United States Air Force Mentor-Protégé Guide 7th Edition July 2008

Published by:

Air Force Small Business Solutions Center (AFOPO)
Mentor-Protégé Office
AFOPO/CCP
3315 Sidney Brooks
Brooks City-Base, TX 78235-5110

This guide provides a quick overview of various aspects of the USAF Mentor-Protégé Program by providing data from sources within the DoD and the Air Force.

TABLE OF CONTENTS

Section	TOPIC	Page #
1.	Introduction	**3**
2.	MP Program Background	**3**
3.	Public Law Initiatives	**4**
4.	Reimbursements or Credit Agreements?	**4**
5.	What is a Mentor?	**5**
6.	What is a Protégé?	**6**
7.	What is an HBCU/MI?	**7**
8.	Mentor Program Benefits	**7**
9.	Protégé Program Benefits	**8**
10.	Establishing the MP Team	**8**
11.	AF Mentor-Protégé Program Mechanics	**10**
12.	Websites	**12**

1. INTRODUCTION.

A. The overall intent of the Department of Defense (DoD) Mentor-Protégé (MP) program is to increase the small business supplier base of the DoD and the Air Force. This guide offers insight into the program to assist prospective mentors and protégés in making the right decisions about whether or not the program is the correct vehicle to meet their particular needs. To that end, this guide is organized into 12 sections, which together provides a good overview and description of the DoD MP program, in addition to Air Force specific, program guidelines and management.

B. Entry into the Air Force reimbursement program is through separate contracts awarded for the mentoring efforts. The Air Force requires meaningful participation by Historically Black Colleges and Universities and/or Minority Institutions (HBCU/MIs), Small Business Development Centers (SBDCs) and/or Procurement Technical Assistance Centers (PTACs). Close program oversight and monitoring is provided through the Air Force Outreach Program Office (AFOPO), located in San Antonio, TX. Everyone benefits from participating in the program - mentors, protégés, schools, the Air Force, and the Department of Defense.

C. Please submit all questions, comments, ideas, or corrections concerning this guide to the following email address: **mpdeliverables@brooks.af.mil**.

2. MP PROGRAM BACKGROUND. Congress established the Pilot MP Program in 1991. The purpose of the program is to:

A. Provide incentives for major defense contractors (mentors) to furnish qualifying small disadvantaged business (SDB) concerns with developmental assistance in order to increase their participation in DoD procurement contracts. Incentives exist as direct reimbursement or credit against Small Business Subcontracting goals. Details are contained in the Defense Federal Acquisition Regulations (DFARs) Appendix I: **http://farsite.hill.af.mil/VFDFARA.HTM** (click on Appendix I).

B. Increase Technical and Business Capabilities of Small Businesses. A major stumbling block to the achievement of Small Business subcontracting goals mandated by Congress is the assertion by large DoD prime contractors that there are not enough qualified Small Businesses to perform as subcontractors on DoD work. Therefore, a primary goal of the Air Force MP program is to increase the overall participation of eligible protégé firms as subcontractors and suppliers under DoD contracts, other Federal agency contracts, and commercial contracts.

C. Foster long-term business relationships. Major prime contractors historically develop long-term business relationships - generally with other large businesses - to permit effective competition for contracts that could not be performed entirely "in-house." The long-term relationships benefit both prime contractors and their team members. It is the intent of the DoD MP Program to foster this type of relationship between mentors and protégés in order to develop a stable industrial business base.

3. PUBLIC LAW INITIATIVES. The U.S. Congress, by passing legislation that became Public Law (PL), created the DoD MP Program. In addition to the law establishing the program, subsequent legislation has affected it. This guide touches on a few key legislative actions impact-ing the MP Program.

A. Authorization bills are often amended to achieve purposes other than to strictly authorize the expenditure of funds. Section 1207 of PL 99-661 (National Defense Authorization Act for 1987) was the result of such an amendment. Section 1207 established, among other things, a goal of 5% of total subcontracting for DoD prime contracts to be awarded to SDBs. More recently similar goals of 5% for WOBs, 3% for SDVOSBs and 2% for HUBZones were added. This legislation, which created the DoD MP Program, was incorporated in Section 831 of PL 101-510 - the National Defense Authorization Act for FY 1991.

B. The National Defense Authorization Act for Various Fiscal Years.

(1) FY 2001: Added eligibility of small business concerns owned and controlled by women for assistance under the MP program (subject to regulatory implementation).

(2) FY 2002: Extended the date for new agreements under the DoD MP program to 30 September 2005 and also extended incurring costs (costs eligible for reimbursement) through 30 September 2008.

(3) FY 2005: Added eligibility of service disabled veteran owned small business and HubZones under the MP program (subject to regulatory implementation). Extended the date for new agreements under the DoD MP Program to 30 September 2010 and also extended incurring costs (costs eligible for reimbursement) through 30 September 2013.

C. Regulatory Implementation. The Defense Federal Acquisition Regulation Supplement (DFARS) is the regulation implementing laws passed by congress concerning DoD acquisition. DoD policy and procedures for program implementation are contained in DFARS Appendix I, "policy and procedures for the DoD mentor-protégé program." All potential Air Force MP participants should be familiar with these regulations before entering into an agreement.

D. DoD Policy Letters. The Director of the Office of Small and Disadvantaged Business Utilization issued a policy letter, dated 31 July 1997, Subject: Reimbursement of Protégé Costs under the DoD MP Program. The policy letter provided clarification regarding incidental costs endorsed by the Military Department or Defense Agency not specifically addressed in the legislation, which are otherwise considered allowable, allocable and reasonable. The letter states, "These costs, however, should not exceed 10% of the total reimbursable cost of the approved mentor-protégé agreement."

4. REIMBURSEMENTS OR CREDIT AGREEMENTS?

A. There are two incentives available to mentors:

(1) Agreements **Reimbursing** mentors for developmental costs (Reimbursement Agreements).

(2) Agreements providing **Credit** toward achievement of mentor small business subcontracting goals (Credit Agreements).

B. The Air Force program only offers the reimbursement of costs incentive. The Defense Contract Management Agency (DCMA) is the approval authority for all DoD credit agreements. Information regarding credit agreements may be obtained at: http://www.acq.osd.mil/osbp/mentor_protege/participate/index.htm or hyperlink: **http://www.acq.osd.mil/osbp/mentor_protege/participate/index.htm.**

C. Types of Reimbursable Costs. A mentor may be reimbursed for the following costs:

(1) Direct Mentor Costs: Includes all mentor direct labor, overhead, profit, and G&A costs associated with providing developmental assistance. DFARS, Appendix I-107 does not provide for reimbursement of protégé labor.

(2) HBCU/MI, SBDC and PTAC Costs: Includes all subcontracting costs associated with assistance provided through Historically Black Colleges and Universities (HBCUs), Minority Institutions (MIs), Small Business Development Centers (SBDCs) and Procurement Technical Assistance Centers (PTACs).

(3) Incidental Costs: The DoD allows reimbursement of mentor incidental costs not specifically addressed in the legislation, which are otherwise considered allowable, allocable and reasonable. These costs *may* be reimbursed up to **10%** of the total MP contract value, primarily in the areas of travel, subsistence, supplies and materials incidental to the program. Mentors may reimburse protégés for travel expenses related to training only.

5. WHAT IS A MENTOR?

A. Eligibility Requirements. In order for a company to qualify as a mentor, it must be currently performing under an approved, active subcontracting plan negotiated with DoD or another Federal agency pursuant to FAR 19.702 and currently be eligible for award of federal contracts. Small businesses may also qualify as mentors. Contact the Air Force Outreach Program Office for details.

B. Active DoD MP Agreements. A mentor firm may have multiple active MP agreements.

C. Commitment to the Protégé. The mentor must be fully committed to a long-term relationship and obligation to its protégé (s).

D. Mentor MP Program Manager. The Mentor Program Manager (PM) is the primary point of contact with the Government customer. The PM is responsible for ensuring that the mentor's MP effort is conducted within the scope of the contract, cost and on schedule. The PM is the focal point for all activities involving the protégé(s), HBCUs and/or MIs, SBDCs, and PTACs. The PM should have access to upper echelon management within the corporate structure and be empowered to draw upon the full range of corporate resources.

6. WHAT IS A PROTEGE?

A. Eligibility Requirements. A firm may qualify as a Protégé if it is:

(1) An SDB concern as defined at 219.001, paragraph (1) of the definition of "small disadvantaged business concern," as defined by section 8(d)(3)(C) of the Small Business Act (15 U.S.C. 637(D)(3)(C)) which includes the following:

(a) Eligible for the award of Federal contracts.

(b) A small business according to the SBA size standard for the North American Industrial Classification System (NAICS) representing the contemplated supplies or services provided by the protégé firm to the mentor firm and certified by the Small Business Administration as an SDB.

(2) A business entity that meets the criteria above and is owned and controlled by either an Indian tribe as defined by section 8(a)(13) of the Small Business Act (15 U.S.C. 637(a)(13)) or a Native Hawaiian Organization as defined by section 8(a)(15) of the Small Business Act (15 U.S.C. 637(a)(15)); and is certified by the Small Business Administration as an SDB.

(3) A self-certifying, qualified organization employing the severely disabled as defined in Section 8064A of Public Law 102-172.

(4) A self-certifying, small business concern owned and controlled by women as defined in Section 8064A of Public Law 102-172.

(5) A self-certifying, small business concern owned and controlled by a Service-Disabled Veteran(s) as defined in section 3(q) of the Small Business Act (15 U.S.C. 632(q)) and SBA's implementing SDVOSB Program Regulations (13 C.F.R. 125).

(6) A small business meeting all of the following criteria to qualify for the HUBZone program (see **http://www.sba.gov/hubzone/**).

(a) Must be located in a "historically underutilized business zone" or HUBZone.

(b) Must be owned and controlled by one or more US Citizens.

(c) At least 35% of its employees must reside in a HUBZone.

B. Self-Certification. Mentor firms may rely in good faith on a written representation that self-certifying entities meet protégé eligibility requirements.

C. Active DoD MP Agreements. A protégé firm may have only one active MP agreement under the DoD MP Program.

D. Commitment to MP Program. A protégé firm must pledge top-level commitment of the necessary time and resources to accept technological and business development advances and training provided through the program.

7. WHAT IS AN HBCU/MI?

A. Eligibility Requirements. The institutions and groups eligible to participate are defined as follows:

(1) Historically Black Colleges and Universities (HBCUs) are defined to be accredited institutions of higher education, which were established before 1964 with the principal mission of educating African Americans. An HBCU must be legally authorized by the state in which it is located. These institutions must be accredited two-year or four year colleges and universities that award baccalaureate degrees. A current listing of institutions may be found at: **http://www.ed.gov/about/offices/list/ocr/edlite-minorityinst.html.**

(2) Minority Institutions (MIs) are defined to be accredited institutions of higher education whose enrollment of a single minority, or a combination of minorities (American Indian; Alaskan Native; African American, not of Hispanic origin; Hispanic, including persons of Mexican, Puerto Rican, Cuban, and Central or South American origin; Pacific Islander, and/or other ethnic group underrepresented in science and engineering), exceeds 50 percent of the total enrollment, or 25 percent of the enrollment if of Hispanic origin. Eligible institutions are certified by the Department of Education. A current listing of institutions may be found at: **http://www.ed.gov/about/offices/list/ocr/edlite-minorityinst.html.**

8. MENTOR PROGRAM BENEFITS.

A. Long-term relationship with a trusted business partner or associate.

B. Protégé trained to meet all mentor requirements for quality, schedule, and pricing.

C. A qualified SDB source at more competitive prices.

D. Mentor authorized to award non-competitive subcontracts to the protégé, eliminating the need for costly competitive bid processes. The mentor must still validate the protégé's price as fair and reasonable.

E. Meet or exceed SDB goals.

F. Certain non-reimbursable mentoring expenses may be eligible for application against the SDB goals at factors as high as 4:1, depending upon the type of assistance, and to whom it is given. See DFARS, Appendix I-110(d) for details.

G. Source of qualified employees from the HBCU/MI through student internships and summer hire programs (allowable program expense).

9. PROTEGE PROGRAM BENEFITS.

A. Transfer of technology, business development, and business infrastructure assistance.

B. Creation or expansion of a market niche.

C. Preferred supplier to the mentor.

D. Long-term relationship with a trusted business partner or associate.

E. Products and services meeting all mentor requirements for quality, schedule, and pricing.

F. Enhanced competitiveness.

G. Subcontracting opportunities.

H. Source of qualified employees from the HBCU/MI through student internship and summer hire programs (allowable program expense).

10. ESTABLISHING THE TEAM. Success in the program requires partnerships that are grounded on trust, mutual respect and open and honest communication. All parties need to understand up front they must be equally committed. It is vital that all parties learn as much as possible about their prospective partner(s), and have a good understanding of their capabilities relating to a potential agreement.

A. Getting to Know Your Prospective Partners. This is an extremely important stage in the screening process; both parties are "sizing up" potential partners. The mentor and the protégé must be very careful in selecting only those with whom they have a good chance of success. It is essential that the mentor, protégé and technology selected for transfer be appropriately matched. **The program intent is NOT for the mentor to develop a future competitor, but to develop a long term supplier with skills and capabilities complementing the mentor's.** As a result, prior to any commitment through an MP agreement, each side must explore and evaluate the strengths and weaknesses of its potential partner.

B. Mentor Screening Process. The mentor must develop a thorough assessment tool that will reveal substantive differences in technical capabilities or risk levels among competitive protégés and will assist the mentor in selecting the most eligible protégé(s). A team of mentor "experts" normally determines the factors for use in the evaluation. Each factor may be weighted, as necessary. Mentor firms are encouraged to identify and select protégés with shared values, similar business philosophies, and an established business relationship with the mentor. More than one protégé may be selected.

C. Protest of Selection(s). The selection of protégé firms by mentor firms may not be protested except in the event of a protest regarding the size or disadvantaged status of an entity selected to be a protégé firm as defined in DFARS Appendix I, paragraph I-101. The mentor firm must refer the protest to the Small Business Administration (SBA) to resolve in accordance with 13 CFR Part 121 (with respect to size) or 13 CFR Part 124 (with respect to disadvantaged status).

D. Ineligible Protégés. For the purposes of the Small Business Act, a protégé firm may not be considered an affiliate of a mentor firm solely on the basis that the protégé firm is receiving assistance as referred to in DFARS Appendix I, paragraph I-107(f) from a mentor firm under the program. If at any time the protégé firm is determined by the SBA not to be a qualified small disadvantaged business concern, assistance furnished by the mentor firm after the date of the determination, may not be reimbursed under the program.

E. Protégé Needs Assessment. Based upon the analysis by the mentor, both parties must develop an in-depth protégé needs assessment. This will provide the mentor the direction and training requirements necessary to advance and assist the protégé. Sample Needs Assessments may be found at:
http://selltoairforce.org/Programs/MentorProtege/mp_examples.aspx.

F. Inclusion of HBCU/MIs. Section 1207 of Public Law 99-661 requires that 5% of DoD contracting and subcontracting dollars be expended with Small Disadvantaged Businesses (SDBs), Historically Black Colleges and Universities (HBCUs) and Minority Institutions (MIs). As an incentive to increase the participation of HBCUs and MIs in DoD subcontracting, the AF MP Program requires the mentor to subcontract at least 5% of its total funded contract amount with HBCU/MIs, and/or certain government-sponsored groups (PTACs and SBDCs). The mentor can be reimbursed for this expense or may receive as credit toward its subcontracting plan an amount equal to four times the value of the service.

G. Inclusion of Air Force Technical Advisor / Champion. It is highly encouraged that mentors seek an Air Force contract representative who would be willing to provide their technical advice on the direction of the MP Team regarding the technology transfer proposed. The technical advisor would be able to validate the need for the technology being transferred and provide advice during the course of the program.

11. AF MENTOR-PROTÉGÉ PROGRAM MECHANICS. The Air Force Outreach Program Office (AFOPO) is designated as the focal point for the award of multiple Cost Plus Fixed Fee prime contracts through a **Broad Agency Announcement (BAA).** The BAA is published yearly on FedBizOps. A direct link to the current BAA on FedBizOps can be found on the Sell to Air Force website at http://selltoairforce.org/Programs/MentorProtege/mp_baa_info.aspx or hyperlink: **http://selltoairforce.org/Programs/MentorProtege/mp_baa_info.aspx.** The Air Force MP Program is open to all eligible mentors and protégés. Agreements that have a strong technical component or focus on innovative state of the art technology transfer supporting the warfighter in the technology thrust areas identified in the current BAA have a higher contract award possibility. It is important to remember that this program is not about benefiting the mentor. Every program related decision, person assigned, and dollar spent must be for the benefit of the protégé. Funds provided to the mentor are to reimburse the reasonable and legitimate cost of assisting the protégé to acquire new technology, improve its business practices, and obtain increased contracts and subcontracts as a long-term, valued team member. Once this is accomplished, the benefits will also begin to accrue to the mentor!

A. Broad Agency Announcement (BAA) Information. Specific BAA criteria is subject to change and will be spelled out in detail in each BAA, as published in FedBizOps. Registration through the FedBizOps website will provide automatic email notification whenever the BAA is updated / amended. Written inquiries shall be addressed to the attention of the contracting officer identified in the BAA.

B. Two Phase Solicitation Concept.

(1) White Paper Submittal. In order to preclude unwarranted effort and costs on the part of the mentor, white papers describing the assistance being proposed will first be submitted and evaluated IAW the BAA. Those white papers found to be consistent with the intent of the BAA may be invited to submit a technical and cost proposal.

(2) Request for Proposal. The proposal is an invaluable document used to define what the mentor, protégé, and HBCU/MI plan to accomplish during the program and should be constructed IAW the current BAA. The proposal, if awarded, becomes the program plan and is incorporated into the resultant contract.

(3) Technical Proposal Evaluation. Proposals will be evaluated against the technical criteria as listed in the current BAA. Proposals that represent one or more of the top technical categories will result in a more favorable ranking. Proposals will be ranked from the highest to lowest based upon a subjective evaluation performed by the Air Force evaluation team, based upon DoD/AF's desired and focused areas of need. Proposals approved by SAF/SB will be further evaluated on cost/price. Awards will be made starting at the highest ranked proposal, descending down in order, for all technically acceptable proposals, contingent upon availability of funding, successful completion of negotiations, and current Air Force requirements.

C. Program Management Reviews. After award of contracts**,** Program Management Reviews (PMRs) will be conducted to assess the progress and continued viability of each agreement. PMRs will be held at the AFOPO, the mentors/protégé's facility, or at another agreed upon location, at contract prescribed intervals, during the contract period of performance. Attendance by the mentor and the protégé is required, and attendance of HBCU/MI is highly desired. The review will primarily describe the team's efforts proposed in the program plan for the period under review and provide the required metrics. PMR specifics will be provided upon contract award, and a "Kick-Off" meeting to discuss program office expectations will be scheduled with teams shortly after contract award. In addition, the Defense Contract Management Agency (DCMA) conducts annual performance reviews of all DoD agreements active during any part of the previous fiscal year. These reviews include agreements that were completed or terminated during that fiscal year.

D. Objective Performance Measurements. It is extremely important to objectively measure program performance. Over the course of the program, several agencies are tasked to assess and report on the MP Program; chief is the General Accounting Office (GAO). Within the DoD, the Defense Contract Management Agency (DCMA), performs program audits and reports its findings to the DoD / OSBP. In addition, the Air Force performs program audits and reviews in conjunction with the Program Management Reviews (PMRs). During these reviews, performance is measured by a Return on Investment (ROI) Formula available at the Sell to Air Force website: http://selltoairforce.org/Programs/MentorProtege/mp_toolbox.aspx or hyperlink at: **http://selltoairforce.org/Programs/MentorProtege/mp_toolbox.aspx.**

E. Program Reporting. In addition to the DCMA annual performance reviews, DoD strengthened the reporting and annual performance review process in an effort to gain verifiable and consistent data on the results of every agreement. DoD developed procedures regarding the semi-annual reporting requirements in DFARS Appendix I-112. A format and guidance for the reporting requirements are available at the Sell to Air Force website: http://selltoairforce.org/Programs/MentorProtege/mp_toolbox.aspx or hyperlink at: **http://selltoairforce.org/Programs/MentorProtege/mp_toolbox.aspx.**

F. Option Year Exercises. As a quality control measure, the Air Force conducts independent reviews with mentors and protégés to ascertain whether the parties are operating in good faith and whether the program and specific goals are being met as reported. Agreements meeting or exceeding program objectives will receive a "green light" for continued funding (within congressionally mandated budget constraints). Agreements having difficulty in meeting the quality and success metrics will be given a "yellow light." The mentor (and sometimes also the protégé) will have to take remedial steps to resolve the problems in order to get the "green light." Agreements wherein the parties are determined to be operating in bad faith, unwilling or unable to enact the required remedial step, or the mentor and/or the protégé desire to terminate the agreement, will be given the "red light." Program support for such agreements will be withdrawn and options will not be exercised.

G. Disbanding the Team. As in some relationships, the mentor and protégé(s) must come to a decision point and admit that the anticipated expectations never materialized. For whatever reason(s), i.e., different business expectations, incompatibility of personnel, lack of trust and respect by either partner, failure to grasp the "team concept," etc., both sides must be able to make this decision when necessary and go their separate directions. Prior to the complete dissolution of the relationship, the parties must: (1) identify the reasons for the breakup, (2) focus on lessons learned, and (3) share these results so others won't make the same mistakes. The results of the Lessons Learned exercise should not be just an "airing of dirty laundry," but an honest effort to disclose why the relationship did not work. The results should be shared with other divisions, within the mentor's organization. This information can be further disseminated by the Air Force and used as appropriate by other MP programs.

12. WEBSITES. The following websites contain information on the Mentor-Protégé Program and/or procurement and teaming opportunities:

A. Department of Defense:

http://www.acq.osd.mil/osbp/mentor_protege**,** or hyperlink**:**
http://www.acq.osd.mil/osbp/mentor_protege

B. Air Force Small Business: http://www.selltoairforce.org/

C. AF Mentor-Protégé Broad Agency Announcement:

http://selltoairforce.org/Programs/MentorProtege/mp_baa_info.aspx**,** or hyperlink**:**
http://selltoairforce.org/Programs/MentorProtege/mp_baa_info.aspx

D. FedBizOps: http://www.fbo.gov/index

E. HBCUs / MIs: http://www.ed.gov/about/offices/list/ocr/edlite-minorityinst.html.