



Chapter 8. The Self-Employment Option

Much of the information provided in this section was derived from reports written by the Presidential Task Force on the Employment of People with Disabilities, with information provided by the President's Committee on Employment of People with Disabilities (www.pcepd.gov) and by the U.S. Small Business Administration (www.sba.gov). Please see their Web sites, as well as the resources at the end of this chapter, for additional information.

A. Exploring Self-Employment as an Option

Historically many people with disabilities have expressed a strong interest in working for themselves. In fact, in the 1990 national census, 12.2 percent of people with disabilities reported having self-employment experience (versus 7.8 percent of people without disabilities). Despite this fact, self-employment is often overlooked by the government and people with disabilities themselves as an employment option. Statistics from a 1997 Rehabilitation Services Administration survey show that only 2.7 percent of over 220,000 vocational rehabilitation clients with successful closures became self-employed.

Self-employment is worthy of careful exploration. Public and private sector employers are reducing their workforces. They are outsourcing work to independent contractors or hiring temporary employees. The demand for self-employed contractors who can provide services targeted to a specific need is increasing rapidly. For instance, large movie production companies have begun to eliminate animation and special effects job positions and outsource this work to small one- or two-person shops.

Many artists—actors, painters, and freelance writers, for instance—are self-employed by the very nature of their work. Actors move from one show or film to another, painters sell their works, and freelance writers sell their books and articles.

Individuals who are self-employed and start their own businesses are often called entrepreneurs. Entrepreneurs have the opportunity to organize and manage all aspects of their business. Entrepreneurs find that there are many benefits to self-employment. Some of these benefits include the following:

- being in charge of your own destiny



- using your creativity to do work you enjoy while earning money
- having the freedom to set your own goals and limits
- having the potential for unlimited income and profit
- being free to set your own schedule and work hours
- being able to constantly challenge yourself

It is also important to remember, however, that entrepreneurs also assume all the risks involved in achieving their goals. To be successfully self-employed in an arts field, or any other field, takes skills, training, motivation, and persistence.

The rest of this section will help you assess whether self-employment is right for you. As an artist or a person in an arts-related field, you may have the opportunity to work for someone else, to work for yourself, or to do some combination of the two. Be aware that not all of the information provided in this section will apply to you in your specific circumstances and field. If self-employment is not an option now, you may want to consider it once you have more training and experience in your field.

Remember that being self-employed does not mean answering to no one but yourself. This attitude is foolish and misguided and may lead to your downfall as a self-employed person. Self-employed people in business or the arts must be accountable to their clients and customers. Your client might be a director or producer, a gallery or museum, a publisher, or any other person or organization. You must be both client-centered and goal-oriented to succeed. Whether you are an employee, an independent contractor, or an entrepreneur, people skills and accountability are important.

The First Steps Toward Self-Employment

You may be wondering whether self-employment is right for you. There is no simple answer to this question, but there are two specific areas you should fully explore before moving ahead. First, you must acknowledge that you will probably begin any business venture as your own first employee. This means that you must honestly and objectively appraise your strengths, your weaknesses, and your potential for being successfully self-employed. Second, you must be honest with yourself about your disability and any potential barriers or limitations it may pose. Remember that all people, whether they have a disability or not, have limitations as well as strengths. Some entrepreneurs are great at marketing but inadequate at bookkeeping. They must get help to accommodate for their weakness in this area. You, as a person with a disability, must be aware of the accommodations and assistance you might need to reach your entrepreneurial goals. Avoid the frustration and failure that can arise from denying your limitations. Instead, plan for success by developing strategies to turn weaknesses into strengths.

Begin with an entrepreneurial self-assessment. Take some time to consider the following issues:

- How creative and imaginative are you? Being able to develop creative ways to market your skills or products is essential to being a successful entrepreneur.
- Entrepreneurs are self-starters who like to create their own roles. How would you rate yourself as a self-starter? It will be up to you—not someone else—to develop projects, organize your time, and follow through on details.
- How good are you at motivating yourself, even when things are not going your way? Running a business can wear you down. Some business owners feel burned out by having to carry all the responsibility on their shoulders.
- How much do you trust yourself to make a business work? What are your skills and your confidence level?
- How well do you organize and plan? Research indicates that most business failures could have been avoided through better planning. Good organization—of finances, inventory, schedules, and production—can help avoid many pitfalls.
- How much can you count on the support of your family if you decide to become self-employed or



start a business? The first few years of business start-up can be hard on family life. The strain of having an unsupportive spouse may be hard to balance against the demands of starting a business. There also may be financial difficulties until the business becomes profitable, which could take months or years. You may have to adjust to a lower standard of living or put family assets at risk.

- How good are you at making decisions quickly? Small business owners are required to make decisions constantly, often quickly, under pressure, and independently.
- How willing are you to take risks? Being successfully self-employed can often mean taking big financial risks for the possibility of big gains down the road. Some people are more comfortable with this risk than others.
- Now is the time to be totally honest with yourself about your physical and emotional stamina. Business ownership can be challenging as well as fun and exciting. New business owners often face 12-hour workdays six or seven days a week. You may not want to or not be able to work long hours. The type of business you choose, in addition to your ability to plan effectively, can ensure that you do not overextend yourself.

- How well do you get along with people with different personalities? Business owners will need to develop working relationships with a variety of people, including customers, vendors, staff, bankers, and professionals such as lawyers, accountants, and consultants. How well can you deal with a demanding client, an unreliable vendor, or a cranky employee? Knowing that you can be a difficult person does not preclude you from going into business for yourself. There are many options for limiting your interpersonal interaction, including using e-mail and voice-mail, and hiring someone else to be the face of your business. The key is knowing your need to make this accommodation.

You will need many of these skills to be successfully self-employed or own your own business. You can, however, make accommodations for your weaknesses as long as you know what they are and plan ahead.

If you have decided that being self-employed is right for you, the next step is to figure out what type of service or product you want to provide. Imagine how you can turn your talents and interests into profit. Maybe you love to paint outdoor scenes. You could start a postcard business, creating Internet postcards or selling your paintings of nature scenes to a wildlife



society. Are you great at doing celebrity voices? You could do voice-overs for commercials or sell celebrity impersonation tapes for answering machines. If you base your small business on something you already like to do, you will enjoy work and probably succeed. Answering the following questions can help you assess what would be a good self-employment choice for you:

- What do you like to do with your time?
- What technical skills have you learned or developed that are in demand?
- What do others say you are good at?
- How much time do you have to run a successful business?
- Do you have any hobbies or interests that are marketable?
- Are you aware of unmet needs or niches in your chosen field?

The third step to is to develop a business plan. The soundness of your business plan will depend a great deal on your personal knowledge, experience, and ideas as well as your skills, abilities, strengths, and weaknesses. Developing a good, flexible business plan will often determine whether your business will succeed.

A business plan precisely defines your business and identifies your goals. It can also serve as a résumé. It helps you allocate resources properly, handle unforeseen complications, and make the right decisions. Because it provides specific and organized information about your company and how you will repay borrowed money, a good business plan is crucial for obtaining a loan. In addition, it can tell your sales personnel, suppliers, and others about your operations and goals.

It is always better to start small. By starting small you limit your financial risk. You also give yourself room to allow for mistakes without losing your shirt. Mistakes are an inevitable part of starting any business.

Before you begin writing a business plan, you must do some research. Answering some basic questions can help you quickly decide if your idea is realistic and viable. This research process will save you a lot of pain and money down the road. You need to consider some questions:



- Is your idea practical, and will it fill an identified need?
- What or who is your competition?
- Does your product or service have a distinct advantage over existing products or services?
- Can you deliver a better-quality service?
- Can you create a demand for your product or service?

Once you have finished researching and fully answering these questions, you will arrive at one of the following conclusions:

- Your business idea is viable and has a lot of promise.
- Your business idea is okay, but you need to improve some aspect of your service or product to make it competitive.
- Your business idea is not worth pursuing.

If you arrive at the second conclusion, you must consider what time, financial resources, or education will be required to make your business idea viable. Are you willing and able to do what it will take to make your idea work?

Possible Barriers to Self-Employment for People with Disabilities

Starting a business is challenging and risky. People with disabilities face additional barriers. It is important to recognize and address potential barriers early. The following obstacles sometimes confront adults with disabilities who want to be self-employed or start a business:

- threat of loss of Supplemental Security Income or Social Security Disability Insurance benefits
- threat of loss of health care benefits (the Work Incentives Improvement Act may reduce or eliminate this threat)
- inability to obtain health insurance due to a pre-existing condition
- loss of housing and other subsidies
- poor or unestablished credit rating
- lack of assets or collateral to put up for a loan
- participation in an income support program that limits assets you can accumulate
- lack of information on how to start a business
- restricted access to support networks

- preconceived ideas about people with disabilities within programs that support entrepreneurship and self-employment
- lack of encouragement and support to explore self-employment options from programs assisting people with disabilities (e.g., vocational rehabilitation programs)
- general discrimination based on stereotypes about the capabilities of people with disabilities

Many of these obstacles can be overcome by using the resources listed at the end of this chapter.

Tips on Preparing a Business Plan

According to the U.S. Small Business Administration (SBA), the final step before developing your business plan is to go through a prebusiness checklist. You should answer these questions

- What business are you interested in starting?
- What services or products will you sell?
- Where will your business be located?
- What skills and experience do you bring to the business?
- What will be your legal structure (e.g., sole proprietorship, partnership, corporation)?

- What will you name your business?
- What equipment or supplies will you need?
- What insurance coverage will be needed? Liability, theft, life, and health?
- What financing will you need?
- What are your resources (e.g., financial resources, human resources)?
- How will you compensate yourself?

You can use the following outline as a guide for developing your business plan. While some components may not pertain to your field, most business plans contain most of these elements.

1. Cover sheet
2. Statement of purpose
3. Table of contents
 - I. The Business
 - A. Description of business
 - B. Marketing
 - C. Competition
 - D. Operating procedures
 - E. Personnel
 - F. Business insurance
 - G. Financial data



II. Financial Data

- A. Loan applications
- B. Capital equipment and supply list
- C. Balance sheet
- D. Breakeven analysis
- E. Pro forma income projections (profit and loss statements)
 - Three-year summary
 - Detail by months, first year
 - Detail by quarters, second and third years
 - Assumptions upon which projections were based
- F. Pro forma cash flow

III. Supporting Documents

- A. Tax returns of principals for last three years
- B. Personal financial statement (all banks have these forms)
- C. In the case of a franchised business, a copy of the franchise contract and all supporting documents provided by the franchiser
 - Copy of proposed lease or purchase agreement for building space

- Copies of licenses and other legal documents
- Copies of résumés of all principals
- Copies of letters of intent from suppliers and others

Please see the SBA Web site (www.sba.gov) for specific examples and more information on writing a business plan.

Anyone starting a business should keep in mind the following:

- Always check out legal, tax, and licensing requirements before starting a business venture. Experienced entrepreneurs can help you. Seek out assistance from the Senior Corps of Retired Executives (SCORE) through the SBA. This service is available for free.
 - Analyze the time and energy you have available, and whether you have enough of both to run a profitable business.
 - Remember that making profits is very rewarding but is never guaranteed.
 - Do your homework. Research is one of the keys to success.
 - Write down your business plan and refer to it regularly. Use it to guide your business decisions.
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B. Resources for Self-Employed People and Entrepreneurs

Some government agencies, including the President's Committee on Employment of People with Disabilities and state rehabilitation services, have developed or are now developing programs to support self-employment for people with disabilities. In addition, the SBA, which has traditionally supported small business development, is now committed to increasing its outreach to entrepreneurs with disabilities. You may also want to contact your local Vocational Rehabilitation Agency (Appendix G) to see if they can provide you any assistance. Additional resources include the following organizations:

Disabled Businesspersons Association

5850 Hardy Avenue, Suite 112
San Diego, CA 92182-5313
Telephone: (619) 594-8805
Fax: (619) 594-4208
E-mail: dbanet@ix.netcom.com
Web site: www.web-link.com/dba/dba.htm

The Disabled Businesspersons Association provides free business information and assistance to enterprising individuals with disabilities and professionals in vocation rehabilitation.

President's Committee on Employment of People with Disabilities (PCEPD)

1331 F Street NW
Washington, DC 20004-1107
Telephone: (202) 376-6200
TDD: (202) 376-6205
Fax: (202) 376-6219
E-mail: Speed Davis at davis-r@pcepd.gov or
Ellen Daly at daly-ellen@pcepd.gov
Web site: www.pcepd.gov

The PCEPD coordinates and promotes public and private efforts to enhance employment opportunities for people with disabilities. It provides information, training, and technical assistance to America's business leaders, organized labor, rehabilitation and service providers, advocacy organizations, families of people with disabilities, and people with disabilities. The PCEPD reports to the President on the progress and problems of maximizing employment opportunities for people with disabilities.

The PCEPD has addressed issues involved in entrepreneurship and self-employment in a variety of ways. They developed the Small Business Self-Employment Services information and resource center listed below. In addition, the PCEPD has entered into an agreement with the Small Business Administration (SBA) and



Presidential Task Force on the Employment of Adults with Disabilities to develop local networks of federal, state, and local agencies, and private sector entities to assist and finance small business and those serving people with disabilities. The agencies will coordinate with other federal agencies to convene a series of seminars and workshops in cities and towns across the country beginning in 2000. These activities will have two goals: 1) to establish a partnership between local disability community service providers and the public and private small business resources in their area; and 2) to educate potential entrepreneurs with disabilities about small business options, procedures and resources.

The PCEPD is also working with the SBA and the Rehabilitation Services Administration (RSA) to create a training program on self-employment and entrepreneurship for people with disabilities. The program is intended to reach three audiences: people with disabilities who need to know the location of resources, people who provide small business counseling or teach business in universities or community colleges, and people like rehabilitation counselors, independent living center employees, and other professionals who work in disability-related support programs.

The PCEPD also presents the Evan Kemp Award each year to a person with a disability who is successfully operating a small business. The 1999 award was presented to Sandra Brock, the disabled owner of a growing specialty packaging manufacturer. The award is named after the late Evan Kemp, a successful entrepreneur with a disability who also served as Chair of the Equal Employment Opportunity Commission.

Small Business Self-Employment Service (SBSES)

Job Accommodation Network

P.O. Box 6080

Morgantown, WV 26506-6080

Phone: 1-800-526-7234

Telephone and TTY: 1-800-526-7234

Fax: (304) 293-5407

E-mail: kcording@wvu.edu

Web site: <http://janweb.icdi.wvu.edu/SBSES>

The SBSES, located at the Job Accommodation Network, is a project of the President's Committee on Employment of People with Disabilities. It provides comprehensive information, counseling, and referrals about self-employment and small business ownership opportunities for people with disabilities.



U.S. Small Business Administration (SBA)

409 3rd Street SW

Washington, DC 20416

Telephone: (202) 205-6706 or 1-800-827-5722

TDD/TTY: (202) 205-6189

Fax: (202) 205-6903

Web site: www.sba.gov

The SBA provides assistance to help Americans start, run, and grow their businesses. Resources include the Senior Corps of Retired Executives (SCORE) and Small Business Development Centers (SBDCs). SCORE provides management advice from experienced professionals who volunteer their time to help people starting or expanding a business. SBDCs offer one-stop assistance to current and beginning business owners by providing information and guidance. Services are usually located in easily accessible community buildings such as colleges, vocational schools, and chamber of commerce buildings. Staff and volunteers come from a wide range of professional backgrounds and provide advice and assistance in all aspects of small business management, including finances, marketing, production, organization, engineering, technical problems, and feasibility studies.

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