

## **NC DIVISION OF SERVICES FOR THE BLIND POLICIES AND PROCEDURES VOCATIONAL REHABILITATION**

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<b>Section:</b>	<b>S</b>
<b>Title:</b>	<b>Self-Employment Procedures</b>
<b>Current Effective Date:</b>	<b>02/08</b>
<b>Revision History:</b>	<b>Revised 09/97; 01/06</b>

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Self-employment means earning and directing one's livelihood by working for oneself rather than an employer (Webster's Dictionary). Self-employment is a viable employment option and an achievable vocational goal in rehabilitation planning for those individuals for whom an employment outcome in self-employment is consistent with the unique strengths, resources, priorities, concerns, abilities, capabilities, interest and Informed Choice (IC) of the eligible individual. (Rehabilitation Act of 1973 as amended in 1998, issued 8/7/98 and Rehabilitation Regulations of 1998, issued 1/17/01). A self-employment business is organized as a for-profit adventure and may be in the form of a sole proprietorship, partnership, Subchapter S Corporation, C Corporation, or Limited Liability Company.

Consideration of self-employment as an employment goal will usually occur early in the Vocational Rehabilitation (VR) process. It is essential the individual understands that part of being successful in business is to independently establish a business with securing funding as an essential step. The primary goal of the Vocational Rehabilitation Counselor is to provide technical assistance and resource identification. The State Agency can provide guidance but shall not be considered the only resource for training, technical assistance, or financial assistance related to the business venture. In cases where corrective surgery is planned, the Vocational Rehabilitation Counselor will need to first develop the Individual Plan for Employment (IPE) (On-Line DSB-4005b-VR Individual Plan for Employment with instructions) for physical restoration services. Following the provision of these services; i.e., corrective surgery, the Vocational Rehabilitation Counselor will need to reassess whether or not the individual continues to have an impediment to employment prior to development of a plan for self-employment. If so, the Vocational Rehabilitation Counselor may proceed with a Self-Employment Individual Plan for Employment (IPE) or Individual Plan for Employment (IPE) Amendment (On-Line DSB-4005d-VR Individual Plan for Employment Amendment with instructions).

There are two situations when a Self-Employment Plan (SEP) would not need to be developed: (1) when North Carolina Division of Services for the Blind (DSB) is providing services for the purpose of job retention for an individual already in a successful self-employment occupation, or (2) when the SEP does not require a financial investment in the business by NCDSB; i.e., the individual may be self-employed as a baby sitter, attendant, grounds keeper, etc.

Funding the services needed for a SEP is subject to this policy and other Financial Responsibilities/Economic Need Requirements (On-Line DSB-4040-VR Economic Need Survey with instructions), Eligibility policies, including, but not limited to, purchasing and Individual financial participation.

The individual shall be fully informed from the outset that projects must be reviewed, approved and the Agreement of Understanding for Self-Employment signed before projects can be initiated. The Vocational Rehabilitation Counselor shall carefully document that he/she has made the individual aware of the procedures to be followed. In no case shall the Vocational Rehabilitation Counselor make any commitment prior to such review and approval. The individual shall be aware that the Agency will not provide funding for: (1) businesses that are speculative in nature, (2) businesses organized as non-profit, (3) businesses organized as hobbies, (4) purchase of real property (land and

whatever is erected or growing on it or affixed to it), or (5) refinancing of existing debt. The individual shall be given a copy of the Agency Self-Employment Handbook for review in developing the SEP.

The following is a list of necessary steps:

## 1. ASSESSMENT OF POTENTIAL (PERSONAL AND BUSINESS)

When a business is proposed, it is important that the individual and Vocational Rehabilitation Counselor take a realistic look at the plan concept. The initial assessment shall include both personal feasibility and business feasibility. A written evaluation of personal and business feasibility denoting each of the items below shall be reviewed by the individual and Vocational Rehabilitation Counselor and documented in the case file.

### Personal Feasibility:

- Work History - direct or transferable skills specific to the business venture.
- Technical Soundness - individual is currently licensed and/or qualified to perform primary functions of the business activity.
- Financial track record - indicates some level of financial responsibility (maintaining positive balance in checking account; able to stretch monthly in flow of cash from beginning to the end of month) to include a written credit check.
- Disability Related Issues and Self-Employment - accommodations necessary to effectively participate in business.
- Training - individual is expected to be knowledgeable about the product or service being offered and all aspects of running a business such as personnel, management, bookkeeping and marketing. Attending seminars, participating in training courses, or working in another business shall help the individual obtain needed education or training.

### Business Feasibility:

- Concept Feasibility - clearly stated business idea, technical preparedness related to all aspects of the business operation, and management capacity documented by experience.
- Market Feasibility - geographic area, primary and secondary competition, detailed description of primary and secondary target markets.
- Financial Feasibility - adequate capitalization with recognition of all resources available.

## 2. BUSINESS PLAN DEVELOPMENT

The Business Plan is a written document developed by individual(s) which includes the following components as applicable:

- Complete business description/summary
- Organization Plan including information regarding legal form of business and owner/operator qualifications and how the individual and employees will spend their time during each workday.
- Market plan which includes information regarding competition, location, targeted markets, products/service description, market need, promotional plan, sales/marketing strategies; advertising goals and methods; and expected outcomes.
- Analysis of possible risks and competition from similar existing businesses.

- Financial plan, including information relative to fixed assets already owned, a summary of working capital needs, a two year cash flow projection, a two year projected profit and loss statement, balance sheets, plan for bookkeeping, identification of loans and financial assistance, a personal budget, a break even analysis, a financial history.
- Operating budget-day by day week by week activities
- Analysis of need for initial inventory of equipment/supplies
- Legal issues such as zoning or licenses
- Steps for implementing the business plan/schedule
- Identification of current and future resources necessary to sustain business operations
- Other information deemed necessary by the individual, Vocational Rehabilitation Counselor or Project Review Committee (PRC) for a clearer understanding of the business plan.

### 3. TECHNICAL ASSISTANCE

The individual shall research and obtain technical assistance for every aspect of the business, such as funding sources, loans, tax information, licensing, and use of attorneys, inventory, and insurance.

Sources of technical assistance include similar businesses, industry associations, chambers of commerce, banks, economic development programs, community colleges, colleges, or universities, the Small Business Administration (SBA) and other sources that may be unique to the area in which the business will reside.

### 4. RESOURCES

Explore and apply for resources available from other sources. Financial participation in the costs of establishing a self-employment enterprise is required. The individual shall apply for funding from other sources, such as venture capital, banks, SBA, etc.

The Agency may participate in partially funding self-employment, but does not have a capital or loan program for the establishment of businesses. These investment resources must come from other sources. Vocational rehabilitation's purpose for involvement is to assure that the individual has the same opportunity to start a business that an individual without a disability with the same unique characteristics would have.

The minimum level of Individual participation for business capitalization, excluding training and technical assistance, is as follows:

Total Cost Identified in Business Plan	% of Individual Participation
\$1-\$5,000	Five Percent (05%)
\$5,001-\$10,000	Ten Percent (10%)
\$10,001-\$20,000	Fifteen Percent (15%)
Above \$20,001-\$30,000	Twenty Percent (20%)

If personal financial resources are not available, the plan must clearly state the investments of in-kind benefits; i.e., as ownership of land, payments on equipment, etc., on the part of the individual.

Any exception to participation requirements must be approved by the Agency Director.

The equipment agreement (On-Line DSB-4016-VR Equipment and Computer Use Agreement with instructions) must be in place whenever DSB funds the purchase of equipment. In the event of a business failure or the equipment is no longer being utilized as part of the IPE, the equipment purchased by DSB will be returned to the Agency. This will not apply if the equipment purchased by DSB has been turned over to the individual during active status.

## **5. SUBMIT THE BUSINESS PLAN**

Vocational Rehabilitation Counselor shall submit the SEP to his/her Area or District Vocational Rehabilitation Supervisor. The Area or District Vocational Rehabilitation Supervisor shall review the project and, if recommended, submit it in writing to the PRC for approval. The PRC shall consist of the Area Vocational Rehabilitation Supervisor, the Vocational Rehabilitation Counselor and a business person with knowledge in the specific business area.

Projects under \$5,000.00 shall be reviewed by the PRC only. If projects are determined feasible, the PRC will write a letter of approval to the Vocational Rehabilitation Counselor. The Vocational Rehabilitation Counselor shall prepare the IPE for Self-Employment and implement the SEP. If the PRC does not approve the business adventure, a letter of denial with reasons for the decision shall be sent to the Vocational Rehabilitation Counselor.

All projects above \$5,000.00 shall be referred in writing with a recommendation by the PRC to the Chief, Vocational Rehabilitation Field Services for review and approval. The Chief, Vocational Rehabilitation Field Services shall decide if NCDSB will be supporting the project and write a letter of determination to the PRC.

The PRC shall in turn write a letter to the Vocational Rehabilitation Counselor with the Chief, Vocational Field Services' recommendation. If recommended, the Vocational Rehabilitation Counselor shall prepare the IPE for Self-Employment and implement the SEP. If not recommended, a letter of denial with reasons for the decision shall be sent to the Vocational Rehabilitation Counselor.

The following will be submitted to the PRC:

- Referral Packet - This shall include a copy of the Rehabilitation Application (On-Line DSB-4004-VR Rehabilitation Application with instructions), Economic Needs Survey, current IPE, if appropriate, and subsequent amendments and pertinent medical and/or psychiatric information. This information shall be presented with a cover letter, which includes a copy of the feasibility assessment and completed business plan and a statement regarding the Vocational Rehabilitation Counselor's support of the proposal.
- Psychological Evaluation/Consultation (if needed) - The resulting report of an evaluation or consultation with a psychologist shall be written with a self-employment venture in mind.

## **6. DEVELOP THE SELF-EMPLOYMENT INDIVIDUAL PLAN FOR EMPLOYMENT (IPE)**

## **7. MONITORING BUSINESS PERFORMANCE FOR CASE CLOSURE**

Following financial assistance and the launching of the individual's business, business performance shall be monitored for a period not less than six (6) months. On average, business performance shall be monitored for approximately twelve (12) months. Business performance data/information shall

include: revenue and expenses on a monthly basis, narrative regarding market development, narrative regarding disability-related issues and additional needs for technical assistance.

## 8. DETERMINING CASE CLOSURE

Considerations for successful case closure of a self-employment case include: the business plan has been implemented, the business is profitable (exceeds operating costs) or has been in a profit mode (**at least equivalent to SGA on a monthly basis or as an average**) for a period of not less than six (6) months, the individual is satisfied with the business in a start up mode and all services agreed to in the IPE have been provided and individual agrees with the decision to close the case.

### REVIEW OF STEPS IN THE SELF-EMPLOYMENT PROCESS

1. Assessment of Potential (Personal and Business)
  - a. Identify the individual's interest in self-employment (what is the business interest)
  - b. Explore personal and business feasibility
  - c. Identify education and training needs
2. Business Plan Development
3. Assess Technical Assistance Needs
4. Resources
  - a. Identify financial participation (amounts and sources)
5. Submit Business Plan
  - a. Send SEP through the approval process
  - b. Answer any questions that arise.
6. Develop and implement the Individual Plan of Employment (IPE)
7. Monitor
8. Case Closure