

FREQUENTLY ASKED QUESTIONS AND ANSWERS (FAQ'S)

1) QUESTION: WHAT IS THE PURPOSE OF THE MENTOR-PROTEGE PROGRAM?

ANSWER: THE MENTOR-PROTEGE PROGRAM IS DESIGNED TO ENHANCE THE CAPABILITIES OF 8(A) PARTICIPANTS IN THE PROGRAM AND TO IMPROVE THEIR ABILITY TO SUCCESSFULLY COMPETE FOR AND RECEIVE FEDERAL GOVERNMENT CONTRACTS. MENTORS WILL EXPAND SBA'S EFFORTS TO IDENTIFY AND RESPOND TO THE DEVELOPMENTAL NEEDS OF THE 8(A) CLIENTS.

2) QUESTION: WHAT TYPES OF ASSISTANCE MAY BE PROVIDED BY MENTORS THROUGH THE MENTOR-PROTEGE PROGRAM?

ANSWER: TECHNICAL AND CONTRACT MANAGEMENT ASSISTANCE, FINANCIAL AID IN THE FORM OF EQUITY INVESTMENTS AND/OR LOANS, SUBCONTRACT SUPPORT; AND BRINGING CAPABILITIES TO THE 8(A) CONTRACTOR THROUGH JOINT VENTURE (JV) ARRANGEMENTS THAT ASSIST THE 8(A) CONCERN IN PERFORMING ON REQUIREMENTS FOR WHICH IT WOULD OTHERWISE NOT QUALIFY.

3) QUESTION: WHAT ARE THE REQUIREMENTS TO BE A MENTOR?

ANSWER: A MENTOR CAN BE A PARTICIPANT IN THE TRANSITIONAL STAGE, A FIRM THAT HAS GRADUATED FROM THE PROGRAM, ANY OTHER BUSINESS, LARGE OR SMALL. A MENTOR MUST SHOW BOTH COMMITMENT AND THE ABILITY TO ASSIST AN 8(A) PROTEGE IN THE PROGRAM.

A MENTOR MUST DEMONSTRATE THAT IT POSSESSES A FAVORABLE FINANCIAL HEALTH, INCLUDING PROFITABILITY FOR AT LEAST THE LAST TWO YEARS, AND EXHIBITS A GOOD CHARACTER; THAT IT IS NOT, NOR HAS EVER BEEN ON THE FEDERAL LIST OF DEBARRED OR SUSPENDED CONTRACTORS; AND THAT IT CAN PROVIDE VALUABLE SUPPORT TO A PROTEGE AS EVIDENCED BY PRACTICAL EXPERIENCE GAINED THROUGH PARTICIPATION IN THE 8(A) PROGRAM, OR THROUGH ITS GENERAL KNOWLEDGE OF GOVERNMENT CONTRACTING; AND

WHEN SUBMITTING THE MENTOR-PROTEGE AGREEMENT TO THE SMALL BUSINESS ADMINISTRATION (SBA) FOR INITIAL APPROVAL, AND WHEN PROVIDING SUBSEQUENT ANNUAL UPDATES, THE MENTOR MUST CERTIFY THAT IT POSSESSES A FAVORABLE FINANCIAL POSITION AND POSSESSES GOOD CHARACTER. A COPY OF THE MENTOR'S FEDERAL TAX RETURNS FOR THE LAST TWO YEARS ALONG WITH THE MOST RECENT YEAR-END AND CURRENT FINANCIAL STATEMENTS MUST BE PROVIDED TO SBA WITH THE ANNUAL UPDATE.

4) QUESTION: HOW MANY PROTEGES CAN A MENTOR HAVE?

ANSWER: GENERALLY, A MENTOR MAY HAVE ONLY ONE PROTEGE AT A TIME. HOWEVER, THE SBA'S ASSOCIATE ADMINISTRATOR FOR 8(A) BUSINESS DEVELOPMENT (AA/8(A)BD) MAY AUTHORIZE A MENTOR TO HAVE MORE THAN ONE PROTEGE; AND ONLY IF IT CAN DEMONSTRATE THAT ADDITIONAL MENTOR-PROTEGE RELATIONSHIPS WILL NOT ADVERSELY AFFECT THE DEVELOPMENT OF EITHER OF THE PROTEGE FIRMS. (FOR INSTANCE, THE SECOND FIRM CANNOT BE A COMPETITOR OF THE FIRST FIRM.). SIMILARLY, A PROTEGE MAY HAVE ONLY ONE MENTOR AT A TIME. THERE IS NO PROVISION FOR THE PROTEGE TO SIMULTANEOUSLY HAVE TWO OR MORE MENTORS.

5) QUESTION: WHAT ARE THE REQUIREMENTS TO BECOME A PROTEGE?

ANSWER: TO QUALIFY AS A PROTEGE, A PARTICIPANT MUST:

BE IN THE 8(A) PROGRAM DEVELOPMENTAL STAGE; OR

NEVER HAVE RECEIVED AN 8(A) CONTRACT, OR BE LESS THAN HALF THE SIZE STANDARD CORRESPONDING TO ITS PRIMARY SIC CODE; AND,

BE IN GOOD STANDING IN THE PROGRAM (E.G., FIRMS THAT DO NOT HAVE TERMINATION OR SUSPENSION PROCEEDINGS AGAINST THEM, AND ARE CURRENT WITH ALL ELIGIBILITY AND REPORTING REQUIREMENTS).

NOTE: A OR B AND C MUST BE MET TO QUALIFY AS A PROTEGE.

6) QUESTION: WHAT ARE THE BENEFITS OF PARTICIPATING IN THE MENTOR-PROTEGE PROGRAM?

ANSWER: THE BENEFITS OF PARTICIPATING IN THE MENTOR-PROTEGE PROGRAM ARE:

THE MENTOR AND PROTEGE MAY JOINT VENTURE AS A SMALL BUSINESS FOR ANY GOVERNMENT CONTRACT.

EXPERTISE, RESOURCES AND CAPABILITIES OF THE MENTOR ARE MADE AVAILABLE TO THE 8(A) PARTICIPANT PROTEGE.

TO AID THE PROTEGE TO RAISE CAPITAL. (E.G., MENTORS MAY OWN AN EQUITY INTEREST UP TO 40% IN THE PROTEGE FIRM.)

NO DETERMINATION OF AFFILIATION OR CONTROL MAY BE FOUND BETWEEN A PROTEGE FIRM AND ITS MENTOR BASED ON THE MENTOR/PROTEGE AGREEMENT OR ANY ASSISTANCE PROVIDED PURSUANT TO THE AGREEMENT.

THE PROTEGE, DUE TO THE ADDITIONAL CAPABILITIES GAINED FROM THE MENTOR, — MAY BETTER QUALIFY FOR OTHER ASSISTANCE AS A SMALL BUSINESS, INCLUDING SBA FINANCIAL ASSISTANCE.

7) QUESTION: WHAT MUST A MENTOR-PROTEGE AGREEMENT INCLUDE?

ANSWER: THE AGREEMENT MUST BE IN WRITING; AND INCLUDE AN ASSESSMENT OF THE PROTEGE'S NEEDS, TOGETHER WITH A DESCRIPTION OF THE SPECIFIC ASSISTANCE THAT THE MENTOR WILL PROVIDE TO ADDRESS THOSE NEEDS. THE AGREEMENT MUST ALSO PROVIDE FOR THE TERMINATION OF THE AGREEMENT WITH 30 DAYS ADVANCE NOTICE TO THE OTHER PARTY AND TO SBA. ADDITIONALLY, THE AGREEMENT SHOULD STATE THAT IT IS FOR AT LEAST ONE YEAR.

8) QUESTION: IS THERE A MINIMUM TERM FOR A MENTOR-PROTEGE AGREEMENT?

ANSWER: YES. UNDER THE AGREEMENT, THE MENTOR MUST PROVIDE ASSISTANCE TO THE PRO-

TEGE FOR AT LEAST ONE YEAR.

9) QUESTION: IS THERE A MAXIMUM TERM FOR A MENTOR-PROTEGE RELATIONSHIP?

ANSWER: NO, THERE IS NO MAXIMUM TERM PER SE. THE WRITTEN AGREEMENT MUST STATE THAT THE MENTOR WILL PROVIDE SUCH ASSISTANCE TO THE PROTEGE FIRM FOR AT LEAST ONE YEAR. THE RELATIONSHIP ENDS OR IS TERMINATED UPON COMPLETION OF THE GOALS AND OBJECTIVES OF THE AGREEMENT (WITHIN THE NINE-YEAR PROGRAM TIME FRAME). THE RELATIONSHIP CAN ALSO BE TERMINATED WITH 30-DAYS ADVANCE NOTICE ISSUED BY EITHER PARTY TO THE OTHER (PARTY) WITH A COPY FURNISHED TO THE SBA. ADDITIONALLY, SBA CAN TERMINATE THE MENTOR-PROTEGE AGREEMENT DURING THE ANNUAL REVIEW.

10) QUESTION: WHO APPROVES A MENTOR-PROTEGE AGREEMENT AND HOW IS IT APPROVED?

ANSWER: SBA HEADQUARTERS WILL GIVE FINAL APPROVAL, OR DECLINATION OF THE AGREEMENT. THE AGREEMENT WILL BE SUBMITTED TO THE PROTEGE'S DISTRICT OFFICE FOR EVALUATION BY THE BUSINESS OPPORTUNITY SPECIALIST (BOS). THE ADD/8(A) BD, (THROUGH THE DISTRICT COUNSEL AND DISTRICT DIRECTOR), WILL FORWARD THE AGREEMENT WITH A BRIEF WRITTEN EVALUATION AND RECOMMENDATION TO THE ASSOCIATE ADMINISTRATOR FOR 8(A)BD. THE COMPLETE PACKAGE WILL BE PROVIDED TO THE AA/8(A)BD FOR FINAL APPROVAL. WITHIN 15 BUSINESS DAYS OF RECEIPT OF THE PACKAGE, THE AA/8(A)BD WILL EITHER APPROVE OR DECLINE THE AGREEMENT. ONCE A DECISION IS MADE FOR APPROVAL OR DECLINATION, THE PACKAGE WILL BE RETURNED TO THE DISTRICT OFFICE.

11) QUESTION: WHEN WILL SBA NOT APPROVE A MENTOR-PROTEGE AGREEMENT?

ANSWER: SBA WILL NOT APPROVE A MENTOR-PROTEGE AGREEMENT IF THE ASSISTANCE TO BE PROVIDED IS INSUFFICIENT TO PROMOTE ANY REAL DEVELOPMENTAL GAINS TO THE PROTEGE; OR IF THE AGREEMENT IS SEEN AS JUST A MECHANISM FOR NON-8(A) FIRMS TO CONTINUE PARTICIPATION IN 8(A) CONTRACT OPPORTUNITIES.

12) QUESTION: CAN A MENTOR-PROTEGE AGREEMENT BE MODIFIED WITHOUT SBA APPROVAL?

ANSWER: NO. ONLY THE ASSOCIATE ADMINISTRATOR/8(A)BD CAN APPROVE MODIFICATIONS; AND ANY MODIFICATION(S) MUST BE SUBMITTED IN ADVANCE.

13) QUESTION: HOW WILL SBA ANNUALLY EVALUATE A MENTOR-PROTEGE RELATIONSHIP?

ANSWER: ANNUALLY, THE PROTEGE MUST CERTIFY THAT THE MENTOR-PROTEGE AGREEMENT HAS NOT BEEN MODIFIED WITHOUT PRIOR SBA APPROVAL. THE ANNUAL UPDATE MUST DESCRIBE:

ALL TECHNICAL AND/OR MANAGEMENT ASSISTANCE PROVIDED BY THE MENTOR;

ALL LOANS AND/OR EQUITY INVESTMENTS MADE BY THE MENTOR;

ALL SUBCONTRACTS AWARDED BY THE MENTOR, AND THE VALUE OF EACH SUBCONTRACT;

ALL FEDERAL CONTRACTS AWARDED TO THE MENTOR-PROTEGE RELATIONSHIP AS A JOINT-VENTURE (JV) (DESIGNATING EACH AS AN 8(A), SMALL BUSINESS SET-ASIDE, OR UNRESTRICTED PROCUREMENT), THE VALUE OF EACH CONTRACT, AND THE PERCENTAGE OF THE CONTRACT PERFORMED AND THE PERCENTAGE OF THE REVENUE ACCRUING TO EACH PARTY TO THE JV; AND

A NARRATIVE DESCRIBING THE BENEFITS AND SUCCESSES REALIZED BY THE PROTEGE DUE TO THE MENTOR'S ASSISTANCE IN ADDRESSING ITS DEVELOPMENTAL NEEDS OF THE PROTEGE TOGETHER WITH A DESCRIPTION OF ANY PROBLEMS ENCOUNTERED.

SBA WILL REVIEW THE REPORT ON THE MENTOR-PROTEGE RELATIONSHIP AS PART OF THE ANNUAL REVIEW OF THE PROTEGE'S BUSINESS PLAN.

14) QUESTION: BY WHAT MEANS WILL SBA MONITOR THE MENTOR-PROTEGE PROGRAM TO SAFEGUARD AGAINST POTENTIAL MENTOR ABUSE OR EXCESSIVE CONTROL OVER THE PROTEGE?

ANSWER: THE LOCAL DISTRICT OFFICE WILL ANNUALLY REVIEW AND MONITOR THE MENTOR-PROTEGE RELATIONSHIP TO ENSURE THAT IT CONFORMS TO THE APPROVED AGREEMENT, AND TO EXAMINE THE RESULTS AND IMPACT OF THE RELATIONSHIP. DURING THIS ANNUAL REVIEW, THE DISTRICT OFFICE WILL EVALUATE WHETHER THERE IS ANY APPEARANCE OF NEGATIVE CONTROL (OR INFLUENCE) BY THE MENTOR.

15) QUESTION: IS THE SBA GOING TO ENCOURAGE AN 8(A) FIRM TO GIVE UP 40% OF THEIR FIRM TO A MENTOR?

ANSWER: NO. WE ARE NOT GOING TO ENCOURAGE AN 8(A) FIRM TO GIVE UP 40% OF THEIR COMPANY. THESE ARE BUSINESS DECISIONS THAT ONLY THE PROTEGE'S MANAGEMENT CAN MAKE. HOWEVER, SALE OF UP TO 40% EQUITY IN THE 8(A) CONCERN MAY PROVIDE AN OPPORTUNITY TO SECURE EQUITY CAPITAL THAT MAY NOT OTHERWISE BE AVAILABLE TO THE PROTEGE.

16) QUESTION: IS THERE A MAXIMUM NUMBER OF MENTOR-PROTEGE AGREEMENTS ALLOWED DURING THE PROGRAM PARTICIPATION TERM FOR A PROTEGE OR MENTOR?

ANSWER: NO. HOWEVER, THERE CAN ONLY BE ONE MENTOR-PROTEGE AGREEMENT IN EFFECT AT ANY ONE-TIME, UNLESS APPROVED BY THE SBA, - I.E. THE AA/8(A)BD.

17) QUESTION: CAN I BE A PROTEGE IN THE SBA MENTOR-PROTEGE PROGRAM, AND STILL BE ALLOWED TO PARTICIPATE IN MENTOR-PROTEGE PROGRAMS SPONSORED BY OTHER AGENCIES?

ANSWER: YES. WHILE EACH PROTEGE CAN ONLY HAVE ONE MENTOR THROUGH THE SBA MENTOR-PROTEGE PROGRAM, PARTICIPANTS ARE NOT PRECLUDED FROM HAVING OTHER MENTORS THROUGH OTHER MENTOR-PROTEGE PROGRAMS. LIKewise, MENTORS MAY HAVE OTHER PROTEGES UNDER OTHER MENTOR-PROTEGE PROGRAMS, BUT ONLY ONE PROTEGE THROUGH THE SBA MENTOR-PROTEGE PROGRAM, UNLESS APPROVED BY SBA'S ASSOCIATE ADMINISTRATOR FOR 8(A)BD.

18) QUESTION: HOW DOES THE SBA'S MENTOR-PROTEGE PROGRAM DIFFER FROM DOD'S MENTOR-PROTEGE PROGRAM?

ANSWER: OBJECTIVELY, DOD'S MENTOR-PROTEGE PROGRAM "IS DESIGNED TO DEVELOP THE TECHNICAL CAPABILITIES OF SMALL DISADVANTAGED BUSINESS (SDB) CONCERNS AND OTHER ELIGIBLE PROTEGES SO THAT THESE FIRMS ARE BETTER POSITIONED TO PARTICIPATE IN THE DEFENSE MARKETPLACE AS EITHER PRIME CONTRACTORS OR SUBCONTRACTORS OR BOTH." (REF.: DOD PILOT MENTOR-PROTEGE PROGRAM'S FAQ'S #2.)

WHEREAS, THE SBA'S MENTOR-PROTEGE PROGRAM IS DESIGNED "TO ENHANCE THE CAPABILITIES OF THE PROTEGE AND TO IMPROVE ITS ABILITY TO SUCCESSFULLY COMPLETE FOR (GOVERNMENT) CONTRACTS." (REF.: REG. FOR SBA'S MENTOR-PROTEGE PROGRAM, 13 CFR 124.520(A))

THE SBA MENTOR-PROTEGE PROGRAM IS FOR PARTICIPANTS IN THE 8(A) PROGRAM WITH MENTORS COMING FROM THE MORE ADVANCED STAGES OF THE 8(A) PROGRAM, AND/OR OTHER QUALIFIED BUSINESS ENTITIES WHO ARE WILLING TO SERVE.

ALSO, THE BENEFITS THAT CAN BE DERIVED FROM THE TWO MENTOR-PROTEGE PROGRAMS ARE VERY DIFFERENT. WHEREAS THE SBA PROGRAM IS FOR THE DEVELOPMENT OF THE PROTEGES TO ENHANCE THEIR CAPABILITIES TO COMPETE IN THE FEDERAL PROCUREMENT ENVIRONMENT, THE DOD PROGRAM CAN RESULT IN TANGIBLE (OR INTANGIBLES) VALUES TO THE MENTORS, ALONG WITH CAPABILITY DEVELOPMENT OF THE PROTEGES.

19) QUESTION: WHO WILL SERVE AS MENTOR(S) IN THE SBA'S MENTOR-PROTEGE PROGRAM AND HOW CAN I GET IN CONTACT WITH THEM?

ANSWER: TO SERVE AS A MENTOR IN THE SBA'S MENTOR-PROTEGE PROGRAM, THE MENTOR MUST MEET ALL REQUIREMENTS LISTED ABOVE TO BECOME A MENTOR. A MENTOR CAN BE A PARTICIPANT IN THE TRANSITIONAL STAGE, A FIRM THAT HAS GRADUATED FROM THE PROGRAM, OR ANY OTHER BUSINESS, LARGE OR SMALL. A MENTOR MUST EVIDENCE BOTH COMMITMENT AND ABILITY TO ASSIST AN 8(A) PROTEGE IN THE PROGRAM. YOU MAY CONTACT A MENTOR DIRECTLY, OR WORK THROUGH YOUR DISTRICT OFFICE BUSINESS OPPORTUNITY SPECIALIST (BOS) TO LOCATE AN INTERESTED MENTOR.

20) QUESTION: IF I AM A MENTOR OR PROTEGE, WHO DO I CONTACT TO OBTAIN ADDITIONAL INFORMATION ABOUT THE PROGRAM?

ANSWER: YOU MAY CONTACT A BOS IN YOUR LOCAL SBA DISTRICT OFFICE. YOU MAY ALSO CALL THE SBA CENTRAL OFFICE TO OBTAIN ADDITIONAL INFORMATION ABOUT THE PROGRAM ON — (202) 205-6423 OR CHECK THE SBA WEB PAGE AT WWW.SBA.GOV FOR THE LINK TO THE MENTOR-PROTEGE HOMEPAGE (CURRENTLY UNDER CONSTRUCTION).

21) QUESTION: HOW MUCH WORK DOES THE PROTEGE FIRM HAVE TO PERFORM IN A JOINT VENTURE (JV) ARRANGEMENT?

ANSWER: THE AMOUNT OF WORK THE PROTEGE FIRM MUST PERFORM WILL BE GOVERNED BY THE REGULATION(S) PRESCRIBED FOR A JOINT VENTURE ARRANGEMENT.

22) QUESTION: DOES THE MENTOR HAVE TO MEET THE SIC CODE AND SIZE STANDARDS ON A JOINT VENTURE EFFORT?

ANSWER: THE SIC CODE AND SIZE STANDARDS REQUIRED OF A MENTOR IN THE SBA'S MENTOR-PROTEGE PROGRAM WILL ALSO BE GOVERNED BY THE REGULATION(S) AS PRESCRIBED FOR A JOINT VENTURE ARRANGEMENT.

23) QUESTION: CAN A LARGE BUSINESS JOINT VENTURE WITH A PROTEGE FIRM UNDER A MENTOR PROTEGE AGREEMENT.

ANSWER: YES. A JOINT VENTURE BETWEEN A PROTEGE FIRM AND ITS APPROVED MENTOR WILL BE DEEMED SMALL PROVIDED THE PROTEGE QUALIFIES AS SMALL FOR THE SIZE STANDARD CORRESPONDING TO THE SIC CODE ASSIGNED TO THE PROCUREMENT AND HAS NOT REACHED THE DOLLAR LIMIT DESIGNATED FOR 8(A) SOLE SOURCE CONTRACTS.

24) QUESTION: DO THE RULES PROHIBIT OR FORBID AN 8(A) PARTICIPANT IN THE DEVELOPMENTAL STAGE OF THE PROGRAM FROM BEING A MENTOR?

ANSWER: NO. THE VERY FIRST STATEMENT OF THE REGULATION ON MENTORS STATES, "ANY CONCERN THAT DEMONSTRATES A COMMITMENT AND THE ABILITY TO ASSIST DEVELOPING 8(A) PARTICIPANTS MAY ACT AS A MENTOR AND RECEIVE BENEFITS ...". THEREFORE, AS LONG AS THE CONCERN CAN SATISFY THE QUALIFICATIONS FOR MENTOR, IT CAN SERVE IN THE MENTOR-PROTEGE PROGRAM. HOWEVER, THE APPROVING OF SUCH A POTENTIAL MENTOR MUST BE MORE THOROUGHLY CONDUCTED TO SAFEGUARD AGAINST NEGATING THE PROGRESS OF SUCH A CONCERN.

PLEASE SEE 13 CFR 124.520 FOR ADDITIONAL GUIDANCE OR CHECK OUR WEBSITE WWW.SBA.GOV FOR THE MENTOR-PROTEGE LINK.

FOR ADDITIONAL INFORMATION CONTACT THE U.S. SMALL BUSINESS ADMINISTRATION, OFFICE OF BUSINESS DEVELOPMENT ON

(202) 205-6423.