

STATEMENT OF

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BEFORE THE

**SUBCOMMITTEE ON CONTRACTING AND WORKFORCE
SMALL BUSINESS COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES**

**HEARING ON
“HELPING SMALL BUSINESSES COMPETE: CHALLENGES WITHIN
PROGRAMS DESIGNED TO ASSIST SMALL CONTRACTORS”**

September 15, 2011



Good morning Chairman Mulvaney, Ranking Member Chu, and Members of the Subcommittee. I appreciate being invited here today to discuss the U.S. General Services Administration's Mentor-Protégé Program and how we have used our program as a successful development tool to promote small businesses.

Mentor-Protégé Program Background

GSA established its Mentor-Protégé Program on September 14, 2009. Over the past 23 months, we have been successful in developing a robust and diverse program that is already yielding tangible results in the form of contracts won and jobs created.

We currently have 81 active Mentor-Protégé Agreements in place and in good standing. A further breakdown of those Agreements will show that there are a total of 69 Mentors in the program, of which 42 are large businesses and 27 are small businesses. Some of our Mentors have multiple Protégées currently in the program. We have a diverse collection of Protégées: 5 Small Businesses, 31 Small Disadvantaged Businesses/8a, 21 Woman-Owned, 2 Veteran Owned, 43 Service-Disabled Veteran Owned, and 9 HUBZone small businesses. Protégées can qualify for recognition in more than just one social-economic category simultaneously while participating in the program.

Mentor-Protégé Program Focus

The GSA Mentor-Protégé program's focus is to promote the overall business development of small businesses and enhance their capability to compete more successfully for federal government contracts and gain access to economic opportunity. The program encourages private-sector relationships and expands GSA's efforts to identify and respond to the developmental needs of the small business community. The working arrangement between both parties fosters the establishment of long-term business relationships, increases small businesses' technical and managerial capabilities, accelerates success in federal contracting and commercial business growth, increases opportunities to small business Schedule holders, and promotes economic and technological growth.

Program Composition

Approved Mentor firms enter into Mentor-Protégé Agreements with eligible small businesses as Protégé firms to provide appropriate developmental assistance that will in turn enhance the business and technical capabilities of those small businesses to perform as suppliers, subcontractors and prime contractors to meet federal requirements.

Mentors can be small or large businesses. A Mentor must have the capability and capacity to assist the Protégé, make a commitment for at least one year, and have an active GSA contract (whether a Schedule, Government-wide Acquisition Contract, or definite contract). The focus is always on the capability of the Mentor to perform as a teacher, leader, and advisor.

The GSA Mentor-Protégé Program encourages participation from small businesses in all eligible categories. To participate as a Protégé in the Program, the Protégé must be a small business certified or verified as either: a small business concern, an 8(a) business, other Small Disadvantaged Business, a Women-Owned Small Business, Veteran or Service-Disabled Veteran-Owned Small Business, or a Historically Underutilized Business Zone (HUB Zone) Small Business.

The GSA Office of Small Business Utilization (OSBU) determines eligibility for participation as either a Mentor or as a Protégé. The Program Manager approves the Mentor-Protégé Application package and evaluates the performance and effectiveness of the relationship on a semi-annual basis.

Results

Over the past 23 months, our program success has been determined by contracts awarded to Protégé firms and job creation. Protégés have reported 41 new contracts won as a result of assistance received from their Mentors, with a total value at up to \$260 million (including in some cases Indefinite Delivery Indefinite Quantity contracts with high dollar ceilings spanning multiple years).

We have also seen an increase in subcontracting awards to Protégés by the Mentors in relation to program participation. Protégés have reported 54 new subcontract opportunities from their Mentors. These awards have had impacts across all socio-economic categories. In some instances, Protégé firms have attained prime roles and their Mentors have subcontracted to them, where in other instances, the Mentors were not contract recipients at all, nor were they involved as team members on the Protegees' teams.

In addition, participants have reported creation of 132 new jobs as a direct result of participation in the program. This is a particularly important statistic in today's economic climate. Some jobs were the result of new contract awards, and others were the result of Mentors' assistance in developing new innovative processes that helped Protégés expand their business capabilities and capacities and expand existing contracts.

Internal Processes and Controls

GSA has established processes and controls in place to ensure the best quality results are obtainable. Semi-annual reviews are performed by the Program Manager, in conjunction with our Regional Offices, for each Agreement to determine the success of the Mentor-Protégé relationship. In addition, our Program Manager conducts spot checks, status meetings, and occasional informal review sessions to discuss best practices and lessons learned.

Ongoing monitoring, reporting, and accountability are the keys to maintaining a successful program. While our program is still relatively new compared to other agencies' programs, we have established reliable metrics. We review all technical and/or management assistance provided by the Mentor to the Protégé and the overall value that assistance provided in developing and improving the Protégé.

Pursuant to GAO recommendations, we are currently completing the establishment of a post-completion assessment that will allow us to track Protégé firms after they successfully complete the program. To date, no participants have yet graduated from the program, and we estimate the first graduation will occur in early 2012. In preparation, we plan to implement a post-completion tracking mechanism by the end of 2011. Our goal is to determine how Protégés progress without the direct assistance of their Mentors and will learn from other agencies' experiences in implementing such a mechanism, tracking for at least two years after graduation completion.

Our Program Manager is in contact with other agency Program Managers. They share ideas, lessons learned and most importantly, experiences within the small business community. These conversations allow our federal managers to learn from each other and make these programs what they were meant to be all along, about small business success. GSA concurs with GAO's recommendation to engage in working group discussions to regularly exchange ideas and practices to continuously improve our programs.

Examples of Success

GSA's Mentor-Protégé program has yielded many positive outcomes in its first two years, and below are a few examples of some of the most significant successes we have seen.

One Mentor (a WOSB/SDVOSB) from the professional services industry encouraged its Protégé (an 8a/SDVOSB) to bid on an opportunity by assisting them in developing their marketing strategy, instructing them on best practices in forming a winning team, providing technical assistance in the preparation of the proposal, and celebrating with them when they won an

IDIQ valued at approximately \$50 million (over the life of the contract). The Mentor was not part of the contract team, which demonstrates the Mentor's investment in the success of the program and their focus on having the Protégé as a long-term strategic partner rather than focusing on just short-term quick wins.

One of our Protégés (8a / WOSB / SDVOSB / HUBZone) in the professional services industry was struggling with proposal and bid execution decisions. The company was bidding on a multitude of opportunities without a clear focus. The Mentor instructed the Protégé on how to prepare a bid-no-bid review process and develop a strategically targeted bidding strategy to bid more effectively. After implementing this new process, the Protégé bid on 44 opportunities and won 11 of them in a six-month period. This change in bidding strategy and methodology made the difference between wasting valuable bid and proposal dollars and growing their bottom line.

Future Expectations for GSA's Mentor-Protégé Program

Mr. Chairman, GSA has high expectations for the success of our Mentor-Protégé program. We are committed to helping participants reach a higher level of performance, increased efficiency in pursuing government business, expanded contract opportunities, and long-term business relationships. In the coming year, we aim to focus on three main areas:

As discussed above, we will collaborate with SBA, DOD, and other agencies to conduct post-program assessments to monitor ongoing program effectiveness. We will also collaborate with other agencies to continuously improve our program so it is of maximum benefit to small businesses.

Secondly, we will increase the usage of evaluation credit in the acquisition process for participants in the program as an additional incentive and benefit of participation.

Last but not least, in a tightened fiscal climate and global competitive economic environment, our aim is for GSA's Mentor-Protégé relationships to help bring innovations to the government – in collaborative technologies, open government, and clean and sustainable technologies – to help drive government transformation, reduce government waste, and help create high-paying American jobs for the future. Navigating federal government contracting is complex and daunting, and the Mentor-Protégé program can help reduce barriers to bringing innovative private sector partners to the government.