



# DoD Mentor Protégé Program

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# DoD Mentor Protégé Program



The Department's Mentor-Protégé Pilot Program was established November 5, 1990 (Public Law 101-510) in an effort to respond to concerns, raised by DoD prime contractors, that many SDBs did not possess the technical capabilities to perform DoD subcontract requirements making it difficult for these prime contractors to achieve their SDB subcontracting goals.

## Current Status:

- Reauthorized **November 25, 2015** via National Defense Authorization Act (NDAA) 2016
- Direct reimbursement of costs and credit towards subcontracting goals may be incurred through **September 30, 2018** \*

\* IAW Public Law 114-92, Section 861, subsection (j)(2)



# Program Objectives



## **Provide incentives to major DoD contractors by:**

Furnishing technical and business assistance to Small Disadvantaged Businesses (SDBs) that employ the severely disabled, Women-Owned Small Businesses (WOSB), Service-Disabled Veteran-Owned and Controlled Businesses (SDVOSB) and Qualified HUBZone Small Businesses

Enhancing their capabilities to satisfy DoD and other contract and sub-contract requirements

Increasing the overall participation of protégé firms to perform as subcontractors and suppliers under DoD, other Federal agency, and commercial contracts

Fostering the establishment of long-term business relationships which benefit DoD and the Defense Industrial Base (DIB)

Increasing DoD Protégé firms' technical and business infrastructure capabilities to contract with DoD or other Federal agencies

Demonstrating benefits to the Warfighter through technology transfer: Prototyping, Testing, Evaluation



# How is Program Success Measured



## **DOD OSBP MPP Metrics:**

- An increase in the dollar value of contract and subcontract awards, and revenue to protégé firms (under DoD contracts, contracts awarded by other Federal/Non-Federal agencies and commercial contracts) from the date of DOD Mentor-Protégé Agreement (MPA) execution until 2-years *after* conclusion of the MPA
- An increase in the number and dollar value of sub-contracts awarded to Protégé firms (and former Protégé firms) by the Mentor firm
- An increase in the employment levels of Protégé firms from the date of MPA execution until 2-years after MPA completion
- The number of potential innovative technologies transferred into DoD Programs of Record



# Key Factors for a Successful MPP Relationship



- When the department increases the industrial base with a qualified vendor that can support the Warfighter's needs through technology transfer or services...a "win-win."
- When the Protégé is able to continue to grow long after the agreement ends.
- When the Mentor and Protégé achieve a long-term partnership with the department and other Federal agencies. In some cases, the Protégé is the Prime and the Mentor is the sub.



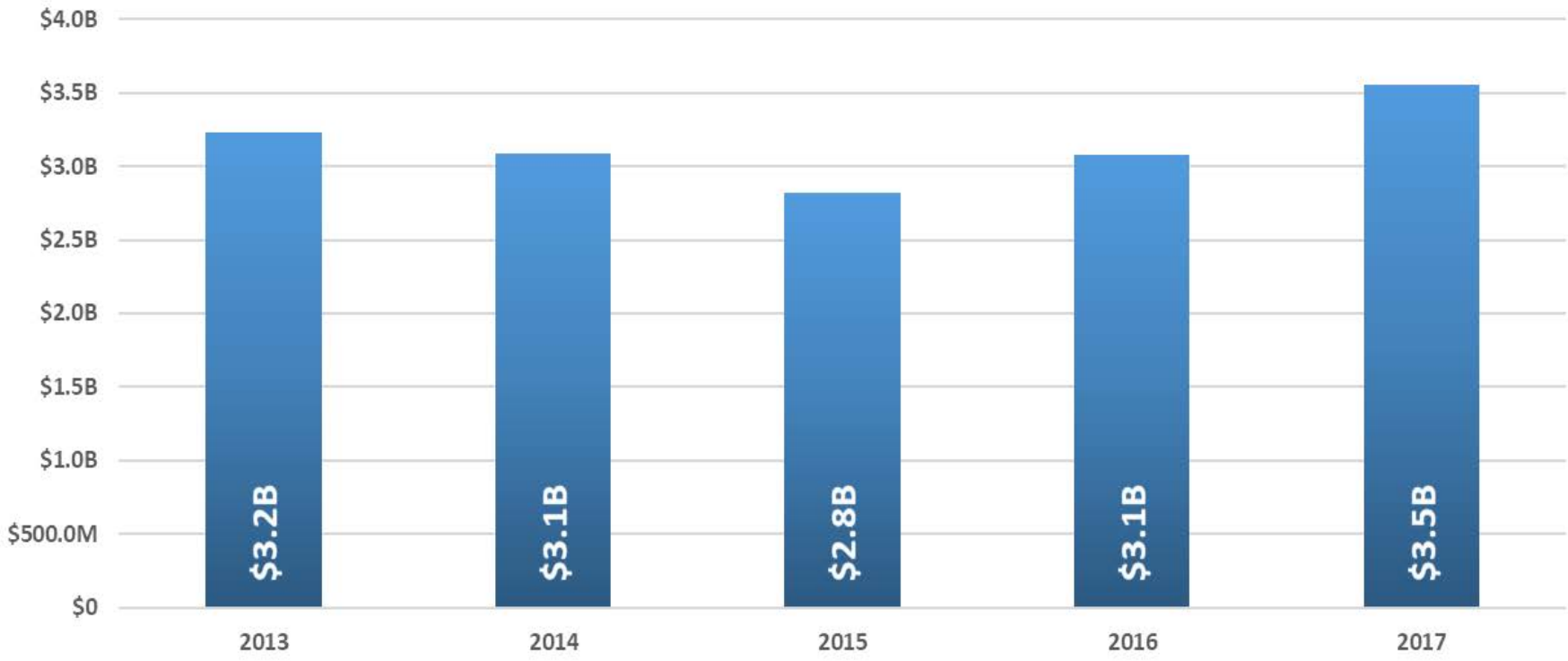
# Key Factors for an MPP Agreement



- Establish a quality relationship between the Mentor and Protégé.
  - “It’s like marriage, you have to date prior to getting married.”
  - Recommended timeframe is 12-18 months before applying for the MPP.
- Identify mutual benefits for the Mentor and the Protégé prior to selecting a candidate.
- Ensure goals and priorities for both companies are aligned prior to the agreement.
- Ensure the Mentor and Protégé company leadership is committed to the program.
- Ensure there is strong communication between the Mentor, Protégé, and the Agency PM.



# Mentor-Protégé Program – Protégés Contribution to the DoD Industrial Base



- Since 2013 current and former MPP protégés have contributed nearly \$16 billion of work to the DoD industrial base
- This averages out to over \$3 billion a year
- In FY 2017 alone, there were over 350 former MPP protégés on prime contracts for the DoD







# MPP Protégé Impact on Major Defense Programs



**Standard Missile -3 (SM-3)**



**F-35 Aircraft**



**KC-130J Aircraft**



**AN/APY-10 Maritime/Overland Radar**



**AN/FPS-132 Upgraded Early Warning Radar**



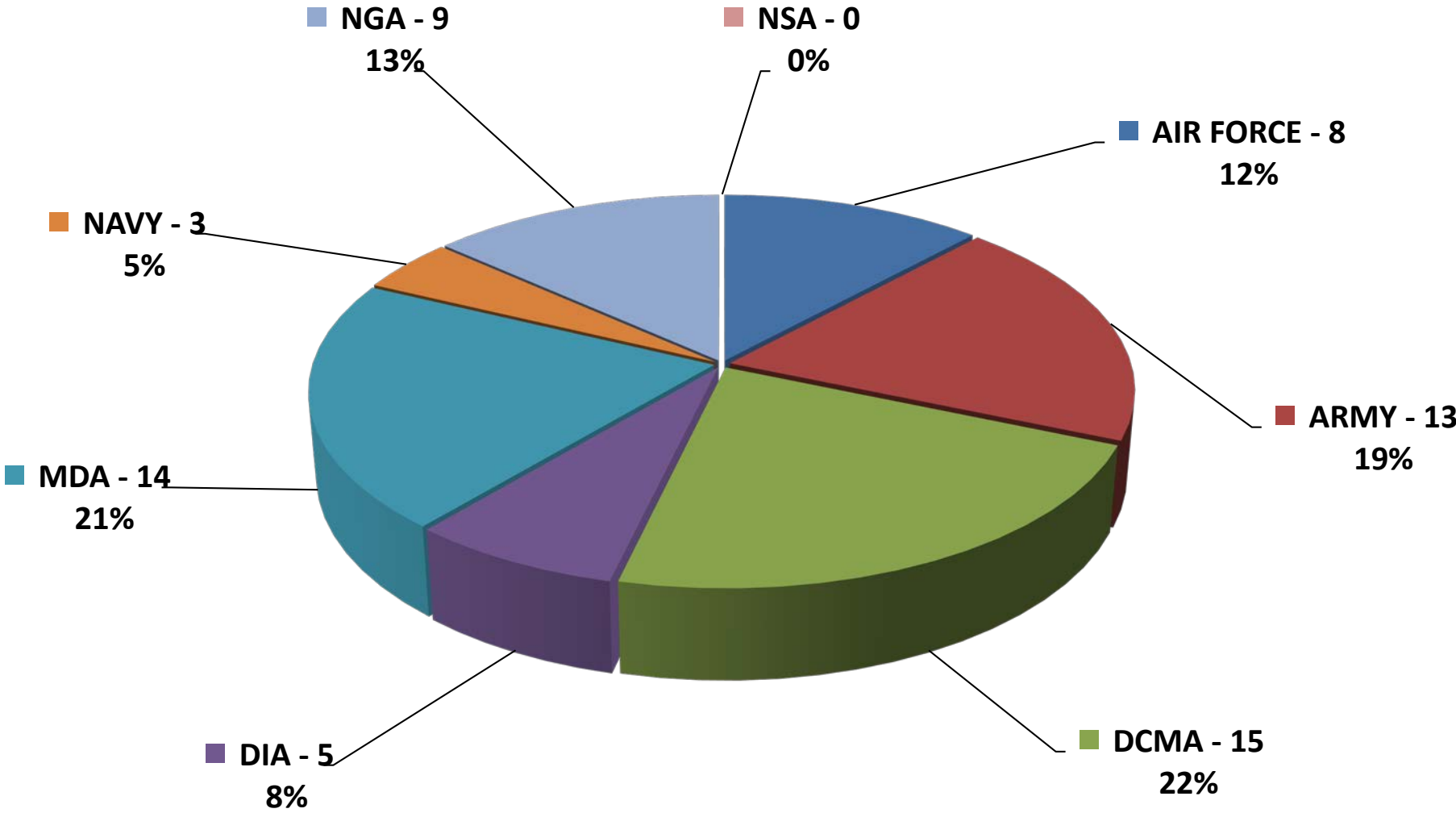
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# Mentor Protégé Program Participants





# DoD MPP Agreement Breakout





# Mentor Protégé Program Updates



## Changes effective 23 March 2018

1. New reporting requirements for mentor firms to provide information to DoD OSBP to support decisions regarding continuation of particular mentor-protégé agreements
2. New eligibility criteria: add limitations on a protégé firms participation in the MPP
3. Nontraditional Defense Contractor
4. Extends the program until September 2021
5. Amends requirements for business development assistance provided by a mentor firm and for reimbursement of fees assessed by the mentor firm



# Types of MPP Agreements

## DoD Mentor-Protégé Agreements (MPAs)

- Direct Reimbursement MPAs
- Credit MPAs
- Hybrid MPAs (Credit MPA + Reimbursement MPA)



# Directly Reimbursed MP Agreements

## **Direct Reimbursement of cost of developmental assistance:**

- Identify specific contract vehicle/contracting officer endorsement
- Highly encouraged to use HBCU/MI/SBDC/PTAC
- Direct cost reimbursement of allowable costs outlined in Appendix I, including:
  - Direct labor costs (for assistance by Mentor firm employees)
  - Assistance provided by HBCU/MI/SBDC/PTAC
  - Other costs
    - Detailed Cost Breakdown
- Service Components/Other Defense Agencies (ODAs) may have additional mission priorities and requirements
- Requires Service Component/Other Defense Agency (ODA) Approval



# Credit MP Agreements

## Provides credit toward DoD subcontracting goals:

- Requires Defense Contract Management Agency (DCMA) approval
- More focused on business infrastructure
- Costs incurred under Credit Agreement
- May be applied (in the following multiples) towards SDB subcontracting goals under any Federal Agency Subcontracting plan: (FAR 19.703)
  - 4x for assistance provided by HBCU/MI/SBDC/PTAC i.e. **\$400,000** SubK credit given if **\$100,000** in SDB assistance is provided by a DoD Mentor via an HBCU/MI, SBDC, or PTAC
  - 3x for labor assistance by Mentor firm employees
  - 2x other costs (example: travel or training)



# Criteria for MPP Agreements



- Must show value to DoD and enhance Defense Industrial Base
- May not exceed 3 years
- Must have milestones
- Must have metrics
- Must provide estimated dollar amount of subcontracts
- Must provide detailed cost breakdown
  - **The total amount reimbursed to a DoD Mentor for costs of assistance furnished to a DoD Protégé in a fiscal year may not exceed \$1M**
  - **The average cost of a 3-year direct reimbursed agreement is \$500,000 — \$750,000 (for all three years)**





# New MPP Mentor Eligibility under NDAA 2016\*



To be eligible to participate as a mentor, an entity must—

**(1) Be eligible for the award of Federal contracts;**

**(2) Demonstrate that it—**

- (i) Is qualified to provide assistance that will contribute to the purpose of the Program;
- (ii) Is of good financial health and character; and
- (iii) Is not on a Federal list of debarred or suspended contractors; and

**(3) Be capable of imparting value to a protégé firm because of experience gained as a DoD contractor or through knowledge of general business operations and Government contracting, as demonstrated by evidence that such entity—**

- (i) Received DoD contracts and subcontracts equal to or greater than \$100 million during the previous fiscal year;
- (ii) Is an other-than-small business, unless a waiver to the small business exception has been obtained from the Director, Small Business Programs (SBP), OUSD(AT&L);
- (iii) Is a prime contractor to DoD with an active subcontracting plan; or
- (iv) Has graduated from the 8(a) Business Development Program and provides documentation of its ability to serve as a mentor.



# MPP Protégé Eligibility

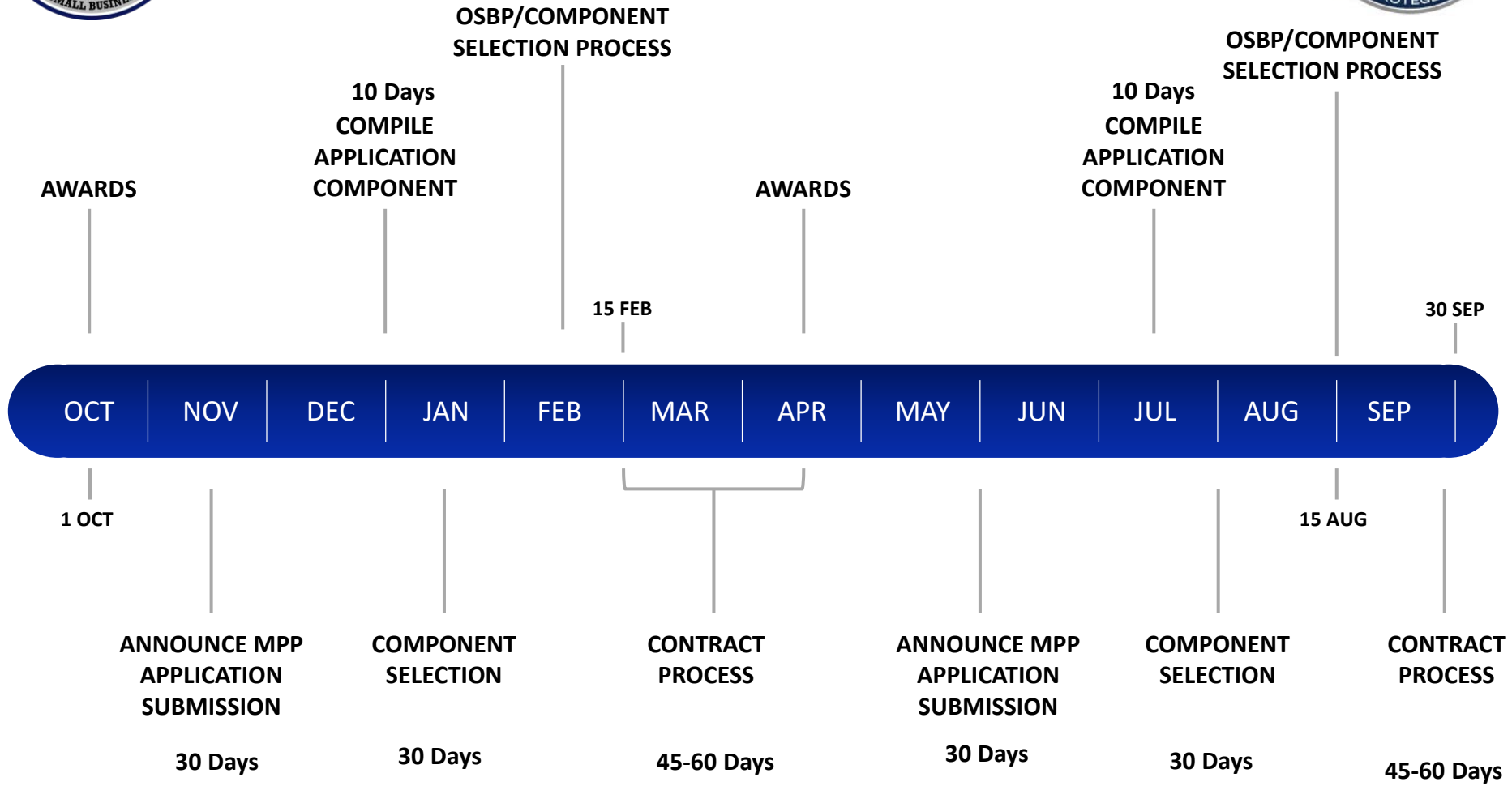


## **A Qualifying Protégé must be one of the following:**

- A “nontraditional defense contractor”
- A qualified HUBZone small business concern
- A Woman-Owned Small Business (WOSB)
- A Service-Disabled Veteran-Owned Small Business (SDVOSB)
- Socio-economically disadvantaged small business
- A qualified organization employing the severely disabled
- An entity currently providing goods or services in the private sector critical to enhancing the capabilities of the defense supplier base and key to fulfilling key DoD needs
- Eligible for award of Federal contracts
- Less than half the Small Business Administration (SBA) size standard for its primary North American Industry Classification System (NAICS) code.



# Mentor Protégé Program Process Timeline





# Mentor Protégé Program Benefits



## ***Benefits to DoD:***

- Stimulate and transition innovative technologies into established Defense Acquisition programs
- Resolve operational challenges and other critical national security requirements
- Provides developmental and technical assistance to Protégé for potential business opportunities with DoD agencies and other federal agencies

## ***Mentor Benefits:***

- Develop long-term business relationships with SDB concerns
- Develop SDB subcontracting base
- Teaming opportunities with the Protégé to win new contracts and/or subcontracts

## ***Protégé Benefits:***

- Relevant technical assistance
- Teaming opportunities with the Mentor to win new contracts and/or subcontracts
- DoD long-term Industrial Base partnership



# DoD/SBA MPP Program Key Differences



	DoD	SBA 8(a) Business Development (BD)	SBA All Small
<b>Source</b>	Appendix I of 48 CFR Chapter 2 Established under Sec 831 of Pub. L. 101-510, the NDAA for FY 1991.	13 CFR 124	13 CFR 125.9 Established by the Small Business Jobs Act of 2010 and the NDAA 2013
<b>Purpose</b>	<ol style="list-style-type: none"> <li>1. Enhance the capabilities the protégé to perform as subcontractors and suppliers under DOD contracts</li> <li>2. Increase the participation of protégé as subcontractors and suppliers under DOD contracts.</li> </ol>	<ol style="list-style-type: none"> <li>1. Enhance the capabilities of the protégé (an 8(a) BD Program participant).</li> <li>2. Assist the protégé with meeting the goals established in its SBA-approved business plan.</li> <li>3. Improve the protégé's ability to successfully compete for contracts.</li> </ol>	<ol style="list-style-type: none"> <li>1. Enhance the capabilities of protégé firms by requiring approved mentors to provide business development assistance to protégé firms.</li> <li>2. Improve the protégé firms' ability to successfully compete for federal contracts.</li> </ol>
<b>Funding (dollars in millions)</b>	23.1 million (fiscal year 2017)	None	None



# DoD/SBA MPP Program Key Differences



	DoD	SBA 8(a) Business Development (BD)	SBA All Small
<b>Eligibility Requirements (Protégé)</b>	Protégé <u>must</u> be one of the following: <ol style="list-style-type: none"> <li>1. Nontraditional defense contractor</li> <li>2. HUBZone</li> <li>3. WOSB</li> <li>4. SDVOSB</li> <li>4. Socio-economically disadvantaged SB</li> <li>5. Employing the severely disabled</li> <li>6. Providing goods or services critical to enhancing DoD capabilities</li> <li>7. Be eligible for award of Federal contracts.</li> <li>8. Less than half the (SBA) size standard for its primary NAICS code.</li> </ol>	Protégé <u>must</u> : <ol style="list-style-type: none"> <li>1. Qualify as small for the size standard corresponding to its primary or secondary NAICS code</li> <li>2. Demonstrate how the business development assistance will advance the goals and objectives set forth in its business plan.</li> </ol>	Protégé <u>must</u> : <ol style="list-style-type: none"> <li>1. Qualify as small for the size standard corresponding to its primary or secondary NAICS code.</li> <li>2. SBA will not approve a relationship in a secondary NAICS code in which the firm has no prior experience.</li> </ol>
<b>Eligibility Requirements (Mentors)</b>	Mentor <u>must</u> be: <ol style="list-style-type: none"> <li>1. A prime contractor currently performing under DoD contracts with at least one active subcontracting plan; or</li> <li>2. A graduated 8(a) firm that thoroughly demonstrates its ability to serve as a mentor; and</li> <li>3. Be eligible for the award of Federal contracts</li> </ol>	Mentor <u>must</u> : <ol style="list-style-type: none"> <li>1. Be capable of carrying out responsibilities as a Mentor to assist the protégé firm.</li> <li>2. Possess good character.</li> <li>3. Not appear on the federal list of debarred or suspended contractors; and</li> <li>4. Be able to impart value to a protégé (from lessons learned, practical experience gained from the 8(a) BD program, or through its knowledge of general business operations and government contracting)</li> </ol>	Mentor <u>must</u> : <ol style="list-style-type: none"> <li>1. Be capable of carrying out responsibilities as a Mentor to assist the protégé firm.</li> <li>2. Possess good character.</li> <li>3. Not appear on the federal list of debarred or suspended contractors; and</li> <li>4. Be able to impart value to a protégé (from lessons learned or through its knowledge of general business operations and government contracting)</li> </ol>



# DoD/SBA MPP Program Key Differences

	DoD	SBA 8(a) Business Development (BD)	SBA All Small
<b>Max Number of Agreements - Mentor</b>	More than one protégé depending on their size.	One to three protégés at a time with SBA approval.  SBA may authorize a participant to be both a mentor and a protégé at the same time.	One to three protégés at a time with SBA approval.  SBA may authorize a participant to be both a mentor and a protégé at the same time.
<b>Max Number of Agreements -Protégé</b>	One active DOD mentor-protégé agreement at a time.	One mentor at a time.  SBA may approve a second mentor for a particular protégé firm after additional conditions are met.	One mentor at a time.  SBA may approve a second mentor for a particular protégé firm after additional conditions are met.
<b>Developmental Assistance Mentor may provide to Protégé</b>	<ol style="list-style-type: none"> <li>1. Management and/or technical assistance</li> <li>2. Award subcontracts</li> <li>3. Make loans</li> <li>4. Make advance and/or progress payments under subcontracts</li> <li>5. Obtain assistance from Small Business Developmental Centers, Procurement Technical Assistance Centers, historically black colleges and universities, or minority institutions of higher education.</li> </ol>	<ol style="list-style-type: none"> <li>1. Management and/or technical assistance</li> <li>2. Award subcontracts</li> <li>3. Trade education</li> <li>4. Make loans and/or equity investments, and cooperate on joint venture projects.</li> </ol>	<ol style="list-style-type: none"> <li>1. Management and/or technical assistance</li> <li>2. Award subcontracts</li> <li>3. Trade education</li> <li>4. Make loans and/or equity investments, and cooperate on joint venture projects.</li> </ol>



# DoD/SBA MPP Program Key Differences



	<b>DoD</b>	<b>SBA 8(a) Business Development (BD)</b>	<b>SBA All Small</b>
<b>Mechanism to encourage Mentor Participation</b>	Will provide mentors with either cost reimbursement or credit against applicable subcontracting goals established under contracts with DOD or other federal agencies.	A mentor and protégé may participate in a joint venture as a small business for any government prime contract or subcontract, including procurements with a dollar value less than half the size standard corresponding to the assigned NAICS code and 8(a) sole source contracts, provided the protégé qualifies as small for the procurement and additional provisions for 8(a) sole source contracts.	<p>A mentor and protégé may participate in a joint venture as a small business for any government prime contract or subcontract, provided the protégé qualifies as small for the procurement. Such a joint venture may seek any type of small business contract (i.e., small business set-aside, 8(a), HUBZone, service-disabled veteran-owned small business, or women-owned small business) for which the protégé firm qualifies and within certain requirements, receives exclusion from the affiliation rules for the duration of the joint venture agreement.</p> <p>Procuring activities may provide incentives in the contract evaluation process to a mentor that will provide significant subcontracting work to its SBA- approved protégé firm, where appropriate.</p>





# Mentor Protégé Program Key Focus Areas



- Receive congressional reauthorization for the Mentor Protégé Program beyond 2021
- Identify ways to collaborate with SBIR, RIF, and MIBP to address critical technology areas in which the Mentor Protégé Program support
- Expand the Mentor Protégé Program to other DoD agencies (DTRA, DISA, DSS)
- Develop an automated portal for the Mentor Protégé Program application process



***“To build a successful partnership it needs to be mutually beneficial and closely managed with an emphasize on growing trust”***



# Questions