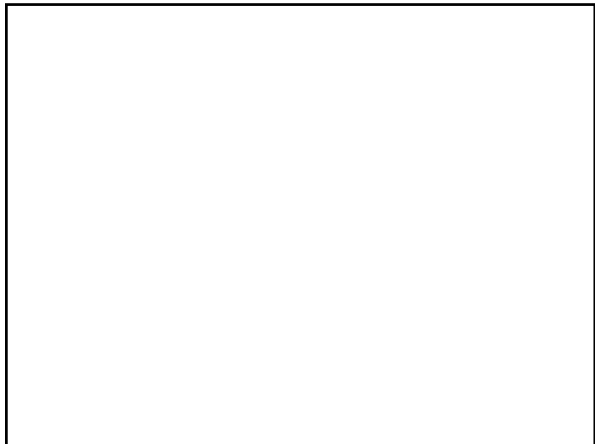


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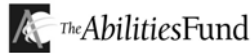
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Capitalizing Ability
Microloans and Other Resources for
Entrepreneurs with Disabilities

Christine Hess
The Abilities Fund



The Abilities Fund is the first and only nationwide community developer and financial lending institution targeted exclusively to advancing entrepreneurial opportunities for Americans with disabilities.

Today's Goals

- Understand key components for assessing entrepreneurial potential
- Understand the fundamentals of financial feasibility
- Identify resources for funding

IA's Entrepreneurs with Disabilities Program

- Partnership:
 - IA Division of VR Services
 - IA Dept for the Blind
 - IA Dept of Economic Development/ IA Finance Authority
- 13 years of management services
- 336 businesses ~ 1,000 applicants
 - Business sustainability in 2006 = 79%
 - Entrepreneurs working toward economic independence

NE Self Employment Services

- Partnership:
 - Nebraska Vocational Rehabilitation
 - The Abilities Fund
- 3rd year of Comprehensive Management Services
- Services Include:
 - Training
 - Technical Assistance
 - Assistance with Capitalization
 - Identifying Resources

About Microenterprise . . .

- Entrepreneur:
 - A person who organizes, operates & assumes financial risk for the creation & management of an enterprise
- Disadvantaged Entrepreneur:
 - An entrepreneur who is low income, lacks adequate access to capital or other resources essential for business success, or who is economically disadvantaged

About Microenterprise . . .

- Microenterprise:
 - A business with 5 or fewer employees requiring initial capitalization of \$35,000 or less
- Small Business:
 - A business that employs up to 500 individuals and generates up to \$3,000,000 in sales

Self Employment as an Economic Factor

- Approximately 30% of Americans are thinking about starting a business this year – approximately 9% of the population will act on their dream
- Small business failures within the first five years have declined from 80% to approximately 50% - representing an improvement in metrics

Self Employment as an Economic Factor

- In last 10 years, the number of self-employed women increased at 6 times the rate of men

Microenterprise Works!

- Small businesses provide 65% of initial job opportunities and are responsible for most initial OJT & basic skill development
- Small businesses create 2:3 jobs in the USA

Microenterprise Works!

- Microenterprises are 87.92% of all businesses; 18.1% of private sector employees work for a microenterprise
- Micro-businesses with 0-4 employees create approximately 1 million jobs annually

Why Microenterprise?

- Offers Flexibility
- Mitigates Employment Discrimination
- Most Direct Route to Social & Economic Empowerment

Microenterprise Works!

People who report a work disability are more likely to be self employed (12.2% vs. 7.8%)*

US has 20+ year history of focused policy and programming on self employment for disadvantaged populations**

*Kraus, L., Stoddard, S. *Chartbook on Work Disability in the United States*
 ** Edgcomb, E, Klein, J. *Opening Opportunities, Building Ownership: Fulfilling the Promise of Microenterprise in the US. Aspen Institute 2005*

Keys to Successful Self-employment

- Entrepreneurial Skills
- Support System
- Feasibility Assessment
- Business Plan
- Capital

Entrepreneurial Skills (can be learned !?!)

- Product & Service Development
- Marketing
- Sales
- Operations
- Personnel
- Finance
- General Management
- Passion

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Passion

- Belief that product/service is valuable
- Dedication to investing necessary time required to turn the idea into a reality
- Commitment to personal investment
- Willingness to be trained
- Commitment to ongoing learning
- Recognizing entrepreneurial traits, utilizing existing skills and strengthening weaknesses

An Effective Support System

- Family
- Case Workers
- Business Colleagues
- **Microenterprise Programs**
- Other Resources
- Online Support
- Assistive Technology
- Benefits Planning

Microenterprise Programs in US

- Started in 1980's with 3 pilot peer lenders
- Stand alone non-profits or housed within a non-profit that serves a low/mod income population
- Variety of services depending upon needs of community

Microenterprise Services

- Business Planning Classes
- Technical Assistance
- Mentoring
- Peer Support
- Financial Literacy
- Microloans (from \$500 - \$35,000)

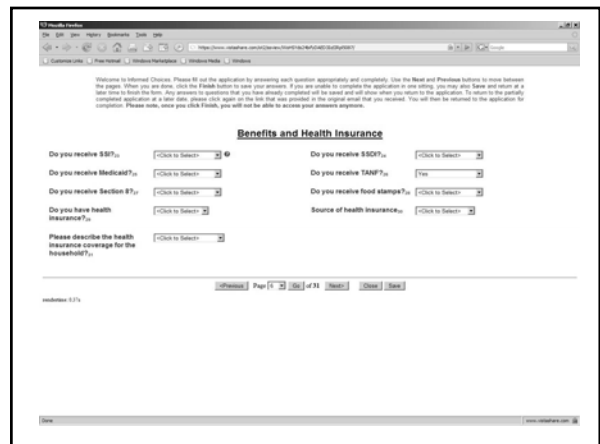
Assessing Individual Potential

- Client Preparedness
 - Work history
 - Tenacity
 - Technical soundness
 - Competitive Edge
 - Financial track record
 - Financial Literacy
 - Disability-related issues & self employment
 - AT Needs for Technical Assistance & Business

Informed Choices

Data collection and intake tool designed specifically for people with disabilities interested in self employment

- Available online and in alternative formats
- Assesses personal readiness, financial situation, motives, expectations, and business concept
- Lays foundation for feasibility study and business plan



Assessing the Business Idea

- Testing the Feasibility of the Business Idea:
 - **Feasibility First**
 - ✓ Concept Feasibility
 - ✓ Market Feasibility
 - ✓ Financial Feasibility

The Business Plan

When an entrepreneur writes business plans him/herself, it helps to:

- Define goals
- Plan a start up strategy
- Identify a support network
- Allocate resources
- Prepare to apply for a loan or work incentive (PASS)
- Support a case for capitalization

Start up vs. Operating Capital

- Savings
- Friends and Family
- Abilities Fund Loan Guarantees
- Microloan Programs
- Telework Program
- Credit Unions

Examples of Start Up Funding

50% Risk
(Fully Capitalized at Start Up)

- \$5,000 Grant from State/Fed Organization
- \$4,000 Abilities Fund Loan Guarantee
- \$1,000 Family Loan

Examples of Start Up Funding

Mitigated Risk
(Fully Capitalized at Start Up)

- \$5,000 Abilities Fund Loan Guarantee
- \$5,000 Grant from State/Federal Organization
- \$500 Mo. PASS injection for 36 mos.
 - PASS funds used to secure mo. loan payments

Examples of Start Up Funding

0% Risk

(Incremental Capitalization)

- \$5,000 Grant from State/Fed Organization

- \$250 Mo. PASS injection for 20 mos.

- Ideal for Poor / No Credit



▪ Technical Assistance Services

- Online training
 - ✓ *Informed Choices*® Assessment
 - ✓ Financial Education
 - ✓ Business Feasibility
 - ✓ Business Plan Development



▪ Access to capital

- Online loan guarantee program
- \$500 - \$5,000

- Referral to Local Microenterprise Service Providers (when available)
 - Technical Assistance & Access to Capital

Contact Information

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