

# Clallam County's Supported Self-Employment & Micro-Enterprise Manual

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## **I. ACKNOWLEDGEMENTS**

Clallam County's Department of Health & Human Services would first like to thank those self-employment pioneers with developmental disabilities, their families and their support groups in our local community. These individuals led the way to creating options for earning money and having a more self-determined life.

In addition, we would like to acknowledge the assistance received with developing this manual. We wish to thank the states of Florida, Michigan and Washington for sharing their Supported Self-Employment Manuals. Jim Corey, Washington Initiative for Supported Employment, and Karen Pierce, Pierce, Jones & Associates, both offered their expertise and training throughout the development of this Manual. Cary Griffin & Dave Hammis, Griffin-Hammis Associates, LLC, have given their leadership and inspiration to the field of Supported Self-Employment, lighting the way as we moved forward.

Thanks to everyone who contributed to this Manual.

## **II. INTRODUCTION**

Supported Self-Employment and Micro-Enterprise approaches have gained energy and generated a good deal of enthusiasm in recent years. The principles of self-determination are the foundation that both of these models are built on.

People with developmental disabilities and their families have begun to view these options as truly credible. Interest is especially high for those living in rural areas and with little chance of financial advancement. It is also being considered for people for whom traditional supported employment has not been successful. Many business ideas are generated during person-centered planning sessions when traditional or competitive wage employment are 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. Micro-Enterprises and Supported Self-Employment must be the “right fit” for the individual, as determined by a person-centered plan.

This Manual provides direction and guidelines for people with developmental disabilities that embrace Supported Self-Employment and Micro-Enterprises as an option. It provides guidance for the organizations providing employment supports to people with developmental disabilities wishing to pursue these options in Clallam County.

Business ideas often evolve from an individuals' interests or talents; then finding a “niche” in the market that would use a particular service or product provided by the individual. A common approach is 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 and/or Micro-Enterprise 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. The business needs to generate a profit or demonstrate a clear plan to generate a profit.

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

### III. DEFINITIONS

#### Supported Self-Employment

**Individual Supported Employment (ISE)** is defined by the characteristics of:

- paid work,
- earning a living wage,
- performed in integrated settings in the community,
- intended for individuals with developmental disabilities, who require ongoing support.

**Supported Self-Employment** is defined as individuals with developmental disabilities owning their own businesses. These individuals receive support and ongoing assistance in the operational aspects of the business. Like traditional ISE, ongoing supports are not time-limited and may continue for the life of the business. Continuing the ongoing supports encourages continued growth in the business, gains recognition by the Internal Revenue Service (IRS) as a legitimate business, and results in the individual having a role in the economic life of the community.

Business owners with developmental disabilities should have access to the supports and resources necessary to initiate, develop, grow 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 of the business owner. 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 Individual Supported Employment. The values and principles of Individual Supported Employment transfer very well. As in Individual Supported Employment, the goal is to achieve the highest wages in the most integrated settings possible.

#### Micro-Enterprise

**Micro-Enterprise** is defined as a business with less than five employees that utilizes initial capital of \$35,000 or less. A Micro-Enterprise can be any type of business, including repair or cleaning services, computer technology,

specialty foods, jewelry, arts and crafts, clothing and textiles, childcare and environment products and services. A Micro-Enterprise creates employment for the owner and may in some cases grow into a larger business that employs members of the community.

### **A Supported Self-Employment Business Compared to a Hobby and a Micro-Enterprise**

A person in Supported Self-Employment is in business with a plan to earn a profit at the earliest possible point in time. This business presents an opportunity for individuals with developmental disabilities to become included in their communities and gain recognition as participating citizens. It also provides the individual with developmental disabilities, their support group and employment providers an opportunity to advance self-determination through person-centered planning. It raises the bar of expectations for people with developmental disabilities and allows them to be seen as productive, tax-paying citizens.

Responsibilities and challenges accompany these opportunities. Creative efforts are needed to run a business that makes a profit, providing income to the individual with developmental disabilities. These efforts toward profitability may take several months to a few years. Most small businesses reinvest their initial net profits back into their business for future growth or cover the debt incurred for the start-up of the business.

The difference between a business and a hobby centers on the goals of the individual. A business plans to be financially viable, profitable and generate enough income to grow more self-sufficient. A hobby is seldom planned, seldom profitable 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 sheltered workshop settings do not reflect the values of Supported Self-Employment.

**Hobby Example:** An individual walks 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 her 'business.' Without planned growth and or projected profitability, this activity remains a hobby.

**Micro-Enterprise 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 Micro-Enterprise. It may grow into a large business or it may stay as a Micro-Enterprise. Depending on both the plan and the volume of business conducted, it may be an effort worthy of Supported Self-Employment funding and services.

**Business Example:** An individual might decide to develop a dog walking business to become more financially independent. Utilizing a person-centered plan, she decides to begin walking dogs in 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 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 receive Supported Self Employment funding and services.

### **What the Internal Revenue Service (IRS) Says**

The IRS requires all sole proprietorships to submit an annual Form 1040 and Schedule C, Profit and Loss Statement. In addition, if net earnings are more than \$400 per year, a Schedule SE, Self Employment Tax, must be also be submitted. 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 at a living wage. Depending on the type of business, it is possible a business will have to pay taxes on a quarterly basis. The business planning team should consult with a tax professional to determine the exact reporting and taxation requirements for the business.

Further detail on tax responsibility is found on the IRS Website (<http://www.irs.gov/businesses/small/index.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. Each business 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 is 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.

#### **IV. IS SUPPORTED SELF-EMPLOYMENT and/or MICRO-ENTERPRISE RIGHT FOR ME?**

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

As individuals with developmental disabilities and employment providers consider entrepreneurial options, it is necessary for both the provider community and individuals considering Supported Self-Employment and/or Micro-Enterprise to know what they are getting into. Supported Self-Employment and/or Micro-Enterprise 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 individuals with developmental disabilities and employment providers in determining the feasibility of Supported Self-Employment and/or Micro-Enterprise by asking appropriate questions.

#### **Asking the Right Questions**

Determining whether Supported Self-Employment or Micro-Enterprise is an

employment option worthy of consideration will involve a great deal of discussion and thought. These discussions and thoughts should be part of the **person-centered employment planning process**. Too often Supported Self-Employment or Micro-Enterprise is considered when more traditional models of employment have been unsuccessful or when an employment 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 or Micro-Enterprise.

The very idea or consideration for Supported Self-Employment and/or Micro-Enterprise 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 and/or Micro-Enterprise.

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 4-7 of this document 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?
- Has Jacob's vocational profile been reviewed and updated?
- Has Jacob been set up with a Certified Community Work Incentives Coordinator 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.

## **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 co-workers? 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.

<input type="checkbox"/> walking	<input type="checkbox"/> standing	<input type="checkbox"/> sitting	<input type="checkbox"/> driving
<input type="checkbox"/> grasping	<input type="checkbox"/> hearing	<input type="checkbox"/> seeing	<input type="checkbox"/> reading
<input type="checkbox"/> counting	<input type="checkbox"/> reasoning	<input type="checkbox"/> 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 their employment planning team that there is desire and potential for business development, then the next phase of planning will begin.

## **V. BUSINESS PLAN**

The business plan is a comprehensive document describing all relevant aspects of the business in the proposal and development stage as well as when it is fully operational. It is the foundation for planning activities and provides justification for undertaking the endeavor. All business plans should show the business making a profit with specified timelines.

The plan shall include:

- **Executive Summary.** This section generally describes the name and type of business, the business location, the product, the market, and the management and business goals.
- **Products or Services.** This section describes the product or service line and any proprietary position (patent, copyright, legal, and technical).
- **Manufacturing Process (if applicable).** This section describes the materials, source of supply and production methods.
- **Market Analysis and Marketing Strategy.** This section describes the total market, industry trends, target market, competition, pricing strategy, service rates (if applicable), price points and the methods of selling, distributing and servicing the product or service line.
- **Operations Plan and Management Plan.** The Operations Plan describes all operational activities including who does what, general schedule of work, where operations occur, how operations will be supported and by whom, ledger and recordkeeping and by whom, insurance requirements and legal review (if it is determined that the product or service could harm someone, etc.). The Management Plan describes the business organization and personnel.
- **Financial Plan & Benefits Analysis-B/A** (a B/A is required if SSA, Medicaid, or other social benefits such as section 8 housing, food stamps, etc., are involved) including at least 2 to 3 years of : Profit and Loss Projections; Cash Flow Projections; Balance Sheet Projections; Break Even Analysis; and Benefits Analysis Projections (if applicable).

The complexity and comprehensive nature of the business plan will be determined by the scope of the proposed business. DVR through the Business Planning Team can provide assistance in determining how complex and comprehensive the business plan should be.

## **VI. CLALLAM COUNTY FUNDING PARAMETERS**

Prior to Clallam County's agreement to fund Supported Self-Employment and/or Micro-Enterprises, there must be evidence that:

- Supported Self-Employment and/or Micro-Enterprise is the best vocational option for the individual with developmental disabilities.
- The individual with developmental disabilities is choosing this option based on informed choice and the results of vocational assessments and feasibility analysis.
- There is a formal written Business Plan that indicates profitability and income production within three years.
- The individual with developmental disabilities has the interest, skills and abilities to make a measurable contribution to the supported self-employment venture. Person-center business planning efforts may be required to determine the reasonableness of this goal.
- DVR has been utilized to develop a formal written Business Plan, feasibility analysis and start-up costs. DVR has closed the case in supported self-employment as a successful employment outcome.
- The individual with developmental disabilities must hold controlling interest of the business (owns 51% or more of the business).
- The individual with developmental disabilities is performing actual and substantial work that has been tailored to maximize their abilities. Job coaching, job carving, adaptive technology and worksite accommodations may be among the strategies utilized to achieve this.
- The work must be integrated into the community setting and offer contact with individuals who are not disabled.
- Benefits Planning has been completed by a Certified Communities Work Incentives Coordinator, including a written benefits analysis.
- The business is licensed in Clallam County and Washington State.

**Clallam County will not provide Supported Self-Employment and/or Micro-Enterprise funding or be involved in assisting consumers for:**

- Businesses speculative in nature, such as investments in real estate, etc.
- Businesses organized as hobbies (A hobby is defined as a pursuit for relaxation outside of a regular occupation. A hobby has no plan for the business to make a profit.)
- Business operations that do not intend to be profitable or do not generate enough income to break even.
- Work performed at home, while being paid as an employee for an employer (i.e. through telecommuting)
- Construction and/or purchase of real estate
- Sign or co-sign leases or mortgages
- Purchase of land

- Refinancing of existing business debt or personal debt, costs related to bankruptcies or co-signature of loans
- Purchase of tools, equipment, supplies, materials or furnishings needed for the business
- Payment of salaries, cash or any other form of direct payment to a participant
- Loans for expansion of existing businesses
- Religious education, training, supplies or materials
- Purchase of firearms, alcohol or tobacco
- Deposit of monies into accounts for discretionary use or for any other purpose including business expansion loans
- Purchase of vehicles
- Support businesses that may violate community morality or are unlawful
- Fund business licenses, permits or their renewals
- Businesses that are not-for-profit corporations
- Businesses that are franchises
- Any business with the objective of paying sub-minimum wage
- Businesses that are illegal in the state of Washington
- Businesses that do not document payment of required taxes at the State and Federal level

All other applicable State and Federal laws, policies, and procedures must be followed, including State purchasing laws.

## **VII. PROCESS STEPS**

1. Complete Person-Centered Employment Planning Process
2. Utilize DVR for Assessments, Feasibility, Business Planning, Business Mentoring, and Short Term Coaching Supports
3. Once DVR has closed the case as successful, access County ISE funds through your DDD Case Manager.
4. Proactive steps are taken by the business owner to ensure the business makes adequate progress toward becoming profitable and self-sustaining.

## **VIII. RESOURCES - WHERE TO FIND HELP**

1. Advocacy Center for Persons with Disabilities  
[www.advocacycenter.org](http://www.advocacycenter.org)  
590 South Avenue  
Rochester, NY 14620  
Voice and TDD: 9585) 546-1700

2. Protection and Advocacy for Beneficiaries of Social Security (The PABSS Program)

<http://www.ssa.gov/work/pafactsheet.html>

Funded by the Social Security Administration under the Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA) to provide advocacy assistance to beneficiaries of Social Security who have problems obtaining, maintaining, and retaining employment.

3. Washington Small Business Development Center

<http://www.wsfdc.org/>

Kathleen Purdy  
Lincoln Center  
905 South B Street, Suite 128  
Port Angeles, WA 98363  
360-417-5657  
kpurdy@olympus.net

Washington Small Business Development Centers promote economic vitality by providing advice, training and research to entrepreneurs and existing businesses statewide.

4. Small Business Administration

<http://www.sba.gov/>

Washington District Office  
2401 Fourth Avenue, Suite 450  
Seattle, WA 98121  
206-553-7310

The U.S. Small Business Administration (SBA) was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation. The SBA helps Americans start, build and grow businesses. Through an extensive network of field offices and partnerships with public and private organizations, SBA delivers its services to people throughout the United States, Puerto Rico, the U. S. Virgin Islands and Guam.

5. Internal Revenue Service (IRS)

[www.irs.gov/smallbiz](http://www.irs.gov/smallbiz)

This site provides a great deal of information regarding federal taxes for small business and the self-employed.

6. S.C.O.R.E.

[www.score.org](http://www.score.org)

SCORE "Counselors to America's Small Business," is a non-profit volunteer small business counseling association. Retired executives with experience in owning or operating a business provide advice and assistance on topics such as writing a business plan, buying and selling a business and managing cash flow.

7. Washington Workforce Development

<http://www.wtb.wa.gov/WWDS.asp>

Washington State's workforce development system is a network of services, programs, and investments with a shared goal of improving the skills of the state's workforce.

8. Social Security Administration

<http://www.ssa.gov>

Social Security's website provides detailed information about disability benefits, working with a disability and business services.

9. Department of Revenue

<http://dor.wa.gov/>

Washington State's department of Revenue handles Washington state and local taxes.

10. Department of Licensing

<http://www.dol.wa.gov/business/>

Washington State's Department of Licensing handles the business licensing process.

11. Division of Vocational Rehabilitation (DVR)

<http://www.dshs.wa.gov/dvr/>

228 W First Street, Suite W  
Port Angeles, WA 98362  
360-457-2116

DVR provides individualized employment services and counseling to people with disabilities.

12. Division of Developmental Disabilities (DDD)

<http://www.dshs.wa.gov/ddd/>

203 W First Street

Port Angeles, WA 98362  
360-565-2700

DDD offers supports and services to eligible people with developmental disabilities.

13. Clallam County, Department of Health & Human Services  
Developmental Disabilities Section  
223 E Fourth Street, Suite 14  
Port Angeles, WA 98362-3015  
[http://www.clallam.net/healthservices/html/hhs\\_dd.htm](http://www.clallam.net/healthservices/html/hhs_dd.htm)  
360-417-2428

In partnership with DDD, provides employment services to eligible people with developmental disabilities.

14. Washington Assistive Technology Foundation (WATF)  
[http://watf.org/about\\_watf/about\\_watf.php](http://watf.org/about_watf/about_watf.php)  
100 South King Street, Suite 280  
Seattle, WA 98104  
206-328-5116  
1-800-214-8731

The Washington Assistive Technology Foundation is a Community Development Financial Institution established by and for people with disabilities in Washington state. WATF provides low-interest loans and other financing services to help individuals with disabilities obtain the technologies and business equipment needed to live independently and to succeed at school, at work, at play and in the community.

15. Washington State Micro-Enterprise Association  
<http://www.wamicrobiz.org/>  
500 South 336<sup>th</sup> Street, Suite 208  
Federal Way, WA 98003  
253-661-0930

Washington State Micro-Enterprise Association is a state-wide network of agencies and organizations serving micro-enterprises.

16. Washington Community Alliance for Self-Help (CASH)  
<http://www.washingtoncash.org/>  
2100 -24<sup>th</sup> Avenue South, Suite 380  
Seattle, WA 98144  
206-352-1945

Washington CASH provides training and financing for people wishing to start or expand a small business.