

Acquisition Hour:

US SBA and DoD Mentor-Protégé Programs

December 17 | Noon – 1:00 pm

Presented by:

Shane Mahaffy, US Small Business Administration

Mark Dennis, Wisconsin Procurement Institute



Assisting Wisconsin businesses compete in the government marketplace.

WPI is Wisconsin's APEX ACCELERATOR

The APEX Accelerators program, under management of the Department of Defense (DOD) Office of Small Business Programs (OSBP), plays a critical role in the Department's efforts to identify and engage with a wide range of businesses entering and participating in the defense supply-chain. The program provides the education and training that all businesses need to participate to become capable of participating in DOD and other government contracts.

WPI provides services and training to all of Wisconsin's 72 counties

- Individual counseling at our offices, client's facility or virtually
- Small group training – webinars and workshops including Acquisition Hours, Cyber Fridays, Evening FAR sessions, Federal Market Insights and Local Government Sales Opportunities
- Conferences the Governors Marketplace, The Contracting Academy (TCA), WEDCs Small Business Academy, Wisconsin Federal Contractor Forum [DC and in-state], Government Opportunities Business Conference GOBC) with WI military bases, End of Year Federal Contractor Update, Annual DOD Contract Management Update, and more.....

www.wispro.org

WPI OFFICE LOCATIONS

■ MILWAUKEE

- *Technology Innovation Center*

■ MADISON

- *FEED Kitchens*
- *Dane County Latino Chamber of Commerce*
- *Wisconsin Manufacturing Extension Partnership (WMEP)*
- *Madison Area Technical College (MATC)*

■ CAMP DOUGLAS

- *Juneau County Economic Development Corporation (JCEDC)*

■ EAU CLAIRE

- *Western Dairyland*

■ FOND DU LAC

- *Envision Greater Fond du Lac*

■ GREEN BAY

- *NWTC Startup Hub*

■ LACROSSE

- *Veterans in Professions*

■ MANITOWOC

- *Progress Lakeshore*

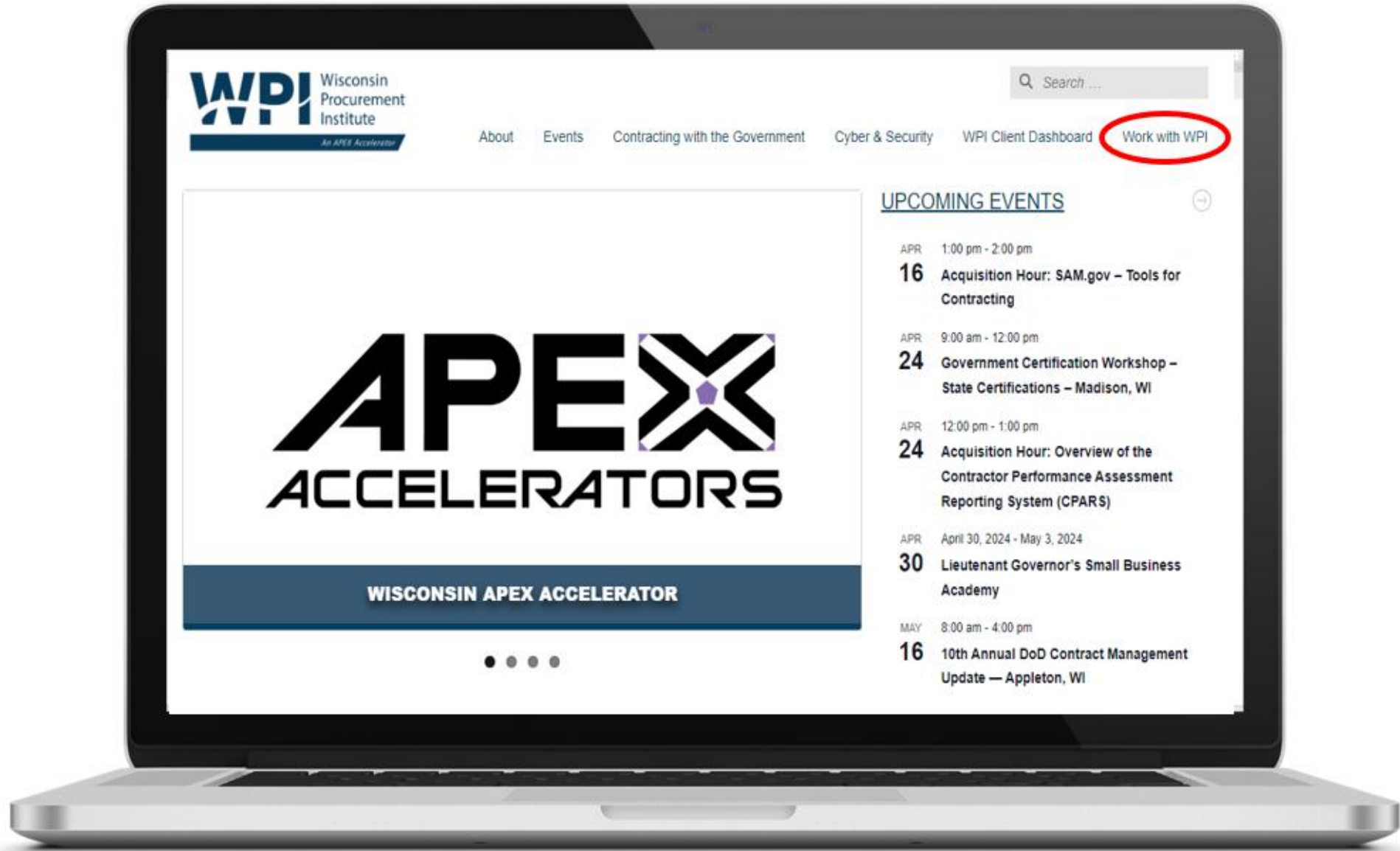
■ OSHKOSH

- *Greater Oshkosh Economic Development Corporation*

■ SUPERIOR

- *Small Business Dev Center; UW Superior*







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SBA Mentor-Protégé Program Background

Program Purpose



Enhance the capabilities of the protégé



Help the protégé meet its business development and contracting goals



Improve the protégé's ability to compete for contracts

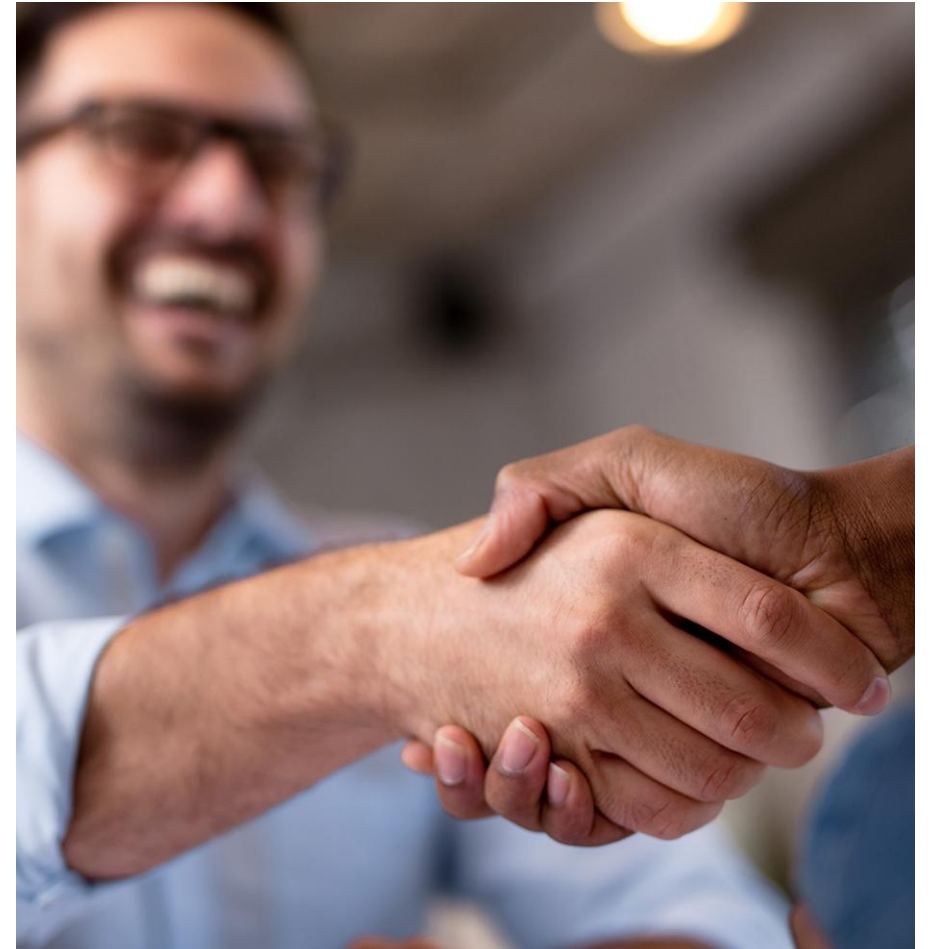
Mentor-Protégé Program Overview

As of November 16, 2020, the 8(a) Mentor-Protégé program and the All Small Mentor-Protégé program have merged into one **SBA Mentor-Protégé Program (MPP)**.

Both programs **helped eligible small businesses gain capacity and win government contracts through partnerships** with more experienced companies (mentors).

Given the programs' identical purpose and benefits to participating businesses, the merger **creates efficiencies within SBA and reduces confusion**.

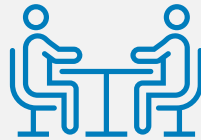
It also **makes the process easier for eligible businesses to navigate, saving time and resources**.



Additional Rule Changes



Requirements of the mentor-protégé relationship



Joint venture specifications



New requirements for certain multiple-award contracts



Eligibility Requirements and Benefits of the SBA Mentor-Protégé Program

Program Benefits for Protégés and Mentors



A protégé can get valuable assistance from a mentor in several areas, including:

- Technical and/or management assistance
- Financing in the form of equity investments and/or loans
- International trade
- Government contracting

A mentor benefits in several areas, including:

- Forming a joint venture with its protege, provided the protégé qualifies as small for that particular federal contract or subcontract
- Contract evaluation preferences where the mentor will subcontract significant work to its protégé, if authorized by the agency

Eligibility Requirements

Eligibility Requirements for **Protégé**

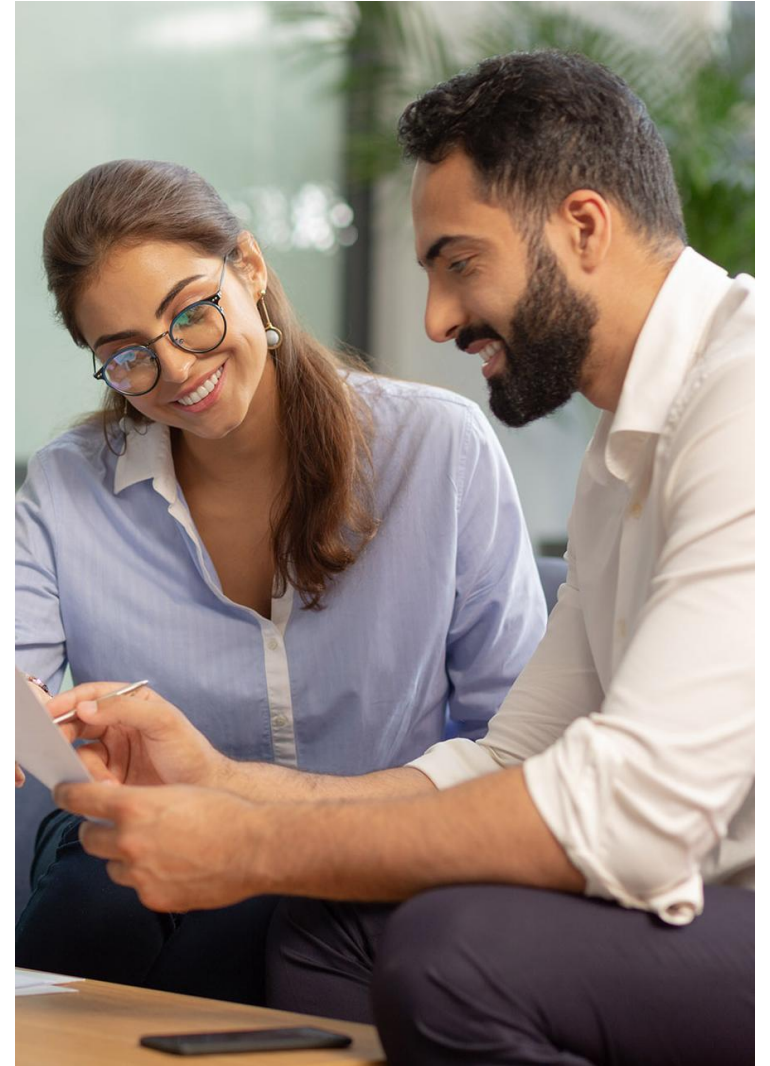
Firm must:

- Be a **small business** with industry experience
- Have a **proposed mentor prior to applying**
- Be organized **for profit** or as an **agricultural cooperative**
- Generally have **no more than two mentors** in the business's lifetime

Eligibility Requirements for **Mentor**

Firm must:

- Be organized **for profit** or as an **agricultural cooperative**
- Be able to **carry out its responsibilities** to assist the protégé
- **Not appear on the federal list** of debarred or suspended contractors
- Possess **good character**
- Have **no more than three proteges** at a time



Mentor-Protégé Agreement

For the SBA to approve the mentor-protégé agreement:

- The SBA must determine that the mentor-provided assistance will promote real developmental gains for the protégé, not just act as a vehicle to receive federal small business set-asides
- An SBA “determination of affiliation” must not exist between the mentor and the protégé applicant and its prospective mentor may not be affiliated at the time of application

This is **not a matchmaking program**.

The mentor and protégé should already have found each other before applying.

You **must be approved by the SBA** to participate in the MPP.

How to Apply



To begin the application process, you'll need to have a profile at [SAM.gov](https://sam.gov).

Before you apply to the MPP have these things done:

- ✓ Make sure both businesses are registered at SAM.gov
- ✓ Have your NAICS code on hand
- ✓ Both businesses must complete the SBA's online tutorial (save your completion certificates)
- ✓ Create and agree to a mentor-protégé agreement using the [SBA Mentor-Protege Program Agreement Guide](#)

How to Set up Mentor-Protégé



The proposed mentor and protégé must draft a written agreement to submit to the SBA. The mentor-protégé agreement must meet the following requirements:

- Address how the mentor's assistance will help the protégé meet the goals established in its SBA-approved business plan
- Establish a single point of contact from the mentor who is responsible for managing and implementing the mentor/protégé agreement
- Provide that the mentor will assist the protégé for at least one year

SBA Certify - Mentor-Protégé Program (MPP)



Mentor-Protégé Program (MPP)

[Get Started](#)

MPP helps small businesses (protégés) partner with more experienced businesses (mentors) to gain capacity and win government contracts. For more information, visit [SBA Mentor-Protégé Program](#).

[MPP User Guide](#)

- [Program Benefits](#)
- [Requirements](#)
- [Prepare](#)

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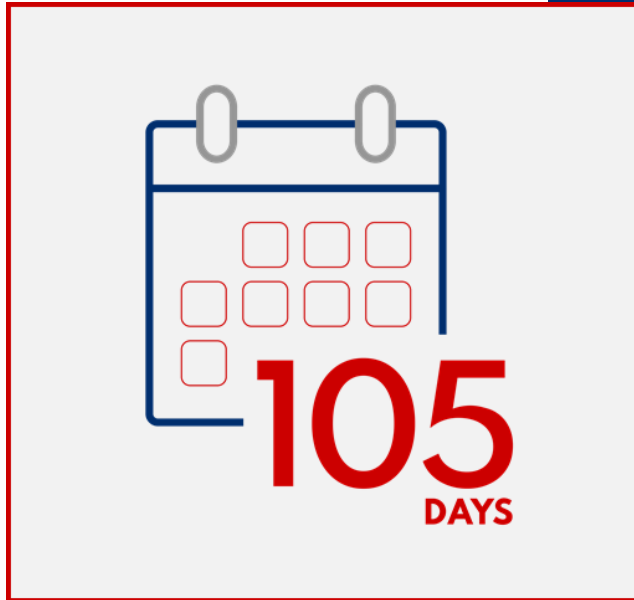
Processing Times

To apply go to certify.SBA.gov and join the MPP using the protégé's UEI number.

Our application processing timeframe is:

- 15 days screening (reviewed to determine application is complete) plus 90 days processing (if you do not withdraw your application).
- This totals **105 days**.

Please plan ahead to make sure all necessary items are prepared before applying.



Stay in Touch!



Make sure to frequently check the email address you used when applying in Certify.

MPP withdraws applications when applicants are non-responsive to the following items:

- ✓ Requests for additional information from SBA
- ✓ When issues raised by SBA are not rectified by the business



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Changes to Mentor and Protégé Requirements

Mentor and Protégé Requirements

Under certain circumstances, a protégé may have **more than two mentors** over the life of its business.

1

SBA will decline an application if SBA determines that the mentor does not possess **good character**.

2

The new rule eliminated the **reconsideration process**.

3

4

Generally, a prospective protégé must have experience in the **secondary NAICS code** for which they are seeking business development assistance.

5

A protégé needs to provide information related to the mentor and protégé relationship. SBA may decide not to approve continuation of the relationship if SBA does not receive an **honest assessment** from the protégé.



Mentor Protégé Annulments:

If a Mentor-Protégé Agreement (MPA) is terminated within 18 months from the date approved, that mentor-protégé relationship will not count against the proteges two per lifetime limit. Annulments are a matter of right. SBA will evaluate the protégé's request for annulment and determine whether the protégé has received benefit.

If a specific protégé appears to use the 18-month test as a means of circumventing the two per lifetime limit, SBA may determine that the business concerned has exhausted its participation in the MPP.

- Additionally, a protégé may request to substitute its current mentor for the time remaining in the MPA without counting against the two-mentor limit.

2

Regarding the requirement that a proposed mentor must demonstrate good character to qualify for the SBA MPP:

The MPP does not require SBA to make a determination of good character in every instance; instead, SBA will decline an application if SBA determines that the mentor does not possess good character.

3

Regarding the requirement that protégés can submit a request for reconsideration within 45 calendar days of receiving notice that their mentor-protégé agreement was declined:

The new rule eliminated the reconsideration process. The small business can submit a new (or revised) mentor-protégé agreement to SBA at any point after 60 days from the date of SBA's final decision declining a mentor-protégé relationship

4

Regarding the qualification that a small business can seek to form a mentor-protégé relationship in a secondary NAICS code if it qualifies as small and has prior experience or previously performed work in that NAICS code:

Under the MPP, work performed by the prospective protégé that is similar to that for which a mentor-protégé relationship is sought is sufficient, even if the previously performed work is in a different NAICS code than that for which an MPA is sought.

- Also, if the NAICS code in which a mentor-protégé relationship is sought is a logical progression from work previously performed by the intended protégé firm, that is also sufficient.
- The protégé must demonstrate, through work performed as a prime or subcontractor on federal, state, or commercial contracts, or through the owner, business management experience of at least one year performing or two years managing work in the secondary NAICS code or similar NAICS code.

5

Regarding the requirement for the annual evaluation of each mentor-protégé relationship:

It is important that SBA receives an honest assessment from the protégé of how the mentor-protégé relationship is working, whether the protégé has received the agreed-upon business development assistance, and whether the protégé would recommend their mentor to be a mentor for another small business in the future.

- Under the SBA MPP, protégés are required to complete an annual evaluation within 30 days of its anniversary date. If a protégé does not provide information relating to the M/P relationship, SBA may decide not to approve continuation of the M/P relationship.
- A protégé may request SBA to intervene on its behalf with the mentor if it thought it was not receiving the assistance promised by the mentor or if it thought that the assistance provided was not of the quality it anticipated.
 - SBA would notify the mentor that SBA had received adverse information regarding its participation as a mentor and allow the mentor to respond to that information.
 - If the mentor did not overcome the allegations, SBA would terminate the mentor-protégé agreement.



Changes to Joint Ventures (JV) Requirements

Overview of Joint Ventures

- Mentors and protégés can continue to form joint ventures (JVs), allowing both parties to compete together for government contracts reserved for small businesses.



- Based on the protégé’s small business certification(s), JVs can qualify for contracts set aside for 8(a), SDVOSB, WOSB, and HUBZone businesses.
- The JV must be separately identified with its own name, DUNS number, and CAGE number with SAM. At SAM, define the entity type as a joint venture, with individual partners listed.
- A protégé firm may enter into a JV with its SBA-approved mentor and be eligible for any contract opportunity for which the protégé qualifies.
- SBA no longer reviews or approves competitive 8(a) joint ventures. SBA’s District Offices only review and approve 8(a) sole source joint ventures

Overview of Joint Ventures (continued)



- JV benefits to mentors and protégés include:
 - Increasing their capacity and capability to do business with the federal government
 - Collective representation of past performance;
 - Shared costs and resources, such as accounting software; and
 - Leveraging the other partner’s experience and market share.
- Specific to mentors, serving as a mentor to an 8(a) firm will continue to count toward any subcontracting requirements to which the mentor firm may be subject under Section 8(d) of the Small Business Act.
- These program improvements will help protégés see the value of the program and grow the opportunities for them to do business with the federal government.

Regarding the requirement that 8(a) Program participants seeking to be awarded an 8(a) contract as a JV submit the JV agreement to SBA for review and approval prior to contract award:

SBA felt this rule imposed an unnecessary burden on 8(a) Program participants due to the time required to submit the required application and respond to questions. As such, the final rule eliminates the need for participants to seek and receive approval from SBA for every initial JV agreement and each addendum to a JV agreement for competitive 8(a) contracts.

Regarding the “Three in Two Rule” requiring that a JV can be awarded to no more than three contracts over a two-year period:

- This rule is eliminated for any joint venture (within or outside the MPP) to reduce the burden and cost of establishing a new joint venture to perform additional contracts during the two-year period.
- However, to ensure that joint ventures operate as entities of limited scope and purpose, the final rule continues to provide that a joint venture’s duration cannot exceed two years from the date of the first contract award or novation. If the same joint venture partners wish to pursue contract opportunities after this two-year period expires, they must form a new joint venture.
- SBA believes this change will make it easier for businesses to pursue contracts as JVs, while still preserving SBA’s belief that a JV is not intended to be an ongoing business entity.

Regarding the requirement that a small business JV entity possess a facility security clearance:

Generally, this is no longer required under the MPP as long all parties to the JV possess the required clearance. Alternatively, the small business JV entity may not possess a clearance when the lead JV member has the required clearance. Specifically:

- Where a facility security clearance is required to perform primary and vital requirements of a contract, the lead small business partner to the JV must possess the required clearance.
- Where the security portion of the contract requiring a facility security clearance is ancillary to the principal purpose of the procurement, the partner to the JV that will perform that work must possess the required clearance.

This change will ensure that the government remains adequately protected without placing undue burden on small businesses.

Regarding determination of profits from the JV:

As with all contracts, SBA does not exclude revenues generated by subcontractors from the revenues deemed to be received by the prime contractor. Where a JV is the prime contractor, 100 percent of the revenues will be apportioned to the JV partners, regardless of how much work is performed by other subcontractors.

- The share of revenues assigned to each joint venture partner is the percentage figure corresponding to the partner's share of work performed by the joint venture, unless these revenues are already accounted for in the partner's own receipts.
- For example, a prime joint venture contract must generally perform 50 percent of work under a services contract. In an MPP joint venture, the protégé must perform at least 40 percent of the work done by the joint venture. Assuming the joint venture and the protégé perform the minimum work share requirements, the protégé will perform 20 percent of the contract.
- However, for purposes of determining the protégé's size, 40 percent of the revenues under the contract must be appropriated to the protégé.

Regarding the changing of size of a small business in a JV through a merger or acquisition:



Under the new rule, if the merger, sale, or acquisition occurs after the offer but prior to award, the firm must recertify its size to the contracting officer prior to award. If the merger, sale, or acquisition occurs within 180 days of the date of offer and the firm is unable to recertify as small, it will not be eligible as a small business for the award of the contract. If the merger, sale, or acquisition occurs more than 180 days after the date of offer, award can be made, but it will not count as an award to a small business.



Additional Information



MPP Resources

- What to include in your Mentor-Protégé Agreement
- Active Mentor-Protégé Agreements
- MPP tutorial

How to learn more about the program?

- Visit our website: <https://www.sba.gov/mpp>
- Email for general MPP questions: sbampp@sba.gov
- Email for annual evaluation reporting: mppevaluations@sba.gov
- Email for joint venture certificates of completion and quarterly financial information: mppjvreporting@sba.gov
- Email for when the application is in the screening process: mppscreening@sba.gov

Closing Remarks

SBA Wisconsin District Office (www.sba.gov/wi)

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Wisconsin District Office
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Cyber Thursday

Cyber Thursday is a series of one-hour webinars focusing on critical topics for DOD contractors and subcontractors in cyber security, data security, and CMMC. Attendees receive 1 CPE credit for attending.

- **December 18** – CMMC – From Top to Bottom – A Program Review
- **January 22** – CMMC: Correctly Scoping Your Environment
- **February 26** – CMMC: Control Set Series: 3.1 Access Control
- **March 26** – CMMC: Control Set Series: 3.2 Awareness and Training
- **April 30** – CMMC: Control Set Series: 3.3 Audit and Accountability
- **May 28** – CMMC: Control Set Series: 3.4 Configuration Management

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