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# **Empowering Your Business: The Pros and Cons of Mentor Protégé and Joint Ventures**



# HOUSEKEEPING NOTES AND TIPS

- ✓ Take Note of Emergency Exits
- ✓ Silence Your Mobile Devices
- ✓ THANK YOU to our Sponsors
- ✓ Questions will be addressed during allotted time.



# Agenda

- What is the SBA Mentor-Protégé Program
- Who can participate
- Application process
- Benefits of participation
- Joint Venture basics
- Joint Ventures & MPP's
- MPP Program limitations
- Resources

# What is the SBA Mentor-Protégé Program?

- SBA MPP is a combination of the 8(a) Mentor-Protégé Program and the All Small Mentor-Protégé Program
- Similar to a Big Brother Program

# What is the SBA Mentor-Protégé Program?

Began November 16, 2020 when the 8(a) Mentor-Protégé Program and the All Small Mentor-Protégé Program merged together. Merging the two programs made the program removed the confusion around choosing the right program and helped to streamline the program while keeping the same program benefits and requires less SBA involvement for JV's which we will discuss in more detail later. The merger also included clarification to MPP rules and new updated tools to increase participation.

The SBA MPP helps eligible small businesses – referred to as proteges – gain capacity and win government contracts through partnerships with more experienced companies that are willing to fill the mentor role. Think of it like a “Big Brother Program”

# Who Can Participate?

- Protégés
  - Small business with industry experience
  - Be organized for profit or as an agricultural cooperative
  - Have a proposed mentor prior to applying

# Who Can Participate?

Proteges must be a small business organized for profit (or as an agricultural cooperative) in the NAICS code in which you are applying to the program with. You can find out if your business qualifies as a small business by using SBA's size standard tool on our website or by referencing the table of small business standards on our website. Typically proteges will apply to the program using their primary NAICS code, however you can apply to the program in a secondary NAICS code that you wish to grow in, but you must have industry experience prior to applying. SBA defines industry experience as at least one year of work performed by the protégé firm as a prime or sub contractor on federal, state, or commercial contracts, or through the owner's business management experience by managing two years of relevant work.

You also need to have a mentor selected prior to applying, it is not a match-making program, you are responsible for picking the mentor business that you want to work with. We recommend looking at businesses that you are already familiar with or have worked with in the past maybe as a sub. If you are looking at someone that you haven't worked with before, do some homework on the company, maybe explore working as a sub on a few jobs before applying to the program. Think of the MPP application like a marriage application – it's a long term commitment that you shouldn't take lightly – but we will talk more about that later.



# Who Can Participate?

- Mentors
  - Can be any size business (small or large)
  - Be organized for profit or as an agricultural cooperative
  - Must be able to carry out its responsibilities to assist the protégé
  - Must possess good character
  - Not appear on the federal list of debarred or suspended contractors

# Who Can Participate?

Mentors can be any sized business (large or small) that are organized for profit (or as an agricultural cooperative), and they must be able to carryout its responsibilities to assist the protégé in the areas of business development agreed upon in the MPP agreement. They must possess good character. SBA may determine that a mentor does not possess good character if there is credible evidence demonstrating the mentor lacks business integrity. This may include (but is not limited to) business credit reports for unpaid federal obligations or civil judgements impacting integrity including fraud, embezzlement, false claims or statements, or other materials deemed to lead to the same or similar conclusion. The mentor firm must be eligible to receive federal contracts and they should be able to impart value to a protégé firm through its knowledge of general business operations and government contracting and/or from lessons learned through actual experience in government contracting.

# Application Process

- Before applying:
  - Ensure both businesses are registered at SAM.gov
  - Determine the NAICS code you will be applying with
  - Both businesses must complete the [SBA's online MPP tutorial](#) – save your completion certificates!
  - Execute a [Mentor-Protégé Agreement](#)



# Application Process

- Submit your application at [certify.sba.gov](https://certify.sba.gov)
  - You must apply using the Protégé's Unique Entity Identifier (UEI)
- Allow 105 days processing time
  - 15 days for screening
  - 90 days for processing
- Check your inbox and spam folders for correspondence

# Benefits of Participation

- Mentors provide business development assistance:
  - Internal business management guidance
  - Financial assistance
  - Assistance navigating federal contracting
  - International trade education
  - Strategic business development
  - General and administrative assistance

# Benefits of Participation

## Exclusion from affiliation

- A mentor and protégé can joint venture as a small business for any set-aside contract that the protégé qualifies for.
- One of the most tangible benefits of the SBA MPP is the ability to receive an exclusion from affiliation. This allows a small business to leverage the experience and relationships of a mature company.



# Benefits of Participation

So, what is an exclusion from affiliation?

To better understand this concept and the benefit, it's important to understand how federal set-aside contracts are bid on and awarded.

- When a federal set-aside contract is made available, qualifying businesses (in this case small businesses) can bid on the contract.
- If a small business lacks the capacity required in the contract, they can enter a joint venture with another small business to supplement their capacity and bid on the contract together.
- With an exclusion from affiliation under the SBA MPP, a qualifying small business can enter a joint venture agreement with a business of any size.
- If SBA approves your Mentor-Protégé Agreement, you and your mentor may enter a joint venture for any small business set-aside that you (the protégé) qualify for, regardless of your mentor's size including contracts set aside for 8(a), Service-disabled veteran-owned, women-owned, and HUBZone.

# Joint Venture Basics

- Joint ventures must have be separately identified with the appropriate UEI and CAGE numbers in SAM.gov
- A Joint Venture can be awarded an unlimited number of contracts for two years from the date of the first award

# Joint Venture Basics

- All Joint Venture agreements must be in writing, structured appropriately
- [13 CFR 125.8](#) provides statutory guidance that can help you know what should be included
- SBA doesn't review or approve joint venture agreements.



# Joint Venture Basics

- The joint venture must comply with the limitations on subcontracting rules as defined in [13 CFR 125.6](#)

# Joint Ventures & MPP's

- MPA approval is required prior to submitting a bid
- The protégé must own at least 51% of the JV entity
- The joint venture will only qualify for the contracting set-asides that you (the protégé) are eligible for

# Joint Ventures & MPP's

- To receive an exclusion from affiliation
  - The mentor-protégé agreement must be approved before submitting an offer
  - The protégé must provide a joint venture compliance certificate to SBA and the contracting officer
  - Protégé is certifying that the JV complies with the requirements listed in 13 CFR 125.8 (b)(2), (c), and (d).

# Joint Ventures & MPP's

- Protégé firms must perform at least 40% of work on the contract
- Contracting officers must consider past performance of each JV partner individually as well as work performed by the JV

# MPP Program Limitations

- For SBA to approve the Mentor-Protégé Agreement:
  - 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 applicant protégé and its prospective mentor may not be affiliated at the time of application



# MPP Program Limitations

- A Mentor-Protégé Agreement can remain in effect for up to 6 years
  - Requires annual evaluations
- Can be ended sooner through
  - Annulments
  - Substitutions
  - Voluntary terminations
  - SBA termination

# MPP Program Limitations

- A protégé may have two mentors at the same time as long as those relationships don't conflict or compete with each other
- A protégé is limited to a total of two (different) mentors over the life of the business

# MPP Program Limitations

- Exceptions:
  - If an agreement is terminated within 18 months of approval (or completes a substitution) it generally will not count against the limit of agreements
  - If a small business appears to be entering into many short-term mentor-protégé relationships to extend eligibility, SBA may determine it has exhausted its program participation

# MPP Program Limitations

- There are no formal set-aside contracts for Mentor-Protégé relationships

# Resources

- MPP Regulations: [13 CFR 125.9](#)
- Joint Venture Regulations: [13 CFR 125.8](#) and [13 CFR 125.9](#)
- MPP User Guide: [certify.sba.gov/mentor-protégé-program](https://certify.sba.gov/mentor-protégé-program)
- MPP Training Tutorial: <https://learn.sba.gov/sba-mpp>
- SBA MPP Website: <https://www.sba.gov/federal-contracting/contracting-assistance-programs/sba-mentor-protege-program>
- SBA JV Website: <https://www.sba.gov/federal-contracting/contracting-assistance-programs/joint-ventures>
- MPP Program Office: [sbampp@sba.gov](mailto:sbampp@sba.gov)
- Washington PTAC (APEX Accelerator): <https://washingtonptac.org/>





# Q & A

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