

# **SUPPORTED SELF-EMPLOYMENT 101**

## **A Handbook for Getting Started**



**Developed by:**

**Michigan Department of Community Health  
Office of Long-Term Care Supports and Services**

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**August 2007**

Funding provided by the Michigan Medicaid Infrastructure Grant, Award Number: 1QACMS300124/01 from U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services received by the Michigan Department of Community Health. However, these contents do not necessarily represent the policy of the U.S. Department of Health and Human Services and Michigan Department of Community Health.



# Acknowledgements

The Michigan Department of Community Health would first like to thank those self-employment pioneers with disabilities, their families, and support groups in our local communities. These individuals led the way to creating new options to earn money and have a more self-determined life.

Key organizations and people that participated in the development of this handbook include:

Allegan County Community Mental Health Services  
Beth Durkee and Bob Besser

Huron Behavioral Health  
Nancy Hebert

Macomb-Oakland Regional Center, Inc.  
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Michigan Medicaid Infrastructure Grant, Michigan Department of  
Community Health, Office of Long-Term Care Supports and Services  
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## **Foreword**

Supported Self-Employment and micro enterprise initiatives gained energy in Michigan beginning in 1999 and 2000. The foundation of both models is built on the principles of self-determination. Employment providers began to embrace these initiatives as truly credible options for persons in workshops, day programs, on crews with little chance of financial advancement, or for whom traditional supported employment had not been successful. Many business ideas evolve from person-centered planning sessions when traditional or competitive wage employment is not seen as an option. However, Supported Self-Employment should not be seen as the magical model when all else fails. It should not lessen efforts to find wage employment for individuals. Business development and Supported Self-Employment must be the “right fit” for the individual, as determined by a person-centered plan.

This handbook is intended to provide direction for organizations that embrace Supported Self-Employment. It is hoped this will shape greater self-determined opportunities for people with disabilities across Michigan.

Business ideas often evolve from individuals’ interests or talents; then finding a “niche” in the market that would use a particular service or product provided by the individual. It’s not uncommon to explore the possibilities of sales by making some products or offering a service to “test” the market. This may serve as a way to determine if a product or service will sell and at what price. This exploration may take several months to provide sound research, but should evolve into a business plan or be the basis to disregard the initial concept and regroup to determine other business or employment options.

Supported Self-Employment businesses should never be devaluing to the individual, their employees or staff. The business should not be trivial or make the business owner appear incompetent. Business planning for individuals must be based on market need and project how a person will utilize his or her talents combined with resources to meet the need and be profitable.

We acknowledge the unique role that hobbies and small microenterprise attempts play in exploring business concepts or allowing individuals to generate small amounts of spending money. We also recognize that individuals who have small enterprises may regard them as their businesses and wish to continue these activities indefinitely, never growing it into a legitimate business as recognized by the Internal Revenue Service (IRS). This handbook is not written for individuals or organizations who solely are supporting these hobbies or small enterprises, but rather for those individuals striving to grow more self-sufficient.

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## Introduction



The Census Bureau reports: *“Nation Adds 1 Million Self-employed Businesses to Reach 18.6 Million”*

*“The number of businesses with no paid employees grew from 17.6 million in 2002 to more than 18.6 million in 2003, a growth rate of 5.7 percent, according to a report issued today by the U.S. Census Bureau (Friday, September 30, 2005). This represents the biggest rate of increase in self-employment since the Census Bureau began releasing such statistics in 1997; the rate during the 2001 to 2002 period, 3.9 percent, was the previous high.”*

There has been increasing interest and work over the last several years in areas relating to helping people with disabilities to become business owners. As this work continues, it seems that there are more and more questions that arise and issues that need to be addressed. This handbook is an attempt to address these questions and issues.

This handbook is the result of the combined efforts and expertise of a group of individuals involved in various aspects of employment for persons with disabilities. This handbook is meant to be a working document. Feedback about content is encouraged. Readers are requested to complete the feedback form at the end of this handbook so that updates, revisions, and clarifications can be made in order to best meet the needs of individuals and providers interested in Supported Self-Employment as a model.

The feedback form, on page 60, may be faxed to Cathryn Maddalena at 517-432-1344 or Joe Longcor at 517-241-2345.

The methodologies and models described in this manual can effectively be applied and implemented for individuals with varying types of disabilities. This manual should not be construed as disability specific, but rather, viewed as disability neutral.



# Part I

## Values-based Supported Self-Employment



## **Principles of Self-Determination**

Self-determination is based on the belief that individuals have the freedom to define their lives by making meaningful choices and directing the services and supports they require. The Supported Self-Employment model is built on the principles of self-determination and the person-centered planning philosophy. Freedom, authority, support, and responsibility are the underpinnings of self-determination.

- Individuals have the freedom to plan their own lives and to pursue the things that are important to them with desired and/or necessary supports
- Individuals have the freedom to experience the same life opportunities as other people through community connections and experiences
- Individuals have the authority over their support budgets
- All stakeholders involved demonstrate and confirm the critical role individuals and their families play in decision making and directing their own lives
- Individuals have the freedom to choose and orchestrate the supports they need for the life they envision, including supports for working and earning an income.
- Individuals enjoy economic freedom, independence and security with opportunities to earn an adequate income
- Individuals take responsibility for decisions in their lives and the allocation of monetary supports with the assistance of an independent fiscal intermediary.\*

\* Adapted from *Self-Determination: Principles for Evaluating Your System*, Tom Nerney and Vicki Vining (2005)

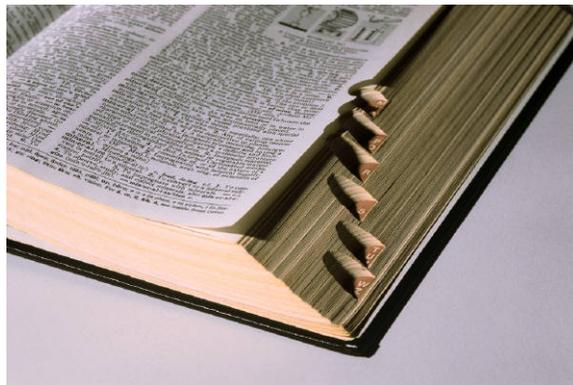
Supported Self-Employment is about individuals determining their income producing activities and career opportunities with the support and assistance of service providers.

## **Person-centered Planning and Supported Self-Employment**

Person-centered Planning is a process used to assist individuals in developing and determining a vision for their lives by identifying and planning for supports and services necessary to construct a life in the community. The individual directs the planning process, focusing on the wants and needs of the individual. This process builds on the individual's capacity to engage in activities that promote community life honoring the individual's preferences, choices and abilities. This is a dynamic process that changes according to the individual's needs and desires. Successful person-centered planning puts individuals in charge of their own lives.

## **Part II**

### **Defining Supported Self-Employment**



## Defining Supported Self-Employment



**Supported Employment (SE)** is defined by the characteristics of paid work, making at least minimum wage, performed in integrated settings, intended for individuals with significant disabilities, who require ongoing support.

**Supported Self-Employment** is defined as individuals with disabilities owning their own businesses, who receive support and ongoing assistance in the operational aspects of the business. Like traditional SE, ongoing supports are not time limited and may continue for the life of the business, encouraging continued growth in the business to be legitimately recognized as a business by the Internal Revenue Service (IRS), and that the business results in the individual having a role in the economic life of the community.

Business owners with disabilities should have access to the supports and resources necessary to initiate, develop and maintain business activities. Supports may come from a variety of community resources and will be determined by the business abilities, skills, and support needs.

The term Supported Self-Employment is being used in this document because it builds on the foundation already established by over two decades of experience, training, and fundamental expectations rooted in Supported Employment. The values and principles of supported employment transfer very well. This service is covered by Medicaid under supported employment. As in supported employment the goal is to achieve at least minimum wage or greater in the most integrated settings possible.

**Microenterprise** commonly refers to businesses with less than five employees, commonly are sole proprietorships, and limited earning capacity. Microenterprises have played an integral role in helping individuals with significant disabilities earn income and engage in meaningful activities of their design. Microenterprises certainly reflect the same values as Supported Self-Employment and may well be interchangeable in some ways. Some microenterprises may indeed grow into businesses generating income for self-sufficiency, while others remain small with little expectation for growth or increased income production. However, microenterprises play a major role in expanding an individual's choices, decision making, relationships and community connections. Such activity would commonly be billed as community living supports.

## **A Supported Self-Employment Business Compared to a Hobby or a Very Small Microenterprise**



A person in Supported Self-Employment is in business with a plan to earn minimum wage at the earliest point in time possible. This business presents an opportunity for individuals with significant disabilities to become included in their communities and gain recognition as participating citizens. It also provides a person's support group, as well as providers, an opportunity to advance self-determination through person-centered planning and raise the bar of expectations for individuals with disabilities and address the myth that persons aren't being productive, tax paying citizens.



A responsibility and challenge accompanies these opportunities to not allow individuals to appear incompetent in the public view by perpetually making sub-minimum wage for their efforts, and to provide or sell a valued product or service. If we are prepared and creative enough to support an individual with a significant disability to have their own business, then we should also be prepared and creative enough to develop a plan and goals to achieve at least minimum wage or its equivalent for their efforts. This effort toward profitability and minimum wage equivalent may take several months to a few years, realizing that most small businesses reinvest their initial net profits back into their business for future growth.

The difference between a business and hobby centers on the goals of the individual. A business plans to be financially viable and generate enough income to grow more self-sufficient. A hobby is seldom planned and is only a pastime or leisure pursuit with virtually no intent to generate earnings. A hobby may certainly build community involvement/inclusion, make some pocket money or explore interests and talents in a productive way. Individuals may think of a hobby as a business and take great pride in their pastime, but providers of services and supports should remain responsible and recognize that hobbies are not businesses.

Additionally, enterprises strictly located within segregated settings such as workshops and/or foster care settings do not reflect the values of Supported Self-Employment.



**Hobby Example:** An individual walks his/her neighbor's dog a couple of days a week for some extra money, but has no intention of expanding this activity to walking more dogs or scheduling additional times. This activity generates spending money and the individual refers to this as his/her 'business.' This activity is likely supported through community living supports. Without planned growth and or projected profitability, this activity remains a hobby.

**Small Microenterprise Example:** An individual expresses an interest in generating income and he has communicated during his person-centered planning meeting that he enjoys being around dogs and cats. A plan is developed with the individual to start walking a few neighborhood dogs for money. The individual wants to try this for a few months. He and his planning team will review this endeavor to determine what should happen next. There is an expectation of continued planning and review to determine the status of the microenterprise. It may grow into a legitimate business or it may stay as a small microenterprise. Depending on both the plan and the volume of business conducted it may be billed as supported employment or community living supports.

**Business Example:** An individual might decide to develop a dog walking business to become more financially independent. Utilizing a person-centered plan he or she decides to begin walking dogs in his/her neighborhood. This effort would include working for multiple dog owners with regular walking schedules. The business may plan to add on additional future services such as in-home pet sitting, bathing, etc. The business plan would describe efforts that would generate significant income. The business owner may take small draws initially as he/she reinvests in the business, building equity with plans for increasing income and profits. This business may need a variety of supports along its growth path and likely will be supported by supported employment funding and services.

## What the Internal Revenue Service (IRS) Says

The IRS requires that a person file a Schedule SE if: you (the person) had annual net earnings from self-employment of \$400.00 or more. Note that this \$400.00 is net annual earnings after IRS allowable expenses. Ideally, businesses should have a goal of net earnings over this \$400.00 to legitimize it as business by the IRS and to strive to provide the owner with an income from his or her work minimally at or above minimum wage. Further detail on tax responsibility is found on pages 33 and 34. The IRS provides further details on self-employment at the following web sites:

<http://www.irs.gov/businesses/small/article/0,,id=115043,00.html>

<http://www.irs.gov/businesses/small/article/0,,id=146335,00.html>

Setting an initial goal to have minimum net earnings over \$400.00 provides a measurement for business planning and echoes a message to those involved in supporting a person that this is a legitimate business. Achieving net earnings in excess of \$400.00 also reinforces with the Social Security Administration (SSA) that the person has a competitive business in the eyes of the IRS. Social Security needs to see a business as such and not as a hobby. If a business is seen as a hobby, Social Security may apply its rules to a hobby and count **all sales** not **net earnings** in its determination of eligibility. This is another compelling reason to set net earning goals in excess of \$400.00.

Certainly annual net earnings of \$400.00 should not be the end goal for a business. Each business must make its own projections based on market and economic environments and would want to strive to be as profitable as possible.

Contrasting philosophies regarding legitimate and hobby businesses evoke strong debate on where to start, who can own a business, and how to support these endeavors. In either case it imperative to begin at some level to help the individual experience success and growth. Ultimately, individuals deserve and need to be seen as equals in society and Supported Self-Employment is a step toward integration and full citizenship.

## How does an agency pay for supported self employment?

### □ Who is eligible?

Within the greater definition of employment, everyone that is Community Mental Health (CMH) eligible is also eligible to create a consumer-run business as defined within the person's Person-centered Plan.

□ **MA rules**

The Medicaid Provider Manual allows for a consumer run business within the following sections:

2.5.A. Medical Necessity Criteria

Mental Health, developmental disabilities, and substance abuse services are supports, services, and treatment:

- Designed to assist the beneficiary to attain or maintain a sufficient level of functioning in order to achieve his goals of community inclusion and participation, independence, recovery, or productivity.  
17.3.M. Supported/Integrated Employment Services  
Provide job development, initial and ongoing support services to assist beneficiaries to obtain and maintain paid employment that would otherwise be unachievable without such supports. Coverage includes:
- Consumer-run businesses (e.g., vocational components of Fairweather Lodges, Supported Self-Employment)

□ **Michigan Rehabilitation Services (MRS)**

If initial funding is not anticipated from MRS, given that within the MRS Casework Manual – 5200 Self-Employment and Small Business, under Procedures, it notes in addition to other criteria that a “Small businesses may be supported by the agency as part of an Individual Plan of Employment (IPE) if they: ...are designed to become a major source of income for the individual to the greatest extent practical.” Every effort should be encouraged to promote business growth to the point of seeking MRS funding.

## **Other Funding Sources and Provider Supports**

If individuals seem more interested in pursuing their hobby as opposed to developing a business, or exploring their interests and building their skills, the following Medicaid coverages can be considered when putting a plan together:

### **17.3.B. Community Living Supports**

Community Living Supports are used to increase or maintain personal self-sufficiency, facilitate an individual’s achievement of community inclusion goals, independence or productivity. These supports may be provided in the individual’s residence or in community settings, such as, libraries, retail stores, city recreation venues, etc.

### **17.3.K Skill Building Assistance**

Skill building assistance is defined as activities that assist the individual to increase his/her economic self-sufficiency and/or engage in meaningful activities such as education, training and/or volunteering. These services provide knowledge and specialized skill development and/or support. Skill building assistance may be provided in the individual’s residence or in community settings.

Services must be rendered on a regularly scheduled basis (several hours a day, one or more days a week) as determined in the individual’s plan of services and must be coordinated with any other services or therapies identified in the plan of support. Services may serve to reinforce skills taught in school, therapy or other settings.

Work readiness services are aimed at preparing the individual for paid employment, but are not job task oriented. They include teaching such concepts as attendance, task completion, problem solving, and safety. Work preparatory services are provided to people unable to join the general workforce, or those who are not participating in traditional sheltered workshop settings within one year (excluding supported employment programs). Activities included in these services are directed primarily at reaching habilitative goals (improving attention span, motor skills), not at teaching specific job or task-oriented skills.

When the issues of funding and processes have been resolved, the best thing to do is to start with one or two people and meet regularly with the stakeholders to make sure that everyone's concerns are being addressed.

## **Business Indicators**

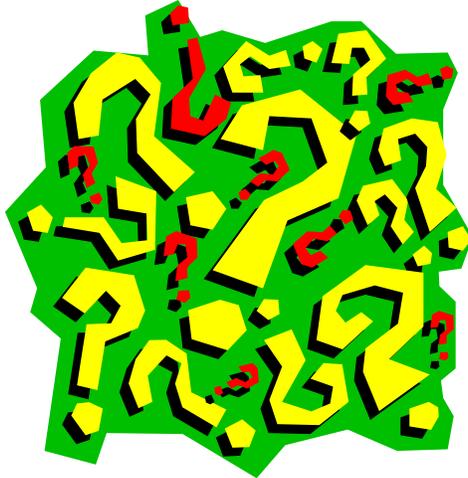
Clear understanding of business-defining criteria and commitment to self-employment is critical. Service providers supporting individuals in these efforts should establish the activities directed toward profit as legitimate businesses to protect the individual and their resources. The following chart of Business Indicators should help both individuals and providers define or draw the line in terms of identifying whether activities are more hobby or business directed.

### Business Indicators

	Yes	No
<b>Record keeping</b>		
<b>Business checking account</b>		
<b>Business cards</b>		
<b>Marketing, ads, promotional activities</b>		
<b>Regularly scheduled time for work or consistent amount of time spent</b>		
<b>Tracking profit/loss</b>		
<b>Demonstrated adjustments in business operation to generate profit</b>		
<b>DBA (doing business as...)</b>		
<b>Business insurance</b>		
<b>Other</b>		



## Part III



**Is Supported Self-Employment Right for Me?**

## Introduction

Supported Self-Employment can be one pathway to fulfilling an individual's dream of self-sufficiency and autonomy. It is a way for persons with disabilities to take control of their lives, find satisfaction in their vocational choices and contribute to their communities.

As individuals with disabilities and human service providers consider entrepreneurial options, it is necessary for both the provider community and individuals considering self-employment to know what they are getting into. Supported Self-Employment is no different from the approach any person considering going into business might take. Individuals will want to consider their interests, strengths, resources and support needs. This section of the manual will serve to guide providers and individuals in determining the feasibility of self-employment by asking appropriate questions.

## Asking the Right Questions



Determining whether Supported Self-Employment is an employment option worthy of consideration will involve a great deal of discussion and thought that should be part of the **person-centered employment planning process**.

Too often Supported Self-Employment is considered when more traditional models of employment have been unsuccessful or when a provider thinks “here’s an idea for a business.” Without going into the specific details for planning a business there are some simple, but important questions to consider before jumping into Supported Self-Employment. The **very idea or consideration for Supported Self-Employment should arise from the discovery phase of person-centered planning processes**. The vocational profile should be completed or reviewed with updated information.

Starting a business will require much planning, resource development and effort for all stakeholders, so it is critical that the individual and employment planning team make decisions based on accurate knowledge and information as it might relate to an individual embarking on a path toward Supported Self-Employment.

The following is a scenario from Jacob’s person-centered employment planning meeting and a series of questions that were asked and discussed as the team considered Supported Self-Employment as an option.

During Jacob’s person-centered employment planning meeting the topic of Jacob’s interest in art was brought up as a possible employment/business opportunity. The following questions were discussed as supported self-employment was considered:

- ❑ Does Jacob have enough of an interest, skill (product/service) or idea that could translate into a viable business?
- ❑ What is Jacob currently doing that demonstrates this interest? Skill? Idea? Is it currently a hobby? (The team should develop criteria that defines a business as opposed to a hobby). See pages 6 and 7 for clarification and definition.
- ❑ Is the quality of the interest, skill or idea saleable?
- ❑ Could Jacob produce enough of his product to sell? How many drawings/paintings can he do in a specified amount of time? What would be Jacob's willingness of effort?
- ❑ What would be Jacob's product?  
Original paintings? T-shirts? Note/holiday cards? Other products?
- ❑ How much art work would he have to sell to break even and pay for his materials and time? How much to earn a profit?
- ❑ Would there be a support system available to maintain this type of business? Does Jacob have any natural supports that would assist him? Level of those supports?
- ❑ What other types of employment has Jacob tried? What outcomes resulted? What was learned?
- ❑ Are there community jobs that would meet Jacob's interests, desires and needs? What are they? Has there been any attempt to develop a community job?
- ❑ What are the most significant challenges Jacob can expect to encounter? How will these challenges be overcome?
- ❑ Let's review and update Jacob's vocational profile.
- ❑ Let's set Jacob up with someone who can do a benefits analysis with him.

Once some of these questions are answered, Jacob is in a better position to decide whether Supported Self-Employment is the right option for him.

Determining whether Supported Self-Employment is a viable option means asking questions that will lead to better decision making. Remember you are **NOT** developing a business plan at this time; **you are in the person-centered discovery phase** to decide whether the potential for a successful business enterprise exists. The document **Personal Criteria for Business Development** may help in the discovery process.

## **Your Personal Criteria for Business Development Form**

Consider the following to begin the planning process for your new business keeping in mind a person-centered approach.

1. Do you have a skill, interest, idea that you love doing more than anything else?
2. When and where are you at your best? In what environments do you thrive and shine?
3. Would you enjoy working alone? With coworkers? With the public?
4. What are your strengths? Abilities? What do you see yourself doing? Can you identify a type of business or service you'd be interested in looking at?
  - a. \_\_\_\_\_
  - b. \_\_\_\_\_
5. What are some things you don't like doing?
6. How many hours/days do you want to work? (2-3 hours per day, 5-6 hours? 365 days? Events?)
7. How much do you want to earn?
8. Where would you like to work from? (Home? Kiosk? Established business?)
9. Would you be willing to work nights? Weekends?
10. Are you considering a product or service?
11. Why does self-employment appeal to you?
12. Who do you see helping to support you in this effort? (Family? Friends? Service providers?)

13. Do you have any difficulties in the following areas that would affect your ability to perform work-related tasks? Check all that apply.

- walking       standing       sitting       driving  
 grasping       hearing       seeing       reading  
 counting       reasoning       understanding

14. If any of the boxes are checked in #13, what types of assistive devices or accommodations would you need to help you perform tasks that might be required for your business?

- wheelchair       ramp       magnifying screen  
 computer       TTY phone       mobility support  
 resource person       lift devices       extended reaching device  
 other explain \_\_\_\_\_

15. What businesses do you visit? Are there any businesses where you might consider working if there were an opening?

- a. \_\_\_\_\_  
b. \_\_\_\_\_  
c. \_\_\_\_\_  
d. \_\_\_\_\_

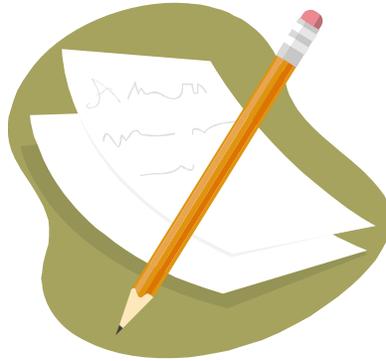
16. What activities do you enjoy doing in your spare time or at home?

17. Do you or can you acquire skills necessary to perform the parts of the business you desire to be involved in?

If it is determined by the individual and the employment planning team that there is desire and potential for business development, then the next phase of planning will begin.



## **Part IV**



**So You Think You Want To Start a Business?**

## Introduction to Business Planning

This section is intended to help individuals and support providers interested in the feasibility of starting a business by providing tools to assist in identifying potential business opportunities and examples of business plans. These tools range from very simple planning processes to more involved, detailed efforts to determine the potential for a successful business outcome. Small businesses commonly evolve from simple concepts. Yet, it is keenly important to consider broad aspects of business planning, encourage progressive thinking, and ultimately remember that a business plan is an ever-evolving tool to direct the business owner toward success. Developing a business plan will better prepare individuals for the demands of owning a business should they embark on a path of Supported Self-Employment. It will also help determine the feasibility of the business.

Many initial business ideas “morph” into other businesses and help shape an individual’s decision to find wage employment. Discovering an individual’s interests and skills are key and indeed focus the path toward greater community participation through Supported Self-Employment. Distinguishing between a hobby and a “hobby turned business” will be a critical point of discussion for all stakeholders (see pages 6 and 7).

## Creating a Team



The first step is to **identify and assemble a team of key stakeholders**. This team will set the course of action for planning and developing the business. Teams will include both professional and non-professional people involved in the individual’s life. They will begin by researching and collecting information with and about the individual to determine the feasibility for business development. They will also identify and enlist others who need to be involved in both the planning process and continued support.

Developing a person-centered approach to planning for Supported Self-Employment requires that the individual be involved in as many aspects of the planning process as possible. Taking time to discuss the factors identified in the **Personal Business Criteria** form (pages 14 and 15; see completed example beginning on page 29) with the individual and the stakeholder employment team will guide the next steps in business development.

## Changing Support Roles



New skills are required by support people to effectively promote and shape successful Supported Self-Employment outcomes. Support persons with business, retail, marketing, or sales backgrounds have skill sets or life experiences that may greatly benefit both Supported Self-Employment as well as more natural supports in the community.

Many individuals will form a support team for their business, but often one key person is initially involved.

Support people may fit any of the following roles:

- Staff - Staff needs to be outgoing and prepared to help the new business owner connect with the community and customers as the business owner explores new opportunities. They need to recognize that the person is the boss in the business and balance respecting the person's interests while remaining progressive and optimistic in their support to help the business grow. Staff needs to understand that the individual may grow away from them as others become involved in the business. Effective staff will see this as an opportunity for growth for both the individual and themselves as they move on to assist another person.
- Employees – It is also becoming more common for the potential business owner to employ an assistant, utilizing a fiscal intermediary. In addition, as a business grows large enough, it may employ additional workers paid by revenues of the business. This provides new challenges as the individual discovers how to create the job description and whom to trust for advice on supervision.
- Volunteers – Some providers have had growing success with finding family members or retirees that wish to help a person be successful. This is a tremendous opportunity for the individual to have support with virtually no cost.

Natural supports are defined as human or technical resources that are available or can be developed in a setting to facilitate an individual's integration, acceptance, and satisfaction in order to promote the goal(s) and interest(s) of all stakeholders. Natural supports should be identified and utilized in the earliest stages of all employment planning.

Service providers may take the lead in helping to identify and facilitate natural supports, linking individuals with community resources that will support their business endeavors. Supported Self-Employment entrepreneurs should have access to any and all typical business supports, i.e., community business organizations (Chamber of Commerce, Business Development Authorities), networks, loan funds and financial supports, training and information.

The goal in accessing natural supports is to move away from organizational paid supports. Natural supports may include family, friends and community volunteers interested in supporting a business venture and the individual business owner.

It is very important to underscore that the business belongs to the individual and the individual must be engaged in decisions as the business evolves, ultimately remaining loyal to the values of self-determination and person-centered planning.

## **How do we know when the business is a success?**

The success of any business venture will be measured on the outcomes included in the person's plan. Success is likely to include much more than financial measures, although that should certainly be a part of the outcome expected. Success may also include community involvement, organization membership, business contacts, evolving skills, increased self-determination, and much more. Ultimately success is determined and defined by the individual through their identification of goals and desired outcomes.

## **Putting Together a Plan**



If it is determined that Supported Self-Employment is the desired outcome and is feasible, the next step will be to begin developing the **business plan**. Typically it takes several weeks to complete a good business plan. Most of the time is spent researching and re-evaluating ideas and assumptions. Be sure to keep detailed notes regarding the sources of information and financial data.

Business plans can be simple or detailed depending on the type of business and the expected outcomes. The individual should be involved to the greatest extent possible throughout the planning and development process.

### **Developing a business plan will accomplish the following:**

- Serve as a management tool for the individual and employment team
- Identify potential problems, and problem resolution
- Used to leverage funding and attract resources
- Keep a business focus
- Evaluate success, determine viability
- Serve as a working document for business development and growth

The **business plan** should never be considered a finished product, but an **ongoing process for researching and thinking about the business in a systematic way**. It will provide necessary facts and figures that allow the individual to think critically and avoid costly mistakes later.

There are many different formats for developing business plans; however, effective business plans all require much of the same information. Depending on the type of business, the financing and costs, and supports required, your business plan may be very detailed or include simply stated basic information.

The following pages are intended to identify the types of information and decision making requirements that need to be considered in developing any type of business plan. Examples of the tools provided in this section use a person-centered approach in identifying and developing a business plan.

Examples include:

- ❑ Quick Sketch Business Plan
- ❑ Business Start-up Strategies: Questions and Considerations, Descriptions and Details
- ❑ Financial Resource Planning Chart
- ❑ Participation and Support Identification Chart
- ❑ Cost Projections Work Sheet

## **The Quick Sketch Business Plan**

1. Initial business idea or concept:
  - a. Name
  - b. Location
  - c. Legal structure
  - d. Type of business
  - e. Customer base
  - f. Size of business
2. Assets/equity that will benefit the business:
3. What type of supports will be required to get this business off the ground? Complete business matrix.
4. Who else do you see being involved in this business?
  - a. hiring additional employees
  - b. family members
  - c. service providers
  - d. another business owner
  - e. other
5. Business costs:
  - a. equipment
  - b. advertising
  - c. professional assistance
  - d. inventory
  - e. transportation
  - f. other
6. Projections:
  - a. revenues
  - b. operating expenses
  - c. gross profits
  - d. net income (loss)
  - e. impact on Social Security benefits
  - f. other
7. Resources for funding:
  - a. amount needed
  - b. possible sources

## Goal Setting

Long term: (1-5 years)

1. \_\_\_\_\_
2. \_\_\_\_\_

Short term: (3 months to 12 months)

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

Next steps:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

## Data Collection

What information will I need for?

Social Security

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

Internal Revenue Service

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

Myself

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

## **Business Start-Up Strategies**

### **Questions and Considerations Descriptions and Detail**

The following outline is a series of questions that should be considered when developing a detailed business plan. You may want to take time to fully explore each question, gathering and reviewing the information gained from each section of this outline

#### **Developing a business “vision”**

1. Describe how your business is unique, and why your product or service will appeal to customers.
2. Describe the level of quality and quantity of product or service you hope to achieve.
3. What are the driving factors in choosing this as a business?
4. What makes your business different from the competition?

#### **Defining your business**

5. What will you sell? (product or service)
6. Who is your customer? What do you know about them?
  - a. do they have unmet needs?
  - b. what problems or issues does your product or service solve?
  - c. is your product or service on your customer’s “wish list?”
7. Who are your competitors?
  - a. what are their strengths? Limitations?
  - b. where are they located?
8. How do you see your business making a difference in people’s lives?

9. Where will your business be located?
10. What will be the legal structure?
11. Are licenses, inspections required?

### **Marketing**

12. Identify all target markets. Who is your “ideal customer?”
13. How will you find your customers? How will they find you?
14. How will you communicate with your customers?
15. Can you test market?
16. How might you expand your markets?

### **Money Matters**

17. What will be your start-up investment needs?
18. What will be your monthly overhead costs?
19. Sources and costs to maintain inventory and supply?
20. What is your “break even” point?
21. Projections for profit?
22. What will be the legal structure of your business? (see pages 36 and 37)
23. What funding sources do you have available?

## **Supports and Resources**

24. What types of operational supports are you likely to need to perform the requirements of this business?
25. What assets, supports, resources do you have to help you with your business?
26. What are your anticipated ongoing support needs?

## **Record Keeping and Data Collection**

27. How will you maintain business records? What information do you need to track?
28. Who will report to Social Security? IRS?
29. What will the impact be on your benefits?

## Financial/Resource Planning Chart

<b>Resources People/Agencies</b>	<b>Resources Available</b>	<b>Resource Utilization</b>
Me		
Family Supports		
Community Rehabilitation Provider		
Local Small Business Development Authority		
Social Security Work Incentives		
Community Mental Health		
Michigan Rehabilitation Services		
Community Grants		
Michigan Works		
Friend/Investor		
Personal Loan		
Other		

## My Business Participation and Supports Identification

<b>Business Skill</b>	<b>I can do...</b>	<b>I need support...</b>	<b>Resources for Support...</b>
Production			
Marketing and Sales			
Purchasing			
Customer Service			
Banking and Fiscal Management			
Record Keeping and Reporting			
Inventory Management			
Other			
Other			

Adapted from *Making Self-Employment Work for People with Disabilities*, Cary Griffin and Dave Hammis, 2003, Brookes Publishing Co

**It's All About the Money  
Cost Projections Worksheet**

<b>What and Why?</b>	<b>How Much?</b>
Business space, rent	
Equipment	
Opening inventory	
Deposits (telephone, utilities, rent)	
Signage	
Supplies	
Advertising, promotion, marketing	
Licenses, permits, insurance	
Training costs	
Legal, professional fees	
Insurance	
Cash on hand	
Taxes	
Maintenance	
Other	

## Personal Criteria Business Development for Jacob

Consider the following to begin the planning process for a new business keeping in mind a person-centered approach. This sample scenario is typical of what happens in the planning and development phase of Supported Self-Employment.

1. Do you have a skill, interest, idea that you love doing more than anything else?

*Drawing, painting, doing art stuff (Jacob has taken art classes in school and at the Community College; he works in a variety of mediums)*

2. When and where are you at your best? In what environments do you thrive and shine?

*I like to do my art work by myself, but I like showing it to people and giving it away (Jacob has autism and doesn't communicate well with people he doesn't know; gets upset in crowds and is annoyed by disorganization)*

3. Would you enjoy working alone? With coworkers? With the public?

*I do my art work by myself. I wouldn't mind being around a few people I know. I would like to sell my artwork maybe in stores. I don't like crowds.*

4. What are your strengths? Abilities? What do you see yourself doing? Can you identify a type of business or service you'd be interested in looking at?

- *I'm good at drawing pictures of things I see, animals, people, flowers, I use paints and pencils and lots of colors I like bright colors.*
- *I'd like to sell my artwork, maybe make cards for people to buy; I might like to work in an art store*
- *Jacob is very organized; he likes things neat and in their place*

5. What are some things you don't like doing?

*I don't like crowds of people, I don't like cleaning up after people, it makes me mad. I don't like working outside when it's too hot or too cold.*

6. How many hours/days do you want to work? (2-3 hours per day, 5-6 hours? 365 days? Events?)

*I would spend some hours every day drawing or making stuff. ( It is reported Jacob now spends about three hours at least doing his artwork)*

7. How much do you want to earn? *I don't know, enough money to buy art supplies, comic books, DVDs, things.*

*(Jacob doesn't really know the value of money; he only knows he likes to spend it and wants to work to earn it)*

8. Where would you like to work from? (Home? Kiosk? Established business?)

*I draw at home, I used to do a lot of my work in school but more at home.*

9. Would you be willing to work nights? Weekends?

*Drawing is fun, I do it anytime I feel like it.*

10. Are you considering a product or service?

*I could draw pictures people wanted and I could sell my art. (We would consider art work upon request, but mostly thinking of selling T-shirts, cards, key chains, things with his original work)*

11. Why does self-employment appeal to you?

*I don't have people telling me what to do. I can be my own boss, work when I want, do what I want. (Jacob doesn't always do well with authority; he prefers to do things his way)*

12. Who do you see helping to support you in this effort? (Family? Friends? Service providers?)

*My mother, my sister, my staff*

13. Do you have any difficulties in the following areas that would affect your ability to perform work-related tasks? Check all that apply.

walking             standing             sitting             driving  
 grasping             hearing             seeing             reading  
 counting             reasoning             understanding

14. If any of the boxes are checked in #13, what types of assistive devices or accommodations would you need to help you perform tasks that might be required for your business?

wheelchair             ramp             magnifying screen  
 computer             TTY phone             mobility support  
 resource person             lift devices             extended reaching device

other explain *I need help with reading stuff, someone would have to help me buy my art supplies.*

15. What places of business do you go to? Are there any businesses where you might consider working if there was an opening?
- *I go to the comic book store, I like to look at the comic books, I get ideas to draw*
  - *I go to the art store, I like to look at the paints and buy stuff there*
  - *I go to the bookstore, sometimes I buy music, DVDs there (Barnes and Noble or Borders)*
16. What activities do you enjoy doing in your spare time or at home?  
*Drawing, watching DVDs and TV. Sometimes I make stuff with my mom* (Mom reports they do projects together like making bird houses, bird feeders, painting crafts; she reports Jacob is very patient when he's doing his artwork)
17. Do you or can you acquire skills necessary to perform the parts of the business you desire to be involved in?  
*I already know how to draw and paint. I would have to learn how to sell my stuff. I don't know how to do money very well.* (Jacob would have to have help with ordering supplies and products, keeping an inventory, money management; mostly his involvement would be with producing the art work)

During this planning process ideas about viable businesses should start to emerge and business planning and investigation activities should begin.

## Tracking Sales and Expenses

It is important to track all business sales and expenses. This information will be required by both the IRS and the Social Security Administration in reviewing the status of the business and possible impact on an individual's benefits. Tracking this information is also helpful to the business owner in financial and growth opportunities.

The following is a simple sales and expenses sheet that may be used. This type of accounting can be created on a computer which allows for projections and quick analysis of the business and the market.

**Business Name:** \_\_\_\_\_

<b>Gross Sales</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>April</b>
<b>Sales</b>				
<b>Other</b>				
<b>Total Sales</b>				

<b>Cost of Goods Sold</b>				
<b>Labor</b>				
<b>Materials</b>				
<b>Other</b>				
<b>Total Costs of Goods Sold</b>				
<b>Gross Profits</b>				

<b>Expenses</b>				
<b>Advertising</b>				
<b>Banking Fees</b>				
<b>Professional Services</b>				
<b>Insurance</b>				
<b>Maintenance/Repairs</b>				
<b>Office Supplies</b>				
<b>Printing</b>				
<b>Rent</b>				
<b>Sales Tax</b>				
<b>Licenses</b>				
<b>Telephone/Internet</b>				
<b>Mileage</b>				
<b>Business mileage</b>				
<b>Miscellaneous</b>				
<b>Utilities</b>				
<b>Total Expenses</b>				
<b>Net Profit</b>				

<b>Less</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>April</b>
<b>Owner Draw</b>				
<b>Income Tax</b>				
<b>Total</b>				

## **Tax Requirements**

Businesses, whether called sole proprietorships, microenterprises, or Supported Self-Employment all have one thing in common: taxes. For tax purposes they are all interchangeable names for the same thing, a business enterprise which may or may not be responsible for income, self-employment and sales taxes. Income taxes are based on the total amount of income by the individual. Self-employment taxes are determined by the net earnings of the business(es).

### **Income Taxes**

The profit and loss from these small businesses are reported on Schedule C of the Individual 1040. The determination of whether or not the business owner is required to pay income taxes is a complex matter, affected by numerous variables unique to each individual's situation. Among these variables is the size of the business profit or loss, whether the individual is a dependent of another, and the extent of any other taxable income.

The profit and loss of the business is calculated by subtracting the deductible expenses of the business from the revenues of the business enterprise. Simply because the business has a profit doesn't necessarily mean that there are income taxes due, nor does a loss necessary mean that the individual does not need to report the business results.

Each individual should consult their own tax advisor as to their individual income tax situation.

### **Self-Employment Taxes**

Self-employment taxes are calculated based on the net profit of the business as determined on the Schedule C Form. If the net profit of the business is under \$400 there is no self-employment tax due; however, should the profits exceed \$400 there are self-employment taxes due. The self-employment tax rate is 15.3%. This tax is due whether or not any income taxes are due.

Should the individual qualify and have sufficient earnings from self-employment, he or she may be entitled to an "Earned Income Credit" which may reduce their income and self-employment taxes. The "Earned Income Credit" is a refundable credit, meaning if the amount of the credit exceeds your tax liabilities the difference will be refunded to the individual.

Self-employment taxes are calculated on Schedule SE, and included with your Individual Income Tax Return Form 1040.

## Sales Taxes

Every business located in Michigan which engages in retail sales is subject to Michigan Sales Tax. Sales taxes are calculated at the rate of 6% of each retail sale subject to the tax. The sale of food for human consumption at home is exempt from sales tax, as are certain medicines and items for delivery out of state.

There are separate rules for vending machines; the sales tax exemption varies by the items vended.

Each business engaged in retail sales is required to register for Michigan Sales Taxes. Depending upon the amount of each business's expected liability they will be required to remit their sales tax collected monthly, quarterly or annual. Each business which remits their sales tax payments timely is entitled to a sales tax discount.

The sales tax discount is calculated at the rate of one-half percent of two-thirds of the sales tax liability. The minimum discount is \$6.00 per month, \$18.00 per quarter or \$72.00 per year, depending upon the business's payment schedule.

Each consumer should consult their tax advisor as to their individual business's sales tax situation.

## Working with Social Security



Most individuals with disabilities receive some type of Social Security benefits such as Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) as well as Medicaid, Section 8 housing, food stamps, and other forms of assistance to support daily living. It is critical that potential business owners understand the possible impact of self-employment on these benefits.

The Social Security Administration (SSA) and the Department of Human Services (DHS) will want to see projections of sales and expenses. SSA will want projections of sales and expenses each year to estimate what monthly cash benefit a person will receive for the next year and adjust as indicated. DHS will want actual sales and expenses each year. This information will be used to determine the level of support services provided by DHS. Accuracy in providing net earnings income and projections is critical.

Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) have different policies and laws regulating self-employment. Social Security determines earnings from self-employment by averaging the net earnings of the business. Individuals receiving SSDI will have their net earnings averaged by the number of months the individual is in business during a calendar year. For example, if a business is started in July, SSA will divide the net profit by six months. However, for an individual receiving SSI, Social Security will divide the total net earnings by 12 months no matter when the business was started.

A **benefit analysis** should be one of the first steps when considering business development to project the impact of earnings on benefits. A benefit analysis will be

different for each individual and the impact on earnings will be unique to each person. The potential entrepreneur should obtain advice and Social Security information from knowledgeable sources and question funding opportunities including:

- Potential funding options available through a Social Security Plan for Achieving Self-support (PASS). <https://s044a90.ssa.gov/apps10/poms.nsf/lrx/0500870000> [www.passonline.org](http://www.passonline.org), [www.passplan.org](http://www.passplan.org).
- In Michigan Individual Development Accounts (IDA) allow individuals to save money and have it matched by local organizations for a work/self-employment goal, housing or education. [www.cmif.org/IDA/IDAHome.htm](http://www.cmif.org/IDA/IDAHome.htm).

A person needs to establish a Doing Business As (DBA) name for the business at the county clerk's office. This is critical for separating business resources from personal resources. This will address concerns from DHS or Social Security regarding whether a person has resources above the standard \$2000 allowance.

**Property Essential to Self-Support (PESS)** is keenly important for the success of a business. This is a resource exclusion applying to SSI recipients. PESS applies to equipment, buildings, property, and unlimited business cash resources in a small business account that are used in the operation of a small business. Further information is available at <https://s044a90.ssa.gov/apps10/poms.nsf/lrx/0501130501> noting that:

- Property essential to self-support used in a trade or business is excluded from resources regardless of value or rate of return effective May 1, 1990.
- Effective May 1, 1990, all liquid resources used in the operation of a trade or business are excluded as property essential to self-support.

The following resources are available to help individuals project impact of net earnings and identify potential funding sources:

- Social Security Administration Work Incentives Liaisons (contact local office to identify these trained staff)
- Community Work Incentive Coordinators (formerly Benefits Planning, Assistance and Outreach consultants), contact one of the following:
  - The Arc of Michigan 1-800-292-7851
  - United Cerebral Palsy of Metro Detroit 1-800-827-4843
  - Goodwill of Greater Detroit 1-888-232-4140 or 313-964-3900 ext. 402
  - United Cerebral Palsy of Michigan 1-800-828-2714
- Social Security Administration websites:
  - [www.socialsecurity.gov/work/](http://www.socialsecurity.gov/work/)
  - [www.socialsecurity.gov/pubs/alt-pubs.html](http://www.socialsecurity.gov/pubs/alt-pubs.html)
  - [www.socialsecurity.gov/redbook](http://www.socialsecurity.gov/redbook)
  - [www.passonline.org](http://www.passonline.org)



In Michigan the Freedom to Work (FTW)/Medicaid Buy-in program allows eligible persons to have earnings above Social Security SSI limits and continue to receive Medicaid. SSDI recipients may also be eligible; however, Substantial Gainful Activity (SGA) still applies.

An individual may qualify if they

- ❑ are working (wage, self-employment)
- ❑ have a disability under SSA guidelines, and
- ❑ receive or are eligible for Medicaid, and
- ❑ are age 16-64, and
- ❑ have limited income from sources other than work (unearned income)



## **Legal Business Structures**

One of the most important decisions to be made in the business planning process is to determine the legal structure of the business. You will want to consider the type of structure based on the individual's needs and the benefits offered. Typical business structures include:

### **Sole Proprietorships**

The owner and the business are the same. Business and personal tax returns are filed together. Owner assumes personal legal liability for the business. Benefits of this structure include its ease and inexpensive start-up, and maximum control by the owner.

**Partnerships**

There are multiple owners of the company. Profits and losses are divided among the owners. Benefits include broader base of skills and talents in the operation of the business and spread of risk across partners. Difficulties may arise from personality conflicts and distribution of profits and business operations.

**Limited Liability Company (LLC)**

This option reduces the personal liability of a sole proprietor, but allows for the tax advantages of a partnership (not paying personal and business taxes). There may be variability across states. This type of structure may include a business within a business model that can use supports and resources of an existing business such as space, established customer base, etc.

**Incorporation**

This is an option for companies with employees. Start-up costs, taxes, and filing fees maybe high. In addition, incorporating jeopardizes a person's SSI and Medicaid eligibility. According to SSA's policy a corporation consists of one or more natural persons united in one body and are empowered to act in a certain capacity or to transact business of some designated nature or form as an entity distinct from any of the individuals who compose it (<https://s044a90.ssa.gov/apps10/poms.nsf/lrx/0302101505>).

The structure of the business is likely to be directed by the business and financial plan. Legal fiscal advice should be sought as part of the plan no matter what business structure is chosen.

# Part V



# Marketing

## Developing a Marketing Plan



Marketing is the advertising and promotion of a product or service. Every business needs a marketing plan. However, the marketing piece will be different for every business depending on the product/service, the location of the business, the customer base, etc.

The marketing plan will be the tool that directs the production, packaging, advertising, selling and delivery of the product or service.

During the planning phase the prospect of finding a **market niche** should be discussed. The process of finding a **market niche** asks the following questions:

- Who needs this product or service?
- Specifically who will want to buy your product or service?
- Are there other businesses that produce/sell a similar product or service?
- Why will customers buy your product or service over the competition's?
- What will the product or service cost?
- How will you get the product or service to the customer?

When these questions have been adequately answered the next step is to identify both traditional and non-traditional marketing strategies. It is a good idea to try different marketing approaches and then determine which are successful. The following is a partial list of some typical and not so typical advertising ideas:

- ✓ Fliers (with and without coupons)
- ✓ Newspaper ads
- ✓ Web page
- ✓ Yellow pages
- ✓ Personal sales calls
- ✓ Billboards
- ✓ Human interest stories
- ✓ Brochures
- ✓ Bumper stickers
- ✓ Provide a toll-free number
- ✓ Word of mouth
- ✓ Radio/TV media
- ✓ Mail (e-mail and postal)

There are also various resources that the business owner may want to utilize to support market research and marketing efforts. These include:

- ❑ Personal and professional networks
- ❑ Agency management team
- ❑ Similar local businesses
- ❑ Newspapers
- ❑ Internet
- ❑ Chambers of Commerce
- ❑ Small Business Administration (SBA)
- ❑ Service Core of Retired Executives (SCORE)
- ❑ Small Business Development (SBD)

## Best Practices



Business is about building a customer base and maintaining good relationships. Marketing is always based on customers' perceived wants and needs. This means a good business owner takes time to know his/her customers. Some proven practices that will build relationships with customers include:

- ❑ Listen to the customer
- ❑ Be the expert. Know your product or service; deliver it as promised
- ❑ Establish personal rapport
- ❑ Be responsive and provide good customer service
- ❑ Stay in touch with previous customers
- ❑ Consider “freebies” if it means a future sale

## **The Marketing Plan: An example**

The following is one example of a marketing plan that was developed for a candy bouquet business. More information about this business can be found in Appendix 1 (Success Stories).

### **What is the product or service?**

*The product is bouquets of candy, flowers and poems that coincide with holidays, special events, or are personally designed to fit customer wants*

### **Who is your competition?**

*Florist shops do flower arrangements, but no competitive original design arrangements like mine exist in this area. With Internet sales there is an expanded market.*

### **What is the need, use or function of this product/service?**

*My bouquets are one of a kind, designed for major holidays, birthdays, thank you/hostess gifts, etc. Candy bouquets can be gifts for all occasions purchased by anyone.*

### **How much does product/service cost the customer?**

*Costs range from.....to.....depending on size and design*

### **How will the customer get the product/service?**

*Local area craft shows, festivals and events, Internet sales for world wide distribution, possible local area gift shop and hospital. As business grows local deliveries may be possible.*

### **Who is the target customer?**

*Anyone wanting to purchase a unique gift for a special occasion. Employment team network, word of mouth; The plan is to produce high quality unique designs so there will be repeat customers and a customer base will be built.*

### **Identify sources for market research**

*Designs will displayed by Employment Team members for comment and possible orders; upcoming craft shows; hospital has agreed to place them in gift shop.*

### **How will product/service be promoted? Advertised?**

*Introduced at craft shows, festivals, events with order brochure; article in the local paper's business section, word of mouth and brochures provided to all networks.*

## **Part VI**



### **Funding Resources for a New Business and Cost of Doing Business**

## Introduction



There are many uncertainties for anyone just starting a business, but for individuals with disabilities there are additional issues and challenges that may arise. One of those issues is determining start-up costs and identifying funding resources.

## Start-Up Costs

Start-up costs are one-time only expenses associated with getting the business up and running. To determine the start-up costs the individual, the employment team, and the business manager (individual supporting the business operations) should discuss what the business will “look like.” Consider the following:

- ✓ Location (rent, decorating, remodeling)
- ✓ Type of space needed for producing product, storage, etc.
- ✓ Equipment
- ✓ Opening inventory
- ✓ Deposits for telephone, utilities
- ✓ Signage
- ✓ Supplies
- ✓ Initial promotional costs
- ✓ License or permits required
- ✓ Legal/professional fees
- ✓ Insurance
- ✓ Available cash on hand

Some of the costs indicated above will be ongoing and an assessment should be made to determine how the business will fund or be supported for those costs. For example, supplies might be an ongoing expense. Will the profits from the business be able to pay for the necessary supplies of doing business? If not what is the projection for profit? How will supplies be purchased?

## To Do List

- a) List any fixed expenses that will be incurred in the operation of the business (rent, utilities, insurance, equipment purchase and maintenance)
- b) Determine how much it will cost to produce the product or service (supplies, distribution, time/effort)
- c) Calculate by taking the sales projections and subtracting the cost of doing business as determined in steps a and b above.
- d) Project all expenses for the year, including salary. This will determine sales volume needed for the year to break even or make a profit.

The business owner will need to acquire financial resources to start the business, maintain it and hopefully grow it. It is important to have financial strategies that correctly forecast fiscal needs to successfully raise capital. Initial money or technical assistance for starting a business may come from a variety of resources which may include:

- # Individual's personal funds (<http://www.cmif.org/IDA/IDAHome.htm>)
- # Loans from family or friends
- # Typical lending institutions
- # Revolving loan funds specific for small business start-up/people with disabilities. The Abilities Fund is a nationwide community developer and financial lender targeted exclusively to advancing entrepreneurial opportunities for Americans with disabilities.
- # Vocational Rehabilitation Services, Workforce Investment Act
- # Social Security Administration-Potential funding options available through a Social Security Plan for Achieving Self-support (PASS)  
<https://s044a90.ssa.gov/apps10/poms.nsf/lrx/0500870000>, [www.passonline.org](http://www.passonline.org),  
[www.passplan.org](http://www.passplan.org).
- # Small Business Administration (SBA) has a variety of programs to assist small business. The SBA works with lending institutions to provide loans and financing for small businesses that may not otherwise be able to obtain loans (Harroch, 1999).
- # Service Corps of Retired Executives (SCORE) [www.score.org](http://www.score.org)
- # Michigan Small Business Technical Development Center [www.misbtcd.org](http://www.misbtcd.org)

Appendix 2 illustrates types of resources and how money was spent for Supported Self-Employment entrepreneurs.



# APPENDICES

# APPENDIX 1

## Success Stories

### Sweet Thoughts

Mary is 50 years old and lives in a group home in a rural Michigan community. She had worked in the community several times in a Supported Employment program but did not remain in any of the jobs. She wanted to earn money and be a part of her community but felt she was unable to hold a regular job. One of the main goals identified in her person-centered plan was to earn money. Mary likes to buy stylish clothing and takes great pride in her appearance. She wanted to have an income to buy outfits she couldn't otherwise afford. It was also identified that Mary loves to volunteer in the community hospital garden during the summer because she loves flowers and flower arranging.

Mary's supports coordinator arranged a meeting with the supported employment team and with many options on the table, Mary was most thrilled with the idea of owning her own business. She started working with support staff to define her vision and identify a business. She tried out various ideas. Eventually she decided to do something artistic that related to flowers. In January of 2005, staff began writing whimsical poems that included the names of candy bars and Mary found candy bars to match the poem, beautiful silk flowers, a teddy bear, a vase and **Sweet Thoughts** was born! By March, 2005 a business plan was written that included financing, marketing and the supports she would need to successfully and legally operate her business. Mary filed for an assumed [Doing Business As (DBA)] name, and opened a business checking account. Her guardian agreed to act as fiduciary for tax purposes, but agreed that Mary could spend her profits any way she wished.

Some details of Mary's **Sweet Thoughts** business start-up plan included:

- ✚ Poetic candy bouquets could capitalize on major holidays as well as birthdays, thank you gifts, showers etc.
- ✚ Mary's goal was to spend 10 hours a week, producing a minimum of 15 bouquets.
- ✚ The supported employment team marketing specialist assigned to Supported Self-Employment ventures would identify shops, events, and other venues for marketing opportunities.
- ✚ Mary would design and market a high quality product so that both initial and repeat business would occur and that sales would have nothing to do with the fact that she has a disability.
- ✚ There is no competition for her unique product in her immediate area.

- # She operates her business as a sole proprietorship and has a sales tax license.
- # Other than a small loan from a friend, she did not incur any debt because the business paid for itself as it progressed. After reinvesting her profit for several months, she owned a variety of silk flowers, many vases, sticks, styrofoam, florist tape, a glue gun, etc. She subcontracted her poetic cards from another Supported Self-Employment business owner.
- # Mary's goal was to net \$50 to \$200 a month depending on the season and opportunities for sales.
- # Mary wants to work independently as soon as possible, as much as possible, and would like to use space at a community building because space at the group home is limited for product storage. Other identified support resources include Master Gardener support from her connection to the hospital gardens to teach her floral arrangement and design.
- # A representative from the Social Security Benefits Planning, Assistance and Outreach (presently Work Incentives Planning and Assistance) helped Mary and her fiduciary understand what impact her earnings would have on her SSI check.
- # Mary would require support from staff to keep accurate records of sales, purchases, and orders as received. This support will likely be necessary for as long as Mary owns and operates this business.

Mary is now 1 ½ years into her business. Her sales are at the level she originally targeted. Mary has become more skilled in her ability to design and arrange bouquets. She makes bouquets in advance to maximize sales opportunities. She now shops for nice clothes, shoes and jewelry. She has paid her own way to conferences to sell her bouquets and talk to others about the possibilities life can offer. Her business has afforded her greater opportunities to become an integral participant in community life. She shops, has booths at festivals and craft shows and delivers orders to her customers. She is proud of her accomplishments and her family is amazed. No one could have predicted her success or her willingness to take the risks associated with owning her own business. Life is good with a job and a business that matches her talents and skills. Mary is determined to continue to grow her business and prosper as an entrepreneur.

### **Advertising Placemats**

Craig lives with a friend outside a small rural community. He began working as a janitor for a small shop through the local supported employment program. He maintains this job today. Craig travels about the community on a three-wheeled bicycle stored at his workplace. Craig likes living in the country but also enjoys being in town. Transportation is a problem with a bus running once a day. During a person-centered planning session Craig identified that he wanted to earn more money, spend more time in town and have a more respected position. Craig's dreams for his future eventually became an integral part of his person-centered employment plan.

Craig is a person with cerebral palsy and has difficulty speaking as well as significant mobility challenges. For years he didn't take a lot of pride in himself and really didn't dare to dream that life could ever be any different. However, when Craig participated in person-centered planning sessions and learned about self-determination, he began to believe that he might actually have choices and the support to make changes in his life.

One of Craig's favorite activities is eating out at restaurants in the community. One day he was studying the paper advertising placemat at his table and thought that selling those ads might be a perfect business for him. He shared this with his supports coordinator and a referral to the Supported Self-Employment division was made.

While evaluating this idea, many "barriers" both real and imagined were discussed. The whole idea initially didn't look like it would prove to be a significant source of income, and wouldn't more hours working at his supported employment job generate more income more easily? But Craig was not deterred from his idea about selling ads, so planning began. In order to write a plan for small business support through Michigan Rehabilitation Services, the employment staff would have to project more significant earnings than Craig or the team anticipated. There were also concerns about the amount of support and resources necessary for this endeavor. Craig would need someone to speak for him, to carry and deliver the product and transportation. He would also need professional help on legal and tax matters. But both Craig and his staff were determined to make it work.

At that time, the Medicaid B 3s (through the authority of 1915(b)(3) of the Social Security Act) were just rolling out in the Michigan Medicaid Provider Manual and could support this high degree of community integration. The "B 3s" may be found in the Medicaid Provider Manual under the Mental Health/Substance Abuse Section, Page iii, beginning on Page 92 online at the following site:

- <http://www.mdch.state.mi.us/dch-edicaid/manuals/MedicaidProviderManual.pdf>

With necessary support provided by CMH staff through Medicaid, a business plan was written. Looking back, the original business plan drastically underestimated how much Craig would eventually be able to do on his own and the profit his business would realize.

After the first business plan was developed, Craig and his support staff found a restaurant who agreed to use the placemats, so they began selling their first ads. Craig's support staff did the talking for him. Agency staff designed the first placemat and it was taken to a print shop that extended a line of credit. At the end of the first trial month, Craig had netted a \$600.00 profit. By the second month, Craig had filed for an assumed name and opened his first checking account. He bought his first business suit, tie, shoes and briefcase. He hired a friend to help with lifting. He visited a CPA who offered to provide ongoing assistance for as long as he needed it.

Two years later, Craig does his own talking because he discovered that people were comfortable asking him to repeat something if they didn't understand it. He helps with

recordkeeping and has plans to buy a vehicle and hire a driver. The business nets on an average \$500 a month. He pays taxes. Craig has made many connections in the community through his business. With his business income he was able to go to the Grand Ole Opry and has found that he loves to play Bingo in the community.

His goals have changed from the initial much smaller plan. He has placemats in most of the small towns in his county. He is on a first name basis with scores of business owners. His placemats are high quality and the print shop now typesets all the ads so staff support for this business is less than originally anticipated.

Some of the details of Craig's business plan:

- ✚ The placemat ads would sell for less than the out-of-state competitors typically found in area restaurants and are more responsive to owners and advertisers in the local community than the competition
- ✚ Start-up money would come from a line of credit extended by the printing company
- ✚ All applicable business licenses and all tax liabilities would be handled by an accountant
- ✚ Day-to-day bookkeeping, invoices, bills, statements and banking records will be kept by support staff and Craig working together
- ✚ The business will operate as a sole proprietorship
- ✚ A benefits planner from Social Security will help Craig maximize the financial opportunities of owning his own business and reviewing the impact on his SSI benefits
- ✚ A flexible work schedule would be developed to meet Craig's needs
- ✚ Work support would decrease over time as natural supports, business profits and Craig's skill levels increase
- ✚ Support staff will provide transportation to sell ads and deliver product until the business buys a vehicle and hires a driver
- ✚ Provide a high quality, valued product at a competitive price so initial sales and repeat sales validate the business. The fact that it happens to be owned and operated by a person with a disability has nothing to do with the decision to purchase an ad or use the placemat.

### **Jack's Boxes**

A supported employment program received a call from a business from rural Michigan that buys used corrugated cardboard boxes and prepares them for resale. They were buying boxes from a large employer and needed to outsource some of the work to keep

up. The company and the supported employment program thought this might make a great business opportunity for the right person.

Jack had been looking for a business idea and thought it was worth investigating. Jack and a few trusted consultants decided to visit the site where the boxes were being recycled. They all liked what they saw, especially Jack. That was the beginning of **Jack's Boxes**.

In June of 2005, **Jack's Boxes** opened for business. Jack and his staff worked out an agreement with a management company to rent a vacant warehouse and signed a lease in September. By this time, Jack's Boxes was handling two truck loads of boxes a week. The business had revenues of \$1,500 a month. In business for only four months, Jack's Boxes had over \$12,000 in sales. In February of 2006, Jack hired a Production Leader to help improve production and efficiency. With the help of the Production Leader, production went from about 30,000 boxes to over 83,000 boxes a month. This business is now receiving a delivery each business day and is turning it around in one business day or less. The owner of the warehouse has approached Jack about the possibility of owning the building he is now renting, which would have the possibility to generate even more profit and income. Jack is also in the process of submitting a PASS Plan to Social Security to purchase equipment that will allow the business to grow.

### **Buzzy Bee Shopping and Delivery Service**

While Zev was still in school he took advantage of vocational evaluation opportunities funded by Michigan Rehabilitation Services (MRS). The evaluation which involved input from his teacher, friends and family determined that typical supported employment models would not work for Zev. Through this evaluation process it was discovered that Zev loves to shop. An employment planning team was convened which included MRS, other local provider services, home staff, the supports co-coordinator, vocational staff, his parents and of course Zev. After several meetings and a written business plan, **Buzzy Bee Shopping and Delivery Service was born**.

**Buzzy Bee Shopping and Delivery Service** is a personal shopping service. Zev's market includes people who have difficulty getting out to shop due to physical limitations, transportation difficulties, or those who have busy schedules and little time to shop. He is also reaching out to those who just want the luxury of someone to shop for them. Zev began with four customers. Zev participates with the shopping, choosing the food items and delivering the items to the customers' homes. His home staff provides support with transportation and allows him to have a flexible work schedule.

The following describes the business development process for **Buzzy Bee Shopping and Delivery Service**:

- ❑ Met with representatives from the Small Business Association to discuss issues related to liability and insurance
- ❑ Benefits Planning

- ❑ Obtain supplies for business operation (refrigerator to hold items, storage bins, log book for charting mileage, customer information, receipt book, flyers and brochures for advertising).
- ❑ Secure necessary services for business (voicemail for customers' messaging)
- ❑ Set up business checking account
- ❑ Create shopping form for taking orders and tracking customer information as well as customer feedback forms
- ❑ Secure services of volunteer to help with income/expense recordkeeping (eventually the business will hire bookkeeping services)
- ❑ Establish protocol for handing payment and receipts
- ❑ **Buzzy Bee Shopping and Delivery Service** employment team will meet weekly to review what has been learned and consider ways to improve the operation.

The following plans for the next year include:

1. Obtain caps and shirts for Zev and his staff that will make the business more professional and create an identity. It will also help Zev recognize that when he puts on his uniform he is ready to work.
2. Visit selected residences such as nursing homes and senior centers to speak with potential customers.
3. Continue to work with the community through religious organizations and current satisfied customers to expand and promote the business.

### **Wash On the Go**

Ray had been in sheltered employment for many years. Two years ago a person-centered employment planning team met to discuss Ray's vocational interests. Ray enjoys helping with doing the laundry at home. After many meetings a business plan for Wash On the Go was created. This laundry service caters to local small beauty and nail salons and spas. Ray charges \$6.00 to supply 24 towels. He will pick up, launder, deliver, and setup the towels for \$6.00 per visit. Ray started out washing the towels at a local laundry mat; however, he applied and received grant money to purchase a washer and dryer for his business. Ray works three days a week and his business continues to grow.

Ray started out as a sole proprietor, but as his business has grown a partner has joined Wash On the Go. Ray has physical limitations that don't allow him to work full-time. He is comfortable with his work schedule.

United Cerebral Palsy was consulted to discuss Ray's business and its effects on his benefits. The vocational support program providing services for Ray's business has explored issues related to business start-up, legal concerns and business bookkeeping. MRS was unable to provide financial support for Wash On the Go, but has used it as an example for others exploring the possibilities of Supported Self-Employment.



## APPENDIX 2 Funding Sources and Organization Tracking

Supported Self-Employment-Examples of items, services, products that have been funded to date:

Business name	Items funded	Funding source	Amount
Assistant services	Laptop computer	MRS**	\$2,299
	All-in-one printer	MRS	\$150
Cleaning Service	Vacuum and supplies	MRS	\$613
	Office supplies	MRS	\$238
Vending Service	2 vending machines	Local funds	\$5,800
	Supplies to get started	Local funds	\$1,000
	First year's accounting bill	Local funds	\$265
	Direct hire staff	CMH	
	Mini van	SSA	\$9,062
	Van insurance	SSA	\$554
	Hydraulic lift cart	SSA	\$266
	Van ramp	SSA	\$1,138
	Build warehouse space	Knights of Columbus	\$1,200
	2 vending machines	MRS	\$3,390
Shirts Galore	Initial inventory and insurance	Revolving Loan Fund	\$2,550
	Chamber dues	MRS	\$125
	Signage for conferences	MRS	\$85
	Vinyl banner	MRS	\$126
	Computerized embroidery machine	MRS	\$495
	Threads and bobbins, optional software	MRS	\$100
	Support staff		
Advertising Placemats	Printing	Initial credit from print shop	\$300
Candy Bouquets	Floral materials and candy	Make 1, sell 1, make 2 sell 2	self
Vending Service	Supplies and maintenance	Sales agreement with Pepsi and Sales	No upfront monies

<b>Business name</b>	<b>Items funded</b>	<b>Funding source</b>	<b>Amount</b>
Boxes Galore	Lumber to build tables	Revolving Loan Fund	\$55
	Deposit loan	Revolving Loan Fund	\$1,800
	Direct hire staff		
	Support staff		
Good Scents	Supplies	Business owners consignment sales on Ebay	\$150 start up

 \*\* Michigan Rehabilitation Services

 CMH general funding and Medicaid funding were used to pay for staff support, but NOT for purchase of products, supplies or equipment

## APPENDIX 3

### Informational Resources

#### Helpful Web Sites

- PASS plans (Plans for Achieving Self Support) – [www.passplan.org](http://www.passplan.org)
- Writing PASS plans on line – [www.passonline.org](http://www.passonline.org)
- Griffin/Hammis LLC...knowledgeable consultants (wage and self-employment) [www.griffinhammis.com](http://www.griffinhammis.com)
- Income Links <http://www.incomelinks.biz/about.htm>
- It Doesn't Take a Rocket Scientist to Understand and Use Social Security Work Incentives – [http://ruralinstitute.umt.edu/training/publications/7thedition\\_rocket.asp](http://ruralinstitute.umt.edu/training/publications/7thedition_rocket.asp) (Note: The Ninth Edition is now available at the Rural Institute in hard copy – the info is virtually the same but it has updated earnings numbers such as TWP, SGA, FBR, SEIE, etc.)
- Job Accommodation Network – [www.jan.wvu.edu](http://www.jan.wvu.edu)

#### Self-Employment:

- Association of Small Business Development – <http://www.asbdc-us.org/>
- Small Business Administration -- <http://www.sba.gov/>
- Service Corps of Retired Executives (SCORE) – [www.score.org](http://www.score.org)

## Self-Employment (Continued):

- Biz Stats - <http://www.bizstats.com/>
- Business Plan Pro  
<http://www.bplans.com/sp/businessplans.cfm>
- Toolkit <http://www.toolkit.cch.com/>
- MISBTDC <http://www.misbtdc.org/>

### **Supported Self-Employment books**

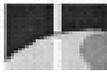
*Making Self-Employment Work for People with Disabilities*, by Griffin and Hammis, LLC

*Bridging Opportunities to Self-Sufficiency*, Martin County Florida

*The Supported Self-Employment Training Manual*, New York State Developmental Disabilities Council

## **APPENDIX 4 Sample Forms**

**The following forms were developed and are being used as they support individuals receiving Supported Self-Employment services. Additional forms are available by contacting Allegan County Community Mental Health Services, Huron Behavioral Health, or Macomb-Oakland Regional Center, Inc.**



**HURON BEHAVIORAL HEALTH**  
Supported Self Employment  
Incubator Project Sheet

Borrower: \_\_\_\_\_ Date: \_\_\_\_\_

Lender: \_\_\_\_\_ Staff: \_\_\_\_\_

Terms: \_\_\_\_\_

Payments:

Date	Staff	Amount	Balance



**HURON BEHAVIORAL HEALTH**  
Supported Self Employment  
Incubator Project Sheet

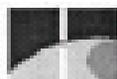
Borrower: \_\_\_\_\_ Date: \_\_\_\_\_

Lender: \_\_\_\_\_ Staff: \_\_\_\_\_

Terms: \_\_\_\_\_

Payments:

Date	Staff	Amount	Balance



**HURON BEHAVIORAL HEALTH**  
Supported Self Employment  
Incubator Project Sheet

Borrower: \_\_\_\_\_ Date: \_\_\_\_\_

Lender: \_\_\_\_\_ Staff: \_\_\_\_\_

Terms: \_\_\_\_\_

Payment:

Date	Staff	Amount	Balance



**HURON BEHAVIORAL HEALTH**  
Supported Self Employment  
Incubator Project Sheet

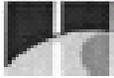
Borrower: \_\_\_\_\_ Date: \_\_\_\_\_

Lender: \_\_\_\_\_ Staff: \_\_\_\_\_

Terms: \_\_\_\_\_

Payment:

Date	Staff	Amount	Balance



**Huron Behavioral Health**  
**Supported Self Employment**  
**Yearly Consumer Micro-Business Earnings Statement**

Business Name:

Year:

Business Plan in Place    Y or N

DBA                                    Y or N

Financial Accountability    Y or N

Person Responsible: Parents

CPA

Guardian

Payee

CL Support Staff:

When did they start the research and development?

MONTH	PREVIOUS BALANCE	NUMBER OF SALES	GROSS SALES/ REVENUE	EXPENSES	NET	CASH DRAWT	CITY CASH ON HAND	CHECKING ACCOUNT TOTAL	TOTAL CASH	EQUITY OF BUSINESS
JAN					\$0.00					
FEB					\$0.00					
MAR					\$0.00					
APR					\$0.00					
MAY					\$0.00					
JUN					\$0.00					
JUL					\$0.00					
AUG					\$0.00					
SEP					\$0.00					
OCT					\$0.00					
NOV					\$0.00					
DEC					\$0.00					
<b>TOTAL B</b>		0	\$0.00	\$0.00	\$0.00	\$0.00				

## Feedback Form

Help the authors and those involved in the development of this handbook by providing input and feedback related to the usefulness of this material. Fax completed forms to Cathryn Maddalena at 517-432-1344 or Joe Longcor at 517-241-2345.

Please rank your responses to the following questions using the scale 1 (strongly agree), 2 (agree), 3 (neither agree nor disagree), 4 (disagree), 5 (strongly disagree).

A. The information provided in this handbook was easy to understand and user-friendly.

1. Strongly Agree
2. Agree
3. Neither Agree nor Disagree
4. Disagree
5. Strongly Disagree

B. I think I am more likely to consider Supported Self-Employment as an option after reading this handbook.

1. Strongly Agree
2. Agree
3. Neither Agree nor Disagree
4. Disagree
5. Strongly Disagree

C. This handbook will be useful to providers and/or individuals thinking about starting a business.

1. Strongly Agree
2. Agree
3. Neither Agree nor Disagree
4. Disagree
5. Strongly Disagree

D. What other topics related to Supported Self-Employment would be helpful and need to be included in this handbook?

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E. What changes would make this handbook more useful?

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Thank you for your feedback.



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*Michigan Department  
of Community Health*



Jennifer M. Granholm, Governor  
Janet Olszewski, Director

MDCH is an equal opportunity employer, services, and programs provider.  
Number of copies: 500; Total Printing costs: \$1,387.53; Unit cost: \$2.77

Michigan Department of Community Health  
Lansing, Michigan 48913  
[www.michigan.gov/mdch](http://www.michigan.gov/mdch)