



# U.S. Small Business Administration

San Antonio District Office

## SBA's New Mentor-Protégé Program Available

To ALL SMALL BUSINESSES

*Since* **1953,**  
SBA has grown and evolved—  
*but the mission remains the same*

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# Timeline

- Final rule implements 2010 Small Business Jobs Act and 2013 National Defense Authorization Act (NDAA)
- Effective **August 24, 2016**
- SBA accepting Applications for New Mentor-Protégé Program beginning October 1, 2016

**Note: Electronic Applications Only (Processed at the HQs Level) at [certify.sba.gov](http://certify.sba.gov)**

# New Mentor-Protégé Program

- New Program regulated under 13 CFR 125.9
- Patterned on existing 8(a) Mentor-Protégé Program
  - Designed as a business development tool
  - Provides financial, technical, and/or management assistance
- Allows ALL small business protégés to joint venture with their large business mentors
  - Mentor can own up to 40% of the Protégé's firm
  - Exception to affiliation

# Benefits

- Mentor-Protégé joint ventures may qualify as a small business for any federal government contract or subcontract where the protégé qualifies as small for the size standard assigned to the procurement.
- Protégé firm shielded from a finding of affiliation where a large business mentor owns 40% of protégé's firm.
  - Once the mentor/protégé relationship ends, any protection from affiliation also ends.
- Agencies may provide incentives in contract evaluation process to a firm that will provide significant subcontracting work to its SBA-approved protégé.

# How to Apply

- Newly created unit within the Office of Business Development.
  - Final decision making authority vested in AA/BD
  - Due to application volume/oversight, SBA may institute open enrollment periods in the future
- 8(a) mentor/protégé program remains separate and distinct
  - Office of Business Development will continue processing 8(a) and small business mentor/protégé applications separately.
  - 8(a) firms can apply to either office

# Application Submission

- Applications will only be accepted electronically using new online application available at [certify.sba.gov](https://certify.sba.gov).
  - All documents (e.g., signed MPAs) to be uploaded into [certify.sba.gov](https://certify.sba.gov)
  - SBA retains right to request financial statements and tax returns during reporting and evaluation process
- Applicants required to register in SAM.gov **PRIOR** to creating profile in [certify.sba.gov](https://certify.sba.gov)
- Applications (both mentors and protégés) required to complete online training module and upload certificate of completion to [certify.sba.gov](https://certify.sba.gov) **BEFORE** completion of application process

# Protégé Eligibility

- Must be small under its primary NAICS Code OR seeking assistance in secondary NAICS Code under which it is small
- May self-certify that it qualifies as a small for its primary or secondary NAICS Code
  - For secondary NAICS Code approval, must demonstrate prior experience and logical business progression
- Will approve a 2<sup>nd</sup> Mentor only if:
  - Relationship pertains to unrelated NAICS Code **AND**
  - Protégé seeks to acquire specific expertise first mentor does not possess
- SBA may examine protégé's SDVOSB or WOSB self-certification as part of application process

# Mentor Eligibility

- Must demonstrate capability of fulfilling obligations under mentor-protégé agreement
  - May submit copies of federal tax returns, audited financial statements or, if publicly traded, SEC filings
- Possess good character
- Not suspended or debarred
- Impart value due to lessons learned and practical experience
- Only for-profit firms for both 8(a) and new MP programs
  - Can be any size
- Generally, no more than one protégé at a time
  - Limit of three protégés at one time if there is no adverse impact on any protégé
- Protégés may concurrently serve as a mentor



# Written Agreement

- Agreement must set forth assessment of protégé's needs
  - Detailed description and timeline for the delivery of the assistance by the mentor which will enable protégé to meet its goals
- Minimum one year commitment
- Single point of contact for mentor responsible for managing and implementing the MPA
- Identify any other mentor-protégé relationship held by the protégé (either SBA or Agency)
- Written agreement approved by AA/BD
- Changes must be approved
- Either party may terminate with 30 days advance notice
- Reviewed annually by SBA –SBA may terminate at any time

# Participation Period

- Up to three years in one agreement, maximum of six overall
  - Protégé may have two three-year MPAs with different mentors
    - **EACH** may be extended an additional three years
- 8(a) approved mentor-protégé relationships may transfer to the new mentor-protégé program after graduating from the 8(a) program
- 8(a) participants in last six months of their programs terms may apply for an 8(a) mentor-protégé relationship, as it could carry over to new small business mentor-protégé program

# Declined Applications

- If SBA declines application, protégé may file request for reconsideration within 45 days
  - Able to revise MPA during reconsideration to provide additional information and documentation
  - SBA to issue reconsideration decision within 45 days –if declined again but for different reasons, protégé can submit new reconsideration request
- If application is declined, proposed protégé cannot attempt to enter into another mentor-protégé relationship with the same mentor for a 60 day period
  - Can submit application with new mentor at any time

# Evaluating the Relationship

- Within 30 days of approval anniversary, protégé must report to SBA for the preceding year:
  - All technical and/or management assistance provided by the mentor
  - All loans to and/or equity investments made by mentor
  - All subcontracts awarded to and between the mentor and protégé, and their values
  - All federal contracts awarded to the M-P joint venture, including set-aside designation, value of each contract, and percentage of the contract performed and percentage of revenue accrued by each party
  - Narrative describing success the assistance has had in meeting developmental goals of protégé
- Protégé must report mentoring services it receives by category and hours
- Protégé annually certifies whether agreement has changed
- SBA will review report and may decide not to approve continued relationship based on assistance not being provided

# Consequences of Not Providing Assistance

- SBA may determine mentor is not providing assistance as described in MPA:
  - Will notify mentor and allow chance to respond
- If mentor fails to provide a plan or respond altogether, SBA will:
  - Terminate the MPA
  - Firm will be ineligible to act as a mentor for two year period
- SBA may request that agencies issue stop work orders to all contracts awarded to the M-P joint venture
  - If protégé able to continue work on its own, SBA will recommend that protégé be substituted as contract awardee
- Failure to provide MPA assistance may be basis for debarment

# Impact on Other Mentor-Protégé Programs

- For one year after effective date, agencies can continue separate small business mentor-protégé programs
- After one year, federal department or agency carrying out a mentor-protégé program for small businesses must submit plan to, and receive approval from, SBA Administrator
- DoD's mentor-protégé program is **NOT** affected
- Small Business Innovation Research Program or Small Business Technology Transfer Program **NOT** affected

**ALL SMALL BUSINESS JOINT  
VENTURES**

# Joint Ventures

- Uniform requirements for **ALL** small business programs regarding size and content of JV agreement
- Need **not** be incorporated or established as separate LLC
- Required written agreement of arrangement and responsibilities of the parties
  - New: Only general descriptions necessary for IDIQ and multiple award contracts
- Agencies must consider past performance of JV partners when considering past performance of a JV entity
- No prior approval of JV agreement by SBA **EXCEPT** for 8(a) contracts
- New Certificate of Compliance requirements



# Joint Ventures (Continued)

- Separately identified in SAM
- 8(a) firms allowed to submit a JV agreement to SBA for approval at any time
- Small business of M-P JV must perform at least 40% of the work
  - Also applies to 8(a), SDVOSB, WOSB, & HUBZone JVs
- HUBZone firms may JV with non-HUBZone firms
  - SBA will not consider the employees of the mentor in determining 35% HUBZone residency or principal office requirement or in determining size of applicant
- Size protests permitted, including for 8(a) JVs

# Joint Venture Structure

- Formal separate legal entities – **NO MORE POPULATED JVs**
- **MAY NOT** be populated with direct labor, but may be populated with administrative employees
  - Small business must own 51% of formal separate legal entity
- After August 24, 2016, proposals submitted by populated JVs **WILL NOT** be covered under the affiliation exception
- Informal partnership –SBA assumes it is unpopulated
- JV partners to share profit commensurate with their ownership interests in a separate legal entity joint venture

# Joint Venture Project Manager

- Must be an employee of the small business JV partner
  - If not employee must have signed letter of commitment from Project Manager (PM)
- PM **May Not** be an employee of the mentor and become an employee of the protégé for purposes of JV contract performance

# Certificates of Compliance

- Requirement for ALL small business JVs including SDVOSB, 8(a), HUBZone, EDWOSB and WOSB
- Helps SBA track use and performance of JV and deter wrongdoing
- Prior to performance of set-aside or reserved contract, small business partner to JV must submit a written certification to the CO and SBA, signed by each joint venturer certifying that the JV:
  - Fully complies with the regulatory requirements and
  - Will perform the contract in compliance with the JV agreement and the regulatory performance of work requirements

# SAM Registration

- Separately identified in SAM for tracking JV awards
- Register with separate DUNS and CAGE numbers than those of individual parties to the JV
- Entity type identified as JV with individual joint partners listed

Questions?