

**U. S. Small Business Administration
Colorado District Office
721 19th St., Ste 426
Denver, Colorado 80202**



**MENTOR-PROTÉGÉ & JOINT VENTURE
AGREEMENTS**

What Is the Purpose of the Mentor-Protégé Program?

- ✓ **Enhance the Capabilities of the 8(a) Participant**
- ✓ **Improve the 8(a) Participants Ability to Successfully Compete for Contracts**

What Type of Assistance Can a Mentor Provide To the Protégé?

- ✓ **Technical and Management Assistance**
- ✓ **Financial Assistance in the Form of Equity Investments and/or Loans**
- ✓ **Sub-contractual Support**
- ✓ **Assistance in Performing Prime Contracts Through Joint Venture (JV) Arrangements**

How Long Can the Mentor/Protégé Relationship Last?

- ✓ **May last as long as the term agreed upon by the parties, as expressed in the Mentor/Protégé Agreement.**
- ✓ **Relationship should last at least 1 year.**

What Are the Benefits of Participating in the Mentor-protégé Program?

- ✓ **Joint Venture Arrangements**
- ✓ **Mentor Financing of the Protégé (up to 40% Equity Interest)**
- ✓ **No Determination of Affiliation or Control May Be Found Based on the Agreement or Any Assistance Provided Pursuant to the Agreement**

Can a Large Business and Small Business Joint Venture on Projects Under the Mentor-Protégé Program?

YES - In Accordance With 13 C.F.R. 124.520 - a Joint Venture Between an approved Mentor and Protégé Firm will be deemed small provided the Protégé qualifies as small for the Size Standard corresponding to the NAICS Code assigned to the procurement and has not reached the dollar limit.

Who Can Be A Mentor?

- ✓ **8(a) Participant in the Transitional Stage**
- ✓ **A Graduated 8(a) Firm Program**
- ✓ **A Small or Large Business**

What Are the Requirements to Become a Mentor?

A Mentor Must Demonstrate That It:

- ✓ **Possesses Favorable Financial Position**
- ✓ **Possesses Good Character**
- ✓ **Is Not on the Federal Debarred or Suspended List**
- ✓ **Can Provide Valuable Support to a Protégé**

How Does an 8(a) Participant Qualify as a Protégé?

8(a) Participant Must:

- ✓ **Be in the Program Developmental Stage or**
- ✓ **Have Never Received an 8(a) Contract or**
- ✓ **Be Less Than Half the Size Standard Corresponding to its Primary NAICS Code, and**
- ✓ **Be an 8(a) Participant in Good Standing**

How Many Protégés Can a Mentor Have?

✓ **A Mentor Can Have Only One Protégé at a Time**

Unless the Mentor Can Demonstrate That the Additional Mentor-Protégé Relationship(s) Will Not Adversely Affect the Development of Either Protégé

NOTE: Must be Approved by SBA HQ

What Must a Mentor-Protégé Agreement Include?

- ✓ **Must Be in Writing**
- ✓ **An Assessment of the Protégé's Needs**
- ✓ **A Description of the Specific Assistance That the Mentor Will Provide to Address Those Needs**
- ✓ **Be for at least one year**
- ✓ **Include a provision that either party can terminate with 30 days advance notice to the other party and SBA**

What is the Approval Process for a Mentor-Protégé Agreement?

- ✓ **The Agreement is submitted to the BDS in the protégé's District Office**
- ✓ **District Office Recommends Approval/Disapproval and forwards the Agreement to Headquarters**
- ✓ **Associate Administrator for 8(a) Business Development approves/disapproves the Agreement**

When Will SBA Not Approve a Mentor-Protégé Agreement?

- ✓ **If the Assistance to be Provided is Not Sufficient to Promote Developmental Gains to the Protégé**
- ✓ **If the Agreement is Deemed a Mechanism to Enable a Non-8(a) Participant to Receive 8(a) Contracts**

Can a Mentor-Protégé Agreement Be Modified Without SBA's Approval?

NO

How Will SBA Annually Evaluate a Mentor-protégé Relationship?

- ✓ **In Its Annual Business Plan Update, the Protégé Must Certify That the Mentor-Protégé Agreement Has Not Been Modified Without Prior SBA Approval**
- ✓ **The DO Will Review the Mentor-Protégé Relationship Report As Part of the Annual Review of the Protégé's Business Plan**

Reporting Requirements for Protégé Firms – The Annual Update Must Describe;

- ✓ **All Federal Contracts Awarded to the Mentor-protégé Relationship As Joint Ventures**
- ✓ **A Narrative Describing Mentor's Success in Assisting Protégé**
- ✓ **All Technical And/or Management Assistance Provided by Mentor;**
- ✓ **All Loans Received From, or Equity Investments Made by the Mentor;**
- ✓ **All Subcontracts Awarded by the Mentor, and the Value of Each of Each Subcontract;**

How Will SBA Annually Evaluate a Mentor-protégé Relationship?

Based on the BDS' recommendation, the ADD/8(a)BD makes the final determination whether to authorize the continuation of the Mentor/Protégé Agreement.



QUESTIONS?



8(a) Business Development

Joint Venture Agreement

What is a Joint Venture Agreement (JVA)?

An agreement between an eligible 8(a) participant and one or more other business concerns to establish a new legal entity solely for the purpose of performing a specific 8(a) contract.

Joint Ventures are permitted only when:

- **The 8(a) participant lacks the overall ability to perform the contract on its own;**
- **The Joint Venture arrangement is fair & equitable;**
- **The Joint Venture will be of substantial benefit to the 8(a) participant and;**
- **The 8(a) participant brings substantial resources and/or expertise to the Joint Venture.**

What Role Must the 8(a) Participant Have in the Joint Venture?

- **The 8(a) participant must be designated as the managing (lead) venturer.**
- **An employee of the managing venturer must serve as project manager responsible for performance of the 8(a) contract.**
- **The 8(a) Participant will receive not less than 51% of the net profits earned by the joint venture.**

How does SBA Determine the Joint Venture is Small (Size Standard)?

For all sole source requirements and competitive 8(a) procurements that are equal to or less than half the size standard of the NAICS code assigned to the requirement or are \$10 million or less for employee-based size standards:

- **The 8(a) concern is considered to be affiliated for size purposes with the other concern(s) and;**
- **The combined annual receipts or number of employees of all concerns in the Joint Venture must not exceed the size standard for the NAICS code assigned to the 8(a) procurement.**

General Requirements for Submission of a Joint Venture -

- **Submission of Joint Venture Agreement to the District Office not less than 20 working days prior to the scheduled date for contract award;**
- **Must be approved by SBA prior to award of an 8(a) contract to the Joint Venture;**
- **SBA must approve, in advance, all proposed amendments, modifications, or extensions to a Joint Venture Agreement.**

What Must the 8(a) Participant & Joint Venture Partner Provide to SBA?

PLEASE SEE HANDOUT PROVIDED.

How Much of the Work Under a Requirement Must the Joint Venture Perform?

In order to be awarded an 8(a) contract, the Joint Venture must perform at least the following percentages of work (13 CFR 124.510, 13 CFR 125.6):

- **Services (non-construction) 50% of the cost of the contract incurred for personnel with its own employees;**
- **Supplies or Products. 50% of the cost of manufacturing the supplies or products (not including cost of materials);**
- **General Construction. 15% of the cost of the contract with its own employees (not including the cost of materials; and**
- **Special Trade Construction. 25% of the cost of the contract with its own employees (not including the cost of materials).**

How Much of the Work of the Joint Venture Must the 8(a) Participant Perform?

*The 8(a) Participant must perform a **significant** portion of the contract. Significance must be determined on a case-by-case basis, factoring considerations such as:*

- Portion of the work to be performed by the 8(a) participant must be sufficient to support the significant portion of the profits;
- The nature of the industry of the procurement;
- The level of resources dedicated by the participant (including man-hours, equipment, bonding, etc.); and
- The ultimate business development benefits the participant will receive from their performance on the contract.

QUESTIONS?

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