Welcome to SBA Mentor-Protégé Program and JV Strategies

**Moderator:** Gita Murthy, Ph.D., RORE Inc.

**Speakers:**
• Kenneth Dodds, SES, Director of Policy, Policy, Planning & Liaison, SBA
• Mercedes Enrique, President, CMS Corp.
SBA has the authority to establish program for all small business concerns, “shall be identical” to 8(a) mentor protégé program, except to the extent necessary
- 15 U.S.C. 657r

SBA has the authority to review and approve small business mentor protégé programs of other agencies
- Within one year of final regulations
- Does not include DoD
Mentor Protégé Proposed Rule

- Proposed Rule 80 FR 6618 (February 5, 2015), comment period closed May 6

- JV must be in writing

- JV may not be populated (except with administrative personnel)
  - How do we know Protégé is performing required percentage of work?

- Should all JVs be separate legal entities for tracking purposes?

- HUBZone JV – consistent with other programs

- JV certifications and performance of work reports

- Application – Open Season?

- Mentors – for profit
  - How many proteges?
Mentor Protégé Proposed Rule

- Protégé – small for primary industry?
  - Current 8(a) program – half size standard, no 8(a) contract, developmental stage
  - More than one mentor?

- SBA verifies small business or socioeconomic status

- Written agreement approved by SBA – identify assistance

- Lasts up to 3 years, with one 3 year extension

- Annual reports – SBA may not approve continuation
Mentor Protégé Proposed Rule

- Size of an approved JV may still be protested

- Change in primary industry classification – entity owned firm may not own another Participant that at the time of application or in the previous 2 years participated in the 8(a) program under same primary NAICS code

- Voluntary suspension – disaster, lapse in appropriation

- Benefits reporting by entity owned concerns

- Reverse Auctions – SBA rules apply (Rule of Two COC)
IEI–Cityside JV v. U.S.

- SBA’s rules require JV agreement specify equipment, facilities, resources with itemized list of value and responsibilities of parties for contract negotiation and performance
- SBA District Office approved JV agreement (but not required because contract was not 8(a))
- Size protest filed; SBA Area Office and OHA find firm “affiliated” because JV does not meet regulatory requirement
- HELD: Denied
- SBA’s rules do not provide exemption for IDIQ contracts
- Proposal, checklist submitted to SBA demonstrates JV could have provided more specificity
- COFC, No. 15–673C, August 14, 2015
Size Appeal of Kisan–Pike, A Joint Venture

- JV Agreement must itemize equipment, facilities and resources to be provided by participants
- JV Agreement must designate specific tasks or responsibilities
- Solicitation for Design/Build – Appellant had received Phase II technical specifications and drawings
- No exemption for design/build acquisitions
- SBA No. SIZ–5618, Nov. 24, 2014
Why Joint Venture?

• To win Federal work
  – Partner for a Win-Win
  – New Client, base and/or Contract Vehicle
• Build past performance
• Grow experience twice as fast
• Grow your business sustainably
• Grow strategic capabilities
When Joint Venture?

- When you bring a strategic advantage and you need “more” than what you bring
  - Bonding
  - Experience and past performance
  - Personnel resources
  - Strategic location, self-performance & equip
  - Set-aside type
  - Estimating and/or proposal preparation
How to Select a Partner

• Small or Large (under SBA MPA)
  – Successful in your areas of weakness
  – Check past performance and experience ratings (e.g. CCASS, PPQs)
  – Approval by bonding, bank, other partners
  – Strategic plans, culture, JVs gone wrong?
  – Work together in prime/sub contracts
  – Involve management team beyond ownership
Federal Rules for JVs

• Follow the regulations and case law
• Trust but verify
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