

(Consumer Version)

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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Note: The following two appendices do not appear in the Consumer Version of this toolkit; they only appear in the full online version:

(http://dwd.wisconsin.gov/dvr/pdf_files/self_employment_toolkit.pdf)

- Appendix 13 - Business Consultants Information Packet
- Appendix 14 - Business Plan Submission Checklist

Information for Consumers

**Please notify DVR if you need any of the information included in this toolkit in a different format.*

This section has been developed for consumers who have expressed an interest in self-employment. This section will go through your role as a consumer and the role of DVR staff in assisting you through the process.

Your roles and responsibilities as a potential business owner are:

- Identifying existing assets (knowledge, skills, equipment, networks, etc.)
- Completing agreed upon assignments and tasks in a timely manner
- Conducting a feasibility study
- Demonstrating progress as outlined in your IPE
- Deciding what business to pursue
- Developing a business plan within an agreed upon timeframe
- Identifying what tasks will be performed by you in your 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 insurances
- Securing business start-up funds
- Developing a customer base
- Locating suppliers
- Hiring employees if applicable
- Starting the business

There are many steps in deciding if you will be able to be successfully self-employed. DVR staff will review these with you.

Business experts stress the importance of the individual's initiative and ability to complete a task. However, taking initiative does not preclude you from being provided with direction, rationale, and support.

Steps in the Process: (full description provided on following pages)

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

The following pages will outline the steps in more detail and provide you with information related to DVR and self-employment. You may be asked to research information that is not included in this toolkit as it is not meant to be all inclusive.

Step 1

Preliminary Information for Expressed Interest in Self-Employment

To assist you in making an informed choice about whether or not to pursue self-employment, it is suggested that the following information be reviewed together by you and your counselor or other appropriate DVR staff.

1. DVR's purpose: *To provide VR services to you so that you can prepare for and engage in gainful employment. Gainful employment is defined as earning minimum wage or above for hours worked.*
2. You and the DVR staff should discuss the 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.
3. You and the DVR staff should discuss that for DVR purposes, self-employment by itself **is not** an employment goal. Self-employment **is** a way or a means to make money practicing your skill (ex: welding), or selling your product (insurance policies). (See [Step 4](#) - Development of the Individualized Plan for Employment.)
4. You and the DVR staff should discuss your role in the process:
 - Identifying your assets (knowledge, skills, equipment, support networks, etc.).
 - Identifying your potential weaknesses (skill deficiencies, poor credit, lack of transportation, criminal history, etc.).
 - Completing agreed upon assignments and tasks.
 - Demonstrating progress as outlined in your IPE.
 - Deciding what business to pursue.
 - Conducting a feasibility study.
 - Developing a business plan within an agreed upon timeframe.
 - Identifying in your business plan what tasks you will perform and what tasks will be performed by outside supports e.g. bookkeeping, taxes, payroll, contract development, etc.
 - Identifying and obtaining necessary permits, licenses, and insurances.
 - Securing business start-up funds.
 - Developing a customer base.
 - Locating suppliers.
 - Hiring employees if applicable.
 - Starting the business.

5. The counselor should explain to you their role; other DVR staffs roles and responsibilities in the process. Their role is to:
 - 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.

6. You and the DVR staff should discuss the business consultant's role in the process. *All of the following can be possible:*
 - Guiding you through the process with expertise and a realistic perspective (except in cases where you may need more assistance as a reasonable accommodation). Note that DVR staff will inform the consultant when this is needed.
 - Assisting you in conducting a feasibility assessment.
 - Recommending potential funding sources.
 - Assembling a funding package.
 - Ready you for meeting with potential funding sources.
 - Suggesting marketing strategies.
 - Making recommendations on the viability of your proposed business.
 - Referral to other agencies, individuals, or businesses that could assist with feasibility, marketing or other services to aid in plan development.

7. You and the DVR staff should walk through the 12 self-employment steps and discuss the average timeframe for a DVR consumer to achieve self-employment. In 2010 the average timeframe was approximately 33 months, compared to approximately 31 months for all other rehabilitated closures. You have the ability to impact this timeline by meeting your progress measures, communicating with the DVR staff when you are having problems, asking for assistance when needed, etc.

8. You and the DVR staff should discuss how a feasible Business Plan is needed before DVR can fund any portion of a business. DVR staff can help you determine the feasibility of your business plan idea by offering feedback about any unrealistic ideas and barriers that will need to be overcome, etc.

9. You and the DVR staff should discuss DVR's funding policies and procedures. (See [Appendix 1.](#))

Discussion should occur regarding DVR services and costs for those services. Services provided by DVR are services that are identified as necessary and appropriate for the individualized consumer to achieve his/her IPE goal. For some cases DVR may provide services that have a cost associated with them and some cases will have services with no costs associated with them (e.g., guidance and counseling, paid for by other resources).

You should also discuss that DVR services and funding for self-employment are related to the start-up costs of a business. DVR does not provide funding for future or ongoing costs associated with the business. When a business plan is reviewed, the review committee will be looking for the business's ability to cover ongoing expenses and to be self-sustaining.

10. You and the DVR staff should discuss DVR's policy regarding comparable benefits. Before DVR can provide services to you, DVR must determine if comparable benefits or services exist under any other program. (See [Appendix 1.](#))

Examples of comparable benefits:

- Referral to 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.

11. DVR is not able to assist you in the purchasing of real estate/property or new construction. (See [Appendix 1.](#))

12. You and the DVR staff should discuss that in order for your case to remain open, you must make continuous progress toward the employment goal "within a reasonable timeframe". You and the DVR staff will work together to determine what is a reasonable timeframe and this will be reflected in the end dates column on your Individualized Plan for Employment (IPE).

13. If applicable, you and the DVR staff can discuss why DVR does not support Non-Profit businesses.

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 you cannot work for a non-profit. It would simply be an employment goal like any other in which you work for an employer...it is not self-employment.

14. If going into business with a partner you are expected to have *controlling interest* (51% or more) in the proposed business. Furthermore, DVR would provide assistance toward an approved business plan at the rate of ownership and your business partner would be expected to contribute their rate of ownership (e.g. you have *75 % ownership. Business Plan 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 you are going into business with another DVR consumer, percentage of ownership must be equal (50-50).

If you and another DVR consumer are business partners:

- A single business plan would be developed.
- Each must have an Individualized Plan for Employment (IPE) that supports the proposed occupation
- The request for funding, when combined, can not exceed the total amount needed for the start-up of the business.
- Must meet the successful rehabilitation standards independent of the other. That means that the income for each of you must meet the standard. Generating twice the minimum will not meet the standard. The earnings of each of you must be at least minimum wage x the number of hours worked per week as identified in the IPE.

15. If you receive SSI/SSDI benefits, you and your DVR staff discuss how earnings may impact your benefits as well as work incentives. [Appendix 3](#) contains information on business structure, social security, work incentives, and resources on how further information can be obtained.

If you are receiving SSI and Medicaid and you decide to structure your business as a Limited Liability Company (LLC), S Corporation, or C Corporation, business assets may be considered as personal assets which could jeopardize your SSI or Medicaid benefits.

If you are receiving benefits you are responsible for reporting any changes to your annual earnings or resources to the Social Security Administration. Failure to do so, can result in over payment and subject to collections by SSA

16. You and the DVR staff should discuss the expectations and requirements related to the successful closure of your DVR case. (See [Step 12.](#))

You will be responsible for reporting your annual earnings and expenses to the Internal Revenue Service (IRS) and Wisconsin Department of Revenue.

17. You and the DVR staff should discuss any questions you have. **Make sure you understand what your roles and responsibilities are in the self-employment process.**

Step 2

Arrange Initial Appointments to Discuss Self-Employment and Feasibility of Proposed Business

During [Step 2](#), you and DVR staff should arrange several appointments to discuss the information listed below. It is suggested that this be spread out over at least three (3) appointments to allow for a thorough discussion of all the information. Going over this information will provide both you and the DVR staff knowledge about your self-employment goal as well as some of your skills and limitations. DVR staff may also recommend that you review other information or complete additional activities as determined needed.

DVR staff will provide you with some handouts and activities to complete on your own. Please notify DVR if you need information in a different format or if you need assistance in completing any handouts and activities.

1. Determination of Interest and Goals:

During this first step, you and the DVR staff will develop a goal that is appropriate given your strengths, resources, priorities, concerns, abilities, capabilities, interests and informed choice. This may be accomplished by completing formal assessments, benefits analysis, internet research, counseling and guidance, etc. Together you and the DVR staff will determine what is needed to accomplish this. DVR staff will also discuss with you any goals you may have about self-employment that appear unrealistic.

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

You and the DVR staff will review a list of advantages and disadvantages related to self-employment. You should also list any that you can come up with that are specific to you and your situation that may not be listed.

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

This assessment goes hand and hand with the feasibility study and entrepreneur inventory. It is a list of 26 questions to assist you in thinking about your personal strengths for self-employment as well as the strength of your business idea. There are no wrong or right answers.

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

These tests may be useful for discussions with DVR staff about your interests, skills, and or characteristics needed for self-employment.

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

Completing the Monthly Personal and Living Expenses Worksheet is an opportunity for both you and the DVR staff to evaluate your monthly expenditures in relationship to the business.

You should let DVR staff know if you need help to complete this.

Note: If you are receiving SSI and Medicaid and you decide to structure your business as a Limited Liability Company (LLC), S Corporation, or C Corporation, business assets may be considered as personal assets which could jeopardize your SSI or Medicaid benefits.

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

To help provide you with a brief understanding of credit, you and your DVR staff should review this appendix. Having good credit is important when starting a business but, businesses have been started with poor credit. There is also an assessment on reviewing your own credit. Further information may need to be researched.

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

A list of resources has been developed and listed by category. These resources may be helpful to you throughout the entire process. It is suggested that you take the time to review these on your own or with the DVR staff.

Step 3

Determine Feasibility of Proposed Business

After completing the initial exploration activities in [Step 2](#), the feasibility of your 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 you and DVR proceed with the proposed business idea?” All activities of the study are directed toward helping you and 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 your goals. Ultimately, the feasibility study will determine whether or not your business idea should be pursued in its current form.

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

You should notify DVR staff if you need any assistance to complete the feasibility study.

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 you 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 you have 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, you and DVR may investigate a variety of ways of organizing the business and positioning your 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 you.

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. **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 you, there are 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 you with conducting a feasibility analysis. DVR staff will discuss referrals to these agencies with you.

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. You 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. You and DVR will go over these.

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 and DVR assess the tradeoff between the risks and rewards of moving forward with the business.

Feasibility Decision:

After conducting the feasibility study, you and the DVR staff should review the findings and have a discussion regarding the merit of the proposed business. Does the business appear feasible and realistic? Any concerns regarding the feasibility of the proposed business should be reviewed and DVR will ask you to address these concerns using researched facts.

You 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 you are 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 you can afford to wait to make a profit. In other words, do you have enough money to pay all business and living expenses while waiting for the business to become profitable?

DVR staff have been advised not to move forward when they are not in agreement with the feasibility study's findings. If you and the DVR staff are not in agreement, you have the right to appeal that decision. The DVR staff will provide you information on how you dispute this decision.

Step 4

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

After working through [Step 2](#) and [Step 3](#) with the DVR staff, you should have a clear idea of your vocational goal. When developing an Individualized Plan for Employment (IPE) for self-employment, the IPE is typically written as a dual track. This ensures that the skill is the primary focus, while allowing you to continue to evaluate whether or not you still want to be self-employed.

Here are some examples of a dual track IPE employment goal:

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

While dual track IPE goals are appropriate in most cases, if you feel your IPE goal should focus exclusively on the occupation through self-employment you are encouraged to discuss this with your counselor.

It is important to list all of the services on your IPE that will be needed and are known, at the time the plan is written. This would include services that address your disability, training needs, and barriers that are not disability related. Services may also include other learning opportunities such as apprenticeships or short-term work experiences in the type of business you wish to open.

If you are receiving SSI/SSDI and are interested in working at Trial Work Wage (TWW) or going off of cash benefits, this decision will be reflected in the IPE and also in the goal by stating your anticipated income level, hours of work per week, and following the additional requirements mentioned in [Step 12](#). Your counselor should go over these requirements with you.

A referral should be made to a benefits specialist to assist you in explaining the advantages and benefits of achieving Substantial Gainful Activity (SGA), possible work incentives (e.g., Property Essential for Self-Support (PESS) and Unincurred Business Expense) and the impact of self-employment on your benefits.

Note: If you are receiving SSI and Medicaid and you decide to structure your business as a Limited Liability Company (LLC), S Corporation, or C Corporation, business assets may be considered as personal assets which could jeopardize your SSI or Medicaid benefits.

Progress measures are in the IPE to assist you and the DVR staff in assessing your progress towards your goal. Progress measures describe how goals are to be achieved and by when. See IPE Example #1 in [Appendix 11](#).

DVR staff should provide you with a copy of your appeal rights in writing. You may also request these in a different format.

Step 5

Complete Skill Development and Prepare for Self-Employment

During this step, you are working at successfully completing any training, education, or other activities you and DVR have decided are needed to reach your goal. If you are having difficulty completing your training, meeting timelines, or making progress, you should discuss this with the DVR staff as soon as possible. Why is this important? It is important because this could cause delay in reaching your goal, stop you from reaching your goal, and/or result in DVR closing your case.

Step 6

Meet to Discuss Continued Interests and Progress Towards Self-Employment

This is an opportunity for you and the DVR staff to review and discuss the information learned to date, steps completed thus far and for you to re-evaluate your desire to become self-employed.

If you are still interested in self-employment then you should be ready to move on to [Step 6](#). At this time, you and your DVR staff should amend your IPE to reflect the services needed to assist you in developing your business plan.

See [Appendix 11](#) Example #2 for an IPE that has been amended to include business planning services.

The DVR staff should discuss and provide you with a copy of the Business Plan Development Checklist. This checklist will be used by the Business Plan Review Committee to evaluate your proposed business plan. It is extremely important that the business plan address each of the items on this checklist prior to submitting it to review to the internal review committee.

If you have decided that you are no longer interested in self-employment and/or your employment goal, then you and the DVR staff should address this and update your plan as needed.

Step 7

Development of the Business Plan

The next step is to take the information and data from the feasibility study to develop a comprehensive business plan. A comprehensive business plan will be your business's road map. A business plan is necessary for DVR to determine the potential for success and can be used to obtain funding now and in the future. To be credible, a business plan should be well written, organized and without any spelling or grammatical errors.

DVR Policy requires that a consumer who wishes to be self-employed ...”*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.*”

Most people do not have experience developing business plans, so we recommend that a consultant help. There are many consultants available throughout the state. Your counselor can share local resources with you in addition to the resources found in [Appendix 9](#). It would also benefit you to read [Appendix 2](#) which includes the role of the business consultant. It is important to stress that you **must be an active participant in the development of your business plan**. The consultant's role is to guide and assist you through the development of the business plan. The consultant can conduct marketing research, assist with problem solving, assist with formatting the plan, and identify possible funding sources.

The business plans' equipment list should not identify whether or not the equipment is being requested due to your disability related needs. You and the DVR staff should identify in writing what you 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 you as a person with a disability, you should discuss with your counselor whether or not to include it in your business plan.

Throughout the development of your business plan, you and the DVR staff should be reviewing your drafts to ensure all areas are being addressed properly.

Reminder: If you are receiving SSI and Medicaid and you decide to structure your business as a Limited Liability Company (LLC), S Corporation, or C Corporation, business assets may be considered as personal assets which could jeopardize your 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 business 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 a task for corporations, classrooms, or consultants.

In reality, planning is the key to the success of any small business.

Marketplace or economic changes have 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. Ongoing comparison of planned to actual results provides a terrific opportunity to continuously improve your 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. We have included links to sample business plans in [Appendix 9](#). In general, the information contained in a business plan should be consistent with this format, although section titles and order can 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 a particular 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, Corp. 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 Finance 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

DVR uses a Business Plan Checklist as a tool for evaluating the business plan. This checklist allows you and the DVR staff to evaluate the contents and comprehensiveness of the plan.

The Business Plan Checklist is included in [Appendix 15](#).

Step 8

Initial Review and Submit the Business Plan to Potential Investors

1. Counselor and Consumer Review for External Funding:

It is recommended that the following steps be followed prior to you submitting the business plan to the community agency review entity or potential investors:

- Throughout the process you, the VR Counselor, or other DVR staff should evaluate all drafts of the business plan for completeness and thoroughness using the checklist found in [Appendix 15](#) as a guide. This is the same guide the Business Plan Review Committee will be using for their review.
- 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 may be purchased by DVR as part of the process. This review will address the general quality of the business plan.

Sources who could review the business plan include: Service Corps of Retired Executives (SCORE), Small Business Development Centers (SBDC), Wisconsin Women's Business Initiative Corporation (WWBIC), UW- Extension, Certified Public Accountants, independent consultants, local economic development committees and banks. Your counselor will share a list of resources available in order for you to make an informed choice as to who should review your business plan. (See [Appendix 12](#).)

The resource that assisted in writing the business plan should not be the same entity that 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

Prior to submitting the plan to potential investors, you should ensure all areas have been appropriately covered and that the plan is well written.

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

If you are denied a loan, you and the 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 you convince the funder that you 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 you up for failure? Did you meet the funder's guidelines? These are all valid reasons for denying your loan request and you should explore them with the DVR staff.

In some cases, banks are not good resources for start-up business because they require qualified borrowers, see small businesses as high-risks and view the loan amount requested as making minimal profit for their bank.

If potential funding is available and documentation of DVR's potential contribution would help you get this funding, DVR can provide a letter to the lender identifying what goods or services they would be willing to fund. A lender can use the goods as security if you default on paying the loan. This is called collateral. See [Appendix 16](#) - Glossary section of this toolkit for the definition.

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

A basic belief of business development is that you, the potential business owner, must contribute financially to the business. There are many ways you can contribute. Some microloan organizations even accept such things as a car or personal items of value as collateral from low-income business owners who have no money of their own to contribute. You can discuss with DVR what they would consider as your contribution.

A personal investment is considered critical for instilling a sense of ownership and reducing the likelihood that you the business owner will walk away if the business falters. Providing a contribution shows DVR and other potential investors that you are serious about the business and willing to invest something of value besides your time.

How much should you contribute towards your business from your own money/resources? Recommended amounts vary. You and DVR should discuss what monetary or in-kind contribution amount would be appropriate.

This is also the time that you and DVR should discuss and explore comparable benefits.

Step 9

Internal Reviews of the Business Plan

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

You and your counselor will complete the Business Plan Submission Checklist before giving your business plan to the Business Plan Review Committee.

If at any point you insist on presenting your business plan to the Review Committee without the support of your counselor; your counselor will inform and the committee that they are not in support of the proposed business at this time and the reasons why. It is not an option for your counselor to remain silent.

The counselor and/or other DVR staff are still expected to be present as a means of support, when the review committee requests to meet with you. The counselor will be asked and is expected to share their support and/or concerns with the committee.

Business Plan Review Committee:

Within two (2) weeks of receiving your business plan, the Business Plan Review Committee will schedule a meeting for you to present your plan. If the committee will not be able to meet within this time frame a reasonable extension can be agreed to by all involved parties including you. You may invite an advocate or others to attend this presentation. When determining whether or not DVR will support the business plan, the committee will take into account recommendations from your counselor's, business consultant, other sources (e.g., training program advisor, credit counselor, therapist, etc.). Within three business days of the review meeting, the committee will inform you and all interested parties whether or not the plan has been approved or denied and why.

If determined appropriate, the Business Plan Review Committee can choose to review the proposed business through other methods (e.g., email).

If approved, the counselor can authorize for services within their delegated purchasing authority. If the purchases exceed the counselor's spending authority the Director's approval is necessary.

If the purchase exceeds the Director's authority, approval of the Bureau Director is necessary. The Bureau Director is to approve or deny the purchase request within five business days. (See [Appendix 1](#).) If the plan is denied, a meeting will be arranged with you, your 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 you very specific reasons why it is not.

*A decision to not support the proposed business needs to be provided to you in writing, and in your native language or mode of communication, or as appropriate to your representative, along with your appeal rights and Client Assistance Program (CAP) information.

Step 10

Amend the IPE and Identify DVR Contribution

Up to this point it is most likely that you and DVR have not formally identified self-employment as your employment outcome. If DVR has decided to support the business, you and your counselor will amend the IPE to reflect this. See Final IPE Amendment Example in [Appendix 11](#).

The amendment should identify DVR's contribution and specify how start-up funds will be used.

Should you want additional business related services/funding from DVR that were not approved by the business review committee, an exception request will need to be done. See [Appendix 1](#) to obtain an exception request form.

Step 11

Opening the Business

At this point in the process, all funding sources have been identified, secured, and you should be ready to open your business. The DVR staff will continue to provide follow-along support and counseling services, as well as assist you in connecting with any additional resources you may need.

As a reminder, if after DVR's funding parameters have been finalized any requests for additional funding or services must be done through the exception process. (See [Appendix 1](#).)

Step 12 Successful Closure of the DVR Case

After DVR has provided all of the services listed on your IPE your case will be closed successfully after 90 days.

The 90 day clock does not begin until all services DVR has agreed to provide you in your IPE have been delivered. You and the DVR staff should decide together when to start the 90 day clock.

To determine if your case can be closed as successfully rehabilitated after 90 days:

- You must gross minimum wage or above from your business for a minimum of 90 days.
- Your 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 (full time- 40 hrs, 32 hrs or part time: 20 hrs, 10 hrs, etc) for 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 by you providing DVR a brief letter stating that "... the monthly gross income figures from my business for September 2010 are ..., October 2010 are ..., and November 2010 are ..."

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

If you are receiving SSI/SSDI benefits and your goal is to go off of benefits there are additional documentation requirements that your counselor will discuss with you *such as*:

- Need for 9 months of wage verification for each month that the wages are earned at or above SGA thresholds:
 - Annual income tax documents- preferred
 - FICA Documentation
 - 1040-ES- estimated tax payment if taxes not available - determined on individual basis
 - Schedule F for farmers

If there is a cost for providing this information, DVR can assist with these expenses as determined appropriate.

As a reminder, you are responsible for reporting your annual earnings and expenses to the Internal Revenue Service (IRS) and Wisconsin Department of Revenue. If you are receiving benefits you are also responsible for reporting any changes to your annual earnings or resources to the Social Security Administration. Failure to do so can result in over payment and subject to collections by SSA.

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 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 or 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://datcp.wi.gov/Business/Business_Resources/index.aspx)

http://datcp.wi.gov/Business/Business_Resources/index.aspx

Click on Got 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 you 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
-------------------------------------	--	------------

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
-------------------------------------	--	------------

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 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.