



U.S. Small Business
Administration

Report to Congress on Mentor-Protégé Programs for Fiscal Year 2017

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Report to Congress on Mentor-Protégé Programs for Fiscal Year 2017

I. Introduction

The Small Business Act (the Act), at Section 45(c), requires the Small Business Administration (SBA) to submit a report on Mentor-Protégé programs to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate. 15 U.S.C. § 657r(c) requires annual reporting:

“(1) In general. Not later than 2 years after the date of enactment of this section [enacted Jan. 2, 2013], and annually thereafter, the Administrator shall submit to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate a report that—

- A. identifies each Federal mentor-protégé program;*
- B. specifies the number of participants in each such program, including the number of participants that are—*
 - i. small business concerns;*
 - ii. small business concerns owned and controlled by service-disabled veterans;*
 - iii. qualified HUBZone small business concerns;*
 - iv. small business concerns owned and controlled by socially and economically disadvantaged individuals; or*
 - v. small business concerns owned and controlled by women;*
- C. describes the type of assistance provided to protégés under each such program;*
- D. describes the benefits provided to mentors under each such program; and*
- E. describes the progress of protégés under each such program with respect to competing for Federal prime contracts and subcontracts.*

II. Federal Mentor-Protégé Programs

Eleven Federal agencies reported Mentor-Protégé Programs (MPPs) in Fiscal Year (FY) 2017, nine (9) of which were active at the end of the fiscal year, as described in Table 1. The United States Agency for International Development (USAID) reported no activity in their MPP in FY 2017; the Department of Health and Human Services (HHS) and the Department of Treasury (Treasury) ended their MPPs in FY 2017.

Notably, SBA's All Small Mentor Protégé Program (ASMPP) represented the only new MPP among the agencies. An SBA final rule published on July 25, 2016 (effective August 24, 2016) created the ASMPP. This program allows all small businesses to participate as protégés, including veteran-owned and service-disabled veteran-owned small businesses, women-owned small businesses, Historically Underutilized Business Zone (HUBZone) small businesses, self-certifying small businesses, and 8(a) Business Development Program certified firms. The ASMPP began accepting applications on October 1, 2016. The ASMPP complements the existing SBA 8(a) MPP and data for the two programs are presented separately.

III. Distribution of Small Business Participants

The Federal agencies with active MPPs in FY 2017 reported 987 Mentor-Protégé agreements. Nearly 75% of all Federal Mentor-Protégé agreements were administered through SBA's 8(a) and All Small Mentor Protégé Programs. Table 1 summarizes the number of program participants that are: Small Business Concerns (SBCs), Service-Disabled Veteran Owned Small Businesses (SDVOSBs), HUBZone SBCs, Small Disadvantaged Businesses (SDBs), and Woman-Owned Small Business (WOSB) Concerns.

Table 1

Mentor-Protégé Programs by Federal Activity with Number of Small Business Participants and Socioeconomic Category Representation in FY 2017 ¹

Federal Agency	Is MPP in Place?	Is MPP Active?	SBCs	SDBs	WOSBs	SDVOSBs	HUBZone SBCs	Total Agreements ³
DoD	Y	Y	76	47	33	33	15	103
DOE	Y	Y	26	17	11	7	4	28
HHS ²	Y	N	0	0	0	0	0	0
DHS	Y	Y	15	37	11	41	3	55
DOT	Y	Y	12	11	4	2	0	9
Treasury ²	Y	N	6	0	0	0	0	6
EPA	Y	Y	2	0	1	0	0	2
GSA	Y	Y	37	10	15	17	4	37
NASA	Y	Y	8	6	8	2	3	15
SBA: 8(a)	Y	Y	417	417	148	65	2	417
SBA: ASMPP	Y	Y	315	51	51	124	44	315
USAID ²	Y	Y	0	0	0	0	0	0
Grand Total ³	11	9	914	596	282	291	75	987

¹ As reported by each Federal Activity. Small business participants may also include mentors that are small businesses. Some agencies authorize participation by entities that are not businesses, including non-profit organizations and Historically Black Colleges and Universities.

² These agencies ended their MPPs in FY 2017.

³ Figures in columns add up to the column totals, but the rows will not add up; they merely depict the figures as they were provided by each individual agency to SBA. Additionally, while some agencies provided the number of agreements, others provided the number of small business participants. Going forward, SBA will work with agencies to collect more consistent data on the number of small businesses participating in their MPPs.

In addition to participating as a protégé, a small business may also participate in a MPP as a mentor. For example, the Department of Defense (DOD) reported that twenty-three SBCs served as mentors and the Department of Transportation (DOT) reported that seven SBCs served as mentors.

IV. Assistance and Benefits to Protégés (by Federal Activity)

Federal MPPs throughout the Government provide different types of assistance to protégés, and the relationship between participants in these programs provides benefits to both protégé and mentor. This section describes the assistance and benefits provided to (or, in some cases, that may be provided to) protégés through each of the nine active MPPs.

Department of Defense (DOD)

Assistance by mentor firm personnel includes the following:

- Mentors assisted protégés in achieving cyber security compliance in accordance with Defense Federal Acquisition Regulation Section 252.204.74. Mentors also assisted protégés in implementing cost accounting systems in accordance with the Defense Contract Audit Agency compliance standards.
- Mentors helped protégés receive facility security clearances in order to review solicitations and submit proposals for classified work.
- Mentors helped protégés obtain certifications, such as ISO 9000, CSSIP and CMMI (which are required in order to bid on many DOD contracts.)

Department of Energy (DOE)

Technical, business and/or administrative assistance is provided to protégés under the program. Examples of the type of assistance provided include, but are not limited to:

- Program and project management;
- Financial management;
- Standard operating procedures development;
- Assistance with cost estimations;
- Marketing assistance and networking;
- Engineering and other technical assistance;
- Strategic planning;
- Business development;
- Process improvement; and
- Quality assurance and quality control.

Department of Homeland Security (DHS)

In addition to providing small businesses with mutually beneficial developmental assistance, the DHS MPP is also designed to:

- Improve the performance of contracts and subcontracts;
- Foster the establishment of long-term business relationships between large prime contractors and small business subcontractors; and
- Strengthen subcontracting opportunities and accomplishments through pre- and post-award incentives.

Department of Transportation (DOT)

The DOT MPP provides developmental assistance to protégés, including:

- Project management training to protégé staff;
- Assistance in contract estimating, pricing, and scheduling;

- Assistance in proposal writing and business presentations to prospective buyers;
- Assistance with human resource management;
- Cost analysis assistance for Requests for Proposals (RFPs), Request for Quotes (RFQs), and assistance with sources sought responses;
- Assistance with human resource management;
- Assistance developing marketing strategies as part of the protégé's business plan;
- Assistance with contract administration for current contracts; and
- Assistance developing pricing strategy.

Department of the Treasury (Treasury)

Under the Treasury MPP, mentors provide mutually beneficial development assistance to participating protégés. In addition, the program aims to:

- Provide greater assurance that a protégé subcontractor will be able to perform under the contract than a similarly situated non-protégé subcontractor;
- Increase the number and dollar value of contracts and subcontracts awarded to protégé firms by Treasury and other Federal agencies to the protégé firm; and
- Increase the technical, managerial, financial or other capabilities of the protégé firm.

Environmental Protection Agency (EPA)

There are a variety of benefits that the mentor will receive by participating in the EPA MPP. The following are a few of the benefits:

- Good will and corporate responsibility (mentors receive no financial incentive for participation);
- Long-term relationship with a potential subcontractor;

- New SDBs or WOSBs for the vendor database;
- Assistance in meeting SDB and WOSB goals;
- Development of innovative approaches and technology;
- Relationships and potential opportunities for Historically Black Colleges and Universities (HBCUs) and Minority Serving Institutions (MSIs); and
- Additional evaluation points under the technical evaluation criteria of the Mentor's proposals.

General Services Administration (GSA)

Assistance provided to protégés under the Mentor-Protégé agreements includes:

- Adding protégés as subcontractors to the mentor's government-wide contracts;
- Reviewal of protégés' draft responses to RFIs and RFPs;
- Provision of bonding capacity for construction protégés;
- Providing access to corporate vice presidents on a regular basis for progress overview and strategic direction;
- Improvement of protégés' web recognition (protégés now found in Google searches);
- Identification of protégés on mentor's sales site as the preferred provider of services under the protégés' primary and secondary NAICS codes;
- Included protégé in mentor's booths at commercial trade shows;
- Assisted protégés in obtaining the GSA Federal Supply Schedule contracts, in particular GSA Schedule IT 70 and the Professional Services Schedule;
- Shared mentor's opportunity tracker, "Price to Win," and captured management strategies by using real world examples;
- Assisted protégé in prioritizing business needs;

- Developed new business workflow strategy;
- Worked with protégé to design, develop and deploy protégé-branded tools such as proposal layout and webpage targeting protégé's past performance and capabilities;
- Guided protégé's financial migration from QuickBooks to more sophisticated systems with internal controls compliant with DOD requirements;
- Provided New Hire Survey and New Employee Advisor tools to assist with recruitment and on-boarding of new personnel;
- Continued to sublease office space, equipment and administrative support to protégé;
- Formal training on the mentor's products enabling the protégé to become a valued distributor;
- Sales tools such as the Miller Heiman model on customer calls;
- Use of commercial product tools such as Adobe Premier Pro;
- Shared best practices and accounting techniques from the mentor's experience with GSA Schedule contracts, including category management;
- Safety training for protégé supplying construction services;
- Mentor's new products and services, sales techniques, and cyber security; and
- Use of color proposal reviews as a tool to brief internal and external customers.

National Aeronautics and Space Administration (NASA)

All protégés, with the exception of HBCU/MSI protégés, receive a minimum 70% Technical Assistance and 30% Business Development based on the total proposed cost of the agreement. Examples of assistance include, but are not limited to:

- Aerospace and lean manufacturing;
- Quality Management programs: ISO 9000 Certification, SEI/CMM certification;

- Technology Transfer;
- Telecommunication and satellite services; and
- Obtaining Security Clearance for Institutional facilities.

HBCU/MSI protégés receive a minimum of 70% Business Development and 30% Technical Assistance. The type of developmental assistance HBCUs/MSI protégés receive has been tailored to assist them in developing the ability to move towards doing contracts instead of grants. HBCUs/MSIs can benefit more from business development assistance and mentors can harvest the technology being developed by the HBCU/MSI.

Small Business Administration (SBA)

Proteges may benefit from participation in the All Small Mentor Protégé and 8(a) Mentor Protégé Programs as follows:

- Improved access to the Federal marketplace through joint venture opportunities with mentor;
- Stronger ability to stand-alone and bid independently from mentor on Government contracts;
- Expanded opportunity for subcontracts from mentor;
- Increased wealth and employment growth;
- Enhanced business capabilities and experience through guidance and mentoring from experienced firms in the following areas:
 - 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 performance process;
- Education about international trade, strategic planning, and finding markets;
- Business development, including strategy and identifying contracting and partnership opportunities; and
- General and administrative assistance, like human resource sharing or security clearance support.

V. Benefits Provided to Mentors (by Federal Activity)

This section describes the assistance and benefits provided to mentors through each of the nine active MPPs.

Department of Defense (DOD)

Mentors received the following types of benefits from participation in the DOD MPP.

- Credit toward achievement of their small business subcontracting goals associated with Federal Government prime contracts;
- Access to innovative technology developed by small businesses; and
- Strengthening the industrial base consisting of more qualified suppliers that can provide critical components and services to support Major Defense Acquisition programs.

Department of Energy (DOE)

Benefits for the mentor under the program include:

- Award of subcontracts on a noncompetitive basis as a set-aside subcontract to its protégé;
- Receipt of credit for subcontracts awarded pursuant to MPP Agreement(s) toward subcontracting goals contained in mentor subcontracting plan;

- Opportunity to utilize the unique/specialized skills of the protégé; and
- Mentors may develop very beneficial business relationships with their protégés that far exceed the term period of the Mentor-Protégé agreement.

Department of Homeland Security (DHS)

The benefits provided to a mentor from their participation include a pre-award incentive and post-award incentive. A pre-award incentive applies to acquisitions that require a subcontracting plan. Mentors are eligible to receive credit in the source selection/evaluation criteria process for their participation.

Additionally, a post-award incentive is applied to the subcontracting plan credit, which is available by recognizing costs incurred by a mentor firm in providing assistance to a protégé firm. This credit is used for the purpose of determining whether the mentor firm attains a subcontracting plan participation goal applicable to the mentor firm under a DHS contract.

Department of Transportation (DOT)

Mentors receive multiple benefits under DOT's MPP, including:

- Goodwill and corporate responsibility (mentors receive no financial incentive for participation);
- Long-term relationship with a potential subcontractor; and
- Developing innovative approaches and technology.

Department of the Treasury (Treasury)

Benefits to mentors for participating in the program include:

- Before awarding a contract that requires a subcontracting plan, the existence of a mentor-protégé arrangement, and performance (if any) under an existing arrangement, may be

considered by the Contracting Officer in: (1) evaluating the quality of a proposed subcontracting plan; and (2) assessing the prime contractor's compliance with the subcontracting plans submitted in previous contracts as a factor in determining contractor responsibility.

- A non-monetary Mentor-Protégé Partnership Team award is presented annually to the mentor firm providing the most effective developmental support to a protégé.

Environmental Protection Agency (EPA)

There are a variety of benefits that the mentor will receive by participating in the Mentor-Protégé Program. The following are a few of the benefits:

- Good will and corporate responsibility (mentors receive no financial incentive for participation);
- Long-term relationship with a potential subcontractor;
- New SDBs or WOSBs for the vendor database;
- Assistance in meeting SDB and WOSB goals;
- Development of innovative approaches and technology;
- Relationships and potential opportunities for HBCUs and MSIs; and
- Additional evaluation points under the technical evaluation criteria of the mentor's proposals.

General Services Administration (GSA)

Mentor benefits include:

- Evaluation credit during source selection process for subcontracts or teaming arrangements under the Mentor-Protégé agreement;

- If the mentor is other than a small business, favorable assessment under the mentor's subcontracting plan and as a factor in evaluating past performance; and
- Eligibility to receive the GSA Office of Small Disadvantaged Business Utilization (OSDBU) annual Mentoring Award. The annual non-monetary award is presented to the mentor most effective in developing a protégé.

National Aeronautics and Space Administration (NASA)

Mentors receive benefits in a variety of ways. Through these established relationships, mentors are able to team with viable high-tech small businesses, receive additional points on proposals, and form strategic partnerships (which serve as a foundation for future prime and subcontracts with any agency). With a wide array of small businesses available in all socio-economic categories, mentors are also able to benefit from the subcontracting credit.

Small Business Administration (SBA)

A mentor benefits from the MPP in the following areas:

- A mentor and protégé may joint venture as a small business for any government prime contract or subcontract, 8(a) competitive and 8(a) sole source contracts, provided the protégé qualifies as small for the procurement.
- For those willing to create a joint venture, additional benefits may include:
 - Collective representation of past performance;
 - Shared costs;
 - Shared resources;
 - Leveraging the other partners' experience and market share.

- The affiliation exception can also be appealing to mentors, as it may allow a mentor to have a closer working relationship with a small business than might otherwise be advisable under SBA's affiliation rules.
- The mentor may own an equity interest of up to 40 percent in the protégé.
- Mentors are able to maintain a formal relationship with the protégé for up to six years, building trust and working together on multiple projects.

VI. Progress of Protégés with Respect to Competing for Federal Prime Contracts and Subcontracts (By Federal Activity)

Based on information provided by agencies to SBA, this section describes the progress of protégés in competing for contracts.

Department of Defense (DOD)

Protégés in the DOD MPP made the following progress with respect to competing for Federal prime contracts and subcontracts:

- On average, DOD MPP protégés hired 24 new employees as a result of receiving Federal contracts in FY 2017.
- On average, DOD MPP protégés added \$5.7 million in annual revenue as a result of receiving Federal contracts in FY 2017.
- For every \$1M invested by the DOD MPP in FY 2017, DOD MPP protégés experienced a net revenue gain of \$9.2 million as a result of receiving Federal contracts in FY 2017.

Department of Energy (DOE)

DOE Management and Operations Contractors award non-competitive subcontracts to their protégés while in the program.

- DOE Protégés received a total of 85 subcontracts totaling about \$10 million in FY 2017.

- Of the 28 protégés participating in the DOE MPP during FY 2017, 22 were awarded one or more subcontracts.
- During FY 2017, participating protégés were awarded 66 Federal prime contract actions
- totaling about \$7.0 million.
- Of the 28 participating protégés, 14 were awarded one or more Federal prime contracts or prime contract actions in FY 2017.
- DOE selected the 2017 Protégé of the Year that was presented during the 17th Annual DOE Small Business Forum & Expo, May 22, 2018, in Houston, TX.

Department of Homeland Security (DHS)

The progress of the mentor-protégé team is evaluated by the submission of an 18-Month Mid-Progress Report (jointly), a 36-Month Lessons Learned Report (separately), and a protégé Post Mentor-Protégé Program Report, which is submitted annually for two years after the protégé firm exits the MPP (protégé only).

Department of Transportation (DOT)

Protégés are showing increased competitiveness under DOT's program, as follows:

Protégés were able to get contracts as a prime and a subcontractor in the amount of \$10.7 million.

- Participants were able to form Teaming Arrangements.
- Protégé staff strengthened cost estimation and contract management skillsets.
- Mentors provided key personnel recruiting and training support.
- Mentors provided proposal writing training to protégé staff.

- Protégé staff was trained in project management, communications planning, cost accounting and estimating, quality management and schedule management including resource management.

Department of the Treasury (Treasury)

Progress of protégés participating in the Treasury MPP is assessed through submission of an annual evaluation, a close-out evaluation, and - most recently - through the use of a 24-Month Post Completion Report for protégés that have completed the agreement term. Currently, we have 6 active Mentor-Protégé agreements in Treasury.

Environmental Protection Agency (EPA)

Currently, EPA has a total of two Mentor-Protégé agreements. The Cincinnati Procurement Operations Division (CPOD) has one Mentor-Protégé agreement under the Cadmus Group, Incorporated, contract EP-C-15-022. Region 2 has one Mentor-Protégé agreement under contract EP-W-09-022.

General Services Administration (GSA)

GSA mentors are existing GSA Federal Supply Schedule contract-holders or other GSA contract-holders. In addition to the assistance provided to proteges in successfully obtaining GSA Schedule contracts, mentors reviewed proteges' proposals for GSA prime contracts, amounting to \$84,450 in FY 2017. Mentors continued to subcontract or team with their protégés amounting to \$2,360,458.00 in FY 2017.

National Aeronautics and Space Administration (NASA)

Through NASA's MPP, protégés have strengthened and increased their core competencies, hired additional personnel and increased revenues with some receiving direct

subcontracting opportunities from the mentor. The protégés have also teamed with the mentors on future contracting opportunities. Every six months, protégés are required to submit independently developed semi-annual reports, which outline the progress made in employment growth, contract opportunities awarded and revenue. In addition, protégés are required to submit data on employment and revenue for each of the two years following the end of the Mentor-Protégé Agreement.

Small Business Administration (SBA)

SBA's ASMPP was established in FY 2017 and did not have data to report regarding impact for protégés. However, SBA did measure 8(a) firms' Mentor-Protégé progress towards competing for prime contracts and reported that in FY 2017, 8(a) firms received prime contract awards totaling more than \$1.9 billion as joint ventures, an increase of 1.18% from the prior fiscal year.

