

Chapter 2: Self-Employment Readiness

Tab 1: Introduction

Self-employment is not as easy as hanging an “open for business” sign. Running a successful business requires more skills than delivering your product or service. You need to know how to market your business, keep track of your financials, and manage day-to-day operations. This chapter helps you figure out if self-employment is a good fit. It explores some common myths about self-employment. It then asks you to think critically about your ability to run a business.

Tab 2: Myths

Have you heard people say they should be self-employed because they don’t like working with others? This is just one myth about self-employment. To get a better picture of what self-employment involves, see the Myths & Realities section below to explore some myths and realities of business ownership. Then, Quiz Yourself to check your understanding of the content.

Myths and Realities

Vocational Goal

Myth: Self-employment is my vocational goal.

Reality: Self-employment is a way to meet a vocational goal. It is not, however, a profession. For instance, you might be interested in becoming a hair stylist or furniture builder. To practice these professions, you could be employed by someone else or open your own business.

Business Start-up

Myth: It won’t take long to get my business up and running.

Reality: Depending on the size and scale of your business, the business planning stage often takes several months to a year. A Tier 1 business might only take a couple months, while a Tier 2 business could take closer to a full year or more. Once the business is open, it can sometimes take another year or more to earn a profit. Self-employment can be a long-term process that requires more patience than many other forms of employment.

Required Skills

Myth: I will be good at running this business because I am good at making my product or providing my service.

Reality: When you work for yourself, you are responsible for all parts of the business, not just making your product or providing your service. This may require you to do things like order materials, track sales, keep books, pay bills, advertise, answer phone calls and email, meet with customers, and clean your workspace.

Self-Direction

Myth: I get to work for myself. I am my own boss.

Reality: Self-employment may provide flexibility and independence, but it also requires you to meet many other demands. Being the boss means that you are responsible for everything, not just the tasks you enjoy.

Working with Others

Myth: Self-employment is a good fit for me because I don't work well with others.

Reality: Business owners need to work well with others. They need to communicate with customers, suppliers, advertisers, accountants, and others to run the business.

Flexibility

Myth: Self-employment offers me flexibility. I can work whenever I want, and can work as little or as much as I want to.

Reality: Self-employment does offer flexibility to set your own hours, but depending on the type of business you start, it can require working more hours than a full-time job. Also, it can be hard to take off more than a couple days at a time if you do not have others to fill in for you.

Funding

Myth: There are plenty of ways to get business start-up funds.

Reality: Most business start-up funds come from personal savings or a business loan. Getting a loan requires good credit, a business proposal, and capital (or money) from you or another source. Even if VR helps with some start-up costs, you will probably need additional cash from a grant, bank loan, or your own savings.

Feasibility

Myth: Self-employment is too complicated for me to succeed.

Reality: Self-employment is possible, but it takes time and effort. It can take months or years to develop the skills you need to write a business plan, open a business, and become profitable. You must start with realistic expectations.

Wrap-Up

After reviewing the myths and realities of business ownership, do you think that self-employment is still a good option for you? While you continue to think about it, go to the next tab to begin exploring your personal traits, skills, and readiness.

Quiz Yourself

Question 1

Is this statement a myth or reality?

- Self-Employment is a vocational goal.

Answer 1

Answer: Myth

- The reality is that self-employment is a method or way of meeting a vocational goal, not a profession.

Question 2

Is this statement a myth or reality?

- I will be good at running a business because I am very skilled at producing my product.

Answer 2

Answer: Myth

- Although it is important to be skilled at producing your product or service, running a successful business requires many other skills. Business owners also need to do things like provide customer service, bookkeeping, marketing, and cleaning their workspace.

Question 3

Is this statement a myth or reality?

- You will start making money right away once your business is open.

Answer 3

Answer: Myth

- Once your business is open, it could take a year or longer to earn a profit. A lot depends on how quickly you can build a customer base and cover your start-up costs. Some Tier 1 businesses may be able to earn a profit more quickly than Tier 2 businesses, because Tier 1 businesses don't have as many start-up costs.

Tab 3: Business Owner Traits

In general, business owners have passion, confidence, and self-discipline. They also have skills to manage money and keep track of many demands. This section explores business owner traits to help you figure out if self-employment is a good fit.

Entrepreneurial Potential

Self-Assessments

There are many assessments to help you think about your readiness for self-employment. These types of assessments can be used to explore your self-employment interest, skills, and readiness with your counselor. They can help you decide if you have what it takes to be a business owner. We describe three of these assessments. There are many similar tests on the Internet.

Assessment 1: Entrepreneurial Potential Self-Assessment

The Business Development Bank of Canada offers an online questionnaire to measure entrepreneurial characteristics including:

- **Motivations** - desire for success, power, challenge, and self-sufficiency.
- **Aptitudes** - determination, enthusiasm, self-confidence, creativity, and resilience.
- **Attitudes** - the way you look at things and solve problems.

Click on the link to take the 50-item [Entrepreneurial Potential Self-Assessment](http://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/business-assessments/pages/self-assessment-test-your-entrepreneurial-potential.aspx) (www.bdc.ca/en/articles-tools/entrepreneur-toolkit/business-assessments/pages/self-assessment-test-your-entrepreneurial-potential.aspx). After completing it, you will see how you stack up against successful entrepreneurs.

Assessment 2: Rate your Entrepreneurial Potential

This assessment asks you to rate your entrepreneurial potential using 18 questions. Download a copy of the [Rate Your Entrepreneurial Potential Worksheet](http://vrselfemployment.org/sites/default/files/PDFs/Rate-your-Entrepreneurial-Potential-Fillable-Worksheet.pdf) (<http://vrselfemployment.org/sites/default/files/PDFs/Rate-your-Entrepreneurial-Potential-Fillable-Worksheet.pdf>).

- Rate yourself using the assessment.
- Have two other people who know you well rate you using the same assessment.
- Compare your answers with theirs.
 - If the scores do not line up, think about the differences and what others might see in you that you don't.

Assessment 3: Self-Reflection

Download the [Self-Reflection Worksheet](http://vrselfemployment.org/sites/default/files/PDFs/Self-Reflection-Worksheet-Fillable-Worksheet.pdf) (<http://vrselfemployment.org/sites/default/files/PDFs/Self-Reflection-Worksheet-Fillable-Worksheet.pdf>) and provide examples from your past that show:

- Your passion about something
- Your confidence in a topic
- Your self-discipline
- Your ability to multi-task

You can review this worksheet with your counselor.

Interpreting Results

Successful business owners come in all shapes and sizes. Self-assessments are one way to learn about your readiness to start a business in terms of your traits. They should be discussed with your counselor. Self-assessments, however, cannot predict if your business will be successful. They are just one way to evaluate if self-employment is a good fit.

Tab 4: Readiness Self-Assessment

This section introduces the resources, skills, and accommodations you need to become self-employed. Some of the information will be built upon in later chapters.

Readiness Questions

Readiness Self-Assessment

Download the [Readiness Self-Assessment Worksheet](http://vrselfemployment.org/sites/default/files/PDFs/Readiness-Self-Assessment-Fillable-Worksheet.pdf) (<http://vrselfemployment.org/sites/default/files/PDFs/Readiness-Self-Assessment-Fillable-Worksheet.pdf>). Fill it out as you go through the following questions. When you are done, review your answers with your counselor.

Self-Employment Motivation

Why do you think self-employment is a better choice than getting a job with an existing business?

- Can you explain why self-employment is the best option?
- Do the reasons make sense in terms of the myths and realities of self-employment?

Start-up Funding

How will you pay your bills until your new business earns a profit?

- Do you have enough savings to cover personal expenses?

- Would getting a job in your profession help you build savings and skills for self-employment in the future?
- Would financial counseling help you get your finances in order before applying for a business loan?

Business Skills

What business skills do you have for running your small business?

- Can you use a computer?
- Can you manage day-to-day business operations such as bookkeeping, ordering, or keeping track of inventory?
- Can you hire out certain management services like accounting?
- Do you have the skills or do you have access to professionals to file necessary taxes for your business?
- Do you understand marketing?
- If you lack any of these skills, how will you obtain the training or services you need?

Needed Accommodations

What accommodations will you need to manage your disability when you open your business?

- If you have trouble with verbal communication, have you considered other ways to communicate with customers, such as email?
- If you have trouble with math or managing money, do you have a family member or friend that can help you with bookkeeping?
- How will you conduct your business if an issue related to your disability comes up, such as a pain flare-up?

Criminal Record

Do you have a criminal record?

- If yes, what is it?
- How will it affect your ability to get a business license or have your business idea supported by Vocational Rehabilitation?
- Does your criminal record prevent you from starting a business in certain professions?

Tab 5: Chapter Review

Before exploring a business idea, it is important to consider if self-employment is a good fit. This chapter covered:

- Some common myths about self-employment
- Traits of successful business owners
- Self-employment readiness

As you went through this chapter, you may have decided self-employment was not a good fit for you right now. That is okay. Self-employment is not a good option for many people.

Prepare

In this chapter, you evaluated your entrepreneurial potential and readiness for self-employment.

- Write down why you think self-employment may or may not be a good fit for you at this time.

- Write down the skills you need to work on as part of your Individualized Plan of Employment (IPE).

Discuss these with your counselor.

Counselor Review

Traits

After thinking about the client's traits, skills, and readiness, the counselor needs to determine if self-employment is a good option. As you work with clients who desire self-employment, do they show traits (such as passion, confidence, and self-discipline) during meetings or other examples that are often associated with successful business ownership?

Fit

Does self-employment seem like a good fit?

- Do the client's readiness answers highlight potential for moving forward? Do they demonstrate things like financial readiness, skills for running a business, and realistic descriptions for managing their disability?
- Does the client lack several skills or readiness factors necessary to move forward?
- Can gaps in knowledge or readiness be addressed with training or other resources?
- Would different placement options (such as wage employment) better match the client's abilities or interests?

Justification

It is important to carefully document why you think self-employment is or is not a good option so others who review a client's file understand how you arrived at this decision.

Check Your Understanding

Assessing Readiness

Read each of the three scenarios and think about why self-employment is a good fit or poor fit for Ann, Leroy, and Willard. Each scenario includes a quiz about that person's self-employment fit. Check your answers as you go through the quiz.

Scenario 1: Ann

Ann feels like a home-based online business would be a good fit for her sewing and alteration skills.

- Ann lives in a rural community with few job opportunities and limited public transportation. She cannot drive.
- Ann pays her bills using her SSDI monthly payment.
- She does not have much savings but says she can borrow money from her parents to cover some living costs, if needed.
- Ann pays her bills online and has good computer skills. She does not have any bookkeeping experience but would like training in this area.
- Ann's disability makes it hard for her to work long days. She needs to rest before she becomes fatigued to manage her pain.
- Ann believes working from home will help her have the flexibility to rest when she needs to.

Ann's Justification

Ann explained why self-employment would be a good fit for her.

- Mostly True
- Mostly False
- True and False

Answer: Mostly True. Ann described why a home-based business would be a good fit. She described the need for flexibility and has the necessary skills to provide her service.

Ann's Financial Resources

Ann has financial resources to cover living expenses during business start-up.

- Mostly True
- Mostly False
- True and False

Answer: Mostly True. Ann says she has a way of covering living expenses while her business gets started, including SSDI payments and borrowing money from her parents.

Ann's Skills

Ann has the necessary skills to run a business.

- Mostly True
- Mostly False
- True and False

Answer: True and False. Ann has some computer skills, but would need training in business management.

Ann's Overall Fit

Self-employment is a good fit at this time.

- Mostly True
- Mostly False
- True and False

Answer: Mostly True. Overall, self-employment seems like a good fit for Ann. She provided reasons for choosing self-employment, and is interested in learning the skills she needs to manage her business and provide her service.

Scenario 2: Leroy

Leroy has an erratic work history, but is a skilled car mechanic.

- Most of his past jobs lasted a short time. He usually quit due to disagreements with his boss or other employees when they told him what to do.
- Leroy feels like self-employment would be a good option because he can work for himself, set his own hours, and call the shots.
- He is not trained in business accounting, but has strong math skills and could take on most of the business management tasks.
- He has some savings, enough to last about one year.

- Leroy has a mental disability that causes him to have significant mood swings. He is currently on a new medication that appears to be effective.
- Leroy has a criminal record related to partner violence. He currently lives alone.

Leroy's Justification

Leroy explained why self-employment would be a good fit for him.

- Mostly True
- Mostly False
- True and False

Answer: Mostly False. Leroy does not have a personality that lends itself to customer service. He has had some problems with work and personal relationships and appears to have some anger issues.

Leroy's Financial Resources

Leroy has financial resources to cover living expenses during business start-up.

- Mostly True
- Mostly False
- True and False

Answer: Mostly True. Leroy has some personal savings he can use to cover living expenses.

Leroy's Skills

Leroy has the necessary skills to run a business.

- Mostly True
- Mostly False
- True and False

Answer: True and False. Leroy is a skilled mechanic and could manage the business accounting if he was trained to do so. However, he may need to work on his communication skills so he can interact with customers and vendors.

Leroy's Overall Fit

Self-employment is a good fit at this time.

- Mostly True
- Mostly False
- True and False

Answer: True and False. If Leroy continues on a self-employment path, he will need to strategize how to get along with vendors and customers so he can have a successful business.

Scenario 3: Willard

Willard is passionate about cooking and would like to start his own food cart.

- He has some restaurant experience but was stressed by the hectic pace and need to multi-task. He has mostly worked in entry-level kitchen positions.
- Willard does not have business management experience.
- He is not good at math and has passable computer skills.

- Willard would probably need help with day-to-day accounting activities and with maintaining inventories.
- He has enough savings to cover his personal expenses for six months, but is unsure of other sources of funds.

Willard's Justification

Willard explained why self-employment would be a good fit for him.

- Mostly True
- Mostly False
- True and False

Answer: Mostly False. Willard has a passion for cooking, but he did not provide reasons for why self-employment is a good fit.

Willard's Financial Resources

Willard has financial resources to cover living expenses during business start-up.

- Mostly True
- Mostly False
- True and False

Answer: Mostly False. Willard only has resources to cover six months of personal expenses. This is usually not enough to cover the business start-up phase.

Willard's Skills

Willard has the necessary skills to run a business.

- Mostly True
- Mostly False
- True and False

Answer: Mostly False. Willard does not appear to have the management skills necessary for a food service business and is not good at math. He would probably need help with day-to-day accounting activities and with maintaining inventories.

Overall Fit

Self-employment is a good fit for Willard at this time.

- Mostly True
- Mostly False
- True and False

Answer: Mostly False. A food service business will have hectic deadlines and multiple demands – two skills Willard has struggled with in the past. Willard would need to cook food, greet customers, exchange money, and manage his inventory on almost a daily basis if he is self-employed. He might have more success in a slower-paced food service environment, such as a school cafeteria or senior center where the menu is less varied and the day-to-day tasks are consistent.