

Is SBA's All Small Mentor-Protégé Program a Good Fit for My Business?

1.1 Tutorial Overview

This tutorial is designed to help you answer the question, “Is SBA’s All Small Mentor-Protégé Program a good fit for my business?” You will be provided relevant details to inform the answer to that question to include learning how small businesses fit into the federal buying marketplace. Then you will explore whether your business is ready to sell to the federal government, then how to identify if your business is eligible to benefit from the All Small Mentor-Protégé Program. Finally, you will be provided specifics as to how to apply to the All Small Mentor-Protégé Program.

The estimated time to complete this course is 30 minutes. Once you’re finished, you will receive a certificate of completion for the course that you will need to print, scan, and save electronically to upload with your application to the All Small Mentor-Protégé Program.

1.2 Learning Objectives

This tutorial has four learning objectives:

1. Recall how small businesses fit into the federal buying marketplace.
2. Recognize whether your business is ready to sell to the federal government.
3. Recognize if your business is eligible for the All Small Mentor-Protégé Program.
4. Be ready to apply for the All Small Mentor-Protégé Program.

1.3 The Federal Buying Marketplace

The U.S. government is the largest single purchaser of goods and services in the world, buying everything from armored tanks to paper clips and IT services. Every year, the federal government awards more than \$500 billion in contracts, and a significant share of those contracts are specifically allotted to small businesses. Small business contracting is an important tool that we have at the federal level to help America’s small businesses grow and create jobs.

The U.S. Small Business Administration (SBA) was created with the knowledge that small businesses are a critical component to sustaining our economic health and continued growth. The mission of the SBA is to aid, assist, counsel, and protect the interests of the nation’s small business community. There are multiple programs and initiatives available to support this effort, including federal government-wide contracting goals and small business “set-aside” programs.

1.5 Size Standards, Federal Contracting Goals and “Set-Asides”

The current federal procurement goal aims to award, or “set-aside,” at least 23 percent of all government contracting dollars for small businesses. In order to bid for these set-asides, you need to meet the industry size standards established by the SBA to qualify as “small.”

Please select each topic on the left-hand side of the screen to learn more.

Small Business Defined

For most industries, the SBA defines a "small business" as a business that:

- is organized for profit and is not nationally dominant in its field;
- has a place of business in the U.S.;
- either operates primarily within the U.S. or makes a significant contribution to the U.S. economy through tax payments or the use of American products, labor, or materials; and
- is independently owned and operated.

Size Standards Tool

The business may be a sole proprietorship, partnership, corporation, or any other legal form. Use our Size Standards Tool www.sba.gov/tools/size-standards-tool to find out if you qualify as a small business. Once you've determined you're a small business, you can then certify your business as small by [registering as a government contractor](#).

Federal Contracting Goal

In addition to the 23 percent goal, federal government agencies aim to set-aside contracting dollars for the following types of small businesses:

- 5 percent for women-owned small business
- 5 percent for small disadvantaged businesses
- 3 percent for small businesses' located in HUBZones
- 3 percent for service-disabled veteran owned small businesses

SBA Set Aside Programs

The SBA has outlined several specific certifications that provide qualifying businesses with benefits within the procurement (i.e., contracting) process. These certifications are divided into the following two categories:

1. **SBA-Certified:** 8(a) Business Development Program and the HUBZone Program.
2. **Self-Certified:** Service-Disabled Veteran-Owned Small Business (SDVOSB), Women-Owned Small Business (WOSB), and Small Disadvantaged Business (SDB).

All of these are powerful tools for helping small businesses win federal prime contracts

and subcontracts. For more information on qualification criteria for each of these set aside programs, see www.sba.gov/contracting. If government contracting sounds like a logical progression in the development of your business, it might be time to evaluate whether the federal marketplace is right for you.

1.6 Is Your Business a Good Candidate for Federal Government Contracting?

Like starting a business, securing government contracts isn't as simple as just turning the key and opening the doors. As you weigh the decision, consider the following questions:

- What are the characteristics of your product, what's your current market, and does the federal government buy it?
- Do you have a solid accounting system and a stable workforce?
- Are you able to access credit and working capital?
- Do you have good supplier relationships and can you meet government shipping specifications and requirements?
- Have you ever worked with other businesses in teaming agreements or joint ventures, or acted as a supplier to the federal government?

1.8 The All Small Mentor-Protégé Program

Select Each Number to Learn About The All Small Mentor-Protégé Program.

1

The All Small Mentor-Protégé Program (MPP) is designed to provide small businesses with business development assistance and to enhance their ability to successfully compete for federal contracts.

2

To be eligible to participate in the program, you (i.e., the prospective Protégé) must be either a for-profit business or an agricultural cooperative that is considered "small" for the NAICS code in which you're requesting a Mentor-Protégé relationship. Additional requirements include:

- You need to have prior experience working in the NAICS code in which you're seeking assistance
- Your Mentor must be organized for-profit and cannot own more than 40% equity in your business
- The SBA has not made a determination of affiliation between you and your Mentor

Both you and your Mentor have an active registration in SAM.gov

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In addition to the preliminary requirements, there are specific rules governing the program that you should be aware of.

- In general, you (the Protégé) can only have one Mentor at a time, and cannot have more than two mentors across all SBA-administered Mentor-Protégé programs.
- Mentors may have no more than three protégés. The SBA may authorize a small business to be both a Mentor and a Protégé, but only if you can demonstrate that the second relationship won't compete or conflict with the first Mentor-Protégé relationship.

4

The types of SBA-approved assistance that a Mentor can provide include:

- Management and technical assistance (e.g., HR and accounting systems, manufacturing assistance, and technology transfers)
- Financial assistance (e.g., equity investments or loans)
- Contracting assistance (e.g., contract performance and joint venture agreements)
- Trade education (e.g., identifying markets and export assistance)
- Business development assistance (e.g., business planning, marketing, networking, and relationship building)
- General, and administrative assistance (e.g., daily operations, capacity building, and bonding)

1.10 Benefits of the All Small Mentor-Protégé Program

Select Each Number to Learn About The Benefits of The All Small Mentor-Protégé Program.

1

Mentors can help you grow your networks and challenge you in positive ways that will help your business develop. The key here is, in order to meet the size standards required to get the set-aside, both businesses in the joint venture need to be “small.” If either one of the businesses aren't considered “small” in the NAICS code they'll be working under the contract and the joint venture won't qualify to win the small business set-aside. This is because of the SBA's rules related to “affiliation” that prohibit non-small businesses from entering into a joint venture to bid on small business set-asides.

These rules are intended to:

1. preclude a small business from leaning too heavily on a larger business in order to win a small business set-aside; and
2. protect a small business from being taken advantage of by a larger business.

2

One of the most tangible benefits of the All Small 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.

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.

3

When a federal set-aside contract is made available, qualifying businesses (in this case small businesses) are able to bid on the contract. If the 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, a qualifying small business can enter a joint venture agreement with a business of any size. That is, if SBA approves your Mentor-Protégé Agreement, you and your Mentor may joint venture for any small business set-aside that you (the Protégé) qualify for, regardless of your Mentor's size.

1.11 What is a Mentor-Protégé Agreement? What Should It Include?

To be considered for the All Small MPP, you will need to submit a Mentor-Protégé Agreement (MPA) to the SBA. This document is central to your participation in the All Small MPP, and serves as the roadmap for the relationship between you and your Mentor.

Please select each topic on the left-hand side of the screen to learn more.

What is a MPA?

The Mentor-Protégé Agreement (MPA) should assess your business development needs, specify how your Mentor will address those needs, and set a developmental timeline for the delivery of assistance that the Mentor commits to provide.

A MPA may be approved for three years, with an option to renew for another three years. For example, you (the Protégé) may have two three-year MPAs with different Mentors, and each may be extended an additional three years provided you've received the agreed-upon assistance.

What is in a MPA?

Additionally, the MPA must:

- Address how the assistance to be provided will help you meet the goals defined in your business plan
- Establish a single point of contact within your Mentor's organization who will be responsible for managing and implementing the MPA
- State that your Mentor will provide the agreed upon assistance for at least one year
- Identify how the assistance to be provided differs from any assistance being provided under another Mentor-Protégé relationship (if applicable)

- A statement indicating that either you or your Mentor may terminate the agreement with 30 days' advance notice to the other party, and to the SBA
- A statement specifying that any changes to the agreement must be made in writing, and be approved in advance by the SBA
- The signatures of both you and your Mentor, and the date on which the agreement was signed

Approving a MPA

The SBA will not approve a MPA unless it determines that the Mentor-provided assistance will promote real developmental gains for your business, and is not merely a vehicle for the Mentor to receive federal small business set-asides.

1.12 How Do I Find a Good Mentor?

Mentors can help you grow your networks and challenge you in positive ways that will help your business develop.

As you look to identify a potential Mentor, it's critical that you (the prospective Protégé) do your research. Make sure they have a good reputation and are willing and able to coach and mentor you. If you haven't worked with them before, what do you know about them? If they approached you about a potential Mentor-Protégé relationship, do you know why? Be sure your prospective Mentor is not just looking for access to federal small business set-aside contracts.

You'll want to know whether they have good supplier relationships and what sort of experience they have working with the federal government. Be clear about what you need from the relationship and be sure it's reflected in any agreement you work out. Above all, make sure that what they're offering matches your needs and that it fits with the growth plan you've mapped out for your business.

To qualify to participate in the All Small MPP, your prospective Mentor must:

- Be capable of carrying out their responsibilities under the proposed MPA
- Provide value to you (the Protégé) through imparting practical experience and lessons learned, or through their knowledge of business operations and government contracting
- Possess good character

1.13 Joint Venture Agreements

If you and your approved mentor decide to form a joint venture to bid on a government contract, there are three points you (the Protégé) should be aware of.

1. The joint venture will only qualify for the contracting set-asides that you (the protégé) are eligible for, and any joint ventures must be separately identified with the appropriate DUNS and CAGE numbers in SAM.gov.
2. The entity "Type" in SAM.gov has to be identified as a joint venture, with the

individual joint venture partners listed.

3. All joint venture agreements must be in writing, and you (the Protégé) must meet the program-specific requirements for the particular set-aside.

While joint venturing is a great opportunity, there is also the risk that another business will protest your joint venture, and you could lose the bid if your joint venture agreement isn't written and structured appropriately. Although the SBA doesn't review or approve joint venture agreements, there is statutory guidance that can help you know what should be included.

1.14 What Should Be in a Joint Venture Agreement? (Statutory Guidance)

Here is a list of the statutory guidance that can help you know what should be included in a joint venture agreement.

Select each number to learn about what should be in a Joint Venture Agreement.

1

A joint venture should:

- State the purpose of the joint venture
- Designate you (the small business) as the managing venturer, and one of your employees as the project manager responsible for the contract
- State that you (the small business) own at least 51 percent of the joint venture entity, and that your business will receive profits from the joint venture that are commensurate with your ownership interests

2

- Provide for the establishment and operation of a special bank account in the name of the joint venture that's signed by all parties
- Itemize all major equipment, facilities, and resources to be furnished by each party
- Specify each party's responsibilities with regard to contract negotiations, labor sourcing, and contract performance
- Obligate all parties to ensure that the contract is performed, regardless of whether one party withdraws from the agreement

3

- Designate that the managing venturer is responsible for maintaining accounting and administrative records, and require that they (the managing venturer) keep all original records of the joint venture once the contract is completed
- State that all quarterly financial statements showing cumulative contract receipts and expenditures will be submitted to the SBA within 45 days of the end of each operating quarter of the joint venture

For additional guidance on the contents of a joint venture agreement, please review the

rules and regulations listed in the 13 CFR 125.8.

1.15 Applying to the All Small MPP

If you meet the preliminary criteria and are ready to apply to the All Small MPP, there are some documents that you'll need to gather.

Please select on each topic on the left-hand side of the screen to learn more.

Certificate of Completion

First and foremost, you'll need to print out the certificate of completion once you've finished this tutorial. You'll also want to ask your mentor to watch the tutorial, and to provide you with their certificate of completion so that both documents can be electronically uploaded into your application.

Electronic Documents

Next, you'll need to gather electronic copies of:

1. Your completed business plan.
2. Any active Mentor-Protégé Agreements (MPA) you have with either SBA or another federal agency.
3. A SBA size redetermination letter if the SBA has ever found you to be "other than small" in the NAICS code in which you're requesting business development assistance.
4. The proposed Mentor-Protégé Agreement.

NAICS Code

Once you've compiled these materials, you'll want to make sure that you're registered in SAM.gov for the NAICS code in which you're requesting business development assistance. This is a critical step, and SBA cannot approve any MPAs if the requested NAICS code (either your primary or secondary) isn't reflected in SAM.gov.

If you need to add or revise the codes that are listed there, please make the change and wait at least 24 hours before entering that information into your MPP application to make sure the information has been updated. Finally, you'll need your Mentor's DUNS number.

Ready to Apply

You're now ready to apply!

The application is available electronically, and can be completed and submitted via Certify.SBA.gov. When you enter the site, you'll be asked a series of questions to determine your eligibility for the program, and there will be prompts asking you to upload electronic copies of all required documents.

1.17 Resources

SBA has a broad network of skilled counselors and business development specialists. Here, we have provided you with a list and short descriptions of our resource partners. Then you can find your local resource partner using our handy [zip-code tool](#).

- There are more than 1,000 **Small Business Development Centers (SBDCs)** located around the country. SBDCs provide management assistance to current and prospective small business owners.
- **SCORE** is a powerful source of free and confidential small business advice to help build your business. More than 10,000 SCORE volunteers are available to share their experience in lessons learned in small business.
- **Women's Business Centers (WBCs)** assist women and men in achieving their dreams by helping them start and run successful businesses. Over 90 WBCs are located around the country.
- The **SBA** has over 60 **District Offices** located throughout the country to help you start and grow your business.
- The **SBA Learning Center** is a powerful virtual campus with online training, videos, tools and links to local resources.
- The **SBA's Office of Women's Business Ownership (OWBO)** serves as an advocate for women-owned businesses. The office oversees a nationwide network of 110 Women's Business Centers that provide business training, counseling and mentoring geared specifically to women, especially those who are socially and economically disadvantaged. The program is a public-private partnership with locally based nonprofits.

1.18 Resources Continued

- The **Veterans Business Outreach Program (VBOP)** is designed to provide entrepreneurial development services such as business training, counseling and mentoring, and referrals for eligible veterans owning or considering starting a small business. The SBA has 15 organizations participating in this cooperative agreement and serving as Veterans Business Outreach Centers (VBOC).
- **Procurement Technical Assistance Centers (PTACs)** provide local, in-person counseling and training services for you, the small business owner. They are designed to provide technical assistance to businesses that want to sell products and services to federal, state, and/or local governments. PTAC services are available either free of charge, or at a nominal cost. PTACs are part of the Procurement Technical Assistance Program, which is administered by the Defense Logistics Agency.
- **The All Small Mentor-Protégé Program Office** allsmallmpp@sba.gov

1.19 Tutorial Wrap Up

You have completed this tutorial; you should now be able to:

- Recall how small businesses fit into the federal buying marketplace.
- Recognize whether your business is ready to sell to the federal government.
- Identify the eligibility requirements for the All Small Mentor-Protégé Program.
- Remember the steps to apply for the All Small Mentor-Protégé Program.

1.20 Have a Question?

Email the All Small Mentor-Protégé Program Office at allsmallmpp@sba.gov

Call SBA at 1-800 U ASK SBA (1-800-827-5722)

E-mail SBA at answerdesk@sba.gov

[Locate a SCORE counselor, SBA district office near you, or an SBDC office near you.](#)

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