



buzVR.org

Virtual Business Resource Center

# Welcome

## Vocational Rehabilitation Tier 1 Business Proposal Training 5 Steps to Successful Self-Employment

Dr. William R. Osgood  
Dr. Deborah A. Osgood  
Knowledge Institute, Inc.

[www.bdkl.com](http://www.bdkl.com)

Educating small business, facilitating collaborations  
and building business-to-business relationships

**KNOWLEDGE**  
INSTITUTE

# *5 Steps to Successful Self-Employment*

---

## Training Agenda

- VR Tier 1 Proposal Requirements
- Why Self-Employment?
- Dr. Bill's Rules of the Road
- Utilizing The VBRC Tools & Resources
  - BuzVR.org
  - 5 Steps to Successful Self Employment
- Creating the Tier 1 Proposal
- Conclusions

# ***5 Steps to Successful Self-Employment***

---

## **Tier 1 Business Proposal Requirements**

1. Description of the proposed self-employment business
2. Self-Employment vs. Employment for wage or salary
3. Qualifications & Experience for the proposed venture
4. Market Need – Business Opportunity
5. Pricing – Competitive and Profitable
6. Promoting the new venture
7. Bookkeeping & Accounting
8. Funding requirements – and funding sources
9. Financial forecasts (breakeven & P/L)

# *Why Self-Employment?*

---

## Small Business Development

- Self-Employment is the fastest growing sector of the economy – and rapidly becoming the primary form of employment
- Small business = 99.7% of all businesses
- Small businesses employ < 50% of the private workforce
- Small businesses represent over 97% of all US exports
- Small businesses create over 75% of all net new jobs
- Yet...
- **Over 75% of all small businesses will fail or otherwise cease to exist within the first 5 years**

# *Why Do Small Businesses Fail?*

---

- They should never have gone into business – they lacked the needed aptitude and / or skills
- It was a bad idea
- They couldn't find the answers they needed when they needed them

# *Reducing Small Business Failure*

---

- There are proven tools and resources that can help to reduce business failure
- The tools are not complicated
- Resources are available
- With proper support, Self-Employment can be a viable vocational outcome for VR Clients
- Needed is a facilitation process – professional consultants and counselors providing guidance and support to SMBs and VR Counselors

**There are some basic  
truths**

# *Dr. Bill's Rules of the Road*

---

## **Rule # 1**

Not everyone is suited to starting and managing their own business

# *Dr. Bill's Rules of the Road*

---

## Rule # 2

Part-time self-employment is subject to the same basic rules as a full-time business venture

# *Rules of the Road*

---

## **Rule # 3**

Business feasibility and plan development follow a very well defined process that is grounded in common sense...

It is not rocket science

# *Dr. Bill's Rules of the Road*

---

## Rule # 4

If these rules are not respected and followed, the part-time or full-time business will almost certainly fail

# *Dr. Bill's Rules of the Road*

---

## Rule # 5

If there are no customers,  
there is no business

# *Dr. Bill's Rules of the Road*

---

## Rule # 6

Break-even is an essential concept for every part-time or full-time venture that has any overhead or fixed costs

# *Dr. Bill's Rules of the Road*

---

## Rule # 7

Anyone can understand breakeven

# *Dr. Bill's Rules of the Road*

---

## Rule # 8

Costs and revenue projections are not  
simply a fantasy

# *Dr. Bill's Rules of the Road*

---

## Rule # 9

Cash flow is king

# *Dr. Bill's Rules of the Road*

---

## **Rule # 10**

The fairy godmother will not show-up

# ***SELF-EMPLOYMENT AT ITS BEST!!***

---



*Whirligigs*



*R  
Us*



# **Resources & Tools**

**Virtual Business Resource Center**

**5 Steps to Successful Self-Employment**

# VR Tools & Resources

http://www.buzvr.org/index.html

BOOKSTORE | COUNSELORS | CONTACT US | Submit Email | Subscribe | Search

Promoting self-employment for individuals with disabilities

HOME MENTORING RESOURCES TOOLS SOLUTIONS NETWORKS ABOUT

**reach** **grow** **achieve**

**Online Courses**  
View no-cost, interactive courses that teach you self-employment and business development skills

**Free Business Resources**  
Connect with hundreds of no-cost business assistance programs and resources

**Business Solutions**  
Discover a range of business solutions that productively leverage your time and talents

**Welcome**

buzVR is a resource community tailored to individuals with disabilities who are looking to start, grow and succeed in business. Content promotes access to free and low-cost public programs, training, education and networking opportunities aimed at supporting venture progress and sustainability. >> [Learn more](#)

~ [Work with a business mentor](#)  
~ [Learn about and use free programs](#)  
~ [Navigate business solutions](#)  
~ [Connect with value-add tools](#)

**Mentor's Resource Center**

buzVR offers business mentors and counselors access to a broad range of information, tools and related resources to help individuals with disabilities learn about and pursue financial independence through self-employment and entrepreneurial endeavors. Visit the Mentor's Resource Center to discover more about how to facilitate progress. >> [Learn more](#)

**Popular Resources**

- [5-Steps](#) to Self-Employment
- [10-Steps](#) to Venture Launch
- [Learn about](#) funding sources
- [Use](#) business planning tool
- [Plan](#) for self-employment
- [Discover](#) help with marketing
- [Consider](#) a business incubator
- [Leverage](#) your time through others
- [Read Up](#) on helpful articles
- [Connect](#) with other businesses
- [Incorporate](#) useful business forms
- [Pose](#) a business question
- [View](#) online training courses
- [Navigate](#) available business help

Self-Employment Resources for Individuals with Disabilities

www

start



BuzVR - Windows Int...

Internet 100% 12:06 PM

Educating small business, facilitating collaborations  
and building business-to-business relationships

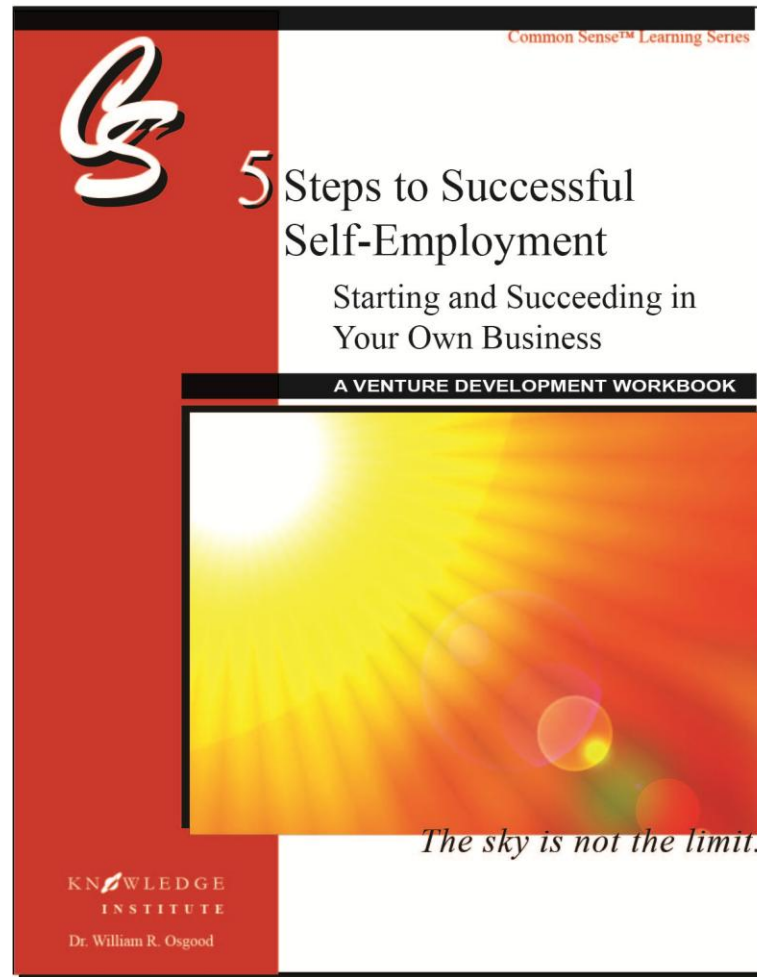
KNOWLEDGE  
INSTITUTE

# **Tour the Website**

**[www.buzVR.org](http://www.buzVR.org)**

# VR Tools & Resources

---



[www.bdkl.com](http://www.bdkl.com)

Educating small business, facilitating collaborations  
and building business-to-business relationships

KNOWLEDGE  
INSTITUTE

# *5 Steps to Successful Self-Employment*

---

## Highlights of the 5 Step System

- Online at [http://www.buzvr.org/five\\_steps.html](http://www.buzvr.org/five_steps.html)
- Self-Paced – available 24/7 to suit any schedule
- Step-by-Step – what it is, why it is important, and how to do whatever
- Interactive Exercises – understand, self-apply, clients build their own business case
- eMentoring – results are emailed to participants and counselor / consultants
- Archived Results – emailed results can be saved to a folder for further reference
- Certificate of Completion

# ***5 Steps to Successful Self-Employment***

---

## **The 5 Steps**

### **Step 1: Self Assessment**

Am I suited to running my own business?

### **Step 2: Business Idea and Market Analysis**

Do I have a viable business idea? Is there a market for my business idea?

### **Step 3: Cost & Income Forecasting**

Do I have a realistic forecast of revenues and costs?

### **Step 4: Business Proposal**

Can I explain my business idea so that it makes sense to others?

### **Step 5: Monitor Progress**

Am I prepared to monitor and control operations once started?

# ***5 Steps to Successful Self-Employment***

---

## **Tier 1 Business Proposal Requirements**

1. Description of the proposed self-employment business
2. Self-Employment vs. Employment for wage or salary
3. Qualifications & Experience for the proposed business

### **Tier 1-1: Description of the proposed self-employment business**

7. Bookkeeping & Accounting
8. Funding requirements – and funding sources
9. Financial forecasts (breakeven & P/L)

# ***Tier 1 Business Proposal***

---

## **1. Description of the proposed self-employment business**

The first step is also the last. You get started with a general description and finish with a more detailed explanation. Here is a simple worksheet to get the client started. Using the online resource allows the client to complete the exercise, then email it to the counselor for mentoring.

Data Source: 5 Steps book, pages 10 & 11; Online: [http://www.buzvr.org/five\\_steps\\_preface.html](http://www.buzvr.org/five_steps_preface.html)

# ***Tier 1 Business Proposal***

---

## **1. Description of the proposed self-employment business**

- *What product/service are you going to sell*
- *How much does it cost you to make/provide the product/service*
- *What equipment is necessary and how will it be maintained*
- *What types of facilities are needed*
- *How much can you charge*
- *Who will buy from you and why*

Data Source: 5 Steps book, pages 10 & 11; Online: [http://www.buzvr.org/five\\_steps\\_preface.html](http://www.buzvr.org/five_steps_preface.html)

[www.bdkl.com](http://www.bdkl.com)

Educating small business, facilitating collaborations  
and building business-to-business relationships

**KNOWLEDGE**  
INSTITUTE

# ***5 Steps to Successful Self-Employment***

---

## **Tier 1 Business Proposal Requirements**

1. Description of the proposed self-employment business
2. Self-Employment vs. Employment for wage or salary

**Tier 1-2: Reasons for wanting to establish an enterprise where there is a high risk of failure, rather than prepare for and/or find employment for a wage or salary**

8. Funding requirements – and funding sources
9. Financial forecasts (breakeven & P/L)

# ***Tier 1 Business Proposal***

---

**2. Reasons for wanting to establish an enterprise where there is a high risk of failure, rather than prepare for and/or find employment for wage or salary**

- *Skills and aptitude for self-employment*
- *Capacity to hold down a job*
- *Availability of employment opportunities*
- *Personal goals - satisfactions*

Data Source: 5 Steps book, pages 16-25; Online: [http://www.buzvr.org/five\\_steps\\_1.html](http://www.buzvr.org/five_steps_1.html)

## ***Tier 1 Business Proposal***

---

### **2. Reasons for wanting to establish an enterprise where there is a high risk of failure, rather than prepare for and/or find employment for wage or salary**

Self-employment can be a viable option for some – but a bad idea for others. The self-assessment exercises will help the client self-evaluate against 5 different benchmarks, The aggregate score at the end will provide useful insights and be basis for a valuable discussion.

Data Source: 5 Steps book, pages 16-25; Online: [http://www.buzvr.org/five\\_steps\\_1.html](http://www.buzvr.org/five_steps_1.html)

# ***5 Steps to Successful Self-Employment***

---

## **Tier 1 Business Proposal Requirements**

1. Description of the proposed self-employment business
2. Self-Employment vs. Employment for wage or salary

**Tier 1-3: A list of past training or work experience that qualifies the individuals to manage and operate the proposed enterprise**

7. Bookkeeping & Accounting
8. Funding requirements – and funding sources
9. Financial forecasts (breakeven & P/L)

# ***Tier 1 Business Proposal***

---

## **3. List of past training or work experience that qualifies the individuals to manage and operate the proposed enterprise**

The closer the match between an individual's preferences and skills, and the demands of the venture, the higher the likelihood of success. The Personal Preferences Inventory and the Personal Skills Inventory helps show the client's suitability to their proposed venture.

Data Source: 5 Steps book, pages 30-33; Online: [http://www.buzvr.org/five\\_steps\\_2a.html](http://www.buzvr.org/five_steps_2a.html) & 2b

# ***Tier 1 Business Proposal***

---

## **3. List of past training or work experience that qualifies the individuals to manage and operate the proposed enterprise**

- *Education*
- *Training*
- *Work experience*
- *Special interests*
- *Skill sets*
- *Interests*

Data Source: 5 Steps book, pages 30-33; Online: [http://www.buzvr.org/five\\_steps\\_2a.html](http://www.buzvr.org/five_steps_2a.html) & 2b

# *5 Steps to Successful Self-Employment*

---

## **Tier 1 Business Proposal Requirements**

1. Description of the proposed self-employment business
2. Self-Employment vs. Employment for wage or salary

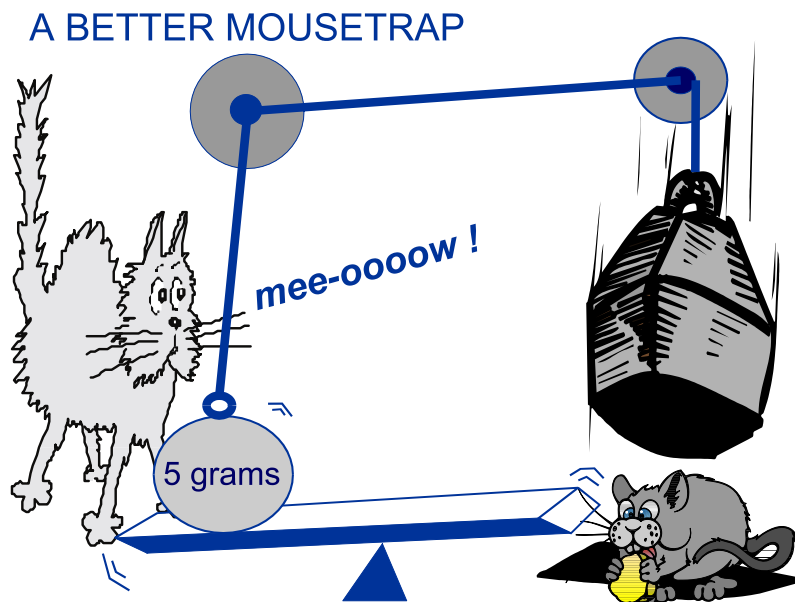
**Tier 1-4: evidence of the need for the proposed service or business in the community**

6. Promoting the new venture
7. Bookkeeping & Accounting
8. Funding requirements – and funding sources
9. Financial forecasts (breakeven & P/L)

# Tier 1 Business Proposal

---

A new mousetrap is not sufficient



- You must tell them about it
- There must be ...
  - a perceived need
  - a belief your trap will satisfy the need
  - a willingness to pay some price for it

# ***Tier 1 Business Proposal***

---

## **4. Evidence of the need for the proposed service or business in the community**

- *Who will buy the goods/services*
- *Why*
- *What is the market size*
- *Who is the competition*
- *Three reasons why customers will buy from you*

Data Source: 5 Steps book, pages 38-40; Online: [http://www.buzvr.org/five\\_steps\\_2e.html](http://www.buzvr.org/five_steps_2e.html)

# ***5 Steps to Successful Self-Employment***

---

## **Tier 1 Business Proposal Requirements**

1. Description of the proposed self-employment business
2. Self-Employment vs. Employment for wage or salary

**Tier 1-5: Demonstrate how the price of merchandise and charge for services are competitive and make a fair profit**

7. Bookkeeping & Accounting
8. Funding requirements – and funding sources
9. Financial forecasts (breakeven & P/L)

# ***Tier 1 Business Proposal***

---

## **5. Demonstrate how the price of merchandise and charge for services are competitive and make a fair profit**

- *What are product/service fixed and variable costs*
- *What is the selling price*
- *What is the breakeven level*
- *What is the projected profit*
- *How does your price compare to the competition?*

Data Source: 5 Steps book, pages 49-58; Online: [http://www.buzvr.org/five\\_steps\\_3a.html](http://www.buzvr.org/five_steps_3a.html), & 3b, 3c

# ***Tier 1 Business Proposal***

---

## **5. Demonstrate how the price of merchandise and charge for services are competitive and make a fair profit**

*We will answer the pricing / profitability questions in the section on Financial Forecasts; for now,*

- How does the perceived pricing compare to the competition – shop the competition – in their store, online, or wherever their products / services are offered*
- How does your product / service differ from theirs*

# *5 Steps to Successful Self-Employment*

---

## **Tier 1 Business Proposal Requirements**

1. Description of the proposed self-employment business
2. Self-Employment vs. Employment for wage or salary

Tier 1-6: Description of plans and arrangements for merchandising, marketing, business development, advertising and for getting the cooperation and interest of the community in the enterprise

8. Funding requirements – and funding sources
9. Financial forecasts (breakeven & P/L)

# ***Tier 1 Business Proposal***

---

## **6. Description of plans and arrangements for merchandising, marketing, business development, advertising and for getting the cooperation and interest of the community in the enterprise**

- *How will you merchandise the product/service (Packaging, display, signage )*
- *How will you market the product/service (Collaterals: web site, brochure, price list, loyalty programs)*
- *Advertising (Print, web links, social media )*
- *Publicity (Word of mouth, articles, interviews, contests)*
- *How will you develop sales (Face-to-face, telephone, direct marketing (email, snail mail))*
- *How will you implement these activities*

Data Source: 5 Steps book, pages 41-43; Online: [http://www.buzvr.org/five\\_steps\\_2f.html](http://www.buzvr.org/five_steps_2f.html)

[www.bdkl.com](http://www.bdkl.com)

Educating small business, facilitating collaborations  
and building business-to-business relationships

**KNOWLEDGE**  
INSTITUTE

# ***Tier 1 Business Proposal***

---

**6. Description of plans and arrangements for merchandising, marketing, business development, advertising and for getting the cooperation and interest of the community in the enterprise**

*Promotion – List 5 ideas to promote your business and list why you think that they will work*

*Advertising – list 5 advertising venues available to reach your market – show how much each will cost and why you think they will work*

*Exercise 2f, page 43*

Data Source: 5 Steps book, pages 41-43; Online: [http://www.buzvr.org/five\\_steps\\_2f.html](http://www.buzvr.org/five_steps_2f.html)

[www.bdkl.com](http://www.bdkl.com)

Educating small business, facilitating collaborations  
and building business-to-business relationships

**KNOWLEDGE**  
INSTITUTE

# ***5 Steps to Successful Self-Employment***

---

## **Tier 1 Business Proposal Requirements**

1. Description of the proposed self-employment business
2. Self-Employment vs. Employment for wage or salary

**Tier 1-7: Description of arrangements to set up and maintain accounting records for the business**

6. Promoting the new venture
7. Bookkeeping & Accounting
8. Funding requirements – and funding sources
9. Financial forecasts (breakeven & P/L)

# ***Tier 1 Business Proposal***

---

## **7. Description of arrangements to set up and maintain accounting records for the business**

- *How will you track sales*
- *What bookkeeping system will you use*
- *Who will do the bookkeeping*
- *Who will do the accounting*
- *Where do you find this professional help*

Data Source: 5 Steps book, pages 67; Online: [http://www.buzvr.org/five\\_steps\\_4g.html](http://www.buzvr.org/five_steps_4g.html)

[www.bdkl.com](http://www.bdkl.com)

---

Educating small business, facilitating collaborations  
and building business-to-business relationships

**KNOWLEDGE**  
INSTITUTE

# ***5 Steps to Successful Self-Employment***

---

## **Tier 1 Business Proposal Requirements**

1. Description of the proposed self-employment business
2. Self-Employment vs. Employment for wage or salary

Tier 1-8: Estimated total amount of money needed to start the business and the proposed source for the funds, e.g., customer, NHVR (up to \$3,000), other

8. Funding requirements and funding sources
9. Financial forecasts (breakeven & P/L)

# ***Tier 1 Business Proposal***

---

**8. Estimated total amount of money needed to start the business and the proposed source for the funds, e.g., customer, NHVR (up to \$3,000), other**

- *Uses of Funds*
  - *Initial equipment, Initial inventories, Initial working capital – we need to do the forecasting exercises before we can answer this question*
- *Sources of Funds*
  - *Self, NHVR, MicroCredit, Credit cards, other*

Data Source: 5 Steps book, pages 55-58; Online: [http://www.buzvr.org/five\\_steps\\_3d.html](http://www.buzvr.org/five_steps_3d.html)

# Tier 1 Business Proposal

FINANCING MATRIX															
	Typical Sources														
	Equity					Long Term Debt		Intermediate-Term Debt	Short Term Debt					Profits	
	Personal	Family	Partners	Private Investors	Second Mortgage	Other	Mortgage		Secured L/T Loan	Secured S/T Loan	Unsecured S/T Loan	Line of Credit	Credit Cards		A/R Factoring
<b>Start-Up Costs</b>															
Organizational															
Legal															
Deposits															
Other															
Initial Inventories															
Capital Expenditures															
Plant / Real Estate															
Equipment															
Fixtures															
Initial Working Capital															
Other															
<b>Growth</b>															
Inventory															
Accounts Receivable															
Working Capital															
Physical Improvements															
Other															
<b>Seasonal</b>															
Inventory															
Accounts Receivable															
Marketing															
Payroll															
Supplies															
Working Capital															
Other															

Types of Financial Sources

1. Owners, relatives, friends
2. Private Investors
3. Trade Credit
4. Customers
5. Profits
6. Commercial Banks
7. Savings Banks
8. Commercial Credit Companies
9. Leasing Companies
10. Finance Companies
11. Life Insurance Companies
12. Small Business Administration
13. Small Business Investment Co. (SBIC)
14. Local Development Co. (LDC)
15. Regional Development Co. (RDC)
16. Consumer Finance Companies
17. State-based Programs - BF
18. Federal Programs - SBIR

# ***5 Steps to Successful Self-Employment***

---

## **Tier 1 Business Proposal Requirements**

1. Description of the proposed self-employment business

Tier 1-9: Financial estimate of first 12 months of operation including estimated expenses, income, profit, taxes, income after taxes, and other money income from sources other than business (e.g., Social Security, spouse wages, retirement)

9. Financial forecasts (breakeven & P/L)

# ***Tier 1 Business Proposal***

---

**9. Financial estimate of first 12 months of operation including estimated expenses, income, profit, taxes, income after taxes, and other money income from sources other than business (e.g., Social Security, spouse wages, retirement)**

- *What are the sales projections in units of delivery*
- *What are the sales revenues*
- *What are the variable costs*
- *What are the fixed costs*
- *What other income sources are available*

Data Source: 5 Steps book, pages 51-53; Online: [http://www.buzvr.org/five\\_steps\\_3b.html](http://www.buzvr.org/five_steps_3b.html)

[www.bdkl.com](http://www.bdkl.com)

Educating small business, facilitating collaborations  
and building business-to-business relationships

**KNOWLEDGE**  
INSTITUTE

# Tier 1 Business Proposal

---

## Forecasting

The Forecasting Model	
Revenue	How Much / What Source
Expenses	How Much / What Source
Profit (Loss)	Revenue minus Expense

# Tier 1 Business Proposal

---

## Forecasting

The Forecasting Model	
a. Revenue	How Much / What Source
b. Variable Expenses	How Much / What Source
c. Gross Profit	Revenue minus Variable Expense (a – b)
d. Fixed Expenses	How Much / What Source
e. Net Profit (Loss)	Revenue minus Fixed Expense (a – b)

# *Tier 1 Business Proposal*

---

## Forecasting



[www.bdkl.com](http://www.bdkl.com)

Educating small business, facilitating collaborations  
and building business-to-business relationships

**KNOWLEDGE**  
INSTITUTE

# Tier 1 Business Proposal

---

## Forecasting – Variable Expense

Whirligig Bill of Materials	
Wood	\$ 9.80
Paint	\$ 2.25
Sandpaper	\$ 1.00
Bolts & Washers	\$ .80
Support Rod	\$ 1.15
Total Variable Expense	\$15.00



# Tier 1 Business Proposal

---

## Forecasting – Gross Profit / Gross Margin

Whirligig Gross Profit / Gross Margin	
a. Unit Price	\$25
b. Unit Cost	\$15
Gross Profit (a – b)	\$10
Gross Margin (c/a)	40%



# Tier 1 Business Proposal

---

## Forecasting – Breakeven

Breakeven = Variable Expense + Fixed Expense

Breakeven = Fixed Costs / Gross Profit

Whirligig Breakeven	
a. Selling Price	\$25
b. Cost / Whirligig	\$15
c. Gross Profit / Whirligig	\$10
d. Gross Margin	40%
e. Fixed Expense	\$160
f. Breakeven Sales in Units (e / c)	16
g. Breakeven Sales Revenue (e / d) or (a x f)	\$400

# *Tier 1 Business Proposal*

---

## Forecasting – Tools

The Calculation Model

The Forecasting Model

# ***Tier 1 Business Proposal***

---

## **Answering Item 9. Income estimate of first 12 months of operation**

- *Total income from operations*
- *Cost of goods sold*
- *Gross profit*
- *Fixed overhead costs*
- *Net / profit (loss)*
- *Taxes*
- *Income after taxes*
- *Other income (e.g., SS or Spouse Income)*
- *Net income*

# ***Tier 1 Business Proposal***

---

## **Forecasting – Tools**

Use the models in BuzVR – Tools

[http://www.buzgate.org/8.0/excel/Revenue-Units\\_Feasibility\\_Model.xls](http://www.buzgate.org/8.0/excel/Revenue-Units_Feasibility_Model.xls)

[http://www.buzgate.org/8.0/excel/forecasting\\_wrksht.xls](http://www.buzgate.org/8.0/excel/forecasting_wrksht.xls)

# ***Tier 1 Business Proposal***

---

## **Back to item 8**

**Estimated total amount of money needed to start the business and the proposed source for the funds, e.g., customer, NHVR (up to \$3,000), other**

## *Uses of Funds*

*Now we can answer this question because we know how much working capital is needed*

# ***5 Steps to Successful Self-Employment***

---

## **Step 5: Business Launch and Monitor Progress**

- *Business risk insurance check list*
- *Business readiness check list*
- *Business launch requirements check list*
- *Business monitoring strategy check list*
- *Business monitoring strategic plan*

• Data Source: 5 Steps book, pages 73-85

Online: [http://www.buzvr.org/five\\_steps\\_5b.html](http://www.buzvr.org/five_steps_5b.html)

## *5 Steps to Successful Self-Employment*

---

# QUESTIONS

# ???

## *5 Steps to Successful Self-Employment*

---

# Thank You

Contact Us:

Dr. Bill – [wro@bdki.com](mailto:wro@bdki.com)

Dr. Deborah – [dao@bdki.com](mailto:dao@bdki.com)

[www.bdki.com](http://www.bdki.com)

Educating small business, facilitating collaborations  
and building business-to-business relationships

KNOWLEDGE  
INSTITUTE