to achieve my employment goal to assist me in understanding my roles and responsibilities in completing the services listed in my plan.	2/2011	7/2014	DVR	DVR	In house
Complete the WCTC Welding program to gain the skills needed to achieve occupational goal.	8/2011	12/2012	WCTC	DVR, Consumer	Training Grant, FA, Direct Pay
Disability Related training support-tutoring beyond what is provided by WCTC.	8/2011	12/2011	ABC Tutors	DVR	PO to Vendor
Work Experience in Welding to assist in gaining further skills and understanding of the field	1/2013	3/2013	123 Company	DVR	PO to Employer
Business Enterprise classes to identify and learn how to perform tasks necessary to operate a successful business; and to assist with determining my interest and aptitude in running a business given the requirements and demands of self-employment.	4/2013	8/2012	EFG Company	DVR	PO to Vendor

SECONDARY SERVICES	START DATE	END DATE	PROVIDERS	WHO PAYS	PAYMENT METHODS
Transportation- Mileage reimbursement	2/2011	8/2013	Consumer	DVR	Direct Pay

PROGRESS MEASURES:

- I will meet with my counselor and complete the outlined self-employment activities listed in the Self-employment toolkit by September 2011 and develop list of any questions I have related to SE to go over with my counselor during our counseling appointments.
- I will attend my classes and pass all classes with at least a 2.0 as demonstrated by the grade report that I will submit to DVR at the end of the semester.
- I will successfully complete the welding program as demonstrated by obtaining the program diploma by December 2012 and will submit a copy of to DVR.
- I will meet with my tutor once a week to assist me in learning my coursework as demonstrated in a monthly report provided to my counselor.
- I will attend my work experience everyday as scheduled and complete all assigned work tasks demonstrated through a monthly written report provided by my employer to DVR.
- During my work experience, I will learn the skills required to weld. Through discussion with my employer learn various additional parts of the job and requirements that will assist me in determining interest in self-employment.
- At the end of my work experience I will meet with my counselor and discuss my progress and what skills and knowledge I gained from my work experience
- I will attend all small business classes and complete all assignments as documented in a written monthly report from my instructor to DVR and meet with my counselor at the end of the course to discuss my interests in self-employment and what I gained from the courses.
- By July 2013 I will meet with my counselor and amend my IPE to reflect my continued interest in self-employment or interest in job placement.

I WILL BE RESPONSIBLE FOR:

Throughout my DVR case, I will attend and actively participate in all scheduled counseling appointments or provide adequate (24hr is appropriate) notice if I am unable to attend. I will work with my counselor throughout my plan to complete the listed services and work to determine if self-employment will be my end goal.

Throughout my case with DVR I will notify my counselor of any concerns I am having or changes related to my disability or employment goal. I will work to ensure that my case is progressing within the timeframes identified in my IPE. I will apply for financial aid by April 15th for each year of training and will provide my counselor a copy of my course schedules. I will successfully complete my training program and work experience. I will contact my counselor monthly to notify him/her of my progress. I will notify my counselor of any concerns related to services and my progress with them. I will meet with my counselor by July 2013 to update my IPE and determine my continued interests in self-employment. I will provide appropriate documentation of receipt of services and satisfaction of services.

DVR WILL BE RESPONSIBLE FOR:

Providing the services listed in this IPE. Providing additional vocational counseling as determined needed.

I have been offered the choice to develop my own plan:

Yes No

I have been offered assistance in creating my employment plan:

Yes No

I have been given choices to assist me in creating my employment plan:

Yes No

I have received a copy of my individual rights:

Yes No

Signature (Consumer Representative Signature, If Appropriate)	Date Signed
Counselor Signature	Date Signed

IPE Amendment Example

Consumer Name Susie Rehab	IRIS Case Number Self-Employment Example 2	Print Date
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CHECK ONE: IPE IPE AMENDMENT

INTENT OF THIS PLAN: Not an SSA Recipient
 Earn Above SGA
 Earn At Least Trial Work Wage
 Earn Less Than Trial Work Wage

MY LONG-TERM EMPLOYMENT GOAL IS:

Full time employment as a welder either through job placement or self-employment.

THE DATE THAT I WILL REACH MY GOAL: July 2014

PRIMARY SERVICES	START DATE	END DATE	PROVIDERS	WHO PAYS	PAYMENT METHODS
Guidance and Counseling with my DVR counselor to assist me with making informed choices on how best to achieve my employment goal to assist me in understanding my roles and responsibilities in completing the services listed in my plan.	2/2011	7/2014	DVR	DVR	In house
Complete the WCTC Welding program to gain the skills needed to achieve occupational goal.	8/2011	12/2012	WCTC	DVR, Consumer	Training Grant, FA, Direct Pay
Disability Related training support-tutoring beyond what is provided by WCTC.	8/2011	12/2011	ABC Tutors	DVR	PO to Vendor
Work Experience in Welding to assist in gaining further skills and understanding of the field	1/2013	3/2013	123 Company	DVR	PO to Employer
Business Enterprise classes to identify and learn how to perform tasks necessary to operate a successful business; and to assist with determining my interest and aptitude in running a business given the requirements and demands of self-employment.	4/2013	8/2013	EFG Company	DVR	PO to Vendor
Development of approvable business plan including assistance as needed from my DVR counselor as well as technical assistance from an approved vendor.	7/2013	10/2013	Consumer, Business Consultant Inc.	DVR	PO to Vendor
Research supplies, paper, envelopes, postage, printer ink (Not to exceed 100.00)	7/2013	10/2013	Approved Vendor	DVR	PO to Vendor
Review of completed business plan by counselor, external consultant, Submit to Potential Investors, Business Plan Review Committee as listed in toolkit.	10/2013	12/2013	DVR, Approved Vendor	DVR	PO to Vendor

SECONDARY SERVICES	START DATE	END DATE	PROVIDERS	WHO PAYS	PAYMENT METHODS
Transportation- Mileage reimbursement	2/2011	12/2013	Consumer	DVR	Direct Pay

PROGRESS MEASURES:

Previous IPE

- I will meet with my counselor and complete the outlined self-employment activities listed in the Self-employment toolkit by September 2011 and develop list of any questions I have related to SE to go over with my counselor during our counseling appointments.
- I will attend my classes and pass all classes with at least a 2.0 as demonstrated by the grade report that I will submit to DVR at the end of the semester.
- I will successfully complete the welding program as demonstrated by obtaining the program diploma by December 2012 and will submit a copy of to DVR.
- I will meet with my tutor once a week to assist me in learning my coursework as demonstrated in a monthly report provided to my counselor.
- I will attend my work experience everyday as scheduled and complete all assigned work tasks demonstrated through a monthly written report provided by my employer to DVR.
- During my work experience, I will learn the skills required to weld. Through discussion with my employer learn various additional parts of the job and requirements that will assist me in determining interest in self-employment.
- At the end of my work experience I will meet with my counselor and discuss my progress and what skills and knowledge I gained from my work experience
- I will attend all small business classes and complete all assignments as documented in a written monthly report from my instructor to DVR and meet with my counselor at the end of the course to discuss my interests in self-employment and what I gained from the courses.
- By July 2013 I will meet with my counselor and amend my IPE to reflect my continued interest in self-employment or interest in job placement.

Additional

- I will develop my business plan with the assistance of the vendor that meets the criteria provided by DVR and checklist by October 2013 as demonstrated in monthly progress reports from the vendor and a completed business plan.
- I will meet with my DVR counselor and review the final draft of my business plan by October 30, 2013 and make any necessary updates based on the discussion and review of the review form.
- I will have my business plan reviewed by an approved vendor by November 30, 2013 and make any necessary updates based upon the input received.
- I will meet with potential investors that I had identified in my business plan. I will utilize the technical assistance of Business Co. as appropriate and notify DVR of external funding obtained by Nov. 30, 2013.
- I, along with my counselor, will meet with the Business Plan Review Committee for their review within two weeks of submission. If needed I will update my business plan and resubmit when completed.
- I will update my IPE with my counselor after all reviews are completed based on needed updates and timeframes or to reflect DVR's support of my plan.

I WILL BE RESPONSIBLE FOR:

Throughout my DVR case, I will attend and actively participate in all scheduled counseling appointments or provide adequate (24hr is appropriate) notice if I am unable to attend. Throughout my case with DVR I will notify my counselor of any concerns I am having or changes related to my disability or employment goal. I will work to ensure that my case is progressing within the timeframes identified in my IPE and completing outlined services. I will contact my counselor monthly to notify him/her of my progress. I will notify my counselor of any concerns related to services and my progress with them. I will work with the agreed to vendor to develop my comprehensive business plan and then submit for review and potential outside funding. I will make changes as recommended. I will meet with my counselor by January 2014 to update my IPE to reflect DVR's support of my business plan. I will provide appropriate documentation of receipt of services and satisfaction of services.

DVR WILL BE RESPONSIBLE FOR:

Providing the services listed in this IPE. Providing additional vocational counseling as determined needed.

- I have been offered the choice to develop my own plan:** **Yes** **No**
- I have been offered assistance in creating my employment plan:** **Yes** **No**
- I have been given choices to assist me in creating my employment plan:** **Yes** **No**
- I have received a copy of my individual rights:** **Yes** **No**

Signature (Consumer Representative Signature, If Appropriate)	Date Signed
Counselor Signature	Date Signed

Final IPE Amendment Example

Consumer Name Susie Rehab	IRIS Case Number Self-Employment Example 3	Print Date
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CHECK ONE: IPE IPE AMENDMENT

INTENT OF THIS PLAN: Not an SSA Recipient
 Earn Above SGA
 Earn At Least Trial Work Wage
 Earn Less Than Trial Work Wage

MY LONG-TERM EMPLOYMENT GOAL IS:

Full time employment as a welder either through job placement or self-employment.

THE DATE THAT I WILL REACH MY GOAL:

July 2014

PRIMARY SERVICES	START DATE	END DATE	PROVIDERS	WHO PAYS	PAYMENT METHODS
Guidance and Counseling with my DVR counselor to assist me with making informed choices on how best to achieve my employment goal to assist me in understanding my roles and responsibilities in completing the services listed in my plan.	2/2011	7/2013	DVR	DVR	In house
Complete the WCTC Welding program to gain the skills needed to achieve occupational goal.	8/2011	12/2012	WCTC	DVR, Consumer	Training Grant, FA, Direct Pay
Disability Related training support-tutoring beyond what is provided by WCTC.	8/2011	12/2012	ABC Tutors	DVR	PO to Vendor
Work Experience in Welding to assist in gaining further skills and understanding of the field	1/2013	3/2013	123 Company	DVR	PO to Employer
Business Enterprise classes to identify and learn how to perform tasks necessary to operate a successful business; and to assist with determining my interest and aptitude in running a business given the requirements and demands of self-employment.	4/2013	8/2013	EFG Company	DVR	PO to Vendor
Development of approvable business plan including assistance as needed from my DVR counselor as well as technical assistance from an approved vendor.	7/2013	10/2013	Consumer, Business Consultant Inc.	DVR	PO to Vendor

PRIMARY SERVICES	START DATE	END DATE	PROVIDERS	WHO PAYS	PAYMENT METHODS
Research supplies, paper, envelopes, postage, printer ink (Not to exceed 100.00)	7/2013	10/2013	Approved Vendor	DVR	PO to Vendor
Review of completed business plan by counselor, external consultant, Submit to Potential Investors, Business Plan Review Committee as listed in toolkit.	10/2013	12/2013	DVR, Approved Vendor	DVR	PO to Vendor
Equipment: be specific: ex. (will need a separate line for each item or group of items purchased) <ul style="list-style-type: none"> • Wire feed MIG welder & spools of wire (\$1449) • Chop saw (\$180) • Electric hoist \$120) • Oxy-Acetylene Cutting Torch, and tank cart (148) • Tank lease, 1 yr (\$200) • Air compressor and air tools (\$1190) • Bench vise (\$240) • Plasma cutter (\$850) • Hand tools: welding gloves, aprons, clamps, socket sets, welding hood, safety goggles chipping hammers, wrench sets, etc. (not to exceed \$150) • Drill press (\$380) • Welding table (\$200) <p>(Note, this list must match exactly the items listed as DVR funded in the Business Plan under "sources and uses of funds", that is why prices are indicated in the IPE: they would be known amounts)</p>	12/2013	04/2014	Approved Vendor	DVR	PO to Vendor
Technical Consultation to facilitate Implementation for a Welding Business	1/2014	6/2014	DVR SCORE SBDC ABC Lawyers M&I Bank	DVR SCORE SBDC WI Bar M&I Bank	In house service
Follow-along services	4/2014	7/2014	DVR	DVR	In house service

SECONDARY SERVICES	START DATE	END DATE	PROVIDERS	WHO PAYS	PAYMENT METHODS
Transportation- Mileage reimbursement	2/2011	12/2014	Consumer	DVR	Direct Pay

PROGRESS MEASURES:

Previous IPE

- I will meet with my counselor and complete the outlined self-employment activities listed in the Self-employment toolkit by September 2011 and develop list of any questions I have related to SE to go over with my counselor during our counseling appointments.
- I will attend my classes and pass all classes with at least a 2.0 as demonstrated by the grade report that I will submit to DVR at the end of the semester.
- I will successfully complete the welding program as demonstrated by obtaining the program diploma by December 2012 and will submit a copy of to DVR.
- I will meet with my tutor once a week to assist me in learning my coursework as demonstrated in a monthly report provided to my counselor.
- I will attend my work experience everyday as scheduled and complete all assigned work tasks demonstrated through a monthly written report provided by my employer to DVR.
- During my work experience, I will learn the skills required to weld. Through discussion with my employer learn various additional parts of the job and requirements that will assist me in determining interest in self-employment.
- At the end of my work experience I will meet with my counselor and discuss my progress and what skills and knowledge I gained from my work experience
- I will attend all small business classes and complete all assignments as documented in a written monthly report from my instructor to DVR and meet with my counselor at the end of the course to discuss my interests in self-employment and what I gained from the courses.
- By July 2013 I will meet with my counselor and amend my IPE to reflect my continued interest in self-employment or interest in job placement.
- I will develop my business plan with the assistance of the vendor that meets the criteria provided by DVR and checklist by October 2013 as demonstrated in monthly progress reports from the vendor and a completed business plan.
- I will meet with my DVR counselor and review the final draft of my business plan by October 30, 2013 and make any necessary updates based on the discussion and review of the review form.
- I will have my business plan reviewed by an approved vendor by November 30, 2013 and make any necessary updates based upon the input received.
- I will meet with potential investors that I had identified in my business plan. I will utilize the technical assistance of Business Co. as appropriate and notify DVR of external funding obtained by Nov. 30, 2013.
- I, along with my counselor, will meet with the Business Plan Review Committee for their review within two weeks of submission. If needed I will update my business plan and resubmit when completed.
- I will update my IPE with my counselor after all reviews are completed based on needed updates and timeframes or to reflect DVR's support of my plan.

Additional

- By March 2014 I will obtain needed price comparison on approved business equipment and provide to my counselor, working with my counselor as needed.
- By April 2014, following DVR purchasing policies I will work with my counselor to ensure purchase of items needed to start my business and provide appropriate verification of services and satisfaction of services.
- I will provide my counselor with progress updates and statement of earnings on a monthly basis for a minimum of three months, and other documentation such as profit and loss statements as determined necessary, to document achievement of successful rehabilitation.

I WILL BE RESPONSIBLE FOR:

Throughout my DVR case, I will attend and actively participate in all scheduled counseling appointments or provide adequate (24hr is appropriate) notice if I am unable to attend. Throughout my case with DVR I will notify my counselor of any concerns I am having or changes related to my disability or employment goal. I will work to ensure that my case is progressing within the timeframes identified in my IPE and completing outlined services. I will work with my counselor and available resources to implement my business. I will provide my counselor with all needed business financials to document my success towards rehabilitation to allow my case to be closed in 90 days as listed.

DVR WILL BE RESPONSIBLE FOR:

Providing the services listed in this IPE. Providing additional vocational counseling as determined needed.

- I have been offered the choice to develop my own plan:** Yes No
- I have been offered assistance in creating my employment plan:** Yes No
- I have been given choices to assist me in creating my employment plan:** Yes No
- I have received a copy of my individual rights:** Yes No

Signature (Consumer Representative Signature, If Appropriate)	Date Signed
Counselor Signature	Date Signed

Appendix 12

Business Plan Development Guide

Title Page

Includes Business name, Consumer name, Address, Phone, Email, Date.

Executive Summary

The executive summary is the first and most important section of a business plan. Its purpose is to convince the audience that this business is worthwhile. This “opening argument” must capture and hold the intended reader’s attention and direct it to a specific purpose. The executive summary should avoid industrial jargon – the reader may lose interest. Make the summary clear, concise, and convincing. Although the executive summary appears first in the plan, usually it is the last section written.

The Business Description

The Business This section discusses the business’s name and its significance, the form of ownership, the business location, the service or product to be sold, and projections for the future.

Business History. This section describes the need for a new business. It describes how and why new business is needed. For a new business, it should discuss the industry on a local and regional basis and the projected growth of the business.

Form of Ownership. This section specifies and discusses the rationale for the type of business ownership. It includes documents or agreements between partners or shareholders. It discusses how the potential business owner determined the appropriate form of ownership for his or her business. The Secretary of State’s office in the state where the consumer wishes to open the business can help. This information is found on the Wisconsin Department of Financial Institutions website (wdfi.org). For example, you can form a LLC by paying \$130 and applying on this website. The booklet details the legal steps necessary to start, maintain and/or dissolve a business. A potential business owner should also contact a certified public accountant or a business consultant to discuss the appropriate form of ownership for his or her particular business.

Ownership Interest. This section lists all owners, such as major shareholders or partners. It also documents owners’ or shareholders’ willingness to provide personal guarantees for any financing.

Tax ID Number (TIN). Visit the IRS website (irs.gov) to obtain a Federal Tax ID Number for your business.

Industry Trends. This section discusses the current trends of the proposed business and the industry. It describes whether or not the demand for the product or service exceeds current supply.

Background Information About the Owners. This section provides information about the owner(s), describing any experience in the industry or with managing a small business. This section also contains information about any business advisors other than lawyers or CPAs.

The Marketing Plan

Products and Services. This section describes the product or service, the currently-unsatisfied market need or desire, and describes how the product or service will meet that need or desire.

The Target Market. This section describes the market and the customer. Many resources are available at public libraries that provide data on markets and customers. Here are just a few:

- County and City Data Book
- Statistics for States and Metropolitan Areas
- Statistical Abstract of the United States
- Trade Association Publications
- A Guide to Consumer Markets

Make sure all information sources are referenced and describe the method used to gather target market data; describe the geographic market including its physical size, history, and trends (e.g., growth); and the proximity and relevance of potential customers. This section should also contain an estimate of the potential market, the number of customers the business expects to serve immediately after opening, the rate of expansion, and possible expansion into other markets.

Business Location. Describe possible locations explored, why the selected location is the best, and how it will benefit the business.

Competition. This section describes others who are competing for the same market, what they charge, their weaknesses and strengths, how your product or service differs from theirs, and the features and benefits of your service or product versus the features and benefits of competitors' service or product. Describe the methods used for gathering this information.

Describe how you will gain market share. For example, will people patronize your business because of price, technical sophistication, image, superior product or service, location, or sales and/or marketing techniques?

Advertising and Promotion Strategies. This section describes how the message about the product or service will be communicated to the users. It should describe the business owner's philosophy about customer service, the image you wish to portray about your product through packaging, brochures, letterhead, business cards, displays, and the behavior/dress of employees. It also discusses all promotional activities and answers the following questions. What advertising media will be used – newspaper, radio, television, the Internet, windshield handouts, magazines, mailings, billboards, demonstration sites? What is the frequency of advertising – daily, weekly, monthly, bi-monthly? Will promotions (giveaways, discounts) be used? Who will contact customers – in-store sales staff, sales representatives, telemarketers? How will customers be contacted – by telephone, in-person cold-calls, trade show(s), e-mail? Will a website be created?

Finally, this section should also discuss how customer satisfaction will be assessed. For example, through questionnaires, focus groups, repeat business, and/or referrals to others.

The Operations Plan

The operations plan explains how the work will be done and how the business will be managed and the business's location. It also describes the manufacturing process including materials used in the process and employees and their duties. It also describes the business's location.

Inputs. "Inputs" are materials, suppliers, and arrangements with suppliers. This section describes them and lists prices, volume discounts, and payment options that might influence the decision to trade with a higher-priced vendor.

Facilities. "Facilities" include location of the business and its physical layout. This section describes the location, features of the building and site, ownership, lease arrangement, remodeling needed (and costs), other businesses in the area, and zoning. It discusses why the location was selected and its advantages and disadvantages. It may include a floor plan. Questions that should be answered here include: Is the business located outside of the home? Is parking adequate? Are modifications necessary to accommodate the business owner's disability or to ensure ADA compliance?

Operating Costs. This section describes, and lists costs for, all utilities (heat, light, telephone and water) to be used by the business for production and operation.

Licenses, Permits, Zoning, Insurance, Taxpayer Number, Corporation Status. The types of licenses, permits, insurances, and taxes paid vary according to the business. But it is likely that a business will require one or more of these to operate. It depends on the business.

Capital Equipment. Capital equipment includes permanent items that the business keeps and uses for many years. These include equipment, furniture, and fixtures needed to start and run the business. This section describes each piece, discusses why it is necessary, and lists its cost and supplier.

Production Methods. If applicable, this section describes both the tools used for making the products or performing the service and the work space(s), including the amount of room needed for each employee; the labor needed to produce the product or provide the service; methods for monitoring quality; and methods for complying with environmental and safety regulations.

Management Methods. This section describes how the business will be managed and the business owner's knowledge, skills and experience for completing day-to-day business functions and obtaining specialized services.

Employees. If applicable, this section describes staffing requirements for both production and business management. It discusses the type of work to be done, qualifications needed for the job(s), plans for filling open positions, wage rates, and benefits package(s).

Outside Services. This section describes the types and costs of outside services provided by non-employees, such as lawyers, bookkeepers, CPAs, and business managers.

The Financial Plan

This section discusses the investment required, sources of funds for the business, and financial statements.

Developing these financial statements is one of the most difficult tasks facing a new business owner, because in most cases there is no history for reference. Unless you plan to purchase an existing business, these statements will be based on projections. Develop the Income Statement, Cash Flow Projections, and Balance Sheet statements for the first 2-3 years of business operation. First-year Cash Flow is projected monthly. Years 2 and 3 Cash Flow projections are quarterly rather than monthly.

Need for and Sources of Cash. This statement lays out how much cash the business will need to open its doors and to operate until it is profitable. Most of this information will come from other parts of the business plan.

Equipment List. This is a list of each item of business equipment and its value. Generally the items should have a useful life of one year or longer. You should consider whether or not to purchase or lease equipment.

Income Statement. The income statement shows a business's financial activity over a period of time to determine if the business made or lost money. It matches expenses with business revenues. The income statement includes total sales, cost of goods sold, gross profit, indirect expenses, other expenses, pre-tax profit or loss, taxes, and net profit or loss.

Break-Even Analysis. The break-even analysis helps you determine the success of a business before it begins. It describes the number of units of a product or how many hours of a service must be sold to break even or to make a profit or the effect that changing a product's price or reducing expenses has on profitability.

Cash Flow Statement. Cash is even more important to a business than profits – a profitable business may still be unable to pay its bills. The cash flow statement shows when the business will receive cash and when cash must be available to pay bills. The cash flow statement shows when the cash *actually will be received* and the expenses *actually paid*.

Don't confuse this with your own *personal* cash flow statement you completed earlier. The personal statement shows the amount of money you need to live and cover monthly expenses. The business cash flow statement predicts when the business will need cash and when cash will be available.

The cash flow statement has two sections. The top section shows how and when cash will be received by the business. The bottom section shows how and when the money will be used to pay bills. Unlike the income statement, the cash flow statement shows money coming in *only when the business actually receives it and going out only when the business actually pays a bill*.

Balance Sheet. The balance sheet is a snapshot of a business at a particular point in time. It shows a business's *assets* (what the business owns), *liabilities* (what the business owes), and owner's *equity* (what the owner is worth). A new business gets its first Balance sheet when the business starts. It is updated annually thereafter, usually at year's end. The balance sheet shows the business's financial status and stability, and if the owner's equity is increasing. It consists of two parts: Assets and Liabilities and Owner's Equity.

For many home-based, service businesses, or businesses where the owner has no credit rating separating personal and business assets and liabilities is difficult. When this is the case, a personal financial statement may be used in lieu of the balance sheet or the balance sheet should reflect personal assets, liabilities, and owner's equity mixed with those of the business.

Supporting Documents (optional). This section includes other documents needed to support and validate the business and business plan. These include a cost-of-living budget and personal balance sheet for the business owner(s), resume(s), credit reports, contracts, legal documents, leases, job descriptions, letters of support and reference, letters from potential customers stating they will buy from the business when started, contracts, and other documents that bolster confidence in the proposed business.

Attachments

- Resume.
- Other documents pertaining to or clarifying specific sections of the business plan.

Appendix 13

The Business Consultant

A business consultant may be sought during several different steps in the process. DVR is able to purchase these services as needed.

It is DVR's understanding that the consultant can offer the direction necessary to guide the consumer toward their self-employment goal.

The consultant should have an understanding that they have an opportunity to dramatically impact the quality of life for consumer, consumers' employees and families.

A business consultant's role may include:

- Guiding the consumer through the process with expertise and a realistic perspective (except in cases where the individual needs more assistance as a reasonable accommodation). Note that the counselor will inform the consultant when this is needed.
- Assisting a consumer in conducting a feasibility assessment.
- Recommending potential funding sources.
- Assembling a funding package.
- Readyng the consumer for meeting with potential funders.
- Suggesting marketing strategies.
- Making recommendations on the viability of the proposed business.
- Referring consumers to other agencies, individuals, businesses, etc. that could assist with feasibility, marketing or other services to aid in plan development
- Recommending steps the consumer may need to take to increase his/her probability of success.

DVR expects that a consultant have experience in developing business plans. DVR may ask a business consult or their organizations for credentials and resume. DVR and/or our consumer may request to interview past customers and talk with local bankers or lenders.

DVR staff should educate consultants on the DVR self-employment process. To adequately assist DVR consumers, consultants should have an understanding of DVR's self-employment process, purchasing policy, and policy related to business start-up.

Business Consultants Information Packet

To: Potential Business Consultants

Re: The Division of Vocational Rehabilitation's (DVR's) Self-Employment Process

Included in this packet of information is DVR's self-employment process, DVR's policy related to self-employment, delegated purchasing authority, and your potential roles in the process.

This information is being provided to you so that you will have an understanding and knowledge of how you may assist a DVR consumer in achieving their goal of self-employment.

DVR asks that after reviewing the information included in this packet, that you acknowledge your understanding by signing and returning the signature page.

DVR appreciates your business expertise and hopes that you find this information useful. If you have any questions, please contact the referring counselor.

Thank you!

Twelve steps in the self-employment process:

1. Discuss the Preliminary Information for Expressed Interests in Self-Employment
2. Arrange Initial Appointments to Discuss Self-Employment
3. Determine Feasibility of Proposed Business
4. Develop the IPE for the Occupation
5. Complete Skill Development
6. Meet to Discuss Continued Interests and Progress
7. Develop the Business Plan
8. Initial Review and Submit the Business Plan to Potential Investors
9. Internal Reviews of the Business Plan
10. Amend the IPE and Identify DVR Contribution
11. Opening the Business
12. Successful Closure of DVR Case

Business Consultants Role

The Business Development Consultant's Role may include:

- Guiding the consumer through the process with expertise and a realistic perspective (Except in cases where the individual needs more assistance as a reasonable accommodation). Note: the counselor will inform the consultant when this is needed.
- Assisting a consumer in conducting a feasibility assessment.
- Recommending potential funding sources.
- Assembling a funding package.
- Readyng the consumer for meeting with potential funders.
- Suggesting marketing strategies.
- Making recommendations on the viability of the proposed business.
- Referring consumer to other agencies, individuals, businesses that could assist with feasibility, marketing or other services to aid in plan development.
- Recommending steps the consumer may need to take to increase his/her probability of success.

DVR Policy Related to Self-Employment

DVR policy states:

VR services are any services described in a plan for employment necessary to assist a consumer in preparing for, securing, retaining or regaining an employment outcome that is consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests and informed choice of the consumer including:

Services to help achieve self-employment or small business goals: Technical assistance and other consultation services to conduct market analyses, develop business plans and otherwise provide resources to the extent such resources are authorized to be provided through the statewide workforce investment system to consumers who are pursuing self-employment or telecommuting or establishing a small business operation as an employment outcome.

The DVR and the consumer must assess the individual's knowledge, ability, motivation and personal commitment to establish, operate and maintain a business that generates a competitive wage and will be self-sustaining.

*The consumer must complete a thorough and well-researched business plan on self-employment or the operation of a small business. **The plan must address all aspects of start-up costs, sources of funding, sufficient resources to leverage start-up capital, ongoing operation costs and likelihood of profitability within a reasonable timeframe.***

Consumer Case Services Purchase Authority:

VR Counselors, Consumer Case Coordinators (CCC):

Up to but not to exceed \$5,000

Contract and Procurement Officer, VR Supervisors, DVR WDA Directors:

Up to but not to exceed \$25,000

BCS Director and Central Office DWD Managers (If BCS Director or designee is not available request should go to DVR Deputy Administrator):

\$25,000 and above

Case Closure After Achieving an Employment Outcome

A consumer has achieved an employment outcome only if the following requirements are met and documented.

- Services provided under a plan for employment have contributed to the achievement of the employment outcome.
- The individual has achieved the employment outcome described in the individual's plan for employment.
- The employment outcome is consistent with the consumer's strengths, resources, priorities, concerns, abilities, capabilities, interests and informed choice.
- The employment outcome is in the most integrated setting possible; consistent with the consumer's informed choice.
- The consumer is compensated at or above the minimum wage and receives at least the customary wage and benefit level paid to other individuals performing similar work for the same employer.
- Employment has been maintained for at least 90 days.
- The consumer and VR Counselor employed by DVR consider the employment to be satisfactory and agree the consumer is performing well on the job.
- The employment is stable and the consumer no longer requires vocational rehabilitation services to maintain the employment.

Exception Requests

DVR consumers can request exceptions to the DVR fee schedule by completing and DVR approving an exception request.

Comparable Benefits

Before providing any VR services to a consumer, except for services exempt from determination of comparable benefits, DVR staff must determine if comparable benefits or services exist under any program and whether those benefits or services are available to the consumer.

Education Department General Administrative Regulations (EDGAR)

34 **CFR** 76.533 Acquisition of real property; construction.

No State or subgrantee may use its grant or subgrant for acquisition of real property or for construction unless specifically permitted by the authorizing statute or implementing regulations for the program

I acknowledge that I have read and understand DVR's Self-Employment process, my roles, and the other information found in this packet.

Signature

Date

Appendix 14 Business Plan Submission Checklist for the Counselor

*All items on this checklist are to be completed by the counselor prior to submitting the business plan to the review committee.

- Consumer and Counselor have assessed that the proposed employment goal is appropriate and consistent with a consumer's strengths, resources, priorities, concerns, abilities, capabilities, interests and informed choices *including any other identified barriers*, with or without accommodations. List here the date this was case noted in IRIS: _____.

- The feasibility study was conducted and the business was determined feasible. List here who determined the proposed business was feasible: _____. List here the date this was case noted in IRIS: _____.

- DVR counselor has confirmed that all potential comparable benefit sources have been explored and identified. (See [Appendix 1.](#)) List here the date this was case noted in IRIS: _____.

- DVR counselor has discussed with consumer and case noted whether his/her credit was found to be an issue and if so what actions were taken to address the problem(s). List actions here:

The date this was case noted in IRIS: _____.

- DVR counselor has reviewed the business plan, utilizing [Appendix 15](#) BP Checklist, and has case noted their support or non-support of the business plan. List here the date this was case noted in IRIS: _____.

- DVR counselor has reviewed the relevant DVR policy and purchasing authorities ([Appendix 1](#)) with the consumer. List here the date this was case noted in IRIS: _____.

- Along with this submission form, the counselor should have provided the designated business plan review committee member/internal reviewer with copies of the following:
 - o Completed business plan
 - o Any attachments or relevant information
 - o Outside funding explored and if secured explain

Appendix 15 Business Plan Development Checklist

Business Plan Checklists are a useful tool for evaluating the business plan and for informing the consumer how you will evaluate the completeness and contents of the plan. The consumer should be provided a copy of this checklist when he or she begins developing the business plan. This checklist should be used as a review tool between the DVR staff and the consumer as drafts are developed and reviewed. This checklist is also used by the review committee as part of their review. They should become part of the consumer's file.

Business Plan Checklist

Business Description Checklist		
Item	Needed	Included
The business and business history		
List of owners and form of ownership		
Current industry trends		
Supply of and demand for product or service		
Potential owner's(s') background information (including management/industry experience)		
Target Market/Marketing Checklist		
Item	Needed	Included
Business owner's customer philosophy		
Does the research inspire confidence that customers will pay the product's price?		
Is the product's price justified?		
Demographics of potential customers		
Rationale for business's location		
Competitor's(s') weaknesses and strengths		
Compares proposed business's product/service with competitor's(s')		
Methods for gaining market share		
Message communicated to potential customers about the product or service		
Discusses all promotional activities		
Rationale for selecting proposed advertising media including estimated cost		

and effectiveness		
If applicable:		
Does the description of current and future employees appear adequate to meet current and projected production goals?		
Does the description of current and future employees appear to support the product's price?		
Operations Plan Checklist		
Item	Needed	Included
Materials description and supplier relationships		
Business location and reason for its selection		
Operation costs		
Addresses need for and includes if appropriate necessary licenses, permits and zoning, insurance, tax ID, and ownership forms		
Capital equipment list, description, and costs		
Describes production methods including labor projections, safety precautions and environmental safeguards		
Describes the management format and organizational structure		
Describes staffing requirements, staff qualifications, and wage rates		
Lists any services, such as bookkeeping or cleaning, that will be outsourced		
Financial Plan Checklist		
Item	Yes	No
Does the production schedule and marketing plan support the product's price, if applicable?		
Projected Income Statement for 2-3 Years		
Projected Balance Sheet for 2-3 Years		
Projected Cash Flow Statement for 2-3 Years		
Break-Even Analysis		
Personal Financial Statements		
Need for and Sources of Cash Statement		
Equipment List		
Supporting Documents List:		

Appendix 16

Glossary of Small Business Planning Terms and Abbreviations for DVR Consumers

Accounting - The recording, classifying, summarizing, and interpreting of events of a financial nature. These events include income, expenses, and cash flow.

Accounts Payable - Trade accounts of businesses representing amounts owed for goods or services received.

Accounts Receivable - Trade accounts of businesses representing amounts due for goods sold or services rendered.

Amortization - Paying off debt in regular installments over a period of time, or deducting certain capitalized expenditures over a specified period of time.

Asset - Anything that an individual or an entity owns that has value. Cash, equipment and stocks are all considered assets.

Balance Sheet - A financial statement that includes a company's assets and liabilities. A company's net worth is equal to its assets minus its liabilities.

Business Plan - A planning document that describes a company, its market, management team, potential, competitors and all other relevant information about how it will do business and future prospects.

Capital – (1) Assets less liabilities, representing the ownership interest in a business, (2) a stock of accumulated goods, especially at a specified time and in contrast to income received during a specified time period, (3) accumulated goods devoted to the production of goods, and (4) accumulated possessions calculated to bring income.

Capital Expenditures - Business spending on additional plant equipment and inventory.

Cash Flow - An accounting presentation showing how much of the cash generated by a business remains after both expenses (including interest) and principal repayment on loans are paid. A projected cash flow statement indicates whether the business will have cash to pay its expenses, loans, and make a profit. Cash flow can be calculated for any given period of time, normally done on a monthly basis or yearly basis.

Collateral - Something of value pledged to support the repayment of an obligation or loan. Examples include real estate and certificates of deposit.

Corporation - A form of organization that provides its owners and shareholders with certain rights and privileges, including protection from personal liability, if proper steps are followed. Corporations may take a number of forms, depending on the goals and objectives of the founders. Types include C, S and nonprofit corporations. Corporations are regarded as "persons" in the eyes of the law and may thus sue and be sued, own property, borrow money and hire employees.

Cost of Goods Sold - This term represents the cost of buying raw materials and producing the goods that a company sells. It also includes the cost of the company's labor force and overhead costs.

Credit Score - A statistical summary of the individual pieces of information on a credit report. A credit score predicts how likely it is that a company or individual will repay debts. Lenders use credit scores to determine whether to extend credit and at what interest rate.

Depreciation - An accounting procedure that spreads the cost of purchasing an asset over the useful lifetime of the asset.

Direct Marketing - The process of sending promotional messages directly to individual consumers, rather than via a mass medium. Includes methods such as direct mail and telemarketing.

Doing Business As (DBA) - A situation in which a business owner operates a company under a different name than the one under which it is incorporated. The owner typically must file an assumed name certificate with the county in which it is located. Sole proprietorships are often DBA's. (e.g. Sam Jones DBA Sam's Landscaping).

Employer ID Number (EIN) - An identification number assigned to businesses for taxpaying purposes by the IRS or state taxing authorities. An Employer ID Number is required for partnerships, corporations, and trusts, and it may be required for sole proprietorships that have employees. Also called a Federal ID Number or Taxpayer ID Number.

Entrepreneur - One who assumes the financial risk of the initiation, operation, and management of a given business undertaking.

Equity - An ownership interest in a business. For example, stock in a corporation represents equity in the corporation.

Feasibility Study - A preliminary study undertaken to assess whether a planned project is likely to be practical and successful and to estimate its cost.

Financial Statements - There are 3 main financial statements. They concern the financial aspects of a business:

(1) **Balance Sheet** - A report of the status of a firm's assets, liabilities and owner's equity on a specific date.

(2) **Income Statement** - A report of revenue and expense which shows the results of business operations or net income for a specified period of time.

(3) **Cash Flow** - A report which analyzes the actual or projected source and disposition of cash during a past or future accounting period.

Financing - New funds provided to a business, either by way of equity infusion, or loans.

Fixed Costs - Costs of doing business, such as rent and utilities that remain generally the same regardless of the amount of sales of goods or services.

Franchising - A relationship in which the franchisor provides a licensed privilege to the franchisee to do business and offers assistance in organizing, training, merchandising, marketing, and managing in return for a consideration.

Guarantor - A person who makes a legally binding promise either to pay another person's obligation or to perform another person's duty if that person defaults or fails to perform.

Income Statement - A record of the financial performance of a company over a period of time. It records all the income generated by the business during the period and deducts all its expenses for the same period to arrive at net income, or the profit for the period.

Independent Contractor - A worker who works on a specific project for a specified period of time. Independent contractors are not subject to tax withholdings and usually don't receive benefits granted to full-time employees.

Inputs - A section in the business plan. It refers to materials, suppliers, and arrangements with suppliers. This section describes them and lists prices, volume discounts, and payment options that might influence the decision to trade with a higher-priced vendor.

Interest - An amount paid to a lender for the use of funds, or the cost of using credit or another person's or company's money. Interest is usually calculated as a rate per a period of time, typically a year.

Joint Venture - An agreement between two or more partners to pursue collaboratively a particular project or business, with a sharing of profits or losses.

Lease - A contract by which a tenant takes possession of office space, furniture, equipment or other property for a specified rent and specified amount of time. At the end of a lease, the property reverts back to its owner.

Letter of Credit - A document issued by a bank guaranteeing payment of a customer's debt up to a set amount over a set period of time. Letters of credit are used extensively in international trade.

Liability - Any debt or obligation due now or potentially in the future. Liability is synonymous with legal responsibility.

Limited Liability Company (LLC) - A flexible business structure, popular with small businesses, offering owners the advantage of limited personal liability and the choice of being taxed like a partnership or a corporation.

Limited Liability Partnership (LLP) - A type of partnership that protects individual partners from personal liability for negligent acts committed by other partners and employees not under their direct control.

Loan Agreement - An agreement for the borrowing of money, typically containing pertinent terms, conditions, covenants and restrictions.

Long-Term Debt - Obligations or liabilities that a company owes in one year or more.

Market Analysis- Marketing research that yields information about the marketplace relative to your service or product..

Marketing Plan - A company plan for marketing products and services and increasing sales.

Market Share - The percentage of a product category's sales, in dollars or units, that a particular brand, product line or company controls.

Nonprofit Corporation - A form of corporation in which no stockholder or trustee shares in profits or losses and which usually exists to accomplish some charitable or educational function. These organizations are exempt from corporate income taxes, and donations to these groups may be tax deductible.

Operating Expenses - The costs of maintaining a business. Examples include utility expenses and property taxes.

Partnership - A legal relationship existing between two or more persons or entities contractually associated as joint principals in a business.

Pre-Venture Exploration - Involves working with an individual to help them gather information about their general readiness to be an entrepreneur. It requires the entrepreneur to assess their own skills, strengths, weaknesses as well as opportunities and threats in the marketplace.

Prospecting - The process by which a business owner determines whether or not a business or an individual could qualify as a potential customer.

Return on Investment - The amount of profit based on the amount of resources used to produce it. The ability of a given investment to earn a return for its use.

SBA - The US Small Business Administration, created to help entrepreneurs form successful small business enterprises. A common misconception is that the SBA makes loans to small businesses. Generally, they don't. Banks make loans that are guaranteed by the SBA.

Sales Tax - A tax on retail products based on a set percentage of retail cost.

Sole Proprietorship - A sole proprietorship is a one-person business that is not registered with the state as a corporation, partnership or LLC.

Sole proprietorships are so easy to set up and maintain that you may already own one without knowing it. For example, if you are a freelance photographer or writer, a craftsperson who takes jobs on a contract basis, a salesperson who receives only commissions, or an independent contractor who isn't on an employer's regular payroll, you are automatically a sole proprietor.

Sole proprietors may have to comply with local registration, business licensing, or permit laws to make the business legitimate. These business owners are personally responsible for paying both income taxes and business debts.

S-Corporation - A form of corporate organization where the profits of the entity pass through to shareholders and are taxed on their personal returns under subchapter S of the Internal Revenue Code.

Target Market - A specified audience or demographic group that an ad, product or service is intended to reach.

Telemarketing - Using the telephone to sell, promote or solicit products and services.

Trademark - A name, phrase, logo, image or combination of images used to identify and distinguish a business from others in the marketplace. The term is often used to include service marks, which apply to businesses providing services as opposed to selling products. Trademarks can be either registered or unregistered, with different levels of protection.

Venture Capital - Money used to support new or unusual commercial undertakings; equity, risk or speculative capital. This funding is provided to new or existing firms that exhibit above-average growth rates, a significant potential for market expansion and the need for additional financing for business maintenance or expansion. Venture Capital is extremely difficult to secure for a variety of reasons.

Working Capital - The difference between current assets and current liabilities. Working capital finances the cash conversion cycle of a business - the time it takes to convert raw materials to finished products to sell and receive cash.