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## Self-Employment: Improving Policy & Practice

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## **SELF-EMPLOYMENT: IMPROVING POLICY & PRACTICE**

Contrary to popular belief, small businesses have a good success rate. Researchers who had originally analyzed the data and found high rates of business failures re-analyzed the same data and found that 80% of small businesses are still operating after eight years. Researchers discovered that the original research counted businesses that were sold, incorporated, or where the owner had retired as failures.

The Research and Training Center on Rural Rehabilitation Services (RTC: Rural) did a series of studies on how the Vocational Rehabilitation (VR) system uses self-employment as an outcome. Highlights of our findings include:

- ★ During 1995 and 1996, VR helped start 11,119 businesses (2.6% of all employment outcomes).
- ★ Rural state agencies and counselors used self-employment as an employment outcome at a higher rate than urban state agencies and counselors.
- ★ Both rural and urban participants averaged 11 years as employment counselors, but the rural counselors averaged 17.7 self-employment outcomes during their careers. The urban counselors averaged 5.9.
- ★ People with a work disability are self-employed at a higher rate (12.2%) than people without disabilities (7.8%). Nonmetropolitan

people with disabilities are self-employed at a higher rate (9.09%) than metropolitan people with disabilities (7.52%). (U.S. Bureau of the Census)

★ Office atmosphere towards self-employment influenced a counselor's use of self-employment. The VR agency's self-employment policy and procedures influenced the atmosphere in individual offices.

As part of the research, we analyzed 34 state VR self-employment policies/procedures:

- ★ Eleven states had no written guidelines or procedures for self-employment.
- ★ Almost 1/3 of the policies discouraged the use of self-employment.
- ★ Ten states required that a counselor eliminate all other viable rehabilitation options or salaried employment before considering self-employment.
- ★ 35% of policies required no business plan.
- ★ 32% did not have the consumer seek outside technical assistance with developing the business.

## RECOMMENDATIONS

Based on the policy analysis and in response to counselor and consumer requests, the RTC: Rural developed a Model Self-Employment Vocational Rehabilitation policy, procedures for implementing the policy, and a self-employment curriculum for VR counselors. The policy and implementation procedures combine VR practice with current best-practices for small business development. The policy has 8 components:

- ❶ VR assesses a consumer's potential.
- ❷ The consumer develops a business idea, explores its feasibility, and conducts a market analysis.
- ❸ The consumer gets education or training.
- ❹ The consumer obtains technical assistance to develop a business plan.
- ❺ The consumer writes a business plan.
- ❻ The consumer determines the availability of, and applies for, funding from other sources.

❷ VR reviews the self-employment plan.

❸ VR monitors the business's progress.

These components may be implemented by using a process developed by RTC:Rural in conjunction with people with disabilities, Client Assistance Programs, VR counselors and administrators, and business development consultants.

RTC: Rural researchers next developed the *Self-Employment Steps for Vocational Rehabilitation Counselors: Helping a Consumer Start a Business* curriculum, which helps VR counselors understand the process and steps for helping a consumer start a business, including information on:

Why Self-Employment?

Terms

The Process

The Feasibility Study

Assessment

Who Does What in the Process?

The Business Plan

Resources and Resource Partners

Social Security Work Incentives

Supported Self-Employment

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