U.S. Small Business Administration

Mentor Protégé Program
8(a) & ALL SMALL
The U.S. Small Business Administration (SBA) Published (Feb 2015)

Established a *government-wide* Mentor-Protégé Program for all small businesses

Rules *Effective August 24, 2016*

ALL SMALL Mentor-Protégé Program

SBA Accepts Electronic Applications ONLY at

**certify.SBA.gov**
All Small Mentor-Protégé Program

- New Rules – 13 CFR 125.9
- Changes implemented to the mentor-protégé provisions for the 8(a) Business Development program in order to make the mentor-protégé rules for each of the programs as consistent as possible.

✓ Rule amends the joint venture provisions allowing ALL small protégés to joint venture with mentors

✓ Rule would make several additional changes:
  - Provides exclusion from affiliation
  - Up to 40% ownership of Protégé

✓ Benefits:
  - M/P joint ventures qualify as small for federal contracts or subcontracts (protégé qualifies as small under the size standard for procurement).
  - No affiliation if mentor (large business) owns up to 40% of protégé.
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<tr>
<th>Description</th>
<th>Regulation</th>
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<tr>
<td>Authorizes two (2) three-year MPAs with different mentors, but will allow each to be extended for a second three years provided the protégé has received the agreed-upon business development assistance and will continue to receive additional assistance</td>
<td>13 CFR § 124.520</td>
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<td>MPAs expire after 3 years, but can be renewed for additional 3 more years, a total of 6 years. Annual review of MPAs is still required.</td>
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<td>Protégés can transfer their MPA to the All Small Mentor Protégé Program if they have graduated or otherwise leave the 8(a) Business Development Program. Protégé must request the transfer within the last 6 months to SBA via certify.sba.gov, no new approval is required.</td>
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<td>All current 8(a) MPAs will have a new effective date of August 24, 2016.</td>
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<td>Requires a business concern to qualify as small for the size standard corresponding to its primary NAICS code. This is a departure for the current 8(a) BD mentor-protégé program, which required an 8(a) Program Participant to: Have a size that is less than half the size standard corresponding to its primary NAICS code; or be in the developmental stage of its 8(a) program participation; or not have received an 8(a) contract.</td>
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<td>Mentors are no longer required to submit Tax Returns or Financial Statements to demonstrate Financial Health. Mentors need to demonstrate that they have the financial capacity to support the Protégé.</td>
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<td>Authorizes only other than small businesses that are organized for profit to be mentors. Specifically, the final rule authorizes any “concern,” regardless of size, to be a mentor, and the term “concern” has historically been defined in SBA’s size regulations to mean a business entity organized for profit.</td>
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<td>Authorizes a small business to be both a protégé and a mentor at the same time where the firm can demonstrate that the second relationship will not compete or otherwise conflict with the first mentor-protégé relationship.</td>
<td>13 CFR § 124.520</td>
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<td>Permits any mentor to have up to a total of three protégé firms at one time.</td>
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<td>Clarifies that the individual identified as the project manager cannot be employed by the mentor and become an employee of the protégé firm for purposes of performance under the joint venture.</td>
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<td>Mentor – no more than 3 Protégés at same time (not lifetime).</td>
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<td>A participant can be both a Protégé and Mentor at the same time, if no competition or conflict.</td>
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<td>SBA will not authorize MPAs in second NAICs in which firm has never performed any work; or where firm would only bring status as “small” to Mentor and nothing else.</td>
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<td>Existing 8(a) firms in last 6 months of the 8(a) program wishing to transfer the MPA to ALL Small – online application (coordinating with 8(a) office to fine tune process) – no reapplication required</td>
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Eligibility Criteria

**PROTÉGÉ**
- Must be small under its primary NAICS code or seeking assistance in secondary NAICS code (as small)
- May self-certify as small for its primary or secondary NAICS code
- For secondary NAICS code approval, must demonstrate prior working experience
- If mentor has more than one protégé…CANNOT be in direct competition or same NAICS Category/Code **AND**
- If Protégé has more than one mentor should seek to acquire specific expertise that first mentor does not possess

**MENTOR**
- Must demonstrate capability to meet obligations under M/P Agreement
- May submit copies financial information (federal tax returns, audited financial statements)
- Must possess good character; Not suspended or debarred
- Impart value due to lessons learned and experience
- MUST BE FOR PROFIT for both 8(a) and new MP programs
- Limit of three (3) protégés at one time if there is no adverse impact on any protégé
- Protégés may also serve as a mentor
Written Agreement

- Must set forth assessment of protégé’s needs
- Provide description and timeline for delivery of assistance by the mentor
- Minimum one year commitment
- Identify POC 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

Period of Participation

- Up to three (3) years - one agreement - maximum six (6) years
- Protégé may have two (2) three-year MPAs with different mentors (each may be extended three (3) additional 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 carry over to new small business mentor-protégé program)
What About the Other Mentor Protégé Programs???

- For one year after effective date, agencies can continue separate small business mentor-protégé programs;
- After one year, agencies must submit plan to SBA and receive approval from SBA Administrator
- DoD’s mentor-protégé program is not affected
- Small Business Innovation Research Program (SBIR) or Small Business Technology Transfer Program (STTR) not affected