



## At Long Last, a Mentor Protégé Program for Women

Last week, SBA issued a final rule implementing the Small Business Mentor-Protégé program. Similar to the 8(a) program, the new all-small business program has been designed to enhance the capabilities of small federal contractors. WIPP was a strong advocate of ensuring that women had access to a quality mentor protégé program – effectively expanding parity for a key business development program. The new SBA program will allow mentors to assist protégé firms by providing:

- Technical and/or management assistance
- Financial assistance through equity investments and/or loans
- Subcontracts from the mentor to the protégé, or from the protégé to the mentor
- Assistance in performing federal prime contracts through joint venture agreements. As individual agreements will be eligible to pursue set-aside contracts.

WIPP has provided the below details and eligibility requirements for the new program. If you have questions, please reach out to Lin Stuart [lstuart@wipp.org](mailto:lstuart@wipp.org).

### **How to Qualify as a Protégé**

To qualify as a protégé, a company must be small for the size standard assigned to its primary NAICS code, or identify it is seeking business development assistance in a secondary NAICS code, and qualify as small under the secondary code.

Allowing a mentor-protégé relationship from a secondary NAICS code is a new addition to the final rule, however SBA recognizes that a small business may require development in a secondary area in the increasingly competitive federal space. SBA did note, however, that a small business must demonstrate prior experience in this secondary area to qualify.

### **Who Can be a Mentor**

A mentor can be large or small, as long as they can assist in developing a small business. To qualify, SBA will evaluate a potential mentor's financial health (including tax returns, audited financial statement, and SEC filings when applicable). A mentor must not be suspended or debarred, and must annual recertify to good character and "favorable financial position".

Mentors are expected to have only one protégé; however, SBA provides the option for a mentor to have more than one protégé if the mentor can demonstrate the capability to take on more than one protégé. However, there are limits. Mentors may not have more than three protégés at a single time to keep mentors from disproportionately benefitting from the program.

The three protégé limitation is across both the all-small business and 8(a) mentor protégé program. SBA also allows a small business the flexibility to be both a mentor and a protégé at the same time, as long as the business can demonstrate that both relationships are beneficial and will not conflict with each other.

## **Mentor-Protégé Agreement**

Program participation requires a written agreement that describes how and when the mentor will provide assistance to a protégé. The term of an agreement is up to three years, and may be extended for an additional three years. Agreement modifications must be approved by SBA before they are effective, and either the mentor or protégé may terminate the agreement with 30 days' notice to other party and SBA.

In order to process and review agreements, and ensure program compliance, SBA will establish a new mentor protégé office. In the proposed rule, SBA planned to utilize open enrollment periods, to control the number of applications. However, WIPP [expressed](#) concern that utilizing these periods would inhibit the effectiveness of the program, and urged SBA to keep the program open at all times. SBA made this modification in the final rule.

## **How to Secure Contracts**

One of the key benefits to this program, is allowing the mentor and protégé to form a joint venture and compete for set-aside contracts based on the size and status of the protégé. Therefore, a WOSB mentor protégé relationship with a large business, will be eligible for WOSB set-asides.

A protégé is required to submit a separate joint venture agreement to pursue federal contracts. SBA must approve this joint venture agreement, separate from the mentor protégé agreement, before a mentor-protégé can joint venture for a federal contract. The requirement for a second agreement is due to the mentor-protégé program exception from certain affiliation rules. As no determination of affiliation or control will be found based on mentor protégé agreement, and assistance provided through the agreement.

If a protégé no longer qualifies as small for the size of its primary NAICS code, the mentor protégé relationship will not be eligible additional federal contracts under the mentor protégé program. The rule does clarify that a change in the protégés size status will not affect previously awarded contracts to the mentor protégé joint venture except for contracts with a duration of more than five years, including options.

## **Reporting Requirement**

Protégés must report annually to SBA on the assistance provided by the mentor, and on federal contracts awarded to the mentor-protégé joint venture in the prior year.

The protégé is also required to submit language describing the success of assistance from the mentor, and addressing challenges in the relationship. This annual report will be used by SBA in order to reauthorize a mentor protégé agreement. However, knowing SBA can become backed up with paperwork, a mentor-protégé relationship will automatically be renewed unless SBA provides notice to the protégé.

However, if SBA determines the mentor has not provided adequate assistance, SBA will give the mentor a chance to respond. If SBA is still not assured the protégé is receiving the promised assistance, SBA will terminate the agreement and prohibit the mentor from acting as a mentor for two years.

After a mentor-protégé agreement comes to an end, the protégé must submit a final report to SBA detailing whether the protégé believes the arrangement was beneficial, and to describe lasting program benefits. If the protégé fails to submit this report, SBA will not approve a second relationship.

### **Looking Forward**

SBA has announced the agency will begin accepting applications for this new program starting on October 1, 2016 through [certify.sba.gov](http://certify.sba.gov). Prospective applicants (both mentors and protégé's) will be required to complete an online training module as part of the application process.

Therefore, now is the time to begin thinking about how participating in this program, as either a mentor or a protégé, could impact your federal business. As more program details are made available, WIPP Government relations will keep you updated.

The new mentor protégé program is also only part of the rule, which also contains changes to populated joint ventures, eligibility for the 8(a) program certification for the HUBZone program, and SDVOSB. WIPP will provide additional detail on the other components of the rule later this week.

The final rule can be found [here](#).