



U.S. Small Business  
Administration

# **SBA Mentor Protégé Program**

## **For Small Business Government Contracting Programs**

December 21, 2021

# AGENDA

- Benefits of the SBA Mentor Protégé Program
- Mentor Qualifications
- Protégé Qualifications
- Application process
- After approval next steps

# Benefits

The small business mentor-protégé program is designed to enhance the capabilities of protégé firms by requiring approved mentors **to provide business development assistance** to protégé firms and to improve the protégé firms' ability to successfully compete for federal contracts.

## **This assistance may include**

- Guidance on internal business management systems, accounting, marketing, manufacturing, and strategic planning
- Financial assistance in the form of equity investments, loans, and bonding
- Assistance navigating federal contract bidding, acquisition, and the federal procurement process
- Education about international trade, strategic planning, and finding markets
- Business development, including strategy and identifying contracting and partnership opportunities
- General and administrative assistance, like human resource sharing or security clearance support

# Mentors

- Mentors are encouraged to provide assistance relating to the performance of contracts set aside or reserved for small business so that protégé firms may more fully develop their capabilities.

# §13 CFR 125.9 What are the rules governing SBA's small business mentor-protégé program?

## Mentors

(b) **Mentors.** Any concern that demonstrates a commitment and the ability to assist small business concerns may act as a mentor and receive benefits as set forth in this section. This includes other than small businesses.

# Mentors

(1) In order to qualify as a mentor, a concern must demonstrate that it:

- (i) Is capable of carrying out its responsibilities to assist the protégé firm under the proposed mentor-protégé agreement;
- (ii) Does not appear on the Federal list of debarred or suspended contractors; and
- (iii) Can impart value to a protégé firm due to lessons learned and practical experience gained or through its knowledge of general business operations and government contracting.

# Mentors

SBA will **decline** a Mentor Protégé Application if it is determined that the mentor does not possess good character or a favorable financial position, employs or otherwise controls the managers of the protégé, or is otherwise affiliated with the protégé. Once approved, SBA may terminate the mentor-protégé agreement if the mentor does not

- possess good character or a favorable financial position,
- was affiliated with the protégé at time of application,
- or is affiliated with the protégé for reasons other than the mentor-protégé agreement or assistance provided under the agreement.

# Mentors

(3) In order for SBA to agree to allow a mentor to have **more than one protégé at time**, the mentor and proposed additional protégé must demonstrate that the added mentor-protégé relationship will not adversely affect the development of either protégé firm (e.g., the second firm may not be a competitor of the first firm).



# Mentors

- (i) A mentor that has more than one protégé cannot submit competing offers in response to a solicitation for a specific procurement through separate joint ventures with different protégés.
- (ii) A mentor generally **cannot have more than three protégés at one time**. However, the first two mentor-protégé relationships approved by SBA between a specific mentor and a small business that has its principal office located in the Commonwealth of Puerto Rico do not count against the limit of three proteges that a mentor can have at one time.

# Protégé

## Proteges

(1) In order to initially **qualify as a protégé firm**, a concern must qualify as small for the size standard corresponding to its primary NAICS code or identify that it is seeking business development assistance with respect to a secondary NAICS code and qualify as small for the size standard corresponding to that NAICS code.

# Protégé

- (i) A firm may self-certify that it qualifies as small for its primary or identified secondary NAICS code.
- (ii) Where a small business concern seeks to qualify as a protégé in a **secondary NAICS code**, the concern must demonstrate how the mentor-protégé relationship will help it further develop or expand its current capabilities in that secondary NAICS code. SBA will **not** approve a mentor-protégé relationship in a secondary NAICS code in **which the small business concern has no prior experience**. SBA may approve a mentor-protégé relationship where the small business concern can demonstrate that it has performed work in one or more similar NAICS codes or where the NAICS code in which the small business concern seeks a mentor-protégé relationship is a logical business progression to work previously performed by the concern.

# Protégé

A protégé firm may generally have only one mentor at a time. SBA may approve a second mentor for a particular protégé firm where the second relationship will not compete or otherwise conflict with the first mentor-protégé relationship, and:

# Protégé

A protégé firm may generally have only **one mentor at a time**. SBA may approve a second mentor for a particular protégé firm where the second relationship will not compete or otherwise conflict with the first mentor-protégé relationship, and:

- (i) The second relationship pertains to an unrelated NAICS code; or
- (ii) The protégé firm is seeking to acquire a specific expertise that the first mentor does not possess.

# Protégé

SBA may authorize a small business to be both a protégé and a mentor at the same time where the small business can demonstrate that the second relationship will not compete or otherwise conflict with the first mentor-protégé relationship.

# Mentor and Protégé

## Benefits

A protégé and mentor may joint venture as a small business for any government prime contract, subcontract or sale, provided the protégé qualifies as small for the procurement or sale. Such a joint venture may seek any type of small business contract (*i.e.*, small business set-aside, 8(a), HUBZone, SDVO, or WOSB) for which the protégé firm qualifies (*e.g.*, a protégé firm that qualifies as a WOSB could seek a WOSB set-aside as a joint venture with its SBA-approved mentor). Similarly, a joint venture between a protégé and mentor may seek a subcontract as a HUBZone small business, small disadvantaged business, SDVO small business, or WOSB provided the protégé individually qualifies as such.

# Mentor and Protégé

## Benefits

- SBA must approve the mentor-protégé agreement before the two firms may submit an offer as a joint venture on a particular government prime contract or subcontract in order for the joint venture to receive the exclusion from affiliation.
- (ii) In order to receive the exclusion from affiliation, the joint venture must meet the requirements set forth in [§ 125.8\(b\)\(2\)](#), [\(c\)](#), and [\(d\)](#).



# Mentor and Protégé

## Benefits

A joint venture between a protégé and its mentor will qualify as a small business for any procurement for which the protégé individually qualifies as small. Once a protégé firm no longer qualifies as a small business for the size standard corresponding to the NAICS code under which SBA approved its mentor-protégé relationship, any joint venture between the protégé and its mentor will no longer be able to seek additional contracts or subcontracts as a small business for any NAICS code having the same or lower size standard. A joint venture between a protégé and its mentor could seek additional contract opportunities in NAICS codes having a size standard for which the protégé continues to qualify as small.

A change in the protégé's size status does not generally affect contracts previously awarded to a joint venture between the protégé and its mentor.

# Mentor and Protégé

## Benefits

(A) Except for contracts with durations of more than five years (including options), a contract awarded to a joint venture between a protégé and a mentor as a small business continues to qualify as an award to small business for the life of that contract and the joint venture remains obligated to continue performance on that contract.

# Mentor and Protégé

## Benefits

- (B) For contracts with durations of more than five years (including options), where size re-certification is required under [§ 121.404\(g\)\(3\) of this chapter](#) no more than 120 days prior to the end of the fifth year of the contract and no more than 120 days prior to exercising any option thereafter, once the protégé no longer qualifies as small for the size standard corresponding to the NAICS code assigned to the contract, the joint venture will not be able re-certify itself to be a small business for that contract. The rules set forth in [§ 121.404\(g\)\(3\) of this chapter](#) apply in such circumstances.

# Mentor and Protégé

## Non-Contractual Benefits

- In order to raise capital, the protégé firm may agree to sell or otherwise convey to the mentor an equity interest of up to 40% in the protégé firm.
- (3) Notwithstanding the mentor-protégé relationship, a protégé firm may qualify for other assistance as a small business, including SBA financial assistance.
- (4) No determination of affiliation or control may be found between a protégé firm and its mentor based solely on the mentor-protégé agreement or any assistance provided pursuant to the agreement. However, affiliation may be found for other reasons set forth in [§ 121.103 of this chapter](#).

# Application Process

## What is the SBA Mentor Protégé Agreement?

### *Written Agreement*

The mentor and protégé firms must enter a written agreement setting forth an assessment of the protégé's needs and providing a detailed description and timeline for the delivery of the assistance the mentor commits to provide to address those needs (e.g., management and or technical assistance; loans and/or equity investments; bonding; use of equipment; export assistance; assistance as a subcontractor under prime contracts being performed by the protégé; cooperation on joint venture projects; or subcontracts under prime contracts being performed by the mentor). The mentor-protégé agreement must:

# Application Process

## *Written Agreement*

Specifically identify the business development assistance to be provided and address how the assistance will help the protégé enhance its growth and/or foster or acquire needed capabilities;

(ii) Establish a single point of contact in the mentor concern who is responsible for managing and implementing the mentor-protégé agreement; and

(iii) Provide that the mentor will provide such assistance to the protégé firm for at least one year.

# Application Process

## *Written Agreement*

A firm seeking SBA's approval to be a protégé must identify any other mentor-protégé relationship it has through another federal agency or SBA and provide a copy of each such mentor-protégé agreement to SBA.

- (i) The small business mentor-protégé agreement must identify how the assistance to be provided by the proposed mentor is different from assistance provided to the protégé through another mentor-protégé relationship, either with the same or a different mentor.
- (ii) A firm seeking SBA's approval to be a protégé may terminate a mentor-protégé relationship it has through another agency and use any not yet provided assistance identified in the other mentor-protégé agreement as part of the assistance that will be provided through the small business mentor-protégé relationship. Any assistance that has already been provided through another mentor-protégé relationship cannot be identified as assistance that will be provided through the small business mentor-protégé relationship.

# Application Process

## *Written Agreement*

(3) The written agreement must be approved by the Associate Administrator for Business Development (AA/BD) or his/her designee. The agreement will not be approved if SBA determines that the assistance to be provided is not sufficient to promote any real developmental gains to the protégé, or if SBA determines that the agreement is merely a vehicle to enable the mentor to receive small business contracts.

(4) The agreement must provide that either the protégé or the mentor may terminate the agreement with 30 days advance notice to the other party to the mentor-protégé relationship and to SBA.



# Application and Maintenance

## *Written Agreement*

(5) The term of a mentor-protégé agreement **may not exceed six years**. If an initial mentor-protégé agreement is for less than six years, it may be extended by mutual agreement prior to the expiration date for an additional amount of time that would total no more than six years from its inception (e.g., if the initial mentor-protégé agreement was for two years, it could be extended for an additional four years by consent of the two parties; if the initial mentor-protégé agreement was for three years, it could be extended for an additional three years by consent of the two parties). Unless rescinded in writing as a result of an SBA review, the mentor-protégé relationship will automatically renew without additional written notice of continuation or extension to the protégé firm.

# Application and Maintenance

## *Written Agreement*

(6) A protégé may generally have a total of two mentor-protégé agreements with different mentors.

(i) Each mentor-protégé agreement **may last for no more than six years**, as set forth in [paragraph \(e\)\(5\)](#) of this section.

**(ii) If a mentor-protégé agreement is terminated within 18 months from the date SBA approved the agreement, that mentor-protégé relationship will generally not count as one of the two mentor-protégé relationships that a small business may enter as a protégé.** However, where a specific small business protégé appears to enter into many short-term mentor-protégé relationships as a means of extending its program eligibility as a protégé, SBA may determine that the business concern has exhausted its participation in the mentor-protégé program and not approve an additional mentor-protégé relationship.

# Program Maintenance

(iii) If during the evaluation of the mentor-protégé relationship pursuant to [paragraphs \(g\)](#) and [\(h\)](#) of this section SBA determines that a mentor has not provided the business development assistance set forth in its mentor-protégé agreement or that the quality of the assistance provided was not satisfactory, SBA may allow the protégé to substitute another mentor for the time remaining in the mentor-protégé agreement without counting against the two-mentor limit.

# Program Maintenance

(7) SBA must approve all changes to a mentor-protégé agreement in advance, and any changes made to the agreement must be provided in writing. If the parties to the mentor-protégé relationship change the mentor-protégé agreement without prior approval by SBA, SBA shall terminate the mentor-protégé relationship and may also propose suspension or debarment of one or both of the firms pursuant to [paragraph \(h\)](#) of this section where appropriate.

# Program Maintenance

(8) If control of the mentor changes (through a stock sale or otherwise), the previously approved mentor-protégé relationship **may continue** provided that, after the change in control, the mentor expresses in writing to SBA that it acknowledges the mentor-protégé agreement and certifies that it will continue to abide by its terms.

(9) SBA may terminate the mentor-protégé agreement at any time if it determines that the protégé is not benefiting from the relationship or that the parties are not complying with any term or condition of the mentor protégé agreement. In the event SBA terminates the relationship, the mentor-protégé joint venture is obligated to complete any previously awarded contracts unless the procuring agency issues a stop work order.

# Program Maintenance

***Decision to decline mentor-protégé relationship.*** Where SBA declines to approve a specific mentor-protégé agreement, SBA will issue a written decision setting forth its reason(s) for the decline. The small business concern seeking to be a protégé cannot attempt to enter into another mentor-protégé relationship with the same mentor for a period of 60 calendar days from the date of the final decision. The small business concern may, however, submit another proposed mentor-protégé agreement with a different proposed mentor at any time after the SBA's final decline decision.

# Program Maintenance

***Evaluating the mentor-protégé relationship.*** SBA will review the mentor-protégé relationship annually. SBA will ask the protégé for its assessment of how the mentor-protégé relationship is working, whether or not the protégé received the agreed upon business development assistance, and whether the protégé would recommend the mentor to be a mentor for another small business in the future. At any point in the mentor-protégé relationship where a protégé believes that a mentor has not provided the business development assistance set forth in its mentor-protégé agreement or that the quality of the assistance provided did not meet its expectations, the protégé can ask SBA to intervene on its behalf with the mentor.

# Other Considerations regarding SBA Mentor Protégé Program

- **Firms cannot obtain a federal contract with an SBA approved Mentor Protégé Agreement alone. The Mentor and Protégé Firm has to form a separate Joint Venture Agreement.**
- The SBA doesn't match Mentor Firms with Protégé Firms. An applicant protégé must apply for the program with an identified prospective mentor.
- Before you apply:
  1. Make sure both businesses are registered in SAM.GOV
  2. Decide whether you are applying for an MPA using your primary or secondary NAICS code
  3. Both businesses must complete SBA's online tutorial
- Application processing timeframe is 15 days screening plus 90 days processing, totaling 105 days.



# Final Rule: Consolidation of Mentor Protégé Programs (cont.)

[85 FR 66146](#)

- Combines 8(a) MPP and ASMPP
- Changes to M/P program
  - MPA generally will not count if terminated within 18 months
  - Does not require mentor good character in every instance
  - Mentor cannot submit competing offers
  - Does **not** adopt proposal to limit mentors to revenues less than \$100 million
  - Protégés from Puerto Rico don't count for 3 limit, up to 2 (NDAA 2019)
  - Eliminates reconsideration
  - Implements changes to M/P annual evaluations

# Questions?

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