

**DEVELOPING A SUSTAINABLE FINANCIAL SUPPORT MODEL FOR BUSINESS OWNERSHIP  
Minnesota DEED – Vocational Rehabilitation Services**

**2<sup>ND</sup> REVISION OF THE DRAFT THIRD/FINAL MILESTONE REPORT: GOAL III  
Submitted: October 25, 2010**

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**Notes Related to Project Goals I & III:**

Goal I was completed with submission of the 1<sup>st</sup> Milestone Report on March 19<sup>th</sup> and associated conference call

Goal II was completed with submission of the 2<sup>nd</sup> Milestone Report on June 1<sup>st</sup>

Goal III was completed with submission of the 3<sup>rd</sup> Milestone Report on June 7<sup>th</sup>

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**Goal III 1<sup>st</sup> Revision Draft report submitted on August 20, 1010 (pages 9-39 of this 2<sup>nd</sup> revision included below)**

**Goal III, 2<sup>nd</sup> Revision Draft report included below, October 25, 2010 (pages 1-8)**

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**(AMENDED/2<sup>ND</sup> REVISION, DRAFT THIRD MILESTONE REPORT: GOAL III:  
OCTOBER 25, 2010)**

**Good – Better - Best**

Four funding models were presented in the 1<sup>st</sup> revision of the third milestone report August 20, 2010, each with different costs and methodologies. The four methods are Capitalization Mapping, Certified Business Technical Assistant Consultant, Virtual Incubator and Outsourcing. Each has advantages and disadvantages. In the state of Illinois, with the present state VR policy and legislative environment, the self-employment support network, or a form of capitalization mapping is the best fit. With the stated goals of Minnesota there is a best fit, particularly in the area of “gap funding.” Portions of all of these approaches can be used together. A capitalization map would be beneficial in conjunction with any of the three other models. Rather than a simple discussion of “good, better, best” an attempt will be made to identify the advantages and disadvantages of each model, then bring together a “best” that incorporates portions of the models to create a cohesive solution to the specific desires of Minnesota.

**Capitalization Mapping**

Capitalization mapping should be a part of any well designed self-employment program. Identification of potential lending sources and services which the individual can draw on will reduce the amount of time (and therefore expense) of the state Vocational Rehabilitation agency, required to support a potential small business owner. By identifying external agencies

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which can provide or are committed to providing support for phases of the business will likewise reduce the cost of supporting the potential business owner. In its simplest form, capitalization mapping is simply a referral service; however the benefit can be far beyond that if the map is integrated into a service model. It can reduce the effort needed to find appropriate resources to help the prospective business owner. Once the mapping is completed an appropriate intake form can be generated for early identification of support and financing. A simplified sample form can be found in Appendix A of the first milestone report dated March 19, 2010. It is also shown in Appendix A of this section. This is an excellent tool to identify the direction and appropriate players for each self-employment case. This can be easily expanded to include SBA, SCORE and banks which will consider small loans. By expanding the scope, it can be used for and by people who do not qualify for state VR support. Capitalization mapping as a stand-alone solution is very limited, however it is one part of the solution proposed for Minnesota.

### **Certified Business Technical Assistant Consultant**

The advantage of the Certified Business Technical Assistant Consultant (CBTAC) is that there is a person paid by the state Vocational Rehabilitation dedicated to working with the consumer on the business. This person has gone through course work on writing a business plan, developing a marketing plan, planning business start-up and other business related topics. A very high level of service is given to the consumer, included writing the business plan based on a series of interviews and planned field work. The steps of the business are well planned and the CBTAC continues to help through business start-up and in the first months of operations. This is an effective model for start-up, providing intensive support to the consumer.

As stated in the discussion on CBTAC, this model is significantly more expensive, because of the cost of training and the high level of support provided through start-up of the business. The quality of support to the business can be somewhat variable, based on the technical skills of the individual CBTAC. The level of support may also be more than the typical consumer would need. This support could be modified and customized using a general intake form as presented in Appendix A.

A disadvantage of the CBTAC model is that it does not easily provide methodology for "gap" funding and support. Modification to the program would be required. Methodology and controls would also be required for a state revolving fund or loan guarantee program. While there are strengths to this model, community rehabilitation partners in Minnesota have not been significantly involved in self-employment. The Minnesota State Rehabilitation Council has indicated that the model would not be a good fit for the state Vocational Rehabilitation agency and the current nonprofit community rehabilitation partnerships.

### **Virtual Incubator**

The virtual incubator depends heavily on early identification of a course of action and specific supports provided by an intake form with appropriate capitalization and resource mapping. While this can be considered a form of outsourcing, there are some distinct differences between this and typical outsourcing such as Ohio and California. The state Vocational Rehabilitation

agency can exercise more control over the incubator as opposed to a typical vendor relationship. The incubator is a partner to the state Vocational Rehabilitation agency.

One of the strengths of this program is a small team of knowledgeable business professionals evaluate the business and the consumer (and support system) to determine specifically what level of help is required by the business, if the business concept is viable as a business, and if the concept is viable for the consumer (and support system). Support is then provided in the areas where it is specifically required and the consumer (and support system) is expected to do all work which they are capable of doing. For example, a consumer may not be able to write the marketing section of a business plan, however they can do customer surveys, a survey of competitors, identification of the target market, and other significant pieces of business plan development. Direction can be provided to the consumer in how to complete the tasks, but completion is dependent on the person.

Another strength of this program is after start-up, common business tasks can be done centrally. An accountant, who is a member of the team, can review financial information monthly, or keep the books of consumer businesses. If the business is not on track, the other members of the team can be involved. If it is a marketing problem, the marketing professional can determine what changes need to be made to make the business more successful early in the start-up.

The recommendation for a virtual incubator is to form or partner with a nonprofit. A community SBA lender could be a good candidate as this nonprofit. These agencies already have some level of business acumen. The issue with SBA micro-loan agencies is Minnesota does not currently have a state wide SBA micro-loan agency and the state has gaps in coverage of some counties. A North Dakota economic development group has expanded coverage to the entire state under a Vocational Rehabilitation agreement. A Lexington Kentucky SBA micro-lender has expanded coverage to a major portion of the state of Kentucky. It would be conceivable for an agency such as the Northeast Entrepreneur Fund, Inc. in Minnesota, to expand its coverage state wide under an agreement with Vocational Rehabilitation. The state Vocational Rehabilitation agency should have representation on the Board of Directors of any nonprofit partner. This should be a very small nonprofit with very limited staff. If space is available, it could be located in a central Vocational Rehabilitation office.

Forming or partnering with a nonprofit has a number of advantages. The nonprofit is not directly tied to the state Vocational Rehabilitation, therefore not subject to the time constraints. This means the group can effectively address "gap" financing when it is appropriate. Being a nonprofit, they can solicit corporate sponsorships, donations, federal grants, state general funds, and other forms of support, which would enable them to support businesses beyond the timeframe allowed for state Vocational Rehabilitation support. State CPA associations can be significant contributors of time to this type of effort. This group could also be the manager of a state revolving loan fund or loan guarantee program.

A Virtual Incubator, in conjunction with capitalization and resource mapping and a state revolving loan fund is the recommendation for Minnesota. A state set-aside for IDA funds could also be employed as a potential "gap" funding method.

### **Outsourcing**

Typical outsourcing contracts with an agency to provide services similar to the services provided by a CBTAC discussed in the previous section. The agency provides services based on a fee structure, under contract with Vocational Rehabilitation. Because of the nature of these contracts, they typically do not provide service beyond the timeline allowed by the state Vocational Rehabilitation agency. Two states that use outsourcing use the external agency to suppress the number of self-employment cases sponsored by the state Vocational Rehabilitation agency.

Outsourcing is an effective way to have experienced business people review proposed businesses. In the virtual incubator model, review of business proposals and/or business plans could be a way to have independent review before committing case dollars to a business.

### **Process**

The following is a discussion of how the model would look to a Vocational Rehabilitation counselor, and briefly how it would operate.

1. The Vocational Rehabilitation counselor would do an initial intake of the individual and identify the person as a self-employment candidate.
2. A person who has received training in self-employment proof of concept and the standard intake form interviews the person and gathers the initial data. This can be a person located in each Vocational Rehabilitation office, or it can be the counselor and consumer on a conference call with staff of the nonprofit.
3. A conference call is held with the staff of the Virtual Incubator, the Vocational Rehabilitation counselor and the consumer to discuss preliminary business plans and the level of support required by the consumer.
4. The Virtual Incubator develops a preliminary proposal which includes the perceived viability of the business based on the Proof of Concept, preliminary estimates of money required for feasibility, a marketing plan and a business plan. The proposal also includes potential external supports for the business and anticipated support requirements.
5. The Vocational Rehabilitation counselor or VR management approves the preliminary plan.
6. The preliminary proposal is completed in steps. Feasibility is completed and approved by Vocational Rehabilitation before any other tasks are started.
7. The Marketing Plan, Business Plan, Capitalization Plan and Financial Plan are completed and contain specific details of timing, required support, necessary equipment and all costs required for start-up.
8. The Vocational Rehabilitation counselor or VR management approves the final Business Plan which contains the marketing, capitalization, and financial sections.
9. The Virtual Incubator begins the implementation of the plan in coordination with the Vocational Rehabilitation counselor.
10. Periodic reporting is done by the Virtual Incubator on the status of the business, finances and variance from the financial plan presented in the Business Plan.

11. If additional funding is required, a financing decision tree is employed to evaluate bank loans, SBA loans, IDA funds, state revolving loan funds, and other sources of gap funding.
12. The Virtual Incubator is evaluated based on accuracy of targets presented in the business plans which they supported and helped to write.

## Appendix A

### Self-Employment Initial Interview

<b>Applicant Name</b>	<hr/>	
<b>Address</b>	<hr/>	
	<hr/>	
	<hr/>	
<b>Applicant Social Security Number</b>	____ - ____ - ____	
<b>Applicant Age</b>	_____	
<b>General Information</b>		
<b>Has a Proof of Concept been completed? Yes/No</b>		
<b>What Agencies/Services does the applicant qualify for?</b>		
Vocational Rehabilitation	<input type="checkbox"/>	<b>Notes</b> <hr/> <hr/> <hr/>
One-Stop	<input type="checkbox"/>	
Blind Services	<input type="checkbox"/>	
Brain Injury Association	<input type="checkbox"/>	
Veterans	<input type="checkbox"/>	
Mental Health	<input type="checkbox"/>	
MR/DD	<input type="checkbox"/>	
Medicaid Waiver	<input type="checkbox"/>	
<b>What other services does the applicant qualify for?</b>		
CWIC	<input type="checkbox"/>	<hr/>
CIL	<input type="checkbox"/>	
CRA	<input type="checkbox"/>	
<b>Will the applicant require on-going supports to be successful? Yes/No If so, who will provide the supports?</b>		
Family	<input type="checkbox"/>	<hr/> <hr/> <hr/> <hr/>
Med Waiver Provider	<input type="checkbox"/>	
Business Partner	<input type="checkbox"/>	
Supported Employment	<input type="checkbox"/>	
Other(describe)	<input type="checkbox"/>	

**Public Benefits/Financing**

**If on Public Benefits, does the applicant understand the effects of self-employment income on the Benefits? Yes/No**

**Has the applicant talked to a benefits specialist or agency about their benefits?**

**What options does the applicant have for financing?**

- Vocational Rehabilitation
- One-Stop
- SSA PASS
- Family
- Owner
- Loan
- Veterans
- Blind Services
- Brain Injury Association
- Other (describe)

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**Business Planning**

**Will the applicant be able to do test marketing/survey/presales without support? Yes/No**

**If support is required, who will provide it?**

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**Will the applicant and/or natural support system be able to write a business plan without support? Yes/No**

**If not, what level of support will be required?**

- Final review
- Compiling of final plan
- Section by section support
- Interview and writing

**Does the applicant and/or support need help choosing structure, insurance, other basic business requirements? Yes/No**

**Does the applicant and/or support system need business training?**

**Starting Your Business**

- Developing a Business Plan
- Conducting a Marketing Analysis
- Analyze your Competition
- Targeting Your Market
- Maintaining an Agile Company
- Creating a Competitive Advantage
- Creating a Strategic Plan
- Determining Your Business Legal Structure
- Protecting Your Business with Patents, Copyrights, and Trademarks

<b>Managing Your Finances</b>	
Preparing a Cash Budget	<input type="checkbox"/>
Preparing a Balance Sheet	<input type="checkbox"/>
Managing Your Cash Flow	<input type="checkbox"/>
Running a Profitable Company	<input type="checkbox"/>
Creating a Profit and Loss Statement	<input type="checkbox"/>
Analyzing Your Financial Ratios	<input type="checkbox"/>
Protecting Your Business with Contracts	<input type="checkbox"/>
Assessing Your Company's Financial Needs	<input type="checkbox"/>
Partners and Investors	<input type="checkbox"/>
Valuing a Business	<input type="checkbox"/>
QuickBooks Basic	<input type="checkbox"/>
QuickBooks Intermediate	<input type="checkbox"/>
<b>Foundations of Marketing</b>	
Pricing Products and Services	<input type="checkbox"/>
Building Your Brand	<input type="checkbox"/>
Promoting Your Business	<input type="checkbox"/>
Advertising Your Business	<input type="checkbox"/>
Building a Web Site	<input type="checkbox"/>
Personalization Strategies to Attract and Retain Customers	<input type="checkbox"/>
Identifying Your Sales Strategy	<input type="checkbox"/>
<b>Other Training (please describe)</b>	

**Funding Decision Tree (from prior 1<sup>st</sup> revision of the draft Final Report)**

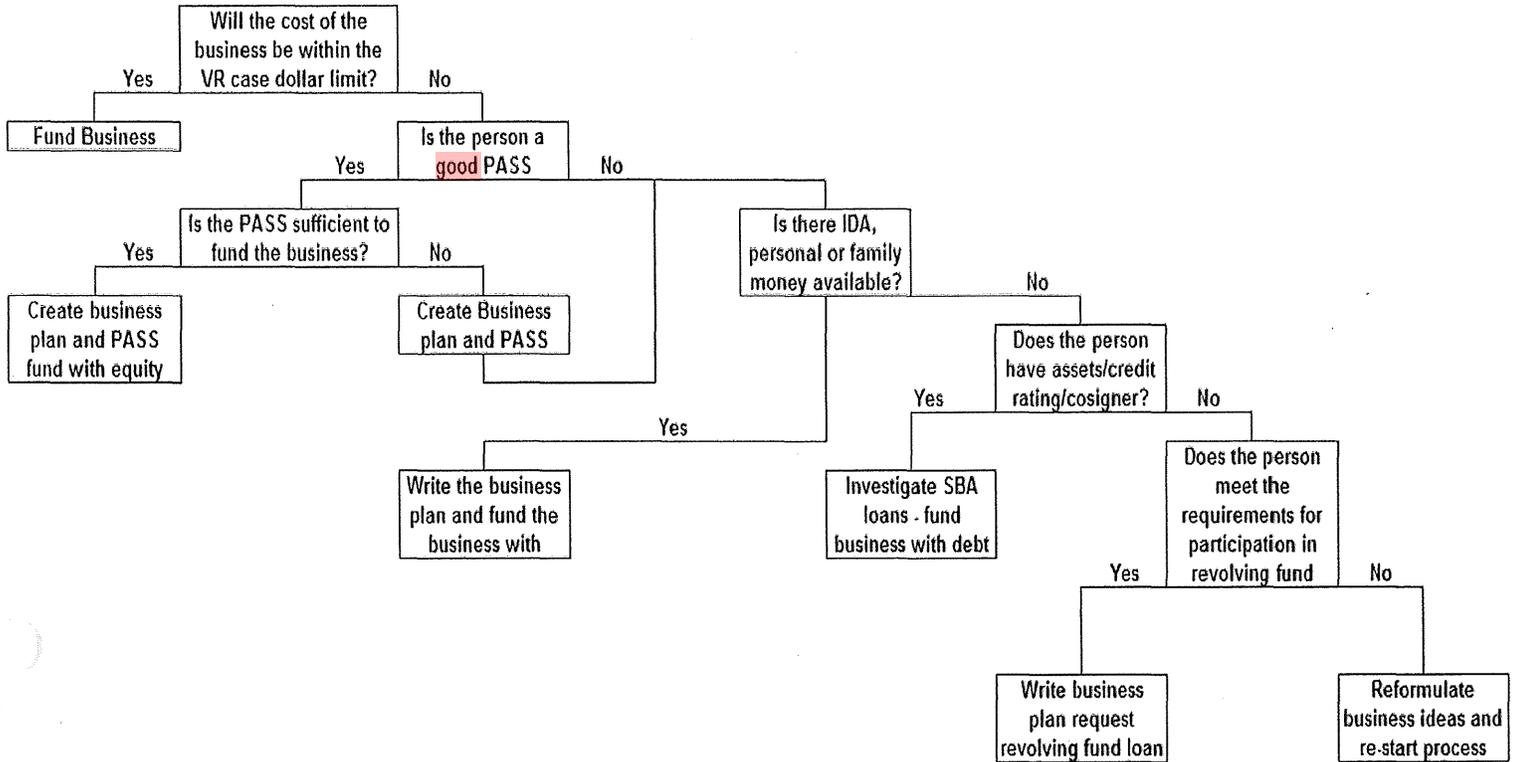
A simple decision tree can be used to determine if the person or the business meet the criteria from one of the potential funding streams. Different states have used different programs to determine what funds are available to the consumers, most have some flaws and none can cover every consumer who expresses a desire to be self-employed.

The decision tree should include elements like;

1. What funding is available without repayment?
2. Is there specialty money available because of the type of business?
3. Is there money available because of the location of the business? (economic development)
4. Does the person qualify for a PASS or have an IDA?
5. Is there family money available?
6. Is there possible money because of a membership in a supportive group?

A revolving loan fund for a self-employment program is a very good option, but would not be the first place to look for funding.

### Financing Decision Tree (Jim Huston, CPA)



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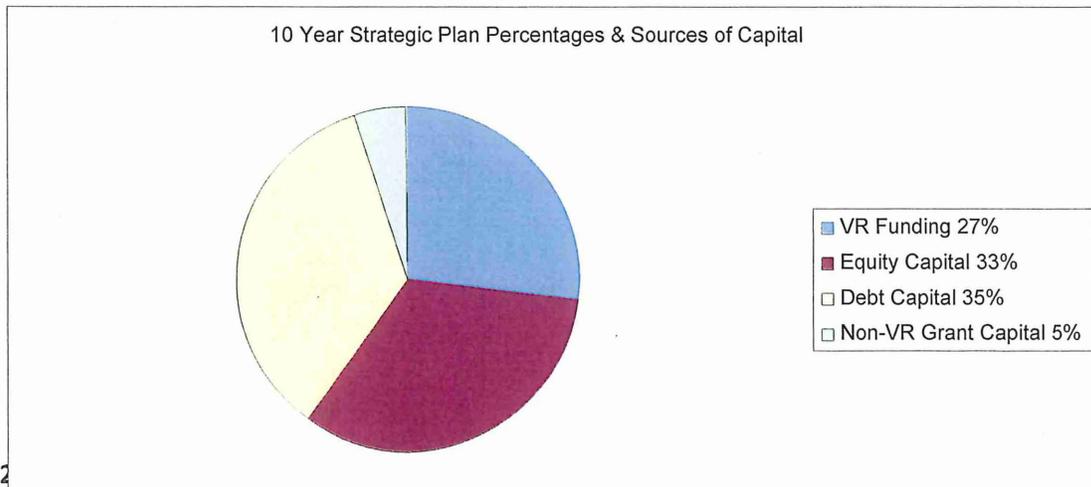
**Goal III revised draft report** is included below addressing Goals I & II, III

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**AMENDED/REVISED THIRD MILESTONE REPORT: GOAL III:  
EXECUTIVE SUMMARY**

**REQUESTED BY THE STATE REHABILITATION COUNCIL (SRC) COMMITTEE REVIEW  
RECEIVED JUNE 18<sup>TH</sup>:**

1. Financial Models: From the initial report throughout this study, the original data presented in the initial report continues to hold up as the best fit from best practices across the country and probable 10 year goal for financial models, based on a mixture of “startup” and “gap” funding sources, where “gap” has been defined by the SRC council as “funding which occurs beyond the startup phase of a small business in which Vocational Rehabilitation Services (VRS) is able to participate”



- ✚ Individual Development Account (IDA)
- ✚ Social Security Plans for Achieving Self-Support (PASS)
- ✚ Micro Equity Non-Profit/City Partnerships (Buffalo, NY, Robert Grimm Micro Equity Program)
- ✚ 401K/Self-Directed IRA Equity Financing (**unlikely and not advised, yet left as reference**)
- ✚ Informal Family-Friends Equity Investment
- ✚ Partnership-Formal Business Partner(s) Investment
- ✚ Angel and Micro-Angel Fund Financing (i.e. Inception Micro-Angel Fund, LLC, North Carolina)
- ✚ Venture Capitalists or Accredited Investors (Oak Investment Partners, Minneapolis, MN)

### **3: Non-VR Grant Financing (Access to Grant Capital) 5% Goal by 2020**

- ✚ Small Business Innovation Research Grant (SBIR)
- ✚ Small Business Technology Transfer Grant (STTR)
- ✚ Developmental Disability Council Grants
- ✚ Non-Profit Grants
- ✚ Medicaid Financing

### **4: Debt Financing (Access to Debt Capital) 35% Goal by 2020**

- ✚ SBA Micro-Loan Guarantees
- ✚ Non-Profit Loan Guarantees
- ✚ Micro Finance Institutions (MFIs), Micro-Loans Non-Profits, i.e. ACCION, Kiva
- ✚ Bank Loans to Small Business (MN ranks 44 out of 51)
- ✚ Credit Union Loans
- ✚ Peer Loans (Internet)
- ✚ Lending Circles – Non Profit
- ✚ Informal Family Loans

✚ Personal - Family 401K Loans & Personal Credit Card Debt (not advised, yet occurs)

## **Financial Opportunities**

### **Small Business Administration Loans**

The Small Business Administration was set up to loan to start-up companies and small businesses wishing to expand. The most common loan employed in the disability community is the micro-loan. A small business micro-loan from the small business administration is up to \$50,000. These loans are typically not handled through a bank and the qualification process is much less rigorous. A problem in MN is that micro-loans from the Small Business Administration are not available in all counties. Attached is a link to the MN Small business Administration which provides the names of the agencies and what counties they cover.

[http://www.sba.gov/localresources/district/mn/financing/MN\\_MICROPARTICIPANTS.html](http://www.sba.gov/localresources/district/mn/financing/MN_MICROPARTICIPANTS.html)

Small Business Administration micro-loans can be beneficial in some cases. Collateral is required to qualify for the loan, as is a business plan. Production assets can be used for collateral, but this precludes the use of loan funds for start-up expenses, unless there are other assets available to pledge. One possible solution to the monetary requirements of a business which is no longer a VRS consumer is to allow the VRS consumer to pledge assets originally purchased for the business by VRS to secure a micro-loan from the Small Business Administration. A benefit of a Small Business Administration loan is that the term of these loans is typically much longer than a loan from a consumer bank.

### **Banks**

While there are a few Merchant Banks scattered across the country, the typical bank Americans are familiar with is a Consumer Bank. As with Small Business Administration loans, a loan from a consumer bank generally requires collateral or a co-signer who has resources in case of a default. A consumer bank will consider a business plan, but the strength of the loan is based on the underlying collateral. A consumer bank discounts assets pledged as collateral to insure the full value of the loan can be covered if there is default. For example, a business buying a piece of production equipment would not be able to borrow the full amount unless they had other assets to pledge. The banks surveyed in MN were consumer banks.

A merchant bank looks at the strength of the business plan and the people involved. Credit is extended when it is determined that there is limited risk because of the strength of the business. A small merchant bank will sometimes be a community reinvestment bank receiving a portion of its money from a Federal, State or Local Urban Renewal project, Economic Development funds or other governmental agency. While many European banks are Merchant Banks a very small percentage of US bank loans are through Merchant Banks.

Loans against personal or family assets is by far the most common method of financing a start-up business.

### **Floor Planning**

A common way for a retail business to get merchandise is to “floor plan.” Companies will finance unsold inventory, many times at the wholesale value. Essentially the retail store receives a “loan” of merchandise from the manufacturer or wholesale supplier. When inventory is sold, a portion of the proceeds go to the lender. It is a way to stock a store with very little outlay. The most common use for this funding is auto dealerships, but is also commonly used in garden shops, hardware stores and clothing stores. Often the suppliers of the retail outlet will floor plan or will have a lending arm that handles floor planning. The downside to this type of loan is that if merchandise does not sell as planned, the business can have onerous interest charges on unsold merchandise.

### **Asset Based Lending (Factoring)**

This type of loan is most often used by wholesale businesses and small manufacturers. These are loans taken against raw materials, finished goods and accounts receivable. The lender will lend a percentage of the value of these short-term assets. Money collected from the sale of inventory and collection of receivables is sent directly to the lender. The lender then provides a percentage of the revenue to the wholesaler or manufacturer. The lending agency does periodic audits of the pledged assets and generally charges a fairly high interest rate. The cost of the audit is additional expense to the borrower.

## **Additional Financial Models and Structures Used by Other States**

### **Kentucky**

Kentucky has developed several methods of funding business. PASS and case dollars Office of Vocational Rehabilitation are the primary two methods of financing small business. Case dollars can be used to pay for the development of a business plan and a PASS; however the procedures are not as regulated and formalized as discussed in this document for Florida and Texas. An Office of Vocational Rehabilitation limit of \$10,000 has been established as the maximum amount available from the Office of Vocational Rehabilitation for any self-employment case. Family resources or other money have been used if it is necessary and available to the consumer. Money from local civic organizations and churches has been used. Other sources of money that have been used are Brain Injury Alliance, and Brian Injury Trust Fund, Blind Services, and Farm and Agriculture money through the state extension office.

Another source of funds in Kentucky is an assistive technology revolving loan fund which is the final funding resource. Money is not used from the revolving fund unless every other source has been explored. There are currently 350 outstanding loans at 4.75% interest. One million has been loaned in the past year. 5<sup>th</sup> 3<sup>rd</sup> Bank is the lending partner. The person must attempt to

qualify for a loan from the bank. If the loan is not approved, it is reviewed by an oversight board which determines if a loan can be guaranteed for the consumer. 5<sup>th</sup> 3<sup>rd</sup> Bank actually makes and manages the loan. While this is not specifically a program for small business, it has been used for that purpose. <http://www.katlc.ky.gov/>

### **Illinois**

Illinois maintains a technical equipment loan program to assist people in getting the equipment necessary to work at home as an independent contractor or telecommuter. In addition to basic computer equipment, this program purchased a car, GPS and other equipment to outfit a realtor receiving her license. This is a program managed by Techconnect under the Department of Human Services and Division of Rehabilitation Services. It is not necessary to have an open case with State Vocational Rehabilitation to qualify for the loans.

<http://techconnect.itech.org/Home.aspx>

### **Funding conclusion**

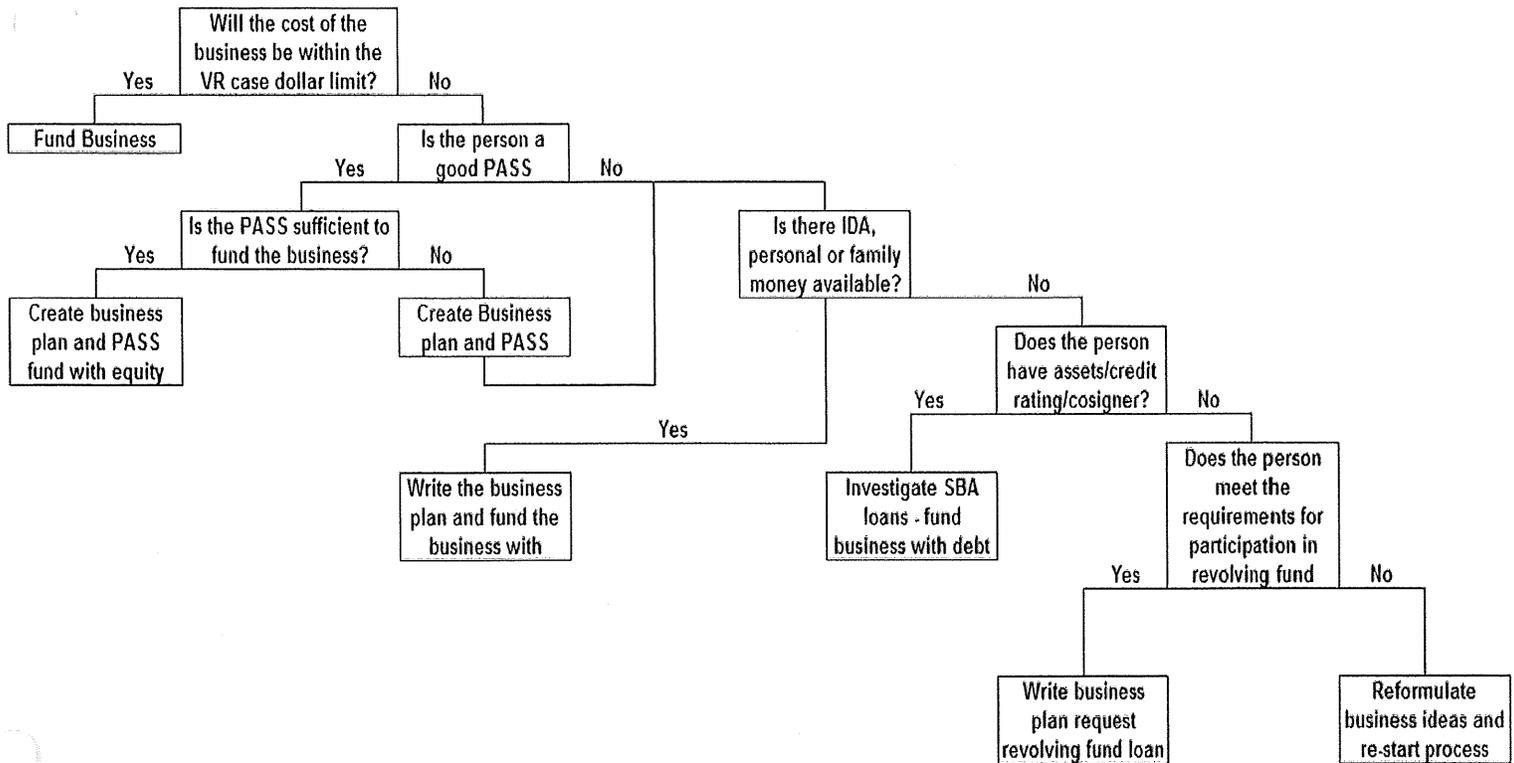
There is no “silver bullet” funding method that works in all cases. Funding must be individualized, depending on the resources, grants and loans available to the person or the business. An in-depth interview with the consumer or family is required to determine what services are available. A simple decision tree can be used to determine if the person or the business meet the criteria from one of the potential funding streams. Different states have used different programs to determine what funds are available to the consumers, most have some flaws and none can cover every consumer who expresses a desire to be self-employed.

The decision tree should include elements like;

7. What funding is available without repayment?
8. Is there specialty money available because of the type of business?
9. Is there money available because of the location of the business? (economic development)
10. Does the person qualify for a PASS or have an IDA?
11. Is there family money available?
12. Is there possible money because of a membership in a supportive group?

A revolving loan fund for a self-employment program is a very good option, but would not be the first place to look for funding.

### Financing Decision Tree (Jim Huston, CPA)



### Financial Models

There is no one correct answer for financial models. Examples of some state's programs have been presented. Some of these programs are more creative and provide more consistent results, but each program has shortcomings. The three models presented here are not mutually exclusive, so components of each can be combined to create hybrid models. These models are developed by combining practices across several states in an effort to identify how best practices from several states can be combined into a cohesive model.

### Capitalization Mapping

One approach to financing businesses is to provide basic services and counseling through the State Vocational Rehabilitation Agencies. Capitalization would be allowed to a specific maximum with case dollars can be used for basic start-up and outside services. These services can be formalized and identified on a fixed fee schedule (ie a business plan is worth \$XXX a marketing plan is worth \$XXX these types of State Vocational Rehabilitation clients are approved for these services). Funding is for case dollars is approved through a knowledgeable review committee. A capitalization resource map is developed showing such entities as:

- SBA micro-lenders
- External agencies such as a Brain Injury Association or Trust Fund

- Blind Services agencies
- The state WIPA providers for help with a PASS
- IDA providers
- State agencies for rural development
- State and federal farm loan agencies
- Veterans support agencies
- Angel investor sites
- Churches and civic clubs
- Small cap investment promoters in the state
- Merchant banks
- Commercial banks who may have an interest in this type of loan

Any agency or business which has agreed to have some level of funding or services available is mapped with a description of services. This is provided to consumers who are contemplating a business. It is the responsibility of the consumer or their support group to identify possible sources for additional funding from the list provided. Written guidance can be provided to the consumer about using business assets to secure an SBA or other loan. The State Vocational Rehabilitation Agency does not have a long-term commitment to the business owner after closure of the case. The responsibility falls to the consumer or their support to identify and approach potential business and financial supports.

This is a sustainable model which does not increase burden on State Vocational Rehabilitation. Funding for an extensive capital resource mapping would be required. Part of this resource mapping could be to identify sources in the state for insurance, legal services, and qualified accounting and tax professionals.

#### **Certified Business Technical Assistant Consultant**

The second alternative is to employ Certified Business Technical Assistant Consultants as part of the plan. These consultants would be required to have a working understanding of the financing options that would be available to the consumer in their areas, including the options listed in Capitalization Mapping section. A long-term capitalization plan would be created as part of the business plan. A business plan would not be approved without an adequate capitalization plan, including anticipated contingency requirements. This plan would be updated at least once during the first 6 months of business operations. During start-up and until the end of the first six months, the Certified Business Technical Assistant Consultant would be responsible to assist the consumer in obtaining additional required financing. A state revolving loan program, or loan guarantee program could be easily integrated into this plan.

This is a fairly expensive model because of the fees paid to the Certified Business Technical Assistant Consultant professionals and the cost of training, but is an effective model. It has been used in Florida and is being implemented in Texas. It has been discussed in greater depth in other parts of this document.

#### **Virtual Incubator**

A virtual business incubator is established to support all business start-ups throughout the state. This is a program which does not resonate well with many human services professionals. It is conceived on the idea that there is nothing magical about being in front of the consumer while writing a marketing plan or business plan. It is more important to have someone knowledgeable in marketing or business to guide the process. A State Vocational Rehabilitation professional can facilitate if local intervention is required. The strength of this plan is having a pool of professionals overseeing the businesses, doing the accounting and reporting back to the State Vocational Rehabilitation Agency on the progress of each business. The pool of professionals would include someone proficient in business management and planning, an accountant, a marketing professional and someone knowledgeable in Federal and State benefit programs (Social Security, Veterans, etc). A Supported Employment liaison from the State Vocational Rehabilitation Agency should be available if the business will require Supported Employment services. The virtual incubator would operate as a cooperative, providing service as needed across the state. This group would be responsible for interviewing consumers and determining what services and what capitalization is required then assist in obtaining the required capitalization. The businesses are monitored on a monthly basis through the incubator.

Funding for the incubator can come from several sources. During the period when a consumer is being supported by the State Vocational Rehabilitation Agency, fees can be paid from there. This can also be set up as a nonprofit to support people with disabilities in business. Donations can then be solicited from the business community, and support need not end when the State Vocational Rehabilitation Agency closes the case. The incubator can also be an agency legislatively established and funded to provide support to people with disabilities, and again, support need not end when the State Vocational Rehabilitation Agency closes the case. A state revolving loan program, or loan guarantee program could be easily integrated into this plan.

The strength of this plan is the expertise in the incubator. It also reduces many costs to the State Vocational Rehabilitation Agency. Instead of paying for an accountant for each business, buying a computer for record keeping, paying for a marketing plan, etc; a single group (incubator) provides the services. This group is knowledgeable about the clientele and the types of businesses. There are economies of scale with this model. The weakness of this model is that the professional working with the consumer will generally do so via email or telephone rather than face to face. A version of this model has been used in the Alaska Start-up USA and a demonstration project in the state of Kentucky.

### **Outsourcing**

While this is a procedural rather than a financial model, it does reduce the risk to the State Vocational Rehabilitation Agency and the additional funding requirements identified in the problem statements. One state (Ohio) funds a private non-profit to provide business plan evaluation and business training for the State Vocational Rehabilitation Agency. This non-profit requires a level of training for each person planning to start a business. The final business plan is evaluated and the non-profit agency makes a recommendation about the viability of the

business. The agency works as a primary training vendor and the gate keeper to self-employment in the state. The State Vocational Rehabilitation Agency is reported as their primary funder. Closures from self-employment have historically been reported as quite low. In 2003 the percentage of closures were reported at 1.6%, in 2005 at 1.3%, both below the national average. In 2007 closures were reported at 3.2%, above the national average, but well below states where self-employment is viewed positively. Revenue earned by self-employed individuals was significantly higher than in the general case closure population. For self-employment closures the earnings per hour were at \$14.33 and all closures at \$11.78. (G. Revell et al. / An analysis of self-employment outcomes within the Federal/State Vocational Rehabilitation System). In addition to the State Vocational Rehabilitation Agency funds available to consumers, there is a \$5,000 one time micro-enterprise grant available and the potential use of self-directed waiver funds.

The primary advantage of this system is the State Vocational Rehabilitation Agency has limited risk as the non-profit qualifies candidates and prepares them for self-employment, working with them individually, much like the virtual incubator. The disadvantage seen in this state is the relatively low level of successful closures from self-employment and a bias towards prospective businesses where the owner does not have a cognitive disability. As evidence of this, in 2007 Ohio reported 2.1% of closures for people with mental illness were self-employment closures while less than .8% of closures were for people with cognitive disabilities were closures for self-employment. In contrast, in Mississippi, 4.3% of closures for people with mental illness were closures for self-employment, while 4.6% of closures for people with cognitive disabilities were for self-employment. (G. Revell et al. / An analysis of self-employment outcomes within the Federal/State Vocational Rehabilitation System).

### **Additional Financial Models/Methods**

#### **ACCION**

The Abilities Fund of Iowa (an outstanding model) supports a share of the self-employment requirements in Iowa through a membership/partnership with ACCION. ACCION is a large micro-lender active in several states and internationally. In addition to soliciting donations, they have received community development and economic development grants to partially fund loans in some areas. There are credit requirements and collateral requirements; however they focus more on the business, business owner and potential growth when considering a loan. Memberships/Partnerships are available for nonprofits supporting self-employment as is being done in Iowa. This may be an alternative to an in-state loan program, however there would be an expectation of some state/local participation in securing funds for loans or guarantees. This would not be a capital financing model, but could be an integral component of a financial model. Specifics of the member program were not available as of the writing of this document.

#### **Opportunity Fund**

Opportunity Fund is specifically a South Central California fund. They have received seed money from SBA, most likely in the form of a grant. They have reduced collateral and credit

requirements for their loans as compared to the typical SBA requirements, but the requirements still exist. They additionally received \$37 million in a Recovery Act grant to help finance their loan programs. Their clients are typically people with more than one year in business. Since inception they have loaned \$12 million. They appear to be a type of SBA micro-lender with some specific changes to the collateral requirements. They also assist with IDAs. This group was selected as one of the two US KIVA affiliates in June 2009. This model of local lending could be one utilized in Minnesota. Investigations would need to be made into an appropriate nonprofit vehicle. A detailed investigation into available SBA grants and economic recovery grants would need to be made.

### **MicroBiz Buffalo**

MicroBiz Buffalo is an economic development engine for the city of Buffalo. They will invest 10% of the capital business requirements for a business relocating to Buffalo. It is a small venture capital entity which takes a percentage of the company for their 10% investment. This group also manages IDAs through a sister company and has a small IDA based revolving loan program. This group also acts as a clearing house for information about small business accountants, lawyers, marketing and capital development. They do not provide direct services but have business resources mapped for each area. This model would be one which could provide funding with long-term payback. Again, there would need to be a Minnesota plan for funding the economic development, if dollars are not currently allocated for that purpose.

### **Angel Investment Programs**

These groups are small equity lenders or small, individual small cap venture capitalists who generally require some security and usually seek a high rate of return on their money. The difference between this group and a typical venture capitalist is this group is individual investors rather than an entity that pools and manages money from a group of investors. The individual investing can be an individual, trust, business or holding company. This type of investing has been around for many years. Hospital Corporation of America invested excess funds in this manner in the 1980s. The terms, requirements, payback terms, etc. will vary based on the individual investor. The current change is using the internet to connect the investor with the borrower. One common method of structuring this type of arrangement is a "convertible debt" model. The investor provides a loan at a fixed percentage return. If the company does not meet projections, the loan must be repaid. If it does meet projections, the investor takes an equity position in the company. These are considered to be high risk loans and the "angels" expect to be compensated for their risks. In a study in England of Angel Investors (NESTA 2009), on average, the angels took a 20% equity position for a 10% investment.

### **Conclusions**

Within the overall financial and operational models presented, there are a number of vehicles that can be used to fund programs. The vehicles selected are highly variable. The exploration of the options and specific recommendations need to be based on the goals of the state agencies involved. Decisions about a specific model would need to include potential dollars

from possible sources to fund a program, whether it is a simple capitalization mapping or development of a micro-enterprise lending program empowered by the legislature and funded with state dollars. Federal SBA money and economic recovery dollars should always be considered a source, but they generally have a large number of restrictions.

**Response to SRC Review comments titled:**

**“General Comments”, Other Gaps” and “Legislative Initiatives”**

**Recommended Policy, Practice, and Legislative Initiatives**

- Legislatively provide funding to incorporate path for customers indicating an interest in Self-Employment but who may not have a solid concept or conducted market research into existing Self Employment policy and procedures (could be supported self-employment, similar to FL, AK, TX, OH, MD, WA, and WI, as well as those not meeting the criteria for supported self-employment but who do not have a clearly defined business idea or research to back it up when they initially identify an interest)
- Legislatively expand current DEED/VRS policy and practice through new MN laws to programmatically and fiscally require MN DEED/VRS to support ongoing training of COMMUNITY REHABILITATION PROGRAMS through DEED/VRS’s partnership with Minnesota Employment Training and Technical Assistance Support Center (MNTAT) (and legislation to support funding all Community Rehabilitation Programs in MN (Minnesota) interested in providing Self Employment support.
  - Focus legislation on directing DEED/VRS to provide enhanced innovation and expansion funding for the COMMUNITY REHABILITATION PROGRAM providers for building capacity within rural communities who will serve rural communities
- Work with the Minnesota Employment Training and Technical Assistance Support Center (MNTAT) to develop legislation, policy and outcome/milestone payment structure directing DEED/VRS to work with service providers/COMMUNITY REHABILITATION PROGRAMS to develop flexible, viable and sustainable funding sources for prospective business owners with disabilities in MN.
- Develop Individual Development Account ( IDA) legislation to fund IDA’s specifically to support all individuals with disabilities in MN, including and beyond those served by DDC and VRS, and legislation to mandate DEED/VRS to form and support partnerships with current IDA providers, while increase state IDA funding options by 10 percent per year for 10 years (2010 to 2020)
- Enhance current yet structurally weak Minnesota Angel investor legislation through ongoing support from MN DEED/VR, and introduce enhanced legislation to support the development of “Micro-Angel Investors” in MN
- Develop legislation that will formally and financially connect DEED and VRS with other community partners... e.g.(Medicaid Infrastructure Grant) MIG, WIA (Workforce Investment Act), (COMMUNITY REHABILITATION PROGRAMS) Small Business Development Centers (SBDC’s), etc. to legislatively align policy, practices, funding, loans, training and technical assistance ( T/A), including virtual incubator funding to support

Self-employment gap funding initiatives, Medical Insurance, Legal Services and Networking.

**Draft Final Report from June 7, 2010:**

**Goal III.** Report on findings and generate a Self-Employment Business Plan.

- **Activity A.**
  - Generate a draft report on findings that: identifies financial models and structures used by other states to create successful self-employment;
  - identifies policy, practice, and legislative initiatives needed to sustain successful entrepreneurship;
  - identifies staff capacity building needs and recommended training and technical assistance resources and implementation approaches;
  - and recommends and offers a design for a statewide, collaborative framework for implementing sustainable financial and programmatic models for self-employment. No fewer than 3 comprehensive models will be presented.
- **Activity B .** Present our findings to a meeting of VR leadership and their invited guests/stakeholders. Conduct an Open Space Technology (OST) planning during this meeting time to refine, amend, and sculpt a draft business plan for implementation.
- **Activity C.** Develop a MN VR Self-Employment Business Implementation Plan

**MN DEED Draft Final Report (to be presented to MN DEED/VRS)**

**Goal:**

- Increase average self-employment closures from less than 2% to 15% by 2020
- Create a foundation for sustainable access to capital for business ventures launched by MN DEED

**Current Challenges:**

- Limited opportunities for financing: initial start-up and long-term (all businesses funded by MN VRS in the past year have only used VRS funds, with no recorded/formal access to other sources of capital (re: multiple personal conversations/reports)
- Lack of service/capacity/funding in rural community (personally reported by MN VRS)

**Financial Models and Structures Used by Other States**

**Iowa and Arkansas** were cited in earlier studies by MN VRS, compared briefly as models reviewed in the past, and apparently at one time had developed plans and structures related to contracting with outside almost sole source vendors for support and guidance to access capital, which at one point appeared to have increased access to funding, through an almost exclusive focus on debt equity (loans) and increases in self-employment successful closures, yet in the past five years both have shown decreases in closures and related decreases in access to capital, with Arkansas rated by RSA as dropping well below the average closure rate for self-employment. Iowa VR also cautioned as their closures continue to decrease, that a lesson learned appears to be to avoid contracting with a single vendor, and instead to diversify and localize access to capital funding, and approaches across a network of vendors and sources.

**Washington State** VR assisted with the development of a significant \$1,000,000 in Individual Development Account matching funds years ago from their state legislature, with a fair part of the intended use of those funds to address “recidivism” of small business owners returning to WA VR to reopen self-employment cases for additional financial support. Overall the IDA funds in WA state have been and continue to be utilized for a variety of IDA allowed purposes, home ownership, education and self-employment, yet no clear data or reports have been able to correlate if the IDA funds have had any measurable impact on self-employment startup access to capital for VR customers, long term access to capital, or recidivism of small business owners supported by WA VR retuning for additional financial support.

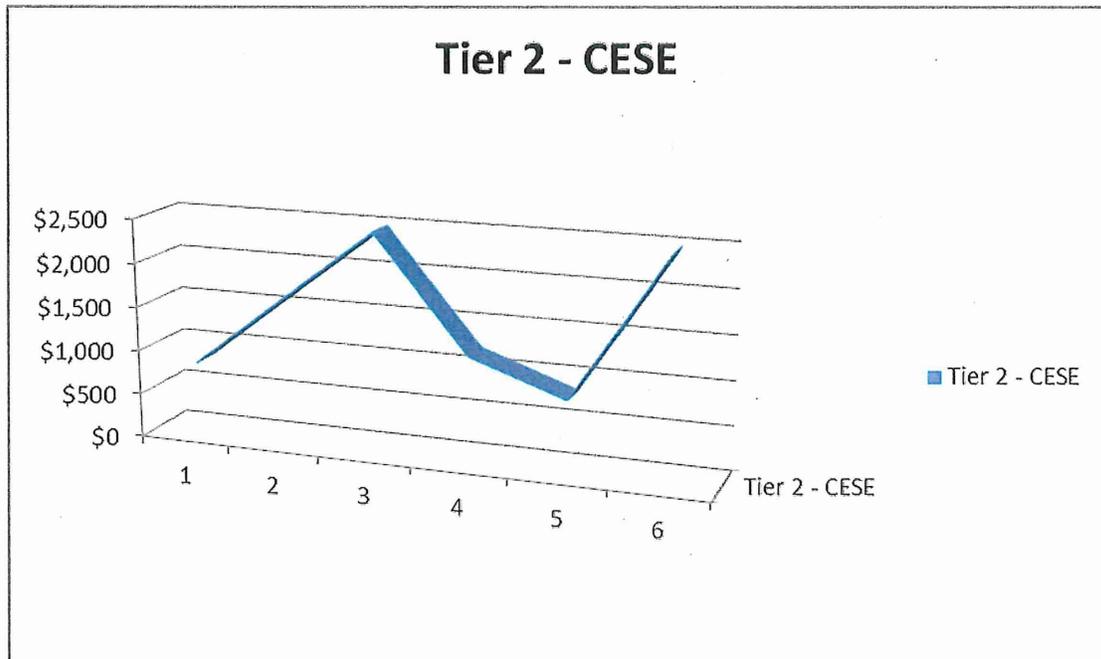
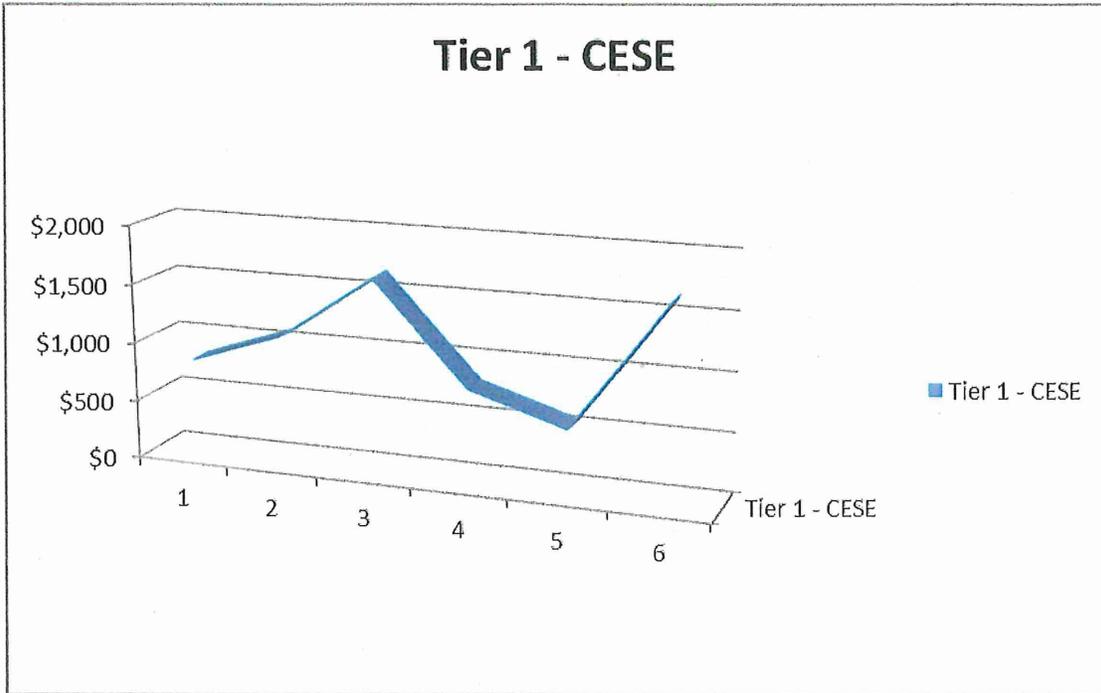
**Florida** DIVISION OF VOCATIONAL REHABILITATION launched a comprehensive formal series of regional customized self-employment trainings, two years ago, for COMMUNITY REHABILITATION PROGRAM staff to become Certified Business Technical Assistant Consultant through certification training, T/A and long term networking and T/A, including an online recertification and certification starting this fall. Core components of that training include access to capital with a clear focus on benefit analyses and Plans for Achieving Self-Support, as a component least understood yet highly applicable (roughly 40% of prospective business owners receiving SSI and/or SSDI can access capital from SSA as operating capital (PASS is best categorized as a type of grant or equity capital versus debt capital, with no payment of equity back to the investor). COMMUNITY REHABILITATION PROGRAMS are paid on an outcome/milestone payment system to assist referrals from FL DIVISION OF VOCATIONAL REHABILITATION to develop businesses. Florida’s CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT outcome payment system is charted below:

<b>FL DIVISION OF VOCATIONAL REHABILITATION Benchmark for CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT Payments to COMMUNITY REHABILITATION PROGRAMS</b>	<b>Rate</b>
Initial Meeting	\$300
Module 1: Business Concept Development	\$1750
Module 2: Market Research and Benefits Analysis	\$600
Module 3: Marketing and Business Financials	\$1750

Module 4: Business Plan Development	\$600
Completed Business Plan (includes startup support services for CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT defined in the business plan at a \$39/hour rate)	\$2000

**Texas** initiated a similar statewide project, March, 2010, to refine and replicate FL's structures and systems, and currently is developing policy to support a similar milestone/outcome payment system for customized self-employment and CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANTS staff from COMMUNITY REHABILITATION PROGRAMS across the state of Texas. A review of their current policy development options, while not confirmed yet, reveals the following proposed payment structure for two "Tier's" of consumers (note the TX Tier's policy is included after the following three charts):

<b>Bench mark</b>	<b>DRAFT TX Customized Self-Employment (CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT Outcome Payments and Tiers)</b>	<b>Tier</b>	<b>Outcome Payment</b>	<b>% of Total</b>
<b>1</b>	Discovery, to include draft business idea development and initial benefits planning	Tier 1	\$825	13%
		Tier 2	\$825	9%
<b>2</b>	Refine Business Concept Development, Initial Market Research/Feasibility & Benefits Analysis	Tier 1	\$1,100	17%
		Tier 2	\$1,650	17%
<b>3</b>	Business Plan, Financial & Benefits Projections, Operations, Marketing, and Management Plans	Tier 1	\$1,650	25%
		Tier 2	\$2,475	26%
<b>4</b>	Business StartUp – 4 weeks, including support for initial sales, all local and sales tax licenses, state and federal registrations	Tier 1	\$800	12%
		Tier 2	\$1,200	13%
<b>5</b>	Business Support Fading, Maintenance and Stabilization -8 weeks	Tier 1	\$550	8%
		Tier 2	\$825	9%
<b>6</b>	Closure	Tier 1	\$1,650	25%
		Tier 2	\$2,475	26%
<b>Total</b>		<b>Tier 1</b>	<b>\$6,575</b>	<b>100%</b>
		<b>Tier 2</b>	<b>\$9,450</b>	<b>100%</b>



#### TX DARS Placement Tiers, 2-0310

Because it is more challenging to find employment and support for some consumers than others, there are two payment schedules, based on the amount of assistance that the consumer requires. Some consumers learn through time how to customize the job search, applications, résumés, and interviews to particular jobs. Others require repeated assistance throughout the job search and require some additional supports to maintain the job.

The payment schedules are based on a combination of factors and are determined by the VR Counselor. The following represent some of the factors used in determining the most appropriate tier.

**Tier I—Consumer Characteristics:**

- has transferable skills that link directly to other jobs;
- needs initial assistance completing applications, but is able to generalize learning;
- needs initial assistance learning how to tailor skills and abilities to jobs for which he or she is applying, but is able to generalize learning; and/or
- must have access to a provider to problem-solve or address work or work-related issues if they arise.

**Tier II—Consumer Characteristics:**

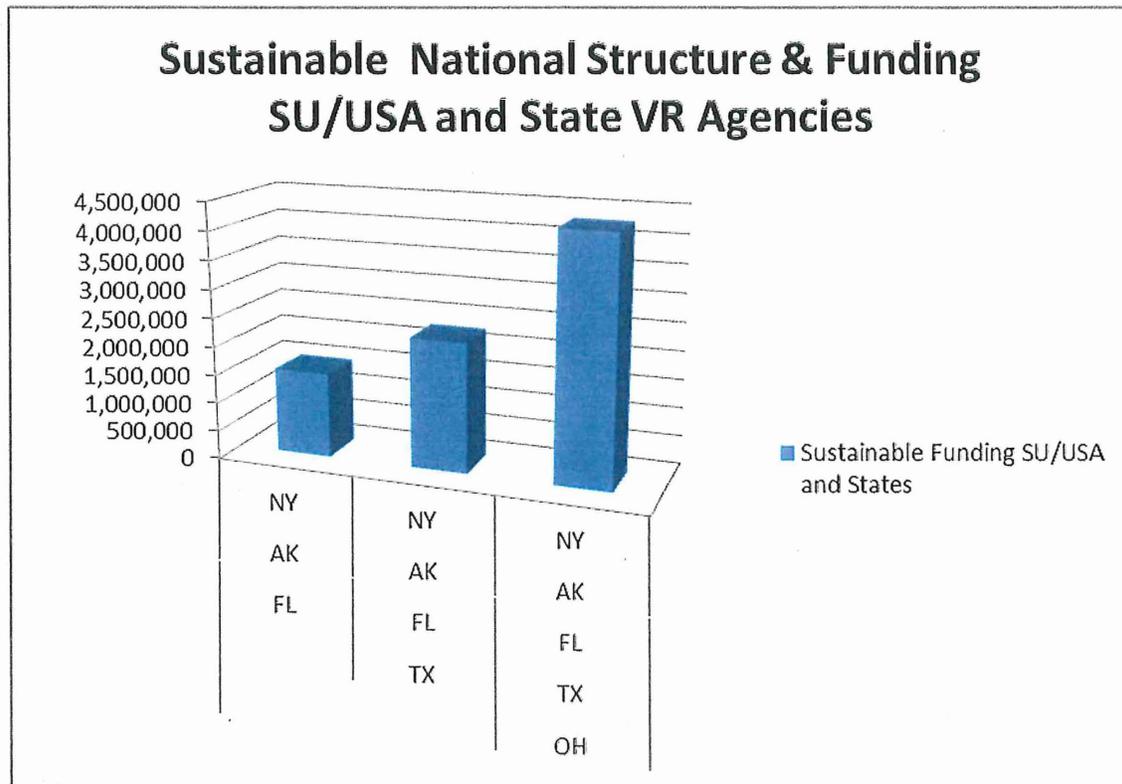
- has no work history or very limited work history;
- has limited transferable skills;
- requires repeated direct assistance in completing applications;
- requires repeated direct assistance to tailor skills and abilities to jobs for which he or she is applying;
- requires frequent and ongoing contact with the provider to address work or work-related issues (such as conflict resolution, motivation, social issues, co-worker issues, etc.);
- has other life factors negatively impacting work prospects (such as family issues, living, economic, or Global Assessment of Functioning (GAF) below 50.

**Ohio Rehabilitation Services Commission** (Ohio REHABILITATION SERVICES COMMISSION) is currently entering into a micro-enterprise and customized employment project replicating and expanding Texas and Florida's CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT trainings, scheduled to start July 1, 2010.

All three states (FL, TX and OH) are focused on increasing their respective states' capacities to provide micro-enterprise services to all customers of VR, including those with the most complex/most significant disabilities, by providing clear policy, certification training and technical assistance to their vast arrays of COMMUNITY REHABILITATION PROGRAMS located across each state and their counselors in the field through onsite training and technical assistance initially, and simultaneously with online national certification training.

Those three states share a common structural link to the ODEP/DOL funded StartUp/USA project, closely aligned with the Minnesota Training and Technical Assistance Center (MNTAT) and are building and enhancing a national structure/framework, connecting with and strengthening the initial core StartUp/USA states, NY, FL, and AK with national virtual online certification level trainings approved by VR in each respective state, including in-state focused in-person training and technical assistance capacity to expand the first ever national infrastructure for VR, COMMUNITY REHABILITATION PROGRAMS, and prospective business owners with disabilities and their families.

The StartUp/USA infrastructure, initially funded by the U.S. DOL, now in its fourth year of operations, is transitioning beyond ODEP funding into a sustainable network of states and state VR agencies, developing into the most significant body of centralized information, certification onsite and online training, and technical assistance on self-employment and microenterprise systems, funding, access to capital, et al. StartUp/USA is partnering with VR in FL, AK, TX, and OH and supporting NY self-employment development work with ongoing discussions, meetings and planning with NY VESID (VR). The evolution of this national and state VR partnership structure currently is the most comprehensive and promising model expanding significantly in multiple states:



**Financial recommendations:**

- Develop and then expand use of PASS as an equity funding source
  - All “perfect PASS” candidates (those who currently receive both SSI and SSDI) apply for funds at launch (or before)
  - SSI recipients with no additional source of income apply as business hits profitability
  - DI beneficiaries assessed for PASS potential... utilize if numbers work
  - Run some basic numbers on PASS and potential fund
  - State models/structures for increasing PASS (work incentives) usage
    - North Dakota trained accountants

- FL trained CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANTS n self-employment work incentives, ongoing TA available through GHA/CSC
- NY MIG training community providers, establishing a network, OR benefits planners, etc....
- State VR paying for PASS development
  
- Increase IDA opportunities
  - Build on models established in WA, NY, and OR
  - Target AFIA providers looking for state match
  - SSA reimbursement dollars can be used to fund match
  - Develop extensive partnerships with other stakeholders (DOE, Housing Authority, Community Action Programs, local banks, etc)
  - State models/structures
    - WA
    - NY (Start-Up Project), OR
  
- Micro Equity Non-Profit/City Partnerships (Buffalo, NY, Robert Grimm Micro Equity Program, PA, Via of the Lehigh Valley, JSI, Bridgeport, WV, Cobb County, GA )
  
- Develop RFP's to fund the Minnesota Training and Technical Assistance Center (MNTAT) to administer and fund one to four COMMUNITY REHABILITATION PROGRAMS yearly through MNTAT's Community Action Teams (CATs) to provide equity/loan fund establishment by matching VR grant funds with local city, county, economic development groups specifically to pull down match funds from COMMUNITY REHABILITATION PROGRAMS and local banks and non-bank lenders, credit unions, et al,.
  
- Enter into discussions with the MINNESOTA EMPLOYMENT TRAINING AND TECHNICAL ASSISTANCE SUPPORT CENTER to partner and pilot fund the development of sustainable Angel and Micro-Angel Fund Financing (i.e. Inception Micro-Angel Fund, LLC, North Carolina)
  
- Enter into discussions with larger Venture Capitalists or Accredited Investors in MN (Oak Investment Partners, Minneapolis, MN)
  
- Pilot a guaranteed revolving Loan Fund (similar to ND), yet with a guarantee of the principle payments of loans with the MINNESOTA EMPLOYMENT TRAINING AND TECHNICAL ASSISTANCE SUPPORT CENTER
  
- Increase DIVISION OF VOCATIONAL REHABILITATION start-up funding limit (FL- no limit, other states up to \$20 or \$40k)

#### **Recommended Policy, Practice, and Legislative Initiatives**

- Incorporate path for customers indicating an interest in SE but who may not have a solid concept or conducted market research into existing SE policy and procedures (could be supported self-employment, similar to FL, AK, TX, OH, MD, WA, and WI, as well as those

- not meeting the criteria for supported self-employment but who do not have a clearly defined business idea or research to back it up when they initially identify an interest)
- Expand current DEED/VR policy and practice by training through the MINNESOTA EMPLOYMENT TRAINING AND TECHNICAL ASSISTANCE SUPPORT CENTER and funding all COMMUNITY REHABILITATION PROGRAMS in MN interested in providing SE support (beyond 2 providers currently in place)
  - Focus on developing providers/building capacity within rural communities who will serve rural communities
  - Support with all aspects of business plan development... from identifying concept through implementation
- Work with MINNESOTA EMPLOYMENT TRAINING AND TECHNICAL ASSISTANCE SUPPORT CENTER to develop policy and outcome/milestone payment structure for service providers/COMMUNITY REHABILITATION PROGRAMS
- Develop IDA partnerships... increase state IDA options by 2020
- Angel investor legislation ongoing support from MN DEED/VR
- Formally connect with other community partners... e.g. MIG, WIA, etc. to align policy, practices, training and T/A opportunities to support SE

#### **Recommendations for Staff Capacity-Building, Training and Technical Assistance**

- Build upon existing processes for increasing awareness of SE
  - Options for online training available for DEED staff through SU/USA national infrastructure and/or Essential Learning
- MINNESOTA EMPLOYMENT TRAINING AND TECHNICAL ASSISTANCE SUPPORT CENTER training and TA to DEED staff and/or COMMUNITY REHABILITATION PROGRAMS supporting Self-employment on PASS and work incentives
- MINNESOTA EMPLOYMENT TRAINING AND TECHNICAL ASSISTANCE SUPPORT CENTER training and TA to COMMUNITY REHABILITATION PROGRAMS on all aspects of self-employment
- MINNESOTA EMPLOYMENT TRAINING AND TECHNICAL ASSISTANCE SUPPORT CENTER training and TA to existing business resources (SBDC, etc.) on inclusive entrepreneurship

Recommended Design for a Statewide, collaborative framework for implementing sustainable financial and programmatic models for self-employment, networked with MINNESOTA EMPLOYMENT TRAINING AND TECHNICAL ASSISTANCE SUPPORT CENTER and the expanding national infrastructure of SU/USA

#### **Model Components:**

##### Expanding Business Planning Resources/Support

- Model 1: Virtual Incubator, online certification trainings (national SU/USA - VCU)
- Model 2: Regional in-person Certification Level Training of COMMUNITY REHABILITATION PROGRAMS
- Model 3: Develop formal partnership with existing Community Business Resources

##### Increasing PASS Utilization

- Model 1: Provide training/TA to virtual incubator personnel... DEED to pay for PASS development
- Model 2: Provide training and TA to COMMUNITY REHABILITATION PROGRAMS. DEED to pay for PASS development through benchmark payments
- Model 3: Work with existing community resources (CWICs, etc.) to support DEEDs customers pursuing self-employment

Long-term support

- Model 1: Virtual Incubator, online certification trainings (national SU/USA - VCU)
- Model 2: Online re-certification trainings and regional networking meetings
- Model 3: Fund COMMUNITY REHABILITATION PROGRAMS to develop formal partnership with existing Community Business Resources with Innovation and Expansion funds or SSA Ticket reimbursements

Long-term financial planning

- Model 1: Strategically Invest in COMMUNITY REHABILITATION PROGRAMS with phased in grants each year through RFP's to develop local investment funds, equity-loans funds and loan funds through partnering with their local financial resources, banks, non-banks, city, county, et al.
- Model 2: Online re-certification trainings and regional networking meetings
- Model 3: Fund COMMUNITY REHABILITATION PROGRAMS to develop formal partnership with existing Community Business Resources with Innovation and Expansion funds or SSA Ticket reimbursements

**Micro-Enterprise and Customized Employment Demonstration (MCED)  
Implementation Initiative/Business Plan**

This proposal is designed to develop, demonstrate, and support the phased implementation of financially, technically, and programmatically viable approaches to community self-employment of choice for all Minnesotan's with disabilities. Specifically, this initiative will:

- *Demonstrate, and establish sustainable microenterprise and customized approaches for adoption by VRS counselors and COMMUNITY REHABILITATION PROGRAMS across Minnesota;*
- *Provide extensive COMMUNITY REHABILITATION PROGRAM staff and VRS Counselor CRC certification training on microenterprise and customized employment both on-line and on-site;*
- *Deliver VRS and COMMUNITY REHABILITATION PROGRAMS case consultation on wage and self-employment;*
- *Develop and deliver extensive on-site training, certification, and technical assistance to six demonstration sites (Community Action Teams)*
- *Provide vital statewide Immersion Training sessions on Discovery (assessment), Business Planning, and employment strategies for under-served groups (people with autism, psychiatric disabilities, individuals with criminal convictions, TBI, sensory disabilities), et al.*

Griffin-Hammis Associates currently manages over 20 customized employment projects across the United States. GHA's partnership role in the National Training and TA Center for Self-Employment and Disability, funded by the U.S. Department of Labor (Start-Up-USA), as well as being faculty to the national Entrepreneurial Bootcamp for Veterans at Syracuse University, training and technical assistance contractors for Florida's Division of Vocational Rehabilitation

Certified Business Technical Assistance Consultants and the Texas Vocational Rehabilitation Customized Self-Employment Development project, technical experts for the Work Incentives TA project for Native Americans, and trainers for the Homeless Veterans with Disabilities project, all contribute to the customized and self-employment experience needed to successfully develop policies and sustainable models of employment for Minnesotans with the most significant disabilities.

**A note on definitions:** for the purposes of this proposal we are using the terms microenterprise and self-employment interchangeably. We are defining these as owner/operator enterprises requiring start-up capital generally not exceeding \$20,000. Also, throughout we use the term Customized Employment. CE represents a set of strategies or techniques that enhance basic supported employment procedures. CE is an economic development approach to employment that relies on non-comparative techniques for job creation, where job seekers are matched, through the Discovery assessment process, with employers based on skills, talents and interests but where perhaps no job is currently available. Interest-based negotiation strategies are used creating an opportunity mutually benefitting employer and employee through the creation of profits and wages.

**Project Deliverables & Goals**

<b>MCED Deliverables</b>
Six Regional Community Action Teams Demonstrate Microenterprise & Customized Employment strategies; receive competency-based training covering Discovery, Systematic Instruction, Job Analysis, Employer Negotiation, VRS & Minnesota disability policy, SSA Work Incentives, Job development, Microenterprise development, etc.
900 personnel & stakeholders receive training on Microenterprise & Customized Employment
National Association of Rehabilitation Educators (ACRE) Certification for each CAT training participant who attends all classroom sessions and passes the final examination
Resource Mapping completed at each CAT site and an Organizational Social Capital Plan initiated for each
\$300,000 channeled to CATs to support their work on MCED and to leverage 25% to 50% of the funds to develop match fund for a local equity/deferred loan
30 to 45 successful self-employment predicted closures for VRS over 15 months, further demonstrates viability of the CE & Microenterprise options
At least 6 PASS plans developed and funded totaling at least \$30,000
At least 50% of individuals served in CE have 3 or more funding/support streams
Project Blog accessible to VRS staff, CATs, stakeholders developed for announcements, materials dissemination, discussion, progress notes, etc.
Nationally Certified curricula updated for Minnesota, on CE, self employment, SSA Work Incentives, et al
Certified Business Technical Assistance & Consultation training provided to 240 vendor personnel creating statewide self employment capacity for VRS
18 days additional on-site TA provided to CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT participants statewide
Immersion Training to over 600 VRS Counselors and COMMUNITY REHABILITATION PROGRAM staff on: Discovery & Job Development, and Special Topics including Evidence-based

employment for individuals with psychiatric disabilities; under-served groups including people with autism, TBI, sensory impairments, and youth transitioning from school to work
18 days additional on-site TA provided to Immersion participants statewide
Evaluate quality of all training and TA; enact improvements; regularly report findings to VRS and stakeholders
Accessible materials provided for all training participants
Real-time replicable systems change information generated from the 6 CAT demonstration communities & the stakeholders
Delivery of 5-week Self-Employment course through RRTC-VCU twice over 15 months complete with CEU and CRC credits for up to 300 participants
Minnesota APSE assists with convening 3 statewide Networking/Project Planning meetings
VCU & GHA review self-employment and Customized Employment policies and recommend revisions for VRS

**Goal I. Establish 6 Regional Community Action Team demonstration sites (*Please see appendices for CAT description*).**

**Activity 1.** GHA will recruit 6 COMMUNITY REHABILITATION PROGRAMS/VRS vendors (2 in each of 3 VRS regions; subject to VRS approval) to receive extensive training and TA in the development of CE and microenterprise.

**Activity 2.** Each CAT identifies a cadre of participants (COMMUNITY REHABILITATION PROGRAM staff, VRS counselors, community members such as small business development center personnel, job seekers and stakeholders) to attend regular training and TA sessions, estimated at 12 on the core team and 25 for training sessions resulting in 900 people (duplicative count) receiving recurrent training on employment best practice (6 sites x 6 training sessions x 25 participants).

**Activity 3.** Develop an on-site Training/TA schedule for each site, featuring 6 3-day site visits consisting of both classroom training and field-based TA working with employment seekers, their families, helping to coordinate local collaborations and blended funding, assisting with developing resources, and doing outreach to employers.

**Activity 4.** All participants attending all training sessions and passing the final exam will be issued national CE certification through the Association of Rehabilitation Educators (ACRE) at no cost.

**Activity 5.** Each site receives up to \$50,000 to support one or more staff assigned to coordinate on-site project activities, and to provide employment development to the individuals served through MCED. A total of \$300,000 allocated in the project budget for these positions.

**Activity 6.** Enroll 10 individuals seeking employment at each CAT site. Create successful CE wage jobs or microenterprises for no fewer than 8 individuals (total 48 to 60 successful VRS Closures) during the 15 month project period, demonstrating replicable use of evidence-based practices, Discovery, Interest-based negotiation, Social Security Work Incentives, blended funding, natural workplace supports, et al.

**Activity 7.** Allocate up to \$18,000 for stakeholder travel stipends to attend CAT sessions.

**Activity 8.** Resource Mapping is conducted at each CAT creating Organizational Social Capital Plans that foster employment development sustainability.

**Activity 9.** Develop, update, and monitor a MCED blog to enhance communications regarding MCED, VRS staff, CATs, and stakeholder groups. Include training schedules and announcements, availability of travel stipends, training content, handout materials, relevant articles, resources, related websites, etc.

**Goal II. Provide Regional training to establish Community Business Technical Assistance & Consultation vendors.**

**Activity 1.** Secure 3 regional sites in which to conduct each 3-day CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT training twice: total 6 sessions/18 days total over 15 months.

**Activity 2.** Revise curriculum to reflect specific VRS policy and State of Minnesota regulations and cover topics including Business Concept Development, Market Research, Benefits Analysis, Pro-forma financial statements, and Business Plan Development.

**Activity 3.** Enroll up to 40 COMMUNITY REHABILITATION PROGRAM staff in each of the 6 sessions, totaling 240 vendors trained to enhance VRS microenterprise capacity.

**Activity 4.** Collect and evaluate intensive work applied assignments for each CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT participant, due within 30 days of the session. Report outcomes to VRS.

**Activity 5.** Provide 3 regional Technical Assistance follow-up days for each class presented; 18 days total TA to CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT participants over 15 months for review of business concepts, plans etc.

**Activity 6.** Allocate up to \$78,000 for travel stipends to attend CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT sessions.

**Goal III. Design, Schedule, Deliver, Evaluate statewide Immersion Training and TA follow-up for over 600 VRS personnel and stakeholders (duplicative count).**

**Activity 1.** Deliver Immersion training specifically for VRS Counselors, with some vendor and other stakeholder presence, on Linking Discovery and Job Development. Two 3-day sessions per the 3 VRS regions over 15 months, totaling 18 days interactive classroom training.

**Activity 2.** Provide 3 regional Technical Assistance follow-up days for each class presented; 18 days total TA to Linking Discovery & Job Development participants over 15 months for review of Discovery findings, creating of representational portfolios, funding strategies, and job development plans.

**Activity 3.** Deliver Immersion training specifically for VRS Counselors, with some vendor and other stakeholder presence, on Special Topics of concern to VRS personnel. Anticipated topics include: Evidence-based employment for individuals with psychiatric disabilities; TBI issues in employment; employment support for individuals with Autism; employment for individuals with

felony convictions; Transition from School to Work; et al. Two 3-day sessions per the 3 VRS regions over 15 months, totaling 18 days interactive classroom training.

**Activity 4.** Provide 3 regional Technical Assistance follow-up days for each class presented; 18 days total TA to Special Topics participants over 15 months to address case-specific issues and opportunities.

**Goal IV. Deliver a 5-week synchronous web-based interactive self-employment course, monitored and facilitated daily by GHA and VCU staff.**

**Activity 1.** Schedule on-line course twice after determining best dates with VRS staff.

**Activity 2.** Enroll up to 150 trainees per 5-week course, providing 16 CRC credits or 1.6 CEUs. 300 total receive training over the 15-month project period.

**Activity 3.** Monitor classes, review assignments, answer questions, and provide follow-up TA to participants and VRS consumers.

**Goal V. Schedule and convene three 2-day CAT review/VRS Networking Meetings.**

**Activity 1.** Minnesota APSE secures Minneapolis-area meeting site and schedules three 2-day meetings over the 15-month project period for CAT representatives, stakeholders, VRS staff and invited guests to review policy, implementation issues, quality improvement, collaboration opportunities, sustainability, training content, staffing competencies, family support, self-advocacy, social capital opportunities, and community development activities, et al. Approximately 50 people attend each meeting or 150 total (duplicative count).

**Activity 2.** Reports are provided from each CAT Site Coordinator, a job seeker or prospective business owner, VRS central office staff, and GHA team members.

**Activity 3.** Optional reports are sought from local VRS Counselors, stakeholders including family members, transition from school to work personnel, small business or economic development agencies, and others.

**Activity 4.** Findings are recorded and reported back to all project participants, along with next step action items and recommendations for project enhancements or modifications.

**Goal VI. Policy review of customized employment and self-employment for VRS.**

**Activity 1.** Contract with the RRTC on Workplace Supports at VCU to identify and develop both Customized Employment and microenterprise Outcomes Payment models, success Criteria, and Policy enhancements and modifications.

**Activity 2.** VCU and GHA review existing VRS CE and self-employment policies, comparing these to other states, including Florida, Wisconsin, Texas, Minnesota, and other VR state agencies pursuing increased closures in microenterprise.

**Activity 3.** Attend APSE-coordinated Networking meetings to review research plan, report to-date findings on research, and provide draft language recommendations on both CE/Supported

Employment, and on self-employment/microenterprise. Meet specifically with VRS policy staff while on-site in the Minneapolis area.

**Activity 4.** Draft revised language for VRS on CE adaptations to its supported employment policies and revised language for adaptations to its self-employment policies.

**Activity 5.** VCU and GHA work with VRS to assist in dissemination of policy updates across the state.

**Work Plan: 5 Quarters** (July 1, 2010 – September 30, 2011) *Note: Also see Appendices for chart of travel & on-site assignments for staff*

Goal Task	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 5	Comments
I. 1						Site recruited, letters of commitment secure; pending VRS approval
I. 2						Initial visit preceded by calls to all sites to initiate CAT creation & recruitment
I. 3						CATs secure training sites, on-site calendar approved
I. 4						ACRE CE Certification awarded to CAT training participants
I. 5						CAT site managers submit payroll records monthly for payment
I. 6						On-going enrollment beginning with an initial 4 candidates in Qtr 1
I. 7.						Travel stipends requested by CATs
I. 8						Resource Mapping & Social Capital Plans for all CAT site communities
I. 9						Develop 1 <sup>st</sup> Quarter; maintain & contribute on-going
II. 1						6 total Regional CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT trainings
II. 2						Up-date CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT curriculum for Minnesota
II. 3						Advertise CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT statewide; e-mail & blog; APSE members, VRS network, etc
II. 4						Grade assignments; issue certifications
II. 5						Provide 18 days TA to CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT participants
II. 6						Travel stipends for CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT class & TA participants & prospective business owners
III. 1						Immersion Training: Discovery/Job Development
III. 2						Immersion on-site & distance TA
III. 3						Immersion Training: Special Topics
III. 4						Immersion on-site & distance TA
IV. 1						Schedule Microenterprise Web Course with VRS
IV. 2						Conduct microenterprise class 2 times for 300 people
IV. 3						Monitor VCU class, review assignments, provide TA
V. 1						Networking/Planning meetings
V. 2						Planning & Reports: CAT activities
V. 3						Stakeholder/Social Capital reports; policy findings/recommendations
V. 4						Guidance adopted to improve MCED
VI. 1						Contract/work plan finalized w/VCU
VI. 2						CE & Microenterprise policy review

VI. 3					Report to Networking Meetings
VI. 4					Develop draft polices for VRS review
VI. 5					Disseminate approved or draft policies

**Organizational Capacity:** Griffin-Hammis Associates, LLC was founded in 2000 by Cary Griffin and Dave Hammis. Dave is a former aerospace engineer who came into the rehabilitation field in the early 1990s joining the Center for Technical Assistance and Training, founded by Cary, in the Rehabilitation Dept. of the University of Northern Colorado. We began experimenting with self-employment through funding from Colorado VR, and continued expanding our implementation upon moving to the University of Montana’s Rural Institute in 1996. Here, we founded the first CARF accredited; cross-disability non-facility based Community Rehabilitation Program offering self-employment, with vendorization from both Vocational Rehabilitation and the state Workforce programs. Through a series of RSA, Labor, SAMHSA and other funded projects, the principal MCED project staff helped implement and test self-employment methodologies across disability systems in multiple states, eventually authoring the book, Making Self-Employment Work for People with Disabilities (2003) that draws heavily on successful implementation strategies verified by external evaluations by Virginia Commonwealth University, Berkeley Planning Associates, and the U.S. Dept. of Labor.

GHA maintains a working relationship with the University of Montana, and has staff positioned in key locations across the United States (Minnesota, Montana, Washington, Virginia, Kentucky, Florida, Oregon, and Minnesota), while maintaining a cadre of consultants (e.g. a CPA in Louisville, peer business mentors in Iowa, small business specialist in Los Angeles, etc.). We also maintain partnering relationships with several universities, most notably with the Rehabilitation Research & Training Center (RRTC) at Virginia Commonwealth University, with whom we co-direct the U.S Dept. of Labor funded technical assistance & training program on self-employment and disability (START-UP-USA), and with whom we partner on the Native American Work Incentives project, the Homeless Veterans with Disabilities Reintegration Project, the National Work Incentives Planning & Assistance training/TA project, et al.

GHA is also noted for its development work in Customized Employment and consulted extensively with the most successful of the U.S. Dept. of Labor CE demonstration projects, run by Cobb Community Services Board in Georgia. Doug Crandell, Director of Community Employment and Nancy Brooks-Lane, DD Director for Cobb CSB are included as consultants to this project due to their work in CE. Results from this CE project, and projects in West Virginia, California, Pennsylvania, Iowa, Florida, Rhode Island, et al., resulted in our authoring the book The Job Developer’s Handbook in 2007, and in writing (2009) the new CE Curriculum, now available on-line through Essentiallearning.com

GHA also works closely with the Entrepreneurial Bootcamp for Veterans launched by the Whitman School of Management at Syracuse University, providing the disability and benefits content for the course that is now replicated at Florida State University, UCLA’s School of Business, the University of Minnesota, and several other locations. GHA staff also work on Customized and Self-Employment implementation with several Medicaid Infrastructure Grants (MIGS) including Iowa, Wisconsin, Rhode Island, New York, and most recently in Minnesota where the Dept. of Employment & Economic Development selected us to incubate the statewide employment Training and Technical Assistance Center ([www.mntat.org](http://www.mntat.org)). We are partnering with the MN Employment Policy Initiative (MEPI) and believe these linkages benefit

Minnesota and build-in lasting sustainability to assist VRS with expanding microenterprise and CE capacity.

GHA maintains a broad customer base across the nation and a map showing many of them is available at [www.griffinhammis.com](http://www.griffinhammis.com), along with examples of our materials, sample business plans, video clips, etc., and a link to Start-Up-USA which showcases our Entrepreneur Leadership Network, Fact Sheets, and all state VR policies on self-employment. Our experience with implementing business ownership is unparalleled in the U.S. GHA's approach to customized self-employment development has been replicated in communities in numerous states (e.g. New York, New Hampshire, Montana, Colorado, North Carolina, Maryland, Oregon, Washington, Michigan, Georgia, et al.) with the best outcomes being realized through multi-year development projects. In all, GHA staff has assisted with over 400 small business start-ups and have intensely trained several hundred personnel through recurrent skill-building seminars and on-site technical consultation.

We believe this model, combining local small business resource identification and facilitation, staff development, intensive on-site and e-mail/phone consultation, and direct technical support for consumer services will establish capacity throughout the state of Minnesota leading to small business development for VRS consumers; will create a quality customized self-employment service for VRS through certification level training and technical assistance for local CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT vendors; will expand and create partnerships with local VRS offices, COMMUNITY REHABILITATION PROGRAMS, MENTAL HEALTH Centers, Workforce Centers, Small Business Development Centers, and other potential collaborators; and will further the mission of Minnesota VRS. We anticipate that the scope of such a project will grow to include new relationships and funding opportunities and we seek to explore the collaborative development of improved local funding, as well as enhancing policy and practice relationships at the local, state and national level.

Finally, GHA brings inventive approaches to the CATs, the community, and rehabilitation. The CAT sites will learn to circumvent traditional job searches and self-employment development by emphasizing a non-comparative approach to job development, maximizing social capital, through consumer Resource Ownership, and the self-employment option. In a majority of instances, people with disabilities are screened out because an employer unfamiliar with supervising workers with or contracting with business owners with disabilities opts for the applicant or contractor who appears less cumbersome to accommodate.

CE uses Discovery as a structured person-centered assessment that generates several vocational or small business themes. A list of at least 20 places where people with similar interests work is generated and informational interviewing begins in several companies that hold interest for the employment or self-employment seeker. As yet, no talk of specific job descriptions or business is undertaken, because job descriptions or stereotypical business ideas limit creativity; there are unlimited ways to make a living, and getting into the back room of various relevant businesses exposes job developers and seekers to the jobs-behind-the-jobs; the tasks, equipment and skills seldom seen using traditional employment or self-employment models.

Informational interviews are used to seek advice about careers from successful business owners and trades people. By asking advice, job and small business seekers and employers have an opportunity to share their experiences and common interests. As humans, our relationships are based on mutual interest. By exploring work environments and the experiences of others with similar interests, job and small business opportunities are created.

For example, Melanie was just leaving her high school special education program with a certificate of attendance. She had a profound interest in art, but her psychiatric symptoms made it difficult for any system to imagine her holding a job or operating a business. Discovery revealed numerous vocational themes, including art, of course, as well as outdoor recreation, and sewing/knitting. Making a list of 60 specific places in the community, accessible to her neighborhood or limited transit options, was daunting but forced her team to think creatively. Melanie selected half a dozen businesses that interested her and appointments to get advice on her career plan we secured by her employment specialist. During a tour of a bronze foundry, the manager, an artist himself, reviewed Melanie's short portfolio of artwork, and then had her attempt colorizing a small sculpture with a pin striping brush.

Melanie completed the task perfectly and was hired on the spot, although the employer had earlier said they were not accepting applications. She has worked for this employer since 2005 and also sells her paintings on the side. The manager and the artist came together over a shared interest in art and the employer realized that Melanie possessed skills that created profit. This and related replicable approaches will be the cornerstone of the CAT, Immersion, and other training/TA services offered through MCED.

**Past Performance:**

**1. Contract:** Start-Up USA U.S. Department of Labor, Office of Disability Employment Policy (ODEP)  
**Client Name:** Virginia Commonwealth University  
**Point-of-Contact:** Katherine Inge  
**Phone Number:** 804-828-5956

**Period of Performance:** September 20, 2006 – September 19, 2010  
**Contract Value:** \$570,000

**Scope of Work Performed:** Self-Employment Technical Assistance, Resources, & Training (START-UP / USA) is a partnership between Virginia Commonwealth University and Griffin-Hammis and Associates. START-UP / USA was funded by a cooperative agreement #E-9-4-6-011 from the U.S. Department of Labor (DOL), Office of Disability Employment Policy (ODEP). START-UP / USA provides technical assistance and disseminates resources nationally to individuals interested in pursuing self-employment. This includes the live web cast series with successful entrepreneurs who share their secrets for success.

START-UP / USA also provides assistance to three state-based demonstration projects, START-UP/Alaska, START-UP/Florida, and START-UP/New York. These projects generate data and information to validate systems capacity-building strategies and systems change models for successfully increasing self-employment for individuals with disabilities. The information generated through these model programs is disseminated nationally for replication through technical assistance and support.

**2. Contract:** CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT Project  
**Client Name:** Florida Division of Vocational Rehabilitation  
**Point-of-Contact:** David Guido, Chief, Bureau of Administrative Services  
**Phone Number:** 850-245-3305

**Period of Performance:** June 2008- June 2010 (extension through 2012)  
**Contract Value:** \$165,554 (+ \$176,890 extension will total \$342,444)

**Scope of Work Performed:** In July 2008, FL DIVISION OF VOCATIONAL REHABILITATION entered into a contract with the Center for Social Capital (CSC), Griffin-Hammis' non-profit agency, to develop and implement a statewide certification program for vendors of customized self-employment. The CSC was uniquely suited to perform this role given the national expertise of the staff in self-employment, its history of work with self-employment initiatives within the state, and the location of its Southeastern Regional Office in Tampa, FL. Roles and responsibilities for the CSC in this initiative included:

- Development and provision of initial certification training
- Development of online trainings, resources, and materials
- Provision of ongoing technical assistance to CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANTS, DIVISION OF VOCATIONAL REHABILITATION counselors & customers
- Facilitation of Quarterly Networking Meetings for DIVISION OF VOCATIONAL REHABILITATION counselors and CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANTS
- Guidance of State Level Self-Employment Policy Advisory meetings
- Provision of ongoing training to all key stakeholders

One of the major goals for the FL DIVISION OF VOCATIONAL REHABILITATION self-employment initiative is to create a system whereby the DIVISION OF VOCATIONAL REHABILITATION counselor did not have to be the expert. Rather, the expectation is that counselors guide customers to the necessary resources and referral options. As such, it was recognized that both DIVISION OF VOCATIONAL REHABILITATION customers and counselors needed access to specific expertise with regard to developing business concepts and writing the business plans. Although community resources such as the SBDCs and other generic economic development/small business resources exist in Florida, research indicated few DIVISION OF VOCATIONAL REHABILITATION customers successfully utilize these resources. The Certified Business and Technical Assistance Consultant program was designed to address this issue.

Through this program, providers and/or individuals become certified vendors of self-employment services. CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANTS are responsible for supporting DIVISION OF VOCATIONAL REHABILITATION customers through all critical stages of business exploration and development, while also working with the generic resources. When a customer indicates interest in self-employment, it is no longer the responsibility of the DIVISION OF VOCATIONAL REHABILITATION counselor to determine if this is a viable avenue or to independently guide the customer through the process. Instead, the DIVISION OF VOCATIONAL REHABILITATION counselor makes a referral to the CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT, and the CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT coordinates the process. Ongoing communication with the DIVISION OF VOCATIONAL REHABILITATION counselor is paramount throughout. First year efforts focused primarily on developing a statewide cadre of CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANTS. In order to meet this goal, five 3-day certification trainings were held at different locations throughout the state.

**CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANT Training and Technical Assistance**

**Overview:** Entities interested in becoming CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANTS must first meet the minimum qualification requirements established by FL DIVISION OF VOCATIONAL REHABILITATION's Vendor Certification Unit. These qualifications include a mix of education and experience as detailed on the DIVISION OF VOCATIONAL REHABILITATION website ([www.rehabworks.org](http://www.rehabworks.org)). Applicants meeting the minimum requirements register for the 3-day Certification Training course. This intensive 24-hour course covers all key aspects of business exploration and development, including:

- Discovery/Business Concept Development
- Feasibility Studies/Market Research
- Development of Business Financials
- Social Security Benefits Analysis
- Resource Planning/Identification of Funding Sources
- Sales and Marketing
- Management and Operational Plans
- Development of Business Plans

The certification course is a mixture of didactic training and hands-on simulation & community activities. All participants work actively to research concepts, develop financials, and complete SSA benefits analysis during the 3-day session. At completion of the coursework, all participants are required to complete a comprehensive field assignment. CSC staff provides feedback on areas needing additional work or consideration, and participants revise and resubmit. After successful completion of the course and field assignment, vendors are instated as CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANTS for a period of two years.

**Regional Networking Meetings and Off-Site Technical Assistance:** The certification course is designed to be comprehensive. However, completing the course may not lead to mastery of all skills and processes necessary to successfully support any potential entrepreneur through all aspects of business exploration and design. Therefore, ongoing technical assistance from CSC is provided to CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANTS. (FL DIVISION OF VOCATIONAL REHABILITATION counselors also have access to individualized technical assistance from CSC.) Technical assistance is available in person, over the phone, or via web interface. From July 2008-December 2009, 96 CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANTS were certified, with an additional certification training scheduled for May 2010. CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANTS now exist to cover all state areas, aided by online resources, materials, and new trainings specifically designed for DIVISION OF VOCATIONAL REHABILITATION counselors. Texas DIVISION OF VOCATIONAL REHABILITATION and OH REHABILITATION SERVICES COMMISSION has now contracted with GHA/CSC to replicate CERTIFIED BUSINESS TECHNICAL ASSISTANT CONSULTANTS statewide in both states in order to boost microenterprise use, access to capital, and self-employment closures.