Mentor Protégés & Joint Ventures
Overview

• Federal Contracting, Why Partner?
• Mentor Protégé
• Joint Venture
• Teaming Arrangement
Why Would You Want the Federal Government as Your Customer?

- U.S. government is the world’s largest buyer of goods and services.
- Government purchases total over $600 billion a year.
- Federal agencies are required to establish contracting goals, with at least 23 percent of all government buying targeted to small firms.
Federal Contracting

Why consider partnering?

• Business development assistance (MP)

• Similarly situated entities (JV & subcontracting)
  • Final Rule implemented June 30, 2016
  52.219-14 Limitations on Subcontracting/FAR 19.508 (e)
  50%-Services/Supply contracts
  25%-Specialty Trade contracts
  15%-Construction contracts

• Performing larger contracts

• Past performance

• Larger pool of resources
Mentor Protégé

- Business Development tool
  - General & Administrative assistance, managerial, technical etc.

- Mentor can be a large or another small business organized for profit

- In order to raise capital, the protégé firm may agree to sell or obtain a loan up to 40% equity in the protégé firm

- There are 2 different MP programs
  - 8(a) MP program (One firm must be the certified 8(a) company) 13 CFR 124.520
  - All Small MP (All other socio-economic programs) 13 CFR 125.9
    - WOSB, SDVOSB, Small, Hubzone
Mentor Protégé

Why consider an MP agreement?

• A protégé and mentor may joint venture as a small business for any government prime contract or subcontract, provided the protégé qualifies as small for the procurement.

• No determination of affiliation or control may be found between a protégé firm and its mentor based solely on the MP agreement or any assistance provided.

• Affiliation may be found for other reasons 13 CFR 121.103 (size/control)

• No more than 3 protégés at a time/No more than 1 mentor at a time

• SBA MUST approve the MP agreement.
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
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
Joint Ventures

A temporary partnership between 2 or more business concerns created to perform a contract

8(a) JV 13 CFR 124.513
Joint Ventures 13 CFR 125.8

• JV Agreement must be in writing
  • Agreement Guide can be found on SBA’s website
  • Agreement Template

Managing Venturer must own and control 51% of the entity
Profits are commensurate with the work performed

Performance of Work
The work performed by the small business partner to a JV must be more than administrative or ministerial functions so that it gains substantive experience

The amount of work done by the partners will be aggregated and the work done by the protégé partner must be at least 40% of the total done by the partners.
Teaming Arrangement

• In the Federal contracting arena, essentially a Prime/Sub relationship
• Federal Agencies will specify the way past performance will be counted
• Should not be a “hand shake deal”, Should be in writing for your own protection
• Should specify the responsibilities
• Payment terms
• NOT a Joint Venture
• Government can tell who is performing the work based on invoices and/or payroll records
Helpful Websites

SBA Office of Government Contracting:  www.sba.gov/gc
Title 13 of the Code of Federal Regulations:  www.cfr.gov
Federal Acquisition Regulations:  www.farsite.hill.af.mil/
Federal Business Opportunities:  www.fbo.gov
Certifications  www.CERTIFY.SBA.gov
SBA Website  www.sba.gov
Colorado District Office
Business Development Team

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