

Business Plan, Benefits, Financing, PASS

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What is Venture Mentors?

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

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



Initial Steps

- Proof of Concept
- Feasibility
- Business Plan
- Implementation



Proof of Concept

- Initial review of business concepts – review and discussion about the business idea and requirements.
- Can be formal or informal.
- Identify people necessary to get the business off the ground.
- Determine level of interest and willingness to make it happen.
- My form:
http://www.venturementors.biz/Proof_of_concept.pdf



Proof of Concept

- What is viable?
 - Depends on who you are talking to
 - VR – Profitable (is case closure possible)
 - SSA – Profits above SGA (title II disability benefits) or which results in substantial reduction in SSI benefits
 - Family – Not losing family resources
- Who is Paying?



Proof of Concept

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



Problems - Proof of Concept

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



Feasibility

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



Assessing Feasibility

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



Business Plans

- Simplest part of setting up a business
- Three basic parts
 - Business
 - Marketing
 - Finance
- Finances based on real marketing data
- Marketing based on real business capability



Three Pieces

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



Circular Planning

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



Business Plan Problems

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



Business Problems Related to the Disability World

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



Business Problems Related to the Disability World

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



Business Problems Related to Business

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



Business Problems Related to Business

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



Self-Employment and SSA Disability Benefits are NOT Mutually Exclusive!

- Beneficiaries can earn money and still keep cash benefits in almost all cases
- Even if earned income causes loss of cash payments, Medicaid and/or Medicare coverage can be kept – sometimes indefinitely
- Even full time work for more than minimum wage is possible in many cases



First Step – Know Which Benefits You Get!

- SSA disability benefits are paid through two basic programs
 - SSI – Supplemental Security Income
 - Title II Disability Benefits – often referred to simply as “disability” or sometimes as “SSDI”.
- These two programs are completely different and treat earned income very differently.
- Some people get BOTH types of benefits



Work Incentives Planning and Outreach (WIPA)

- Get benefits help
 - This can be a complex area for many people
 - Free service paid for by SSA
 - Community Work Incentives Coordinator (CWIC)
 - Manage benefits and learn what Work Incentives might be available
- List of WIPA programs at:
<http://www.socialsecurity.gov/work/ServiceProviders/WIPADirectory.html>



Financing

- Primary reason for small business failure nationally is financing and cash flow
- Most Vocational Rehabilitation agencies cannot fund cash flow
- Most micro-enterprise grants cannot fund cash flow
- Financing options vary greatly from state to state



Federal Financing Programs

- Workforce Investment Board (WIB)
- PASS
- Small Business Administration Loans (SBA)



Federal Financing Programs

- Workforce Investment Board (WIB)
 - Small amounts
 - Depends on the local office
 - Talk to Roger Shelly
- PASS
 - Social Security program under SSI
 - Very powerful IF you have a good candidate
 - Talk to the local CWIC at the WIPA project



Federal Financing Programs

- Small Business Administration Loans (SBA)
 - Up to \$35,000 – micro-enterprise loan
 - Micro-enterprise loans are generally handled through local non-profits rather than banks
 - Require a strong business plan and generally some type of collateral
 - Up to \$1.5 MM/\$4 MM 504 Small Business loan
 - Managed and shared risk with local banks
 - Uses bank screening and resource requirements



State Programs

- **Highly Variable State to State**
 - State Vocational Rehabilitation
 - Micro-Enterprise Grants
 - State MR/DD, TBI, MH Agencies
 - State General Funds
 - Economic Development Funds for Disadvantaged Areas or Businesses
 - State Technology Loans



Vocational Rehabilitation

■ Variances

- Some states have policies which encourage Self-Employment – others DON'T!
- Some states have active demonstration projects to prove viability of the concepts
- Some states discourage Self-Employment
- Some states require the business owner to be able to make ALL business decisions
- Some states are proud of how few businesses they allow to get through



What Vocational Rehabilitation is good at

- Equipment
- Fixtures
- Disability related costs
- One time expenses



What Vocational Rehabilitation is NOT good at

- On-going Expenses
- Purchase of Vehicles
- Property improvement (land/buildings)
 - Unless it is disability related
- Cash flow funding



Other Financing Options

- Family
- Investing Partner
- Home Loan
 - Nationally, across all business sectors, this is the most common method of financing a business
- Floor Planning
- Factoring



What Makes a Business Successful?

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



What Makes a Business Successful?

■ Do

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



Sources of Additional Information

- <http://vcu-barc.org/>
- <http://www.passplan.org/>
- <http://www.jan.wvu.edu/SBSES/VOCREHAB.HTM>
- <http://ruralinstitute.umt.edu/>
- <http://www.passonline.org/>
- <http://www.griffinhammis.com/>
- <http://www.score.org/>
- <http://www.sba.gov/>
- <http://www.sba.gov/sbdc/>
- <http://www.venturementors.biz>
- <http://www.socialsecurity.gov/work/ServiceProviders/WIPADirectory.html>

