



Venture Mentors, LLC

Self-Employment is a Viable Option.... Really!

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What is Venture Mentors?

Venture Mentors is a unique consulting firm that specializes in helping people with disabilities successfully launch and manage profitable small businesses or micro-enterprises.

Venture Mentors provides a one-of-a-kind linkage between the business world and the vocational rehabilitation or disability services systems.



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Why Self-Employment?

In many cases, self-employment is the very best option for someone with a disability and may be a far better option than wage employment. Self-employment can:

- Give greater flexibility to the owner
- Give greater freedom
- Allow independence and autonomy
- Provide greater income
- Allow for asset building
- Accommodate some disabilities more readily than wage employment



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What Kind of Businesses?

Some of the Businesses:

- Coffee Shop
- Art - Painting
- Engraving
- Dollar Store
- Agri-business
- Horse Stable
- Collectable Trading
- Art - Sculpture
- Auto Repair
- Home Décor Sales
- Printing
- DVD Montage creation
- Photography
- Computer Repair
- Record Transcription
- Medical Billing
- Video Training
- Music Promotion
- Music Production
- Realtor



The Facts About Self-Employment and Disability

- 7.8% of the general population is self-employed
- 12.2% of people with disabilities are self-employed
- RSA Choice Demonstration project reported 20-30% of VR clients would prefer to be self-employed
- 2.7% of VR closures were with self-employment
- 90% of businesses started by people with disabilities are successful
- Most well structured small businesses can be successful very quickly



Why do so few people with disabilities own businesses?

- Rehab systems and professionals have NO experience with business ownership
- Service system not set up to support people in business
- No connection to or involvement with the business community
- Funding not flexible nor consumer directed
- Focus on quick employment outcome
- People with disabilities fear benefit loss



Won't owning a business cause me to lose my Social Security?

- No – SSI does not count a business or things owned by the business as resources
- There are special work incentives that apply just to self-employment
- It is actually easier to control countable income in self-employment than in wage employment. You can control what happens to your benefits!

More on Self-Employment and Social Security


- Some work incentives (PASS) can be used to finance business start-up
- The way your business is structured and how you keep your books matters – get help before you start!
- See a Benefits Specialist for advice before you do anything else!!!

Supported Employment

- In the late 1970's supported employment was started
- Supported employment concentrated on the skills necessary for success in wage employment
- Business success depends on business skills as well as functional skills

What is Missing?


- SCORE and SBDC do not understand public benefits, nor the work incentives that can be used to capitalize businesses.
- SCORE and SBDC give advice and models, they are not staffed to do the work.
- State VR and WIPA (formerly BPAO's) don't have the business expertise or time.



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SBDC and SCORE


- 70% of SBDC staff said they had no experience dealing with people with disabilities
- 52% of SBDC staff said they did not know what VR did
- 9% of VR centers have interagency agreements with SBDC



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DOL Blue Ribbon Panel


First recommendation: Develop a national mentor network, a system of matching appropriate mentors and protégés with disabilities in one-to-one relationships. Mentors would assist protégés with establishing credit, developing and implementing a business plan, developing resources and provide continuing support after the business is operating. The network could be developed with the assistance of local resources such as vocational rehabilitation counselors and independent living centers.



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Initial Steps


- Proof of Concept
- Feasibility
- Business Plan
- Implementation



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Proof of Concept


- Initial review of business concepts – review and discussion about the business idea and requirements.
- Can be formal or informal.
- Identify people necessary to get the business off the ground.
- Determine level of interest and willingness to make it happen.



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Proof of Concept

- Has the person decided on a business?
- Is the business viable?
- Can it make enough to support itself?
- What supports are necessary?
- Is the person (or the support system) committed to doing the work?
- Are the correct people involved?
- Is there any internal expertise?




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Proof of Concept


- What is viable?
 - Depends on who you are talking to
 - VR – Profitable (is case closure possible)
 - SSA – Profits above SGA
 - Family – Not losing family resources

- Who is Paying?




Problems - Proof of Concept

- I want to be in business because I can't get along with people.
- Just tell me what business I should be in, set it up, and I will run it.
- It will be successful because I say so.
- Disability service providers are going to do all of the work.
- We have volunteers who will donate their time to make it happen.
- I want to be self-employed so SSA won't count the money my business makes.




Business Proof of Concept

- 1) What do you plan to sell?
- 2) Who do you plan to sell it to?
- 3) Who is your competition?
- 4) Why will people want to buy from you instead of your competition?
- 5) Have you done any surveys or asked questions of potential customers?
- 6) What supplies and equipment will be necessary?
- 7) Where will the business be located?
- 8) What experience do you have?
- 9) How do you plan to finance start-up?
- 10) Is Vocational Rehabilitation (or other agency) involved?
- 11) Do you understand how self employment will affect your benefits?




Business Proof of Concept

Function	Who will do it?	What is the cost?	Who is Paying?
General Management			
Market Research			
Business Planning			
Start-up Coordination			
Legal Advice			
Work Incentives Planning			




Feasibility

- Is it economically viable?
- Is there really a market?
- What supports are necessary?
- Can we put together a reliable support system?
- What supports are necessary?
- What is it going to take to make it work?



Assessing Feasibility

- Gather Marketing Information
 - Surveys
 - Business experts
 - Government licensing
 - Research
- Training Requirements
- Cost Modeling



Feasibility

- Gumball Vending Business

- What is Known

- The machines will be \$.25 machines
- The cost will be \$.13 per \$.25
- There are 56 servings per machine.
- The family currently has a van that can be used for delivery.
- The father is retired and will provide transportation support.
- They want to have a cell phone to stay in contact.
- Machines are expected to cost \$200 each.
- The Grandmother is an accountant.



Feasibility

- What is Not Known

- Type of Insurance required?
- Permits and Licenses required?
- Actual Costs?
- How quickly product will turn?
- What are the best locations for machines?



Feasibility

- Assumptions

- Vehicle & Insurance - \$1.00 per machine per month.
- Cell Phone \$60.00 per month.
- Expected Gross Sales \$14.00 per Month per machine



Feasibility

- What Now?????
 - What will it take to make the product profitable??
 - Can we write the business plan??



Feasibility

Number of Machines	Monthly Gross Sales	Monthly Gross Profit	Monthly Auto Cost	Monthly Cell Phone	Monthly Net Profit	Cost of Total Machines
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Feasibility

Number of Machines	Monthly Gross Sales	Monthly Gross Profit	Monthly Auto Cost	Monthly Cell Phone	Monthly Net Profit	Cost of Total Machines
20	280.00	134.40	20.00	60.00	54.40	4,000.00



Three Pieces

- All pieces are interdependent
- Business information comes from the team.
How is this going to run?
- Marketing information comes from the feasibility analysis.
- Financial section takes costs from the business information and income from the marketing information.



Circular Planning

- If the financial information does not show the desired results –
 - Is more volume and marketing needed? How can we get it, and what will it cost?
 - Is more overhead and expense required because of the increased volume? What is the balance point?
 - Is this all realistic and are the people involved willing to make it happen?



Business Plan Problems

- I just need a business plan to get financing
- I know the people around here - I know what will sell
- I am going to have sales of \$10,000 the first month.
What do you mean I need to support the number?
- I am a Supported Employment provider, of course I can do self-employment
- What do you mean "business controls"?
- The business plan is done – all the hard work is done, right?



Business Problems Related to the Disability World

- Most businesses deal with a "window of opportunity" Reaction time needs to be quick
- You cannot "make" a business for a person. It has to be theirs. They have to have a significant commitment to make it work.
- We have a 30 person business planning group consisting of all of Human Services professionals and family members. This business is going to be great, right?
- I have to report this to Social Security?



Business Problems Related to the Disability World

- He can't lose his disability check. I am paid out of his disability and he can't have the business if it means losing his check. This is in his best interest.
- She will need a lot of support that we have to pay for, so why don't we just increase the income?
- My accountant says my Social Security benefits don't have anything to do with the business
- We need a lot of equipment like cars and computers. Let's just increase the PASS



Business Problems Related to Business

- What do you mean I have to have a building and sewer inspection before I start. How long will that take?
- What kind of insurance?
- You mean I have to do that? Nobody told me.
- I have rented the building, now how do I do a business plan.
- The financing has to be used for what was listed in the business plan?
- My accountant told me I needed to incorporate, so I did.



Business Problems Related to Business

- You mean I have to pay wages based on Department of Labor standards?
- I am not an accountant, I don't need to know how to read financials.
- If I buy it for \$1.00 and sell it for \$1.10 I will make money, right? What do you mean overhead?
- I know at least 12 other guys doing the exact same thing. Why won't I make money at it?
- If I don't take money out of the business, it doesn't count as income



Cautions

- Sloppy feasibility work will kill the business
 - Take the time to research the business
 - Do test sales, surveys and market analysis
- In working through the business plan, details are important
 - What permits and licensing are necessary?
 - Food handlers
 - Restaurant
 - Business or Vendors License




Additional Cautions

- In working through the business plan, details are important
 - What is the best business structure for their needs?
 - How will this affect benefits?
- The business plan needs to be a working document



What Makes a Business Successful?


- Good planning
 - Figure out the business
 - Figure out who the customer is
 - Figure out what the customer wants
- Be different
 - Different product
 - Different delivery
 - Different service



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What Makes a Business Successful?


- Don't
 - Do the same thing as everyone else
 - Start without a plan
 - Assume customers or market
 - Rely on volunteer labor or paid human service workers
 - Expect others to do it all for you
 - Make commitments or purchases until you have the plan



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What Makes a Business Successful?

- Do
 - A lot of planning BEFORE you open the doors
 - Talk to people about the business
 - Get the best advice possible from people who know about business
 - Get supports in place before you start the business
 - Know what you need to get started and how much it will cost
 - Start small and grow the business over time



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