

## **Michael J's Vending**

Michael is 38 years old and lives with his mother in a rural area in southwest Michigan. He enjoys an active lifestyle and does not want to be tied down to an absolute schedule or routine. Michael is described by those who know him as always displaying a strong work ethic and showing great pride in his accomplishments.

Sustaining a closed head injury at the age of three resulting in cerebral palsy, Michael had been spending his days in a sheltered workshop. The sheltered workshop did not offer him any of the opportunities he was looking for. He was not interested in securing a job through supported employment because it required such a rigid schedule and extreme travel time using local transportation systems yet he had a strong desire to work.

So, in 2000, Michael and his mother decided to explore other options which could offer him more opportunity and fit his lifestyle. Selecting to become self-employed was appealing because it provided tremendous flexibility to allow him to schedule around his needs. Michael walks with a stiff, unsteady gate, and has to lean on a walker. His speech is difficult to understand, he does not read, has very few math skills, and he does not drive.

He decided to request the assistance of Allegan County Community Mental Health (ACCMH). ACCMH had received two grants to support its learning about supported self-employment from the Rural Institute RESEED Project and the Michigan Department of Career Development, so they appeared to be a good choice to assist Michael in starting his business.

After several brainstorming sessions with ACCMH and his mother, he chose ... owning his own vending machine business.

Armed with the idea of what appeared to be the perfect business, Michael met with several people at ACCMH to evaluate the viability of a vending machine business, analyze the effects on his social security benefits, and complete a business plan with three year projections.

Michael's duties would include filling the machines, sorting coin for deposits, making bank deposits, purchasing the inventory from local wholesalers, and attending business lunches with customers. Assistance provided from an employee would include, driving to the locations, and positioning the product. ACCMH would provide the initial staffing supports.

In October 2000, ACCMH funded the purchase of two vending machines valued at \$5,000. Michael borrowed \$210 from ACCMH to purchase the initial snacks inventory, and began operating his vending machine business.

Later that month, Michael secured a DBA (Doing Business As) name for his business, *Michael J's Vending* and opened a business account at his local bank. By mid-November, Michael was able to pay back one half of his loan to ACCMH and paid off the balance in December. Michael's first owner's draw came in January 2001.

After running his business for a few months and weighing the pros and cons, Michael decided in February 2001 to expand his business. Michael along with his mother and the staff at ACCMH began revisions to his business and marketing plan. He met with the area Small Business Development Center who reviewed, critiqued and advised him on possible revisions to his plan for the expansion.

Michael began researching funding sources to assist in the purchase of additional equipment and operating expenses, and presented to local community organizations to locate additional sites for his vending machines. By March of 2001, Michael J's Vending was averaging \$700 per month in gross sales.

Some of the items Michael identified as being needed to expand his business included more vending machines, inventory, transportation, a motorized cart, vehicle insurance, and an assistant.

Initially it was decided to purchase a ¾ ton pickup truck with an extended cab and topper for transporting the necessary inventory. After further research in matching Michael's needs with the various vehicles, it was decided a van with an attached ramp would allow Michael to perform more of the job duties required and would provide more room to accommodate more inventory for continued growth of his business.

Michael found that by having a detailed business plan and knowing what he wanted, there were several sources of support to be found.

Michael was receiving SSDI (Social Security Disability Insurance), so he looked at possible funding for his work goal of operating his own vending business by using a Plan for Achieving Self Support (PASS). PASS is a Social Security, SSI (Supplemental Security Income) work incentive under which persons with disabilities can set aside income and/or resources to be used to achieve specific work goals.

A PASS written by Joe Longcor and Bob Besser at ACCMH with the assistance of David Hammis, Senior Partner, Griffin-Hammis Associates, LLC was given to Michael for his review in late February 2001. Michael's PASS was approved by the Cincinnati PASS Cadre in April of 2001. It would prove to generate \$17,600 which Michael used to purchase the needed van, attached van ramp, six months of insurance, and a motorized lift cart for moving the inventory.

As mentioned above, in order to use a PASS, income and/or resources have to be set aside by the person requesting to use this work incentive. Michael committed \$400 each month from his personal annuity to fund his PASS as well as his \$304 SSDI check for a total monthly PASS amount of \$704. By setting aside this money, Michael was able to

use it to fund his work goal of running his own business. Michael's PASS was to run for a total of 21 months.

Michael chose to intentionally lose his \$304 per month SSDI check during his PASS, yet retain the SSI and Medicaid eligibility his PASS developed for him. The combination of his SSDI check (\$304) and annuity (\$400) caused him to pay a \$200 per month Medicaid spend down prior to his PASS, so in essence he only had roughly \$500 left each month to spend on room and board. Michael's PASS generated a \$500 per month SSI check, eliminated his spend down, and resulted in exactly the same amount of discretionary income for room and board he had prior to the PASS.

Michael also went to Vocational Rehabilitation to ask for financial support of his business. After reviewing Michael's business plan, Vocational Rehabilitation offered their support by providing two used vending machines valued at \$2,900.

Michael developed his business and community network by conducting six paid presentations throughout the state. Resulting support from Michael's presentation included a storage room built at a cost of \$1,100 from money donated by a local chapter of the Knights of Columbus. And after two state conference presentations he made in 2003, Michael was contacted by some community members who wanted to give Michael a vending machine for use in his business.

Over all, Michael received approximately \$33,750 in financial support to start his business from ACCMH (\$11,250 in funds and consulting), Social Security (\$17,600), Vocational Rehabilitation (\$2,900), Knights of Columbus (\$1,100), and community members (\$1,000).

By the end of 2003, Michael has grown his business to nine vending machines in seven locations and grossed more than \$1,000 per month in sales. Through recent negotiations, Michael has also been able to secure a contract with a local hotel to service their pop, snack, and personal items machines.

Before Michael began his business, he was a quiet and reserved man. His coordination and strength limited him to being able to stand for approximately 15 minutes. Over time, Michael's self-confidence, self-worth, and stamina grew. He is now able to stand for up to 90 minutes at a time and has been making paid presentations throughout the state to talk about his business. He is making the choice to perform tasks which previously he was content to let others do for him, and enjoys conversations with other local business people. Michael has become a respected business owner and has been recognized as the "Member of the Month" at his local bank.

Michael is so committed to his business that he convinced his mother last winter during bad weather that he had to service his sites and would not take no for an answer.

Now in his fourth year of business, ACCMH staff support has faded, Michael has hired his own employee to assist him in his business and he has also hired a CPA to complete his quarterly sales tax and year-end business taxes.

When asked “Whose vending business is it?”, Michael beaming with pride responded, “Mine!”

The processes and techniques used to assist Michael were developed in-whole or in-part with the Rural Institute while ACCMH was a site for the U.S. Dept. of Education funded Rural Entrepreneurship and Self Employment Expansion Design project (RESEED).