

SELF-EMPLOYMENT GUIDELINES

The following guidelines were formulated to provide support and structure in the development of Individual Plans of Employment containing a goal of self-employment.

WHEN is a Business Plan necessary & WHAT is required?

Any request for VR expenditures *OVER \$500 toward a self-employment endeavor will require: (*Note: The threshold amount is still under evaluation; it may exceed \$500.)

1. **Completed Business Plan:** Business plans are to be completed by the client. Pre printed plans can be obtained from our established business partners including the Montana Community Development Centers and the Montana Small Business Development Centers. (We've met with our business partner representatives who have been gracious in their provision of written materials and information. Most importantly, they are an accessible resource of expertise to our clients.)

Now at a computer near you! *Information regarding the business centers and sample business plans are available to you and your clients under the Employment & Careers category of the DISABILITY RESOURCE CENTER on the VR Web Site:

<http://www.dphhs.state.mt.us/dsd/>

2. **Consultation with 3rd Party Collaborator:** Following your client's completion of a business plan, the business plan is to be passed before a business expert for review, suggestion, and approval. You, the VR counselor, will confirm this step through a consultation with the reviewer. Your consultation will be documented in the case file. Documentation may include one of the following:
 - a. **Written Statement of feasibility from the Collaborator.** (Please note: our partners can not guarantee the future success of a business or lack thereof. They can only attest to the facts of the case; that is, they can indicate that the individual has completed a business plan, has considered suggestions in the completion of his or her plan, has revised the plan accordingly, and/ or has conducted all necessary research, etc.)
 - b. **Case Entry documenting verbal consultation with business partner.**

WHY? *The above expenditure threshold parallels the agency Loan Agreement/Transfer of Ownership policy noted in Section IV, page 4 of the MVR Policy Manual. Please refer to this policy for further clarification. The use of a "3rd party collaborator" ensures **objectivity, accountability, and consistency** in the provision of VR services relative to self employment.*

WHAT is required in the IPE for a self employment goal?

1. **Evidence of Investment:** all business plans and subsequent Individual Plans of Employment must contain evidence of personal investment from the proprietor/client. Evidence of Investment may include:

1. Personal Financial Investment
2. Sweat Equity
3. Comparable Benefits: A list of “Potential Sources of Capital will be available on the Self Employment section of the Disability Resource Center on the MVR Web Page.

***WHY?** This policy provision reflects the philosophy wherein the “first payer is the customer.” Without personal investment, the likelihood of success is significantly diminished. Requiring a business plan is a SERVICE to your client in that the process of completing a business plan prevents failure and prepares him or her for success.*

2. **Measurable Objectives and Goals.** The IPE should reflect the projected business goals and objectives outlined in the completed business plan. Please refer to the following example for clarification.

EXAMPLE:

Business Goal on Business Plan: Expand Target Market

Objectives on IPE:

1. I will develop business brochure by January 1, 2000
2. I will distribute brochures by March 30,2000.
3. I will develop Business Web Site by June 30, 2000

***WHY?** Using the business plan to develop the IPE ensures the accurate identification of client need, and provides a template for the documentation of measurable objectives. Paralleling the IPE with the business plan creates continuity in the process.*

HOW do I know when a self employment case can be closed as successful?

Closure Criteria Best Practice: In order to be considered successfully closed, the consumer must meet the core indicator PLUS one of the additional indicators.

Core Indicator of Success

Client has sustained business for 90 days without additional support from MVR and is able to put money back into the business to support ongoing business.

Additional Indicators of Success:

1. Client has gone off SSDI:

WHY? *This is a “stand alone” indicator. If a person can produce enough income to go off SSDI, then his or her business must be, by definition, successful and producing a livable wage.*

2. Client has experienced a decrease in public benefits (e.g., SSI, AFDC, food stamps, housing subsidy, Medicaid, mental health services, etc.)

WHY? *A person may have a successful business but not be producing enough income to eliminate public benefits entirely. All available income may be used to support the business or grow the business. However, an indicator of success would be enough income to reduce the need for some benefits.*

3. Client has realized a net profit from the business or has significant gross income. The person will submit business statements for counselor review. Examine projected net income and compare to actual net income achieved.

WHY? *Obviously profit indicates some success. Gross income is also used since business expenses or reinvestment may negate profit.*

4. Client has increased equity in the business (equipment/savings, on assets and liability statement). Person will submit business statements to the counselor for review.

WHY? *Although unable to show a profit as mentioned above, a person may be increasing the business equity, indicating growth and stability.*

*The above information regarding Case Closure Criteria is courtesy of the Alabama Department of Rehabilitation Services.