



FDA HUBZone Industry Day **SBA's New Mentor-Protégé Program**

February 15, 2017

SBA's New Mentor-Protégé Program

- Open to all types of small businesses (i.e., HUBZone, WOSB, SDVOSB, 8(a), and small)
- **August 24, 2016:** rules went into effect
- **October 1, 2016:** SBA began accepting applications
- **November 1, 2016:** SBA began accepting online applications at www.certify.sba.gov

What Does the Mentoring Program Provide?

- Mentor may provide protégé with various forms of financial, technical, and/or management assistance
- Mentor and protégé may enter into subcontracts
- Mentor and protégé are exempted from affiliation based on the assistance provided under the mentoring relationship
 - **KEY:** this means the mentor and protégé may form joint ventures (“JVs”) for set-aside contracts, even if the mentor is a large business
- Mentor may own up to 40% of the protégé
- Agencies may provide contracting and evaluation incentives to offerors utilizing a protégé

How to Qualify as a Protégé

- Must be small under your primary NAICS code
- Or, small under a secondary NAICS code
 - If seeking approval under a secondary NAICS code, protégé must demonstrate prior experience and logical business progression in that code
- Generally, only one mentor at a time
- Only two SBA mentor-protégé relationships **ever**

How to Qualify as a Mentor

- Must be capable of providing mentoring
- Possess good character, not suspended or debarred
- May be large or small business
- May be protégé and mentor at the same time
- Non-profits are **not** eligible as mentors
- Generally, no more than one protégé at a time
 - But could have up to three protégés at one time if there is no adverse impact on any protégé
 - No limit on number of protégés in the life of the mentor

Participation Period

- **Maximum term is six years in one mentor-protégé relationship**
 - Initial term is for three years
 - One option for an additional three years
 - Parties must commit to one year – after that, either party may terminate the Mentor-Protégé Agreement upon 30 days' notice
 - SBA must approve continuation of the relationship each year and can terminate at any time

How to Apply

- SBA began accepting applications on October 1, 2016
- SBA's online application available as of November 1, 2016
- Visit: www.certify.sba.gov
- Currently open for anyone to apply
 - Depending on application volume, SBA may institute open and closed enrollment periods in the future
 - So far, so good: SBA is quickly processing applications

Application Checklist

- Register with SAM.gov
- Prepare a Mentor-Protégé Agreement
- Complete online application
- Complete online training
- Submit other documents to substantiate eligibility, which could include:
 - Tax returns/financial statements
 - Letters of recommendation
 - Business plan for protégé

Killer App: Mentor-Protégé Joint Venture

- Combining a mentor-protégé relationship and a joint venture (“JV”) allows a HUBZone firm to partner with a large business to go after larger set-aside contracts
 - **Step 1:** Form mentor-protégé relationship, submit to SBA for approval (right now, it could be approved in a few weeks)
 - **Step 2:** Form JV (typically 2-3 weeks)
 - **Step 3:** JV submits proposal
 - If the mentor is a large business, SBA must approve mentor-protégé relationship **before** JV submits proposal
- A HUBZone mentor-protégé joint venture qualifies for the HUBZone price evaluation preference

Other Benefits of Mentor-Protégé

- A mentor-protégé relationship provides protection from affiliation
 - The affiliation protection is a critical tool to defend against size and status protests
- Mentor-protégé is an important strategy as you grow
 - Finding a protégé to partner with can help you remain eligible to compete for strategic set-aside re-competes in the future when you are no longer small

Thank you

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