



Defense Business Board

Business Operations Advisory Subcommittee

BUSINESS EXCELLENCE IN DEFENSE OF THE NATION



FY2022 ASSESSMENT OF THE DEPARTMENT OF DEFENSE

MENTOR-PROTÉGÉ PROGRAM

Partnering Small Businesses with Larger Companies

DBB FY 22-01

An independent report evaluating the effectiveness of the Department of Defense Mentor-Protégé Program established under section 831 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510; 10 U.S.C. 2302 note)

CLEARED
For Open Publication

MAR 08, 2022

2
Department of Defense
OFFICE OF PREPUBLICATION AND SECURITY REVIEW

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
PREFACE	7
TASKING	7
SUBCOMMITTEE MEMBERS.....	8
APPROACH AND METHODOLOGY	8
STRATEGIC IMPERATIVE	8
BACKGROUND	9
Small Business Contracting	9
Mentor-Protégé Programs (MPP)	10
DoD’s MPP.....	12
Recent Developments	15
OBSERVATIONS AND FINDINGS	19
FULL RECOMMENDATIONS.....	38
CONCLUSION.....	44
APPENDICES:.....	46

EXECUTIVE SUMMARY

Tasking: In 2019, Congress directed the Secretary of Defense to task the Defense Business Board (DBB) with submitting an independent report to the Congressional Defense Committees, evaluating the effectiveness of the Department of Defense (DoD) Mentor-Protégé Program (MPP) (“the MPP). The report should cover performance metrics, forms of assistance, and recommendations for improving the MPP.

Approach and Methodology: The Subcommittee conducted three months of study, including interviews with key stakeholders, surveys, and a literature review.

MPP Synopsis: The participation of dynamic, resilient, and innovative small businesses in the defense industrial base is critical to the United States' efforts to maintain its technological superiority, military readiness, and warfighting advantage.¹ DoD’s mentor-protégé program is designed to increase the capacity of these small businesses to compete for contracts they would not qualify for otherwise, by enabling larger, more experienced mentor firms to provide assistance to protégés. The MPP is uniquely focused on expanding the capacity, technical knowledge, and participation of small businesses in DoD contracting opportunities. The MPP provides an opportunity for small businesses to align themselves with a mentor to develop the capabilities necessary to become a supplier to the DoD. The needs of protégés vary, and the core mission of the MPP is to facilitate an arrangement in which a mentor and protégé work together to address the specific needs of that protégé. Without the MPP, it is unlikely that many of the protégés would be able to meet DoD’s appropriately stringent requirements. In addition, a small business that is a supplier to the DoD benefits from the DoD’s independent validation of the small business’s quality and capability when the small business is competing in the private sector.

The MPP serves as one of several programs within the DoD that enable small businesses² to become suppliers to the DoD, strengthening and diversifying its supply chains. Small businesses are an integral part of the US economy, creating two-thirds of new jobs and delivering approximately 44% of the US gross domestic product (GDP)³. In addition, small businesses also lead the way in innovation, producing 16 times more new patents per employee than large firms.⁴ As the needs of the DoD continue to

“Small businesses are the engines of our economic progress; they’re the glue and the heart and soul of our communities. But they’re getting crushed. Since the beginning of this pandemic, 400,000 small businesses have closed — 400,000 — and millions more are hanging by a thread.”

~ President Joseph R. Biden

REMARKS ON HELPING SMALL BUSINESSES

FEBRUARY 22, 2021

¹ 86 FR 5033

² Small businesses, as defined by the Small Business Administration, are defined by size standards. Size standards define the largest size a business can be to participate in government contracting programs and compete for contracts reserved or set aside for small businesses. Size standards vary by industry and are generally based on the number of employees or the amount of annual receipts the business has. See Title 13 Part 121 of the Electronic Code of Federal Regulations for small business size regulations.

³ Office of Advocacy, Small Business Administration, January 2019.

⁴ *Ibid.*

evolve in this increasingly competitive world, it is important for the DoD to maintain its focus on programs that attract and retain small businesses as suppliers. Small businesses are also an essential part of the U.S. Defense Industrial Base (DIB). Small businesses made up over a quarter (\$83.4B) of DoD's total contracting awards (\$332.0B) in FY2021. Unfortunately though, while a substantial contributor to the DIB, the number of small businesses that are suppliers to the DoD has declined from FY2011 to 2020,⁵ which reduces the diversity of the DIB and could lead to resourcing and readiness challenges in the future. Moreover, the COVID-19 pandemic has negatively impacted small businesses across the United States. A study completed by the National Academy of Sciences shows that of the 5,800 small businesses surveyed, 43% of them temporarily closed due to COVID-19. The results also highlighted the financial fragility of many small businesses.⁶

The MPP, even as a pilot program, has succeeded in its goals: (1) increasing the diversity of the DIB and (2) delivering agile, innovative technologies to the warfighter. Metrics that support the positive impact of the MPP program include growth in revenues, contract awards, and employees at protégé firms, as well as the percentage of former protégés that continue to serve as a supplier to the DoD. Specifically, the annual protégé surveys from the Defense Contract Management Agency (DCMA) for FY2012-2021 show significant increases in revenues, contract awards, and employment at the protégé firms. In addition, over half of all of the MPP's 1,200 former protégés continue to serve as suppliers to the DoD and represent approximately 5% of DoD's \$83.4 billion in small business contracting.

KEY OBSERVATIONS

1. Over three decades, the MPP has made a positive impact on the small businesses that participated as protégés.
2. While MPP has been positive, challenges have constrained it from achieving its maximum potential impact.
3. DoD and Congress should consider the recommendations below that would enable MPP to achieve its maximum potential.

MPP RECOMMENDATIONS

While the MPP has improved the ability of protégés to become suppliers to the DoD, the MPP could be more impactful if certain recommendations are implemented. These recommendations include:

1. **Improve Participation by both Mentors and Protégés (DoD and Congress):** Small businesses serving as suppliers to the DoD have declined overall and there is not enough participation, which further limits the number of small businesses that can participate as a protégé. We recommend DoD and Congress consider an incentive structure to increase participation by both mentors and protégés, including joint ventures as in the Small Business Administration (SBA)

⁵ Government Accountability Office, Small Business Contracting. October 14, 2021; Gould, Joe, "Pentagon officials see 'troubling' small business decline since COVID," *Defense News*, October 13, 2020.

⁶ Bartik, Alexander W. et. al., "The impact of COVID-19 on small business outcomes and expectations," Proceedings of the National Academy of Sciences of the United States of America, July 28, 2020.

MPP, Request for Proposal (RFP) Award Points, specific actions to increase diverse small businesses, and preferential contracting status to graduated protégés.

2. **Enhance Data Capture Tools and Metrics (DoD):** Due to the immaturity of the systems in place to capture MPP-related data, and the limited data elements currently tracked by the MPP, it is difficult to assess the maximum potential of the MPP. The MPP would benefit from enhanced tools and metrics to better measure the program’s effectiveness. We recommend DoD consider enhancing its metrics, data capture tools, and measures of success. This includes robust data capture tools such as dashboards that track demand measurement (number of Mentor-protégé Agreements (MPA)), MPA performance, sector tracking, resources for protégés, protégé successes, MPP awareness, and small business program alignment.
3. **Designate Single Office Oversight of DoD Small Business Programs (DoD):** There is no single point of contact for all DoD’s small business programs, and these programs are disparate and spread throughout the Department. We recommend DoD consider designating a specific office, with sufficient resourcing and appropriate leadership, to oversee all its small business programs.
4. **Increase Duration of Qualified Mentor-Protégé Relationship (Congress and DoD):** The standard MPA is currently two years. However, this duration is not sufficient to consistently enable the protégé to develop the skills necessary to independently become a direct supplier to the DoD. We recommend Congress and the DoD revert the standard MPA length to a three-year period, with extension options if appropriate.
5. **Implement Robust MPP Communication Strategy/Application Process (DoD):** The MPP is not a well-known program in the small business community. We recommend the DoD institute a formal MPP marketing plan where MPP offices could showcase successful MPAs and demonstrate MPP benefits to mentors and protégés. Suggestions include hosting annual MPP conferences, partnering with private and other public sector small business organizations, expanding mentor and protégé resources to historically black colleges and universities (HBCU), and conducting mandatory briefings to key Congressional and DoD leadership.
6. **Establish MPP as Permanent Program (Congress):** While the MPP has been in existence for almost 30 years, it continues to be referred to as a “pilot”, which creates concern and confusion about the U.S. Government’s commitment to it. We would recommend Congress make the MPP a permanent program in statutory law, codified in a specific Title 10 section.

Next Steps: The MPP is an important program that enables the DoD to leverage agile and innovative small businesses to serve the needs of the warfighter. The MPP had a positive impact on the majority of its protégés, enabling the protégés to compete for both public and private sector opportunities. While the MPP has been a positive program, the challenges it has faced have constrained its potential impact. DoD, the Administration, and the Congress could significantly enhance the MPP by considering each of the recommendations noted above and explained more fully below.

Final Comments: The DBB appreciates the confidence shown by the Deputy Secretary of Defense (DepSecDef) in entrusting this important study to it. In addition, the Subcommittee sincerely applauds all the hardworking people that work in the DoD Offices of Small Business Programs as well as the

mentors and protégés that have participated and are participating in the program. Observations and recommendations were approved by the full DBB on February 22, 2022.

Respectfully submitted,

A handwritten signature in black ink that reads "Joseph B. Anderson, Jr." with a stylized flourish at the end.

Joseph B. Anderson, Jr.
Subcommittee Chair

PREFACE

This study, DBB FY22-01, *An Assessment of the Department of Defense Mentor-Protégé Program*, is a product of the DBB. Recommendations provided herein by the DBB are offered as advice to the DoD and do not represent DoD policy.

The DBB was established by the Secretary of Defense in 2002 to provide the Secretary and Deputy Secretary of Defense with independent advice and recommendations on how “best business practices” from the private sector’s perspective might be applied to the overall management of DoD. The DBB’s members, appointed by the Secretary of Defense, are senior corporate leaders with demonstrated executive-level management and governance expertise. They possess a proven record of sound judgment in leading or governing large, complex organizations and are experienced in creating reliable and actionable solutions to complex management issues guided by proven best business practices. All DBB members volunteer their time to this mission.

Authorized by the Federal Advisory Committee Act of 1972 (5 U.S.C., Appendix, as amended), and governed by the Government in the Sunshine Act of 1976 (5 U.S.C. § 552b, as amended), 41 CFR 102-3.140, and other appropriate federal and DoD regulations, the DBB is a federal advisory committee whose members volunteer their time to examine issues and develop recommendations and effective solutions, aimed at improving DoD management and business processes.

The management of this study was governed by the Federal Advisory Committee Act of 1972 (5 United States Code (USC), Appendix, as amended), the Government in the Sunshine Act of 1976 (5 USC § 552b, as amended), 41 CFR 102-3.140, and other appropriate federal and DoD regulations.

TASKING

On November 5, 2021, the Deputy Secretary of Defense (DepSecDef) requested the Defense Business Board (DBB) Business Operations Advisory Subcommittee (“the Subcommittee”) submit an independent report evaluating the effectiveness of the Department of Defense (DoD) Mentor-Protégé Program (“the MPP”). Section 872(d) of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2020 (“the FY2020 NDAA”) (Public Law 116-92), December 20, 2019, required the Secretary of Defense to direct the DBB to submit, not later than March 31, 2022, to the Congressional Defense Committees, a report evaluating the effectiveness of the MPP established under section 831 of the NDAA for FY1991 (Public Law 101-510), November 5, 1990, and also published as a note after 10 U.S.C. § 2302. This report shall include:

1. Recommendations for improving the program in terms of performance metrics, forms of assistance, and overall program effectiveness.
2. Any other related matters the DBB determines relevant to this task.

The study Terms of Reference at **TAB A** guided the full scope of research and interviews for this study.

SUBCOMMITTEE MEMBERS

Joseph B. Anderson, Jr. served as chair of the DBB Business Operations Advisory Subcommittee. Other Subcommittee members that contributed to the study are Sally Donnelly and Erin Hill. Subcommittee support was provided by CAPT Jeffrey Plaisance, United States Navy, DBB Military Representative, and Melodie Ha, Contractor. **TAB B** provides biographies of the Subcommittee members.

The study, along with its findings and recommendations, was presented to the entire DBB membership at an open public meeting conducted by video teleconference on February 22, 2022. After discussion and deliberations, the study was approved unanimously. The briefing slides presented and approved are found in **TAB C**, and any public comments received are at **TAB H**. A list of acronyms used may be found at **TAB G**.

APPROACH AND METHODOLOGY

The Subcommittee members conducted the study and assessment over a period of roughly 12 weeks, researching and analyzing documents and literature, as well as interviewing Subject Matter Experts. The interviews were comprised of structured dialogues under the Chatham House Rule with 27 DoD and other Federal Agency small business leaders, private industry principals, mentor and protégé company leaders, and Congressional staffers. Since its most recent refinement in 2002, the Chatham House Rule states, “When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.” A list of interviewees may be found at **TAB D**. Additionally, detailed questionnaires were developed and provided to each of the DoD Components, mentors, protégés, and other federal agencies that run their own MPP. These questionnaires are included in **TAB E**.

The Subcommittee conducted a literature review of over 28 past studies, reports, and assessments, dating back to 2011. A listing of literature reviewed may be found at **TAB F**. The Subcommittee interviewed four mentors and six protégé firms and collected surveys from eight DoD Components, 18 mentors, and 29 protégés. 22 mentors and 35 protégés in total were able to respond and provide feedback.

STRATEGIC IMPERATIVE

Robust and diverse companies are critical to preserving America’s role as the world’s leading economy. Small businesses account for nearly half of all American jobs and are the backbone of the U.S. economy. This is also particularly true within the U.S. defense industrial base, which relies on the participation of diverse, dynamic, innovative small businesses to advance future warfighting capabilities for the DoD. However, barriers such as DoD’s security requirements and procurement practices make DoD a difficult customer. Furthermore, the continued consolidation of defense suppliers in the defense industrial base is reducing the diversity of that supply chain, reducing the availability of key supplies and equipment, diminishing vendors’ incentives for innovation and

performance in government contracts, and leading to supply chain vulnerabilities. It is imperative that the Administration, Congress, and the DoD continue to prioritize investing in the defense industrial base, and in particular, small businesses. In this vein, the Biden Administration has prioritized key areas to ensure an effective National Security Strategy and to bolster the defense sector, including securing supply chains for critical national security technologies and medical supplies, ensuring our workforce represents the diversity of our country, and supporting American small and medium-sized businesses.

BACKGROUND

The Department of Defense (DoD) is America's largest government agency.⁷ With a budget of \$740 billion (FY2021), 2.9 million employees, and 4,800 sites across 160 different countries, the DoD is arguably, the largest and most complex enterprise in the world. In FY2017, DoD obligated more money on federal contracts (\$320 billion in current dollars) than all other government agencies combined. DoD's contract obligations were equal to 8% of all mandatory and discretionary federal spending. Services accounted for 41% of total DoD contract obligations, goods for 51%, and research and development (R&D) for 8%.⁸ A significant portion of that DoD contracting goes to small and disadvantaged businesses. In FY20 (the most recent report), DoD had a goal that 22.05% of its contracts should go to small businesses. It exceeded that goal by scoring 24.50% for a total of \$80.4 billion. Under the Small Business Administration's (SBA) scoring methodology, DoD received an A in FY2020 on the SBA Small Business Procurement Scorecard.⁹

"I realize that doing business with the DoD is not always easy. Because of our unique security requirements and procurement practices, we can be a challenging customer, but we are committed to examining the administrative barriers that small businesses face in working with us. And we will take meaningful action to remove barriers where we can."

~ Deputy Secretary of Defense Kathleen Hicks

*SPEECH AT THE 30TH ANNUAL PENNSYLVANIA SHOWCASE
ON COMMERCE*

SEPTEMBER 1, 2021

Small Business Contracting

Per the SBA, "the annual Small Business Procurement Scorecard is an assessment tool to (1) measure how well federal agencies reach their small business and socio-economic prime contracting and subcontracting goals, (2) provide accurate and transparent contracting data and (3) report agency-specific progress. The prime and subcontracting component goals include goals for small businesses (SB), women owned small businesses (WOSB), small disadvantaged businesses (SDB), service-disabled veteran-owned small businesses (SDVOSB), and small businesses located in Historically Underutilized Business Zones (HUBZones).

⁷ Department of Defense, <https://www.defense.gov/our-story/>.

⁸ Congressional Research Service, "Defense Acquisitions: How and Where DOD Spends Its Contracting Dollars," July 2, 2018.

⁹ Small Business Administration, "Small Business Procurement Scorecard FY2020 Scorecard Summary."

Every year, the SBA works with each agency to set their prime and subcontracting goals and their grades are based on the agreed upon levels. Each federal agency has a different small business contracting goal, negotiated annually in consultation with the SBA. The SBA ensures that the sum total of all of the goals meets the 23 percent target for the federal government as well as the socio-economic goals established by statute.

Each agency's overall grade will show an A+ for agencies that meet or exceed 120 percent of their goals, an A for those between 100 percent and 119 percent, a B for 90 to 99 percent, a C for 80 to 89 percent, a D for 70 to 79 percent and an F for less than 70 percent."¹⁰

Mentor-Protégé Programs (MPP)

The Mentor-Protégé Program (MPP) is a specific small business program within DoD and other government agencies. Per the Congressional Research Service, "mentor-protégé programs typically seek to pair new businesses with more experienced businesses in mutually beneficial relationships. Protégés may receive financial, technical, or management assistance from mentors in obtaining and performing federal contracts or subcontracts or serving as suppliers under such contracts or subcontracts. Mentors may receive credit toward subcontracting goals, reimbursement of certain expenses, or other incentives."

The federal government currently has several mentor-protégé programs to assist small businesses in various ways. For example, the SBA Mentor-Protégé Program (MPP) is a government-wide program designed to assist small businesses in obtaining and performing federal contracts. Toward that end, mentors may (1) form joint ventures with protégés that are eligible to perform federal contracts set aside for small businesses; (2) make certain equity investments in protégé firms; (3) lend or subcontract to protégé firms; and (4) provide technical or management assistance to their protégés.

The Department of Defense MPP, in contrast, is agency-specific and its primary focus is on small businesses performing subcontracts and as suppliers on federal contracts, not upon small businesses performing federal contracts. DoD's Mentor-Protégé Program began on October 1, 1991, and was the first federal mentor-protégé program to become operational. Originally scheduled to expire in 1994, it has been repeatedly extended as a pilot program, most recently through FY2024 for the formation of new agreements, and FY2026 for the reimbursement of incurred costs under existing agreements. DoD's program is the only federal MPP mandated by law that receives appropriated funding. It is designed to assist various types of small businesses and other entities in obtaining and performing DoD subcontracts and serving as suppliers on DoD contracts. Mentors may (1) make advance or progress (installment) payments to their protégés that DoD reimburses; (2) award subcontracts to their protégés on a noncompetitive basis when they would not otherwise be able to do so; (3) lend money to or make investments in protégé firms; and (4) provide or arrange for other assistance.

Other agencies also have agency-specific mentor-protégé programs designed to assist various types of small businesses or other entities in obtaining and performing subcontracts under agency prime

¹⁰ Small Business Administration, "Small Business Procurement Scorecard Overview."

contracts. The Department of Homeland Security (DHS), for example, has a mentor-protégé program wherein mentors may provide protégés with rent-free use of facilities or equipment, temporary personnel for training, property, loans, or other assistance. Because these programs are not based in statute, like the SBA and DoD programs, they generally rely upon pre-existing authorities (e.g., authorizing use of evaluation factors) or publicity to incentivize mentor participation.

There were 13 active MPPs during FY2017. The Departments of Health and Human Services and Treasury, and the U.S. Agency for International Development ended their MPPs during FY2017. The 10 active MPPs at the end of FY2017 were at the Departments of Defense, Energy, Homeland Security, and Transportation, the Environmental Protection Agency (EPA), General Services Administration (GSA), National Aeronautics and Space Administration, and Small Business Administration (three programs—8(a), All Small, and FAST). The EPA retired its program on September 19, 2018; the GSA retired its program on April 3, 2019. ¹¹

In addition to the EPA and GSA, other federal agencies have closed their MPPs. Furthermore, the SBA merged the 8(a) Business Development (BD) MPP and the All Small Mentor-Protégé Program in an effort to eliminate confusion, remove unnecessary duplication of functions within SBA, and establish one, unified staff to better coordinate and process MPP applications. The merger was effective on November 16, 2020, and the merged program was retitled as the SBA Mentor-Protégé Program.¹²

The Small Business Jobs Act of 2010 and the National Defense Authorization Act for Fiscal Year 2013 provided authority for government agencies to establish MPPs for all small businesses. Rather than creating separate programs for each constituency—Service Disabled Veteran Owned Businesses, Women Owned Small Businesses, Historically Underutilized Business Zones—the SBA chose to create a single, all-inclusive MPP modeled on the successful MPP available to participants in its 8(a) program. The SBA’s MPP is federal wide, and as previously mentioned, EPA and GSA now use it, in place of their own programs. EPA and GSA use SBA’s program to reduce redundancy and increase efficiencies.¹³

Five federal agencies currently have SBA-approved mentor-protégé programs:

1. Department of Energy (DoE)
2. Department of Homeland Security (DHS)
3. National Aeronautics and Space Administration (NASA)
4. U.S. Small Business Administration (SBA)
5. Department of Transportation (DoT)

Two federal agencies have mentor-protégé programs that do not require SBA’s approval, because their programs are not covered by the Small Business Act:

1. Department of Defense (DoD)
2. Federal Aviation Administration (FAA)

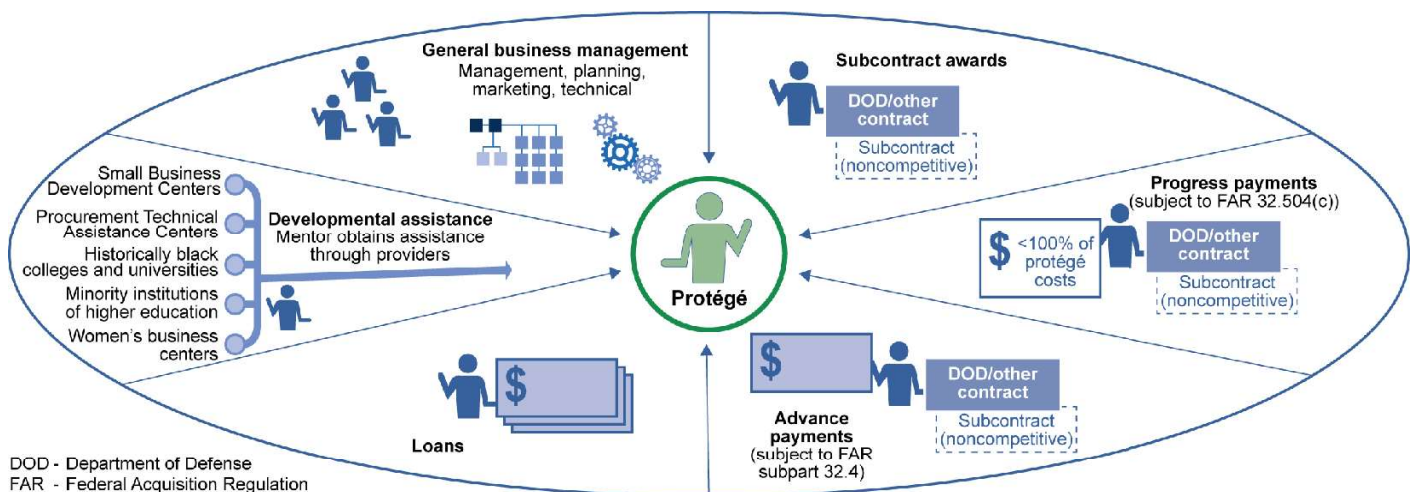
¹¹ Congressional Research Service, “Small Business Mentor-Protégé Programs,” July 2, 2021.

¹² Office of the Federal Register, Vol. 85, No. 201, 66146-66199, October 16, 2020.

¹³ Office of the Federal Register, Vol. 83, No. 120, 28761–28976, June 21, 2018.

DoD's MPP

DoD's MPP ("the MPP") as established in statute is to provide incentives to major DoD contractors to furnish eligible disadvantaged small business concerns with assistance designed to (1) enhance the capabilities of eligible disadvantaged small business concerns to perform as subcontractors and suppliers under DoD contracts and other contracts and subcontracts; and (2) increase the participation of such business concerns as subcontractors and suppliers under DoD contracts, other federal government contracts, and commercial contracts. The responsibility for the MPP belongs to the Office of the Under Secretary of Defense for Acquisition and Sustainment (OUSD(A&S)). On a regular basis, the MPP is administered by the Director of the Office of Small Business Programs (OSBP) under the Deputy Assistant Secretary of Defense for Industrial Policy (DASD(IndPol)) within OUSD(A&S)). DoD's OSBP manages the program, including developing and overseeing the policies and procedures for the program. In addition, a number of DoD components administer individual mentor-protégé programs. DoD components and the mentors and protégés that participate in the program are required to follow DoD's regulations, policies, and procedures. OSBP has developed tools to facilitate program administration, including a template to assist mentors and protégés in developing proposed agreements and a checklist to assist DoD components with ensuring that proposed agreements address required elements (Figure 1).



Source: GAO analysis of Department of Defense Pilot Mentor-Protégé Program policies and procedures. | GAO-17-172

Figure 1: Developing Proposed Agreements (Source: GAO-17-172)

There are three types of MPP written agreements:

1. **Directly reimbursable agreements**, which provide mentors monetary reimbursements only for the cost of developmental assistance incurred by the mentor and provided to the protégé according to the approved agreement;
2. **Credit agreements**, which allow mentors to receive credit toward subcontracting goals for developmental costs incurred by the mentor according to the agreement; and

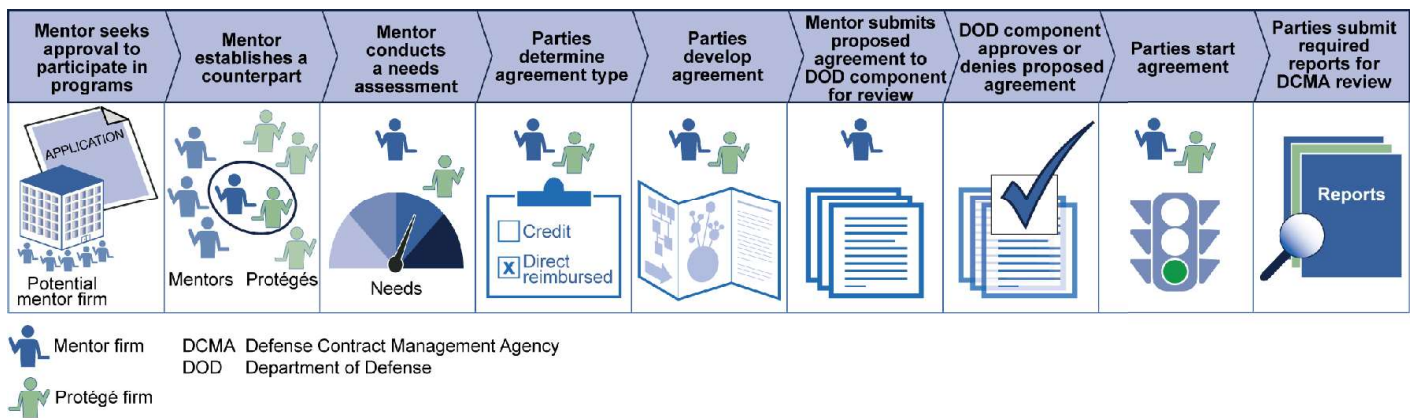
3. **Hybrid agreements**, which provide credits for the first year of the agreement and then can be modified to include monetary reimbursements in the remaining years. Mentors can provide protégés with various types of assistance under MPAs, including general business management, subcontract awards, progress payments, advance payments, and loans. Mentors may also obtain assistance for protégés from Small Business Development Centers (SBDC), PTACs, HBCUs, and minority institutions of higher education.

DoD relies on the Military Services and Agencies (DoD components) to staff the agreements that establish relationships between participants in its MPP. This program provides incentives for major defense contractors (mentors) to provide assistance to small disadvantaged firms (protégés) in an effort to enhance their capability to compete for federal and commercial contracts.

DoD requires mentors and protégés to enter into a written agreement, approved by the DoD, which sets forth the mentor and protégé's program eligibility, describes the assistance the mentor will provide, and contracting goals. The agreement generally has a term that does not exceed two years, but can be extended up to three additional years with DoD approval. Mentors and protégés may terminate the agreement with 30 days' advance notice to the other party and DoD.

DoD policies and procedures also require mentors to report on the progress made under active MPAs in annual and semiannual reports. Mentors must also include in semiannual reports, among other things, (1) any assistance obtained by the mentor firm for the protégé firm from SBDCs, PTACs, HBCUs, and minority institutions of higher education for developmental assistance provided to protégés, (2) dollars credited (if any) toward applicable subcontracting goals as a result of developmental assistance provided to the protégé, and (3) the impact of the agreement in terms of capabilities enhanced, certifications received, or technology transferred. In addition, annual reports are to contain data on the protégé's employment, revenue, and participation in DoD contracts. DoD procedures also currently require protégés to report on the progress made in each of the 2 years following the completion of their agreement. The 2-year requirement is being extended to 5 years in future metrics. Further, DoD procedures require the DCMA, another DoD component that manages agreements for the Department, to conduct a performance review annually of MPA.

DoD's process for establishing and approving mentor-protégé agreements generally consists of nine steps (Figure 2):



Source: GAO analysis of Department of Defense Pilot Mentor-Protégé Program policies and procedures. | GAO-17-172

Figure 2: Nine Steps for Establishing and Approving Agreements (Source: GAO-17-172)

1. Mentor seeks approval to participate in program. A firm that is interested in participating in the MPP must apply for approval as a mentor. To be eligible as a mentor, among other factors, a firm must not be affiliated with the protégé prior to the approval of the agreement and must demonstrate it is qualified to provide assistance that will contribute to the program’s purpose, among other requirements.
2. Mentor establishes a counterpart. The mentor is solely responsible for selecting the protégé. A Protégé firm must be either a small disadvantaged business (SDB), a qualifying organization employing the severely disabled, a women-owned small business (WOSB), a service-disabled veteran-owned small business (SDVOSB), or located in a historically underutilized business zone (HUBZone).
3. Mentor conducts a needs assessment. Once the mentor selects the protégé, the mentor conducts a preliminary assessment of the protégé’s developmental needs. The mentor and protégé then mutually agree on the developmental assistance that the mentor is to provide to address those needs.
4. Parties determine the type of agreement. The mentor and protégé may apply for either a reimbursable mentor-protégé agreement or a credit agreement.
5. Parties develop the agreement. The mentor and protégé develop a proposed MPA that must address a number of required elements.
6. Mentor submits proposed agreement for review. The mentor submits the proposed agreement to the cognizant DoD component for review and approval.
7. DoD approves or denies agreement.
8. Parties start the agreement. The mentor and protégé begin the agreement, which cannot generally exceed 2 years (although a 3-year extension can be added).
9. Parties report on progress. The mentor is required to submit a semiannual and annual report on the progress made under an MPA throughout the term of an agreement. The protégé is required to submit an annual report on progress made during each fiscal year of the program term and for each of the 2 fiscal years following the expiration of the agreement (expanding to 5 fiscal years).

As noted above, some federal agencies have cancelled their stand-alone MPPs and merged their programs into the SBA MPP. However, based on the interviews the Subcommittee did, there appear to be numerous and significant reasons to support the DoD maintaining control and oversight of its own MPP:

1. The DoD operates in a different manner, has unique missions and constraints, and has very diverse characteristics compared to all other federal agencies. DoD, like the other federal agencies that have their own MPP (i.e., DoE, DHS, NASA, DoT, and the FAA), recognizes these differences and wants to maintain control of its own MPP. The MPP is focused on simultaneously supporting small businesses, increasing the size of the DIB, and delivering, in some cases, agile, innovative technologies to the warfighter.
2. DoD's acquisition has unique requirements outlined in the Defense Federal Acquisition Regulation Supplement (DFARS).
3. The MPP and the predominant portion of its acquisition contracting focuses on bespoke, military specification (MIL-SPEC), manufacturing of platforms, weapons, and their support infrastructure whereas the SBA's is on general business services.
4. In responding to the Subcommittee survey, the large DoD prime contractors that make up a significant portion of DoD's mentor base stressed they were not interested in being mentors in a "joint venture only" MPP as the SBA's is.
5. Through their oversight of the MPP, the OSD and DoD Component OSBPs can target and foster the protégés that have technology most likely to be of benefit and use to DoD.
6. Particularly for the DoD intelligence agencies, but even for the MPP writ large, the protégés and mentors have unique and more stringent security requirements.
7. In responding to the Subcommittee survey, DoD's mentor base stressed the reimbursable funding available in the MPP as the most significant reason for their continued participation. Per DCMA, 74% of MPAs in FY2020 and 85% of MPAs in FY2021 were for reimbursable funding.

DoD's mentor companies mentioned there were benefits in addition to the reimbursable funding and subcontracting credit for participating in the MPP. Most often mentioned was the addition of more diverse and stronger supplier relationships to meet the mentor's needs by fostering their protégés. Through an effective MPA, the mentor gains a strengthened, tailored supplier that they can utilize and depend on in the future. Some mentors also stressed that the protégés had business relationships with companies, industries, and sectors that the mentors did not. Thus, through participation in the MPP, the mentors gained new business relationships and new suppliers. Mentors also mentioned they were proud and felt patriotic to add strengthened and more diverse companies to the DIB. The efficiencies that come from the MPP help make the protégé as well as the mentor more competitive. Both protégés and mentors benefit from their participation in the MPP.

Recent Developments

As mentioned, P.L. 116-92, the National Defense Authorization Act for FY2020, extended the DoD Mentor-Protégé Program's authorization through FY2024 for the formation of new agreements and FY2026 for the reimbursement of incurred costs under existing agreements. The act also increased the size standard for determining eligibility for the MPP from less than half of the SBA size standard

assigned to its corresponding North American Industry Classification System (NAICS) code to not more than the SBA's size standard assigned to its corresponding NAICS code. This change was designed to better align the MPP's eligibility requirements with those of the now-retired SBA 8(a) Mentor-Protégé Program (which increased its size standard for determining eligibility from less than half to not more than the SBA's size standard assigned to its corresponding NAICS code in 2016).

DoD provided the program \$23.2 million in FY2017, \$19.6 million in FY2018, \$29.8 million in FY2019, and \$31.7 million in FY2020. DoD announced in its FY2021 congressional budget justification document that it intended to zero out the Mentor-Protégé Program (i.e., transfer the funds to other uses) in FY2021, and "shift from a cost reimbursable program to an allowable cost program to attract and expand participation in the MPP." However, P.L. 116-260, the Consolidated Appropriations Act, 2021, included a provision that prevented DoD from zeroing out the program by requiring DoD to use the program's appropriated funds "solely for the purpose of implementing a Mentor-Protégé Program developmental assistance agreement pursuant to section 831 of the National Defense Authorization Act for Fiscal Year 1991." The program subsequently received \$30 million in FY2021, and the Biden Administration has recommended that the program receive \$30 million in FY2022.¹⁴

¹⁴ Congressional Research Service, "Small Business Mentor-Protégé Programs," July 2, 2021.

Tables 1 and 2 summarize recent and relevant studies and reports on DoD as well as other federal MPPs.

Agency	Year	Evaluation	Concerns and Challenges (Placeholder1)
National Women’s Business Council	2011	Evaluating Federal MPP Programs: Assessment, Case Studies, and Recommendations	<ul style="list-style-type: none"> Women-owned businesses are underrepresented in many areas, especially in the world of federal contracting. Are women-owned businesses taking advantage of MPP? How can MPP improve the performance of women-owned businesses in government contracting?
Government Accountability Office (GAO) (GAO-17-172)	2017	DoD Pilot Mentor-Protégé Program	<ul style="list-style-type: none"> DoD does not have reasonable assurance that approved agreements include all elements required by MPP’s regulations and policies DoD lacks performance goals and other measures needed to effectively assess the program MPP was first authorized in 1990 and repeatedly renewed as a pilot program
Office of the Inspector General (OIG)	2019	Evaluation of SBA’s All Small MPP	<ul style="list-style-type: none"> Unqualified businesses and large businesses may have improperly benefitted from the MPP program due to lack of controls and assessments SBA did not implement effective controls to ensure it conducted initial application reviews and annual evaluations to align with program regulations SBA did not effectively monitor and evaluate program results SBA did not fully adhere to established processes or ensure it appropriately documented assessments
Government Accountability Office (GAO) (GAO-22 -104621)	2021	Small Business Contracting – Actions Needed to Implement and Monitor DoD’s Small Business Strategy	<ul style="list-style-type: none"> 2019 Small Business Strategy includes various outreach initiatives, trainings, and vendor events to contact and educate small businesses on working with DoD, but DoD lacks key mechanisms to implement the strategy and monitor and coordinate small business contracting efforts DoD has not developed the strategy’s implementation plan, which is required by law

Table 1: Previous Concerns and Challenges for MPP and Small Business Contracts

Agency	Year	Evaluation	Recommendations
National Women's Business Council	2011	Evaluating Federal MPP Programs: Assessment, Case Studies, and Recommendations	<ul style="list-style-type: none"> • Eliminate large programmatic variables (such as DoD's incentives to prime contractors) and move toward credit-based programs only in all federal agencies • Federal agencies that currently do not do so should expand commitments and metrics within Mentor-Protégé agreements to include measures of success beyond the dollar value of subcontracts and number of jobs created • Federal agencies should develop shared record-keeping methods as each agency currently lists and tracks MPP participants differently
Government Accountability Office (GAO) (GAO-17-172)	2017	DoD Pilot Mentor-Protégé Program	<ul style="list-style-type: none"> • Conduct periodic reviews of the components' processes for approving agreements and address identified deficiencies, as appropriate • Develop performance goals and related measures that are consistent with the program's stated purpose
Office of the Inspector General (OIG)	2019	Evaluation of SBA's All Small MPP	<ul style="list-style-type: none"> • Develop and implement application review and annual evaluation procedures to ensure mentors are qualified, including implementing mandatory use of the mentor certification form • Develop and implement procedures to ensure quality and consistency in application reviews and annual evaluations, including maintaining adequate documentation to support completion of each step in the application review and annual evaluation processes • Prioritize staff resources to ensure application reviews and annual evaluations are conducted in accordance with regulatory and program requirements • Ensure that certify.SBA.gov has the functionality needed for program officials to conduct application reviews and annual evaluations
Government Accountability Office (GAO) (GAO-22-104621)	2021	Small Business Contracting – Actions Needed to Implement and Monitor DoD's Small Business Strategy	<ul style="list-style-type: none"> • Develop an implementation plan for its Small Business Strategy • Develop a policy to guide the implementation of a unified management structure • Establish a formal process by which DoD can monitor and report on its progress in implementing the Small Business Strategy

Table 2: Previous Recommendations for MPP Evaluations and Small Business Contracts

OBSERVATIONS AND FINDINGS

Key Observation #1: Over three decades, the MPP has made a positive impact on the small businesses that participated as protégés.

Challenges with Strengthening the DIB and Small Businesses

As previously mentioned, the numbers of small and OTSBs that do business with DoD are declining (Figure 3). DoD’s contract obligations to small businesses increased from FY2011-2020, while the number of small businesses contracting with DoD declined. The trend of higher obligations to a lower number of businesses applied to both small businesses and OTSBs. These declines lower the diversity of the U.S. DIB and could lead to resourcing and readiness problems in the future. Additionally, starting a small business is a challenging task. Keeping it solvent for 5-10 years even more so. Per the latest data from the SBA’s Office of Advocacy, from 1994-2019, an average of 67.6% of new small businesses survived at least two years. During the same period, the five-year survival rate was 48.9%, the ten-year survival rate was 33.6%, and the fifteen-year survival rate was 25.7%.¹⁵

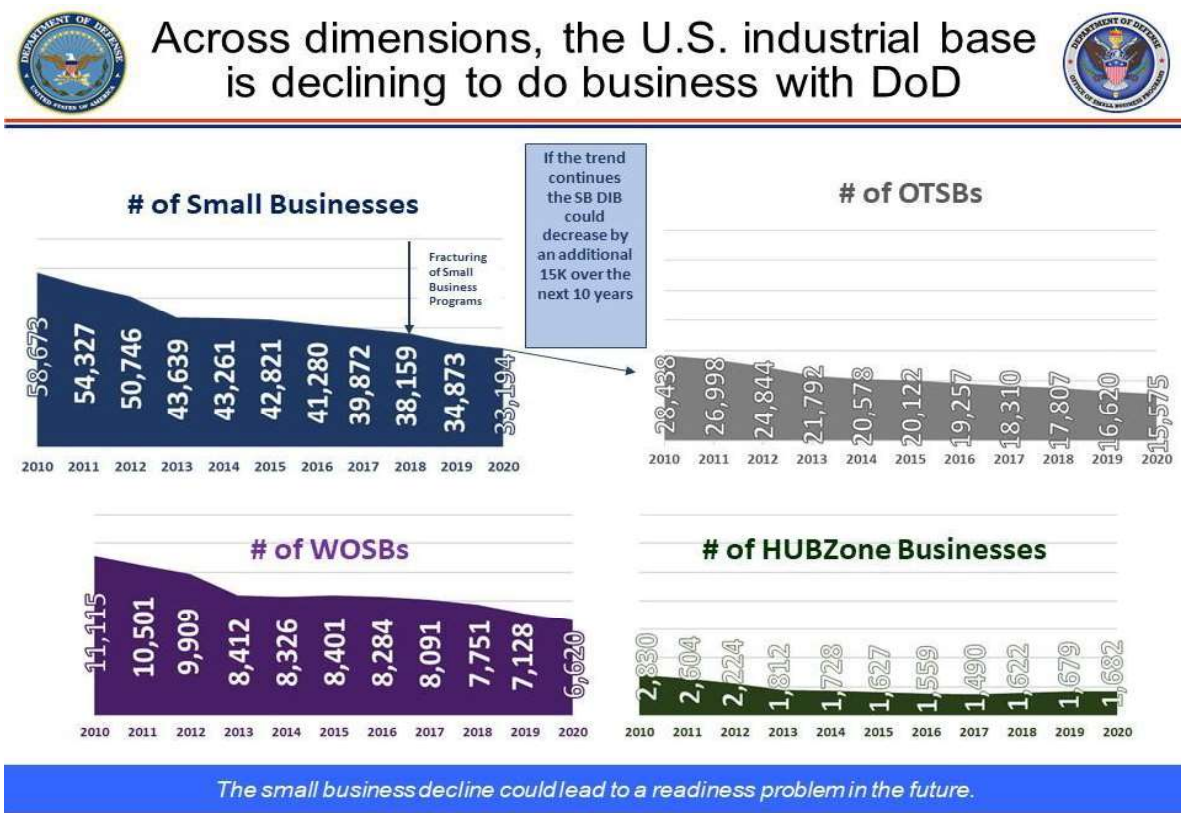


Figure 3: DoD’s Declines in Industrial Base (Source: DoD OSBP)

¹⁵ Office of Advocacy, Small Business Administration, December 2021.

The GAO found similar results in its recent assessment of DoD’s small business strategy, GAO Report GAO-22-104621. The GAO noted, “DOD contract obligations to small businesses were higher in 2020 than in 2011, after adjusting for inflation. DOD obligated more to small business contractors in fiscal year 2020 (\$80.5 billion) than any other year in the previous decade. However, the number of small businesses contracting with DOD has significantly declined since 2011. The Army, Navy, Air Force, and Defense Logistics Agency (DLA) all awarded contracts to fewer small businesses in 2020 than in 2011 (Figures 4-6).”

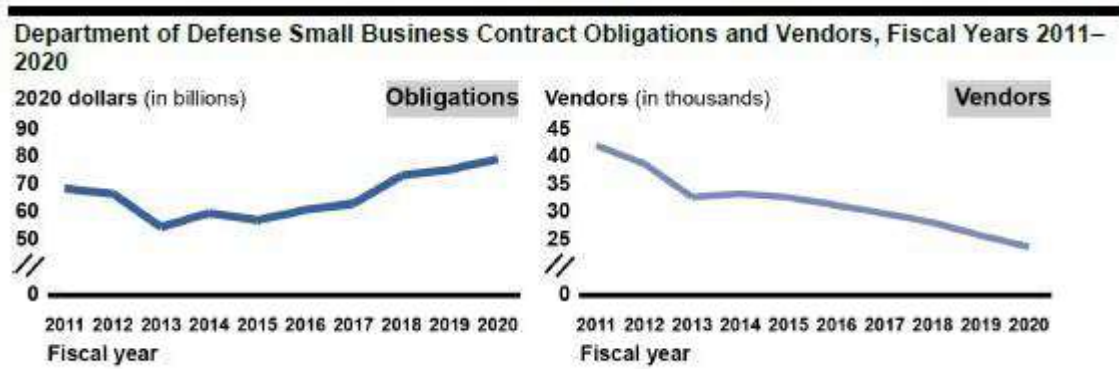


Figure 4: DoD Small Business Contract Obligations and Vendors, FY2011-2020 (Source: GAO-22-104621)

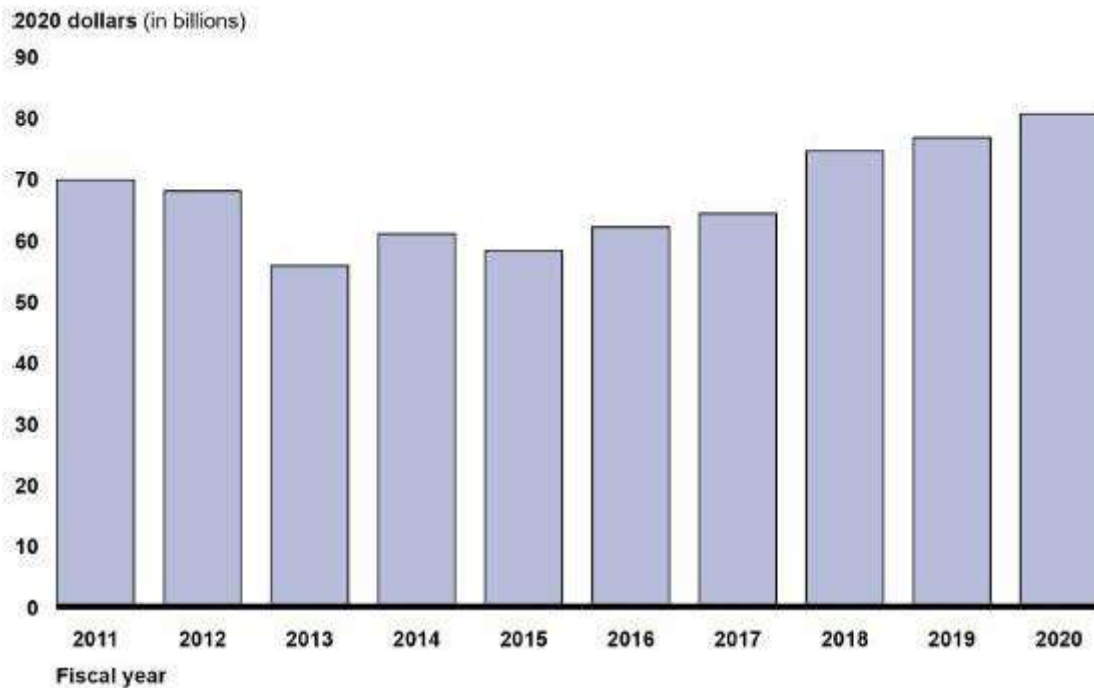
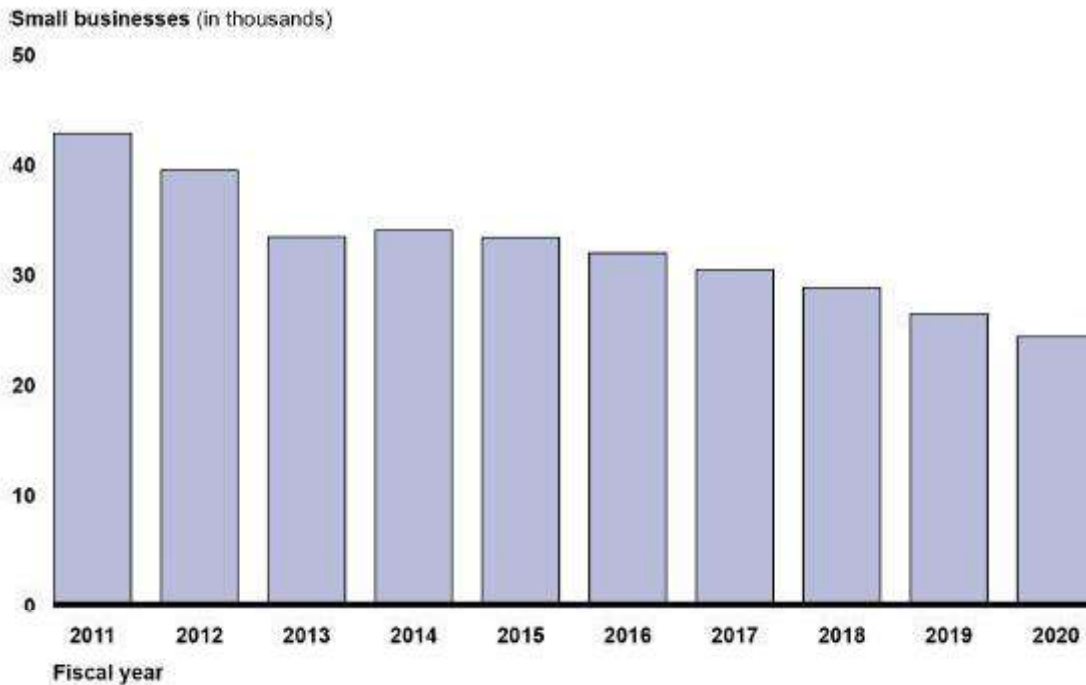


Figure 5: DoD Contract Obligations to Small Businesses, FY2011-2020 (Source: GAO-22-104621)



*Figure 6: Number of Small Businesses Receiving Contracts from DoD, FY2011-2020
(Source: GAO-22-104621)*

“The Department is renewing its efforts to ensure we can meet the challenges now and into the future. A vibrant, competitive and diverse defense industrial base will be critical to our success. As DoD works to innovate, bring new technologies into our supplier base, and develop the workforce of the future, American small business and our U.S. industrial base must expand not only to improve resiliency, but to ensure we are able to meet the needs of our warfighters for tomorrow’s high-tech challenges.”

~ Deputy Secretary of Defense Kathleen Hicks

STATEMENT ON STATE OF COMPETITION IN THE DEFENSE INDUSTRIAL BASE

FEBRUARY 15, 2022

MPP Measures of Success

Based on in-depth analysis of how DoD oversees the MPP, the Subcommittee came up with the following measures of success with which to evaluate the MPP’s effectiveness.

1. Increases in employment numbers for the protégés
2. Increases in revenue for the protégés
3. Increases in certifications and qualifications (i.e., business infrastructure) for the protégés
4. Increases in contracts awarded to current and former protégés
5. Increase in the number of protégés contributing to the DIB
6. Innovative technologies added by protégés to DoD Programs of Record

Increases in Employment Numbers for the Protégés

The annual protégé surveys from DCMA for FY2012-2021 show gains in employment of between 660 to 1521 employees per annum (Figure 7).

Fiscal Year	Total Firms	Active Number of Firms Gaining Employees	Employee Gains	Number of Firms Losing Employees	Employee Losses	Number of Firms, No Change	Net Employee Gains	Average Net Employee Gains
2012	62	19	1075	43	415	0	660	10.6
2013	65	40	1141	21	398	4	743	11.4
2014	60	35	1046	18	238	7	808	13.5
2015	71	46	1390	20	460	5	930	13.1
2016	59	38	1637	19	302	2	1335	22.6
2017	73	43	1113	31	373	3	740	10.1
2018	59	37	1636	22	563	0	1073	18.2
2019	62	50	1667	10	355	2	1300	21.0
2020	61	47	1696	9	175	5	1521	24.9
2021	47	38	1114	8	24	1	1090	23.2

Figure 7: Total Annual Employment Gains/Losses at Protégé Firms for FY2012-2021 (Source: DCMA)

Additionally, DCMA also tracks protégé employment changes for two years after they leave the MPP. From the start of their MPA to the end of that agreement and for the 1st/2nd years post agreement for FY2012-2021, the net employment and revenue changes at protégé firms were positive (Figure 8).

Fiscal Year	# of Protégé Firms Evaluated	# of Employees, Start of Agreement	# of Employees, End of Agreement	Net Gains # of Employees, End of Agreement	# of Employees, End of 1st and 2nd year Combined	Net Gains at end of 1st and 2nd year Post Review
2012	68	4282	5900	1618	9218	4936
2013	56	3632	4721	1089	7501	3869
2014	25	1511	1734	223	2836	1325
2015	18	972	1142	170	1903	931
2016	28	1905	2320	415	3885	1980
2017	18	759	930	171	1729	970
2018	32	1163	2012	849	4423	3260
2019	23	1280	2137	857	3040	1760
2020	52	1814	3552	1738	6105	4291
2021	38	2218	3193	975	4553	2335

Figure 8: Net Employment Changes at Protégé Firms from start of mentor-protégé agreement, end of agreement, and 1st/2nd years post agreement for FY2012-2021 (Source: DCMA)

Increases in Revenue for the Protégés

Additionally, the annual protégé surveys from DCMA for FY2012-2021 show increases in revenue for protégé companies of between \$158 to \$699 million dollars (Figure 9).

Fiscal Year	Total Firms	Number of Firms Gaining	Annual Revenue Gains	Number of Firms Losing	Annual Revenue Losses	Number of Firms, No Change	Annual Net Revenue Gains	Average Net Revenue Gains
2012	62	47	\$728,180,552	14	\$28,547,409	1	\$699,653,143	\$11,284,728
2013	65	45	\$293,786,861	20	\$55,661,663	0	\$238,125,178	\$3,663,464
2014	60	42	\$421,410,749	15	\$25,540,394	3	\$395,970,355	\$6,599,506
2015	71	46	\$578,302,570	20	\$36,679,682	5	\$541,622,888	\$7,628,491
2016	59	38	\$527,455,030	19	\$27,887,214	2	\$499,567,816	\$8,467,251
2017	73	48	\$309,227,043	25	\$96,096,909	0	\$213,130,134	\$2,919,591
2018	59	43	\$224,673,760	15	\$66,632,457	1	\$158,041,303	\$2,678,666
2019	62	52	\$381,291,022	8	\$28,479,874	2	\$352,781,148	\$5,690,019
2020	61	50	\$554,905,316	11	\$18,563,338	0	\$536,341,978	\$8,792,491
2021	47	41	\$473,045,593	6	\$13,936,035	0	\$459,109,558	\$9,768,288

Figure 9: Total Annual Revenue Gains/Losses at Protégé Firms for FY2012-2021 (Source: DCMA)

DCMA also tracks changes in protégé revenue for two years after they leave the MPP. From the start of their MPA to the end of that agreement and for the 1st/2nd years post agreement for FY2012-2021, the net revenue changes at protégé firms were positive (Figure 10).

Fiscal Year	# of Protégé Firms Evaluated	Annual Revenue, Start of Agreement	Annual Revenue, End of Agreement	Net Gains at End of Agreement	Annual Revenue, End 1st and 2nd Year Combined	Net Gains at end of 1st and 2nd year Post Review
2012	68	\$613,247,055	\$1,005,632,760	\$392,385,705	\$1,549,103,899	\$935,856,844
2013	56	\$667,288,524	\$1,083,406,604	\$416,118,080	\$1,646,760,287	\$979,471,763
2014	25	\$214,783,075	\$346,031,202	\$131,248,127	\$596,971,780	\$382,188,705
2015	18	\$132,564,050	\$359,530,180	\$226,966,130	\$371,994,426	\$239,430,376
2016	28	\$255,345,957	\$390,783,521	\$135,437,564	\$773,103,449	\$517,757,492
2017	18	\$120,801,586	\$262,202,971	\$141,401,385	\$310,301,495	\$189,499,909
2018	32	\$213,914,424	\$491,186,114	\$277,271,690	\$1,223,642,485	\$1,009,728,061
2019	23	\$159,810,633	\$309,485,693	\$149,675,060	\$527,764,233	\$367,953,600
2020	52	\$328,579,826	\$616,109,179	\$287,529,353	\$1,106,398,676	\$777,818,850
2021	38	\$403,709,287	\$817,595,514	\$413,886,227	\$1,213,925,330	\$810,216,043

Figure 10: Net Revenue Changes at Protégé Firms from start of mentor-protégé agreement, end of agreement, and 1st/2nd years post agreement for FY2012-2021 (Source: DCMA)

Increases in Certifications and Qualifications (i.e., Business Infrastructure) for the Protégés

As mentioned above, DoD currently uses PDFs, manual forms, and data calls for tracking, review, and compliance. While DoD tracks the certifications and qualifications that protégés attain in the MPP, it is not on an automated system. In lieu of deriving objective data from DoD reports, the Subcommittee sent a survey to all of DoD's mentors and protégés. Additionally, the Subcommittee conducted hour-long, direct interviews with four mentors and six protégé firms. The Subcommittee received surveys from 18 mentors and 25 protégés. Thus, 22 mentors and 31 protégés in total provided feedback and criticism.

The overwhelming response from both protégés and mentors was that the MPP provides an opportunity for small businesses to receive mentoring and training along with critical certifications needed to become a viable prime and subcontractor to DoD, thus increasing the DIB. Furthermore, they stressed the MPP also provides protégés the resources to mature technology more rapidly, allowing them to bring innovative technology to DoD. The developmental assistance is provided at no cost to the protégé which is critical to the growth and long-term sustainability of small businesses that support DoD.

Three-quarters of protégés surveyed stressed they had gotten multiple, critical certifications with their mentor's assistance, enabled by the MPP's reimbursable funding. The most common certifications that directly improved protégés' business infrastructure were the following:

1. International Organization for Standardization (ISO) 9000 or Quality Management
2. ISO 14001 for Environmental management
3. ISO 27000 for Information Security Management
4. National Institute of Standards and Technology (NIST) 800-171 for DoD Cybersecurity Compliance
5. Aerospace Standard (AS) 9100 Quality Management System for Aviation, Space and Defense Organizations
6. Project Management Professional (PMP)
7. Certified Information Systems Security Professional (CISSP)
8. Certified Information Security Manager (CISM)
9. Capability Maturity Model Integration (CMMI)
10. Cybersecurity Maturity Model Certification (CMMC)
11. Defense Contract Audit Agency (DCAA) approved accounting systems

Increases in Contracts Awarded to Current Protégés

DCMA also tracks the prime contract, subcontract award by mentors, and other subcontract awards for protégés through the MPP. The contracts awarded have been substantial over the last ten fiscal years (Figure 11).

Fiscal Year	Number of Protégé Firms	Prime Contract Award Dollars	Subcontract Award Dollars by Mentor	Other Subcontract Award Dollars	Total Contract Dollars	Average Contract Dollars
2012	62	\$843,312,517	\$191,893,904	\$235,328,569	\$1,270,534,990	\$20,492,500
2013	65	\$531,068,704	\$93,539,160	\$231,225,333	\$855,833,197	\$13,166,665
2014	60	\$584,392,820	\$120,274,776	\$300,564,500	\$1,005,232,096	\$16,753,868
2015	71	\$467,856,839	\$144,555,553	\$221,452,406	\$833,864,798	\$11,744,575
2016	59	\$427,724,118	\$55,894,671	\$190,799,430	\$674,418,219	\$11,430,817
2017	77	\$238,464,870	\$120,138,524	\$162,475,605	\$521,078,998	\$6,767,260
2018	59	\$325,330,310	\$401,016,172	\$263,826,101	\$990,172,583	\$16,782,586
2019	62	\$264,551,009	\$286,292,592	\$220,986,532	\$771,830,133	\$12,448,873
2020	61	\$436,045,804	\$259,203,929	\$212,129,056	\$907,378,789	\$14,875,062
2021	47	\$394,540,719	\$85,318,052	\$157,937,604	\$637,796,375	\$13,570,136

Figure 11: Contract Awards to Protégé for FY2012-2021 (Source: DCMA)

Increase in the Number of Protégés Contributing to the DIB

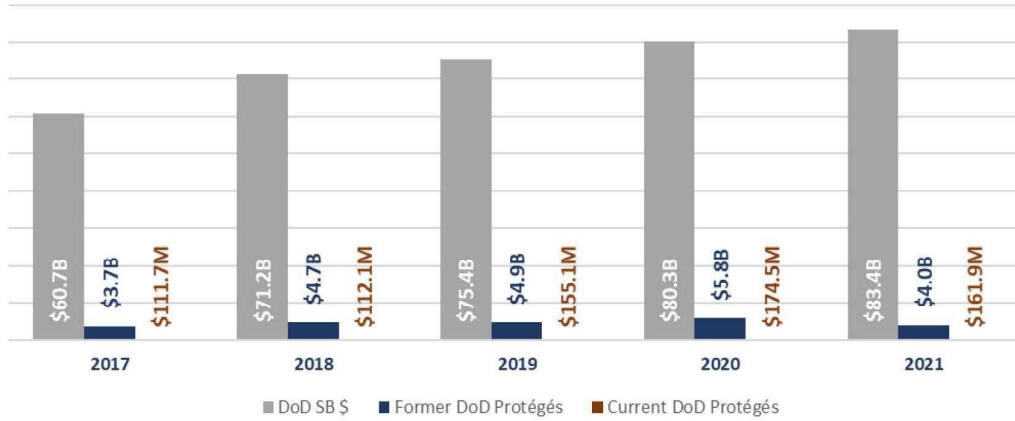
Over the program's three decades, an estimated 1,200 protégés have participated in the MPP. Based on current SAM.gov data, 649 of those companies (current and former protégés) are still contracting with DoD. In FY2021, current and former protégés had \$4.16 billion in contracts, totaling almost 5% of DoD's \$83.4 billion in small business contracting (Figure 11). That's a significantly positive impact from what is a small program in total spend, \$30 million in FY2021.



Mentor Protégé Program



MPP Contribution to DOD



DoD and MPP Contribution	2017	2018	2019	2020	2021
Total DoD \$	\$264.1B	\$298.4B	\$312.2B	\$328.0B	\$332.0B
DoD SB \$	\$60.7B	\$71.2B	\$75.4B	\$80.3B	\$83.4B
Former DoD Protégés	\$3.7B	\$4.7B	\$4.9B	\$5.8B	\$4.0B
Current DoD Protégés	\$111.7M	\$112.1M	\$155.1M	\$174.5M	\$161.9M

Data Source: FY2017 – FY2020 Total / SB based on official small business reports, FY2021, Former and Current Protégés based on SAM.gov as of 1/7/2022 using unique DUNS number

Figure 12: MPP Contribution to DoD Contracting from FY2017-FY2021 (Source: DoD OSBP)

Innovative Technologies Added by Protégés to DoD Programs of Record

Since the program's inception over three decades ago, the MPP has made significant contributions to defense programs and has strengthened and grown the small business DIB. More recently over the last five fiscal years, protégé firms have contributed to major DoD Programs of Record such as the Standard Missile 3 (SM-3), the F-35 Lightning II, the KC-130J Hercules, the AN/FPS-132 Upgraded Early Warning Radar (UEWR), and the P-8A Poseidon (Figure 13).

MPP Protégé Impact on Major Defense Programs (Technology Transfer)



Figure 13: MPP protégé Impact on Major Defense Programs (Source: DoD OSBP)

The Subcommittee also noted the protégé firms that participate in the MPP varied in terms of socioeconomic category and mission objective. However, the categories are confusing. While this represents the distribution, it does not reflect a particular focus of the MPP on a specific sector.

The following chart (Figure 14) breaks down the forty-seven annual reviews performed by DCMA during FY21 by the socioeconomic category of the protégé company. They are ranked as shown in the chart below: Small Business (SB) (27%), Veteran-Owned Small Business (VOSB) (15%), Historically Underutilized Business Zones (HUBZone) (12%), Service-Disabled Veteran-Owned Small Business (SDVOSB) (12%), Small Disadvantaged Business (SDB) (11%), Women-Owned Small Businesses (WOSBs) (11%), Economically Disadvantaged WOSBs (EDWOSBs) (7%), 8(a) (4%), and Ability One (1%).

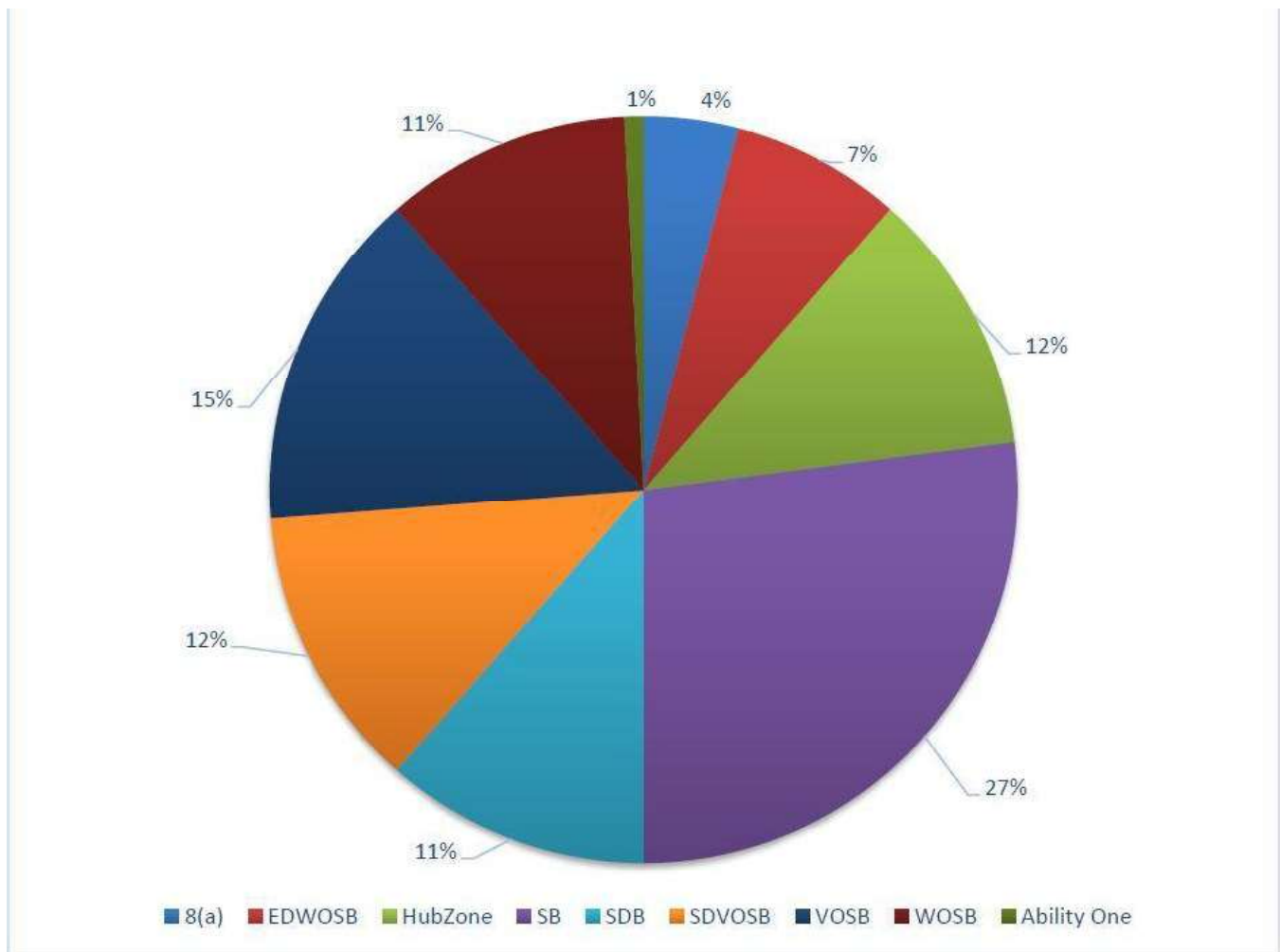


Figure 14: FY2021 protégés by socioeconomic category (Source: DCMA)

The following chart (Figure 15) breaks down the forty-seven (47) annual performance reviews performed by DCMA during FY21 by the mission objective/value to the DoD or agency. They are ranked as shown in the chart below; Engineering (34%), Information Technology (13%), Manufacturing (11%), Cybersecurity (11%), R&D (11%), Aerospace (6%), Intelligence (4%), SBIR (4%), Healthcare (2%), and Communications (2%), and Other (2%).

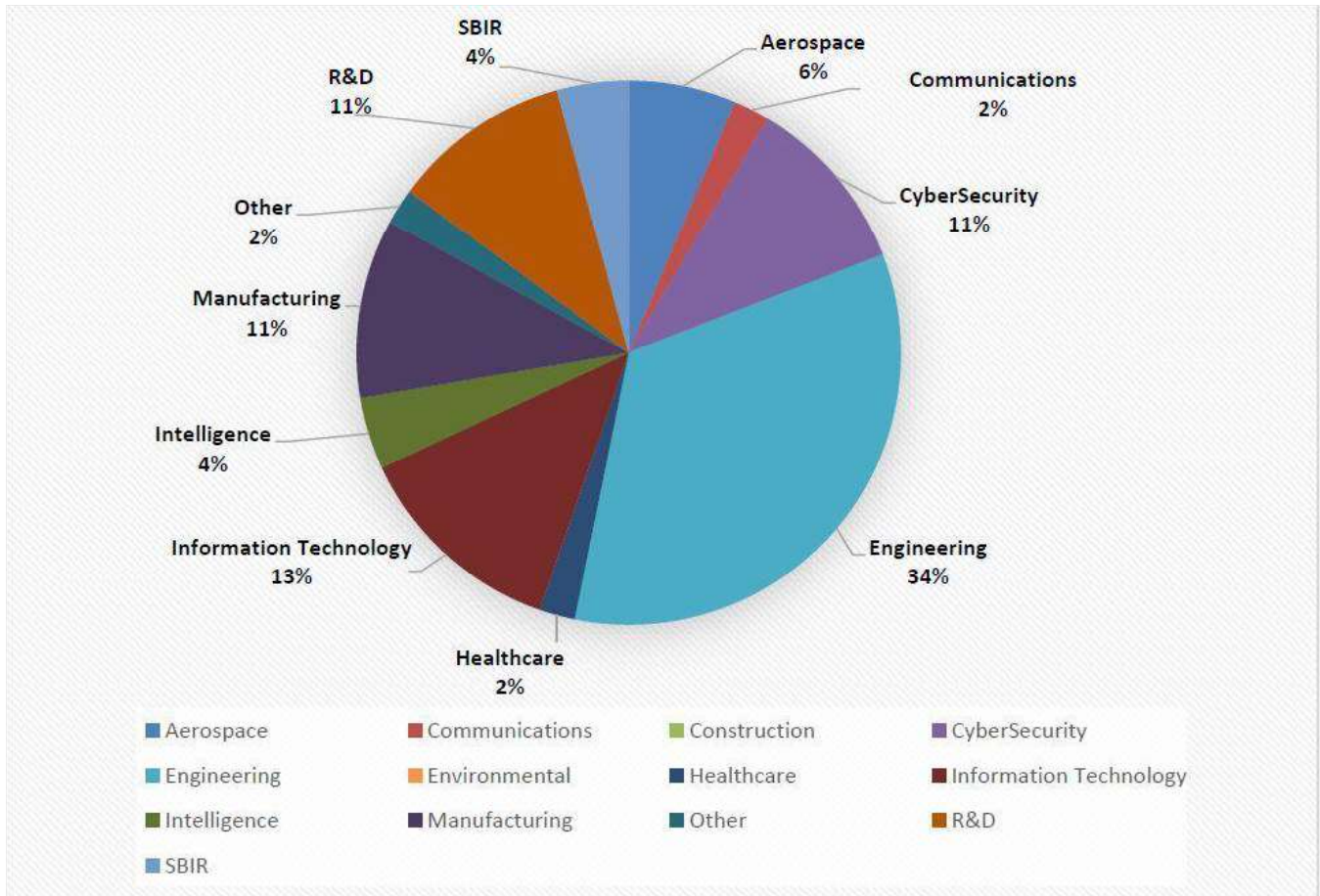


Figure 15: FY21 protégés by mission objectives (Source: DCMA)

Survey and Interview Summary

The Subcommittee conducted hour-long, direct interviews with four mentors and six protégé firms. Additionally, the Subcommittee received surveys from eight DoD Components, 18 mentors, and 25 protégés. 22 mentors and 31 protégés in total provided feedback and criticism. Almost universally, the protégés spoke very highly of the positive impact the MPP made on their businesses. The mentor responses were equally as positive (See **TAB E** for survey questions).

Survey results indicated that the MPP had an overwhelmingly positive impact on the protégés as well as the mentors and the Services and Agencies. The protégés' most mentioned improvements were establishing business infrastructure and evolving their business development. Mentors stressed the increase and diversification of their reliable supplier base. **The Service and Agencies emphasized the MPP increased their supplier base in the DIB and added innovative, agile suppliers to major Programs of Record.** There was general agreement on recommendations to improve the MPP, including: making the program permanent; returning the standard MPA duration to three years; and providing varied and additional forms of assistance. Responses from both mentors and protégés who have participated in the DoD MPP and the SBA MPP strongly recommended the DoD MPP remain distinct. They highlighted the programs serve different purposes, different supplier bases, and different missions. Mentors repeatedly mentioned the MPP allows protégés to develop critical business infrastructure and mature their business development to become effective DoD contractors, enabled by the reimbursable nature of mentor expenses fostering their protégés. Finally, survey results agree that DoD should develop a modern MPP data portal for points of contact, reporting, and other administrative requirements.

There were mixed responses on the idea of joint ventures. Some large company mentors were against joint ventures, mentioning they were high risk and low reward and that there could be legal complications with large businesses acquiring small businesses and unfair contracting, respectively. The large company mentors preferred the RFP award points. However, medium size company mentors stressed joint ventures could allow for more opportunities and would be attractive to business development teams at small to medium size firms.

One concern raised repeatedly by survey responses was the lack of familiarity and awareness of the MPP within the Department as well as within DoD contractors and small businesses writ large. It was mentioned that the COVID-19 pandemic and its negative impact on DoD's ability to hold its large annual conferences was likely to blame for the two-year hiatus of that critical communications and marketing event.

Mentor-Protégé Program Case Study

The MPP received universally positive praise from current and former protégés. However, one firm stood out from the rest of the pack. Through word of mouth, this company's President found out about the MPP. He entered the program, seeking training and an opportunity to grow the company. A mutually beneficial relationship was formed between the protégé and a much larger prime contractor/mentor with a proven track record. This mentor had previously won four Nunn-Perry Awards with other protégés. The Nunn-Perry Award is named for the contributions of Senator Sam Nunn and former Secretary of Defense William Perry, who both played critical roles in the implementation of the DoD MPP. The award recognizes excellence, citing gains in employment, revenue, contract awards, and certifications.

Once their MPA was approved, the protégé began working with its mentor to openly explain their needs. The protégé's accounting systems needed improvement in getting Defense Contract Audit Agency (DCAA) approval. Until then, they were unable to do cost plus work or contracting. Their administration and quality assurance also needed improvements. Lastly, the protégé required significant certifications to provide contractual services to the DoD. These certifications were a significant barrier to entry as they were required prior to any contracting with DoD. Getting these certifications would provide the protégé access to billions in military contracts. A Plan of Action and Milestones (POA&M) for the protégé was developed by the mentor and provided to the DoD Component overseeing the MPA. The Company President stated, "MPP gave us a mentor, a navigator, and an experienced company to get us through this certification experience and open doors within DoD contracting."

The company's President stressed it takes a while to evolve a business. Ultimately, under the mentor's guidance, the protégé did just that in 34 months. They achieved all of the required improvements and gained all of the requisite certifications. During their MPA, the company increased employment from 8 to 38 employees (375% improvement) and revenue from \$3M to \$6.6 M (120% improvement).

During the interview, the company's President raised some concerns about how the MPP had been administered. They mentioned the instability in MPP funding over the last couple years was very detrimental to all protégés and negatively affected the entire program. They also emphasized it was very difficult to break into DoD contracting and that the MPP application process was administratively burdensome and slow. Finally, the company President highlighted the 2-year duration of MPAs was too short, which forced the mentor to rush training and the protégé to take unnecessary business risks.

The company's President stated, "The MPP put us 10 years ahead of our competition. People ask, what is the return on the investment for MPP? I tell them it's jobs, it's revenue, it's more tax base, and it's expanding the protégé's capabilities. One of our biggest milestones was when we passed our DCAA audit. Based on our performance, we were recently asked to sit on a Service Secretary's Small Business Roundtable. Of note, we are currently engaged in an SBA MPA. There is a world of difference in the programs. I think the DoD MPP is the starter or the foundation that you build the SBA or other commercial MPPs upon." Ultimately, this protégé and its mentor won the Nunn-Perry Award in their final year in the program.

Key Observation #2: While MPP has been positive, challenges have constrained it from achieving its maximum potential impact.

The consistent, positive impact on protégé company growth outlined above is surprising especially considering a history of significant instability in the MPP.

Lack of Permanency

The MPP has remained a pilot program since its inception in 1991. Nearly every single DoD component, mentor, and protégé voiced significant and varied concerns with MPP remaining a pilot program and the uncertainty induced by its pilot status. They strongly recommended Congress and the Administration make MPP permanent. They stressed making MPP a permanent program would further stabilize the program. It would provide companies that want to participate assurances that the MPP will be around for the life of their MPA. Furthermore, it gives the program legitimacy and demonstrates the U.S. Government's commitment to it.

Tracking of Expanded and Enhanced Metrics and Modernized Data Portal

The administration and management of the MPP has not sufficiently evolved over three decades, particularly when it comes to metrics, record keeping, automation, reporting, data analytics, and dashboards. DoD has not "e-enabled" its MPP and relies on archaic, flat files (i.e., PDFs). This lack of automation and modern electronic record-keeping burdens the government employees that manage and oversee the program as well as the mentor and protégé companies with additional bureaucracy, slowing approval of new MPAs and contracting and limiting decision space due to a lack of "good" data. Significant numbers of mentors and protégés complained about the onerous and archaic reporting methods and the laborious efforts to comply with the MPP reporting requirements.

The Subcommittee notes that the DoD OSBP is working on a data portal and expects initial operating capability by the end of FY2022.

While it is in work, DoD has still not published and implemented its new standard operating procedures as recommended by the GAO in GAO Report, GAO-17-172. Additionally, DoD has developed, but has not fully implemented its new MPP metrics added in response to that GAO report as outlined below:

Original DoD MPP Metrics

1. 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
2. An increase in the number and dollar value of sub-contracts awarded to Protégé firms (and former Protégé firms) by the Mentor firm

3. An increase in the employment levels of Protégé firms from the date of MPA execution until 2-years after MPA completion

Additional New DoD MPP Metrics

4. Increase participation of protégé firms in DoD science and technology programs (e.g., AFWERX, SOFWERX, NAVALX, SBIR, RIF, ManTech, NSIN, etc.).
5. Improve cyber hygiene and readiness of the Defense industrial base by providing resources, information, training, and risk assessments.
6. The number of technologies transitioned into DoD Programs of Record.
7. Increase the numbers of Small Businesses that are prepared to compete in the Category Management (Best-In-Class) contracts
8. Job creation of Protégé firms by sector from the date of MPA execution until 5-years after MPA completion.

Resourcing for DoD OSBP

The DoD OSBP is the office responsible for MPP management, oversight, and Department-wide policy. That office has experienced gaps in leadership as well as considerable swings in manning and budget. The appointed SES Director of OSBP billet was gapped from FY2015 to FY2019; the career SES Deputy Director billets were gapped in FY2018 and remain unfilled. For manning, the OSBP office staff peaked in FY2014 at 82 personnel, 16 government personnel and 66 contractors. The OSBP office staff is currently 16 personnel, 6 government personnel and 10 contractors. In the last eight years, the resourcing in that office has varied significantly (Figure 16). The OSBP mission budget peaked in FY2014 at \$8.9 million. The budget for FY2021 is only \$2.1 million (Figure 16).

OSBP Staff	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Appointed SES Director	1	0	0	0	0	0	1	1
Career SES Deputy Director	2	2	2	2	0	0	0	0
Government Staff	13	10	6	7	4	3	3	5
Contractor Staff	66	52	56	54	38	21	26	10
Total	82	64	64	63	42	24	30	16
OSBP Budget								
Mission Budget	\$8.9M	\$6.2M	\$5.9M	\$4.2M	\$4M	\$5.3M	\$3.8M	\$2.1M

Figure 16: Manning Levels and Mission Budget for DoD’s OSBP (Source: DoD OSBP)

MPP Funding

DCMA notes in the FY2021 MPP Executive Summary, “in Fiscal Year 2021, the DoD Mentor-Protégé Program had fewer participants in the program than recent years. This was due to the non-

reauthorization of the program in Fiscal Year 2019, thus disallowing the awarding of agreements in Fiscal Year 2019.” However, existing agreements during FY2019 were funded with prior fiscal year/s funds. The Subcommittee was also told that DoD zeroed out all MPP funding in the FY2020 Defense-Wide Review (DWR). However, as of FY2021, MPP funding was back in the President's Budget Request (PBR). Support for and inclusion of MPP funding has not been a consistent priority for OSD.

Fragmented Small Business Leadership

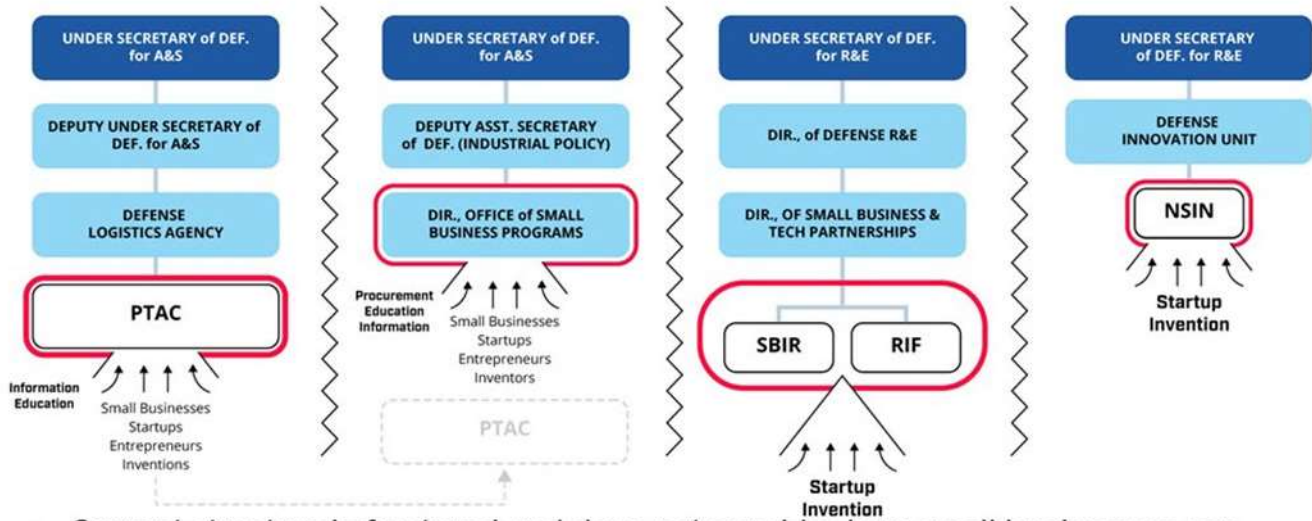
In addition to reductions in manning and funding to the personnel that manage and oversee DoD's small business programs including the MPP, the fragmentation of DoD's small business offices and programs is an issue. When the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) was split into the Under Secretary of Defense for Acquisition and Sustainment USD(A&S) and the Under Secretary of Defense for Research and Engineering USD (R&E), DoD's business programs were also split. PTACs reside under the Director, Defense Logistics Agency which falls under the oversight of USD(A&S) as that Defense Agency's Principal Staff Assistant. MPP and the Indian Incentive Program fall under the Director, OSBP who reports to the DASD(IndPol) under USD(A&S). SBIR, STTR, and RIF fall separately under USD(R&E). The bifurcation of USD(AT&L) into USD(R&E) and USD(A&S) has inadvertently fractured the oversight of small business programs as well (Figure 17).



Current Small Business Programs Structure



Fractured Small Business Programs = Barriers to entry



- Current structure is fractured and does not consider how small businesses can mature across programs to become DIB ready, does not leverage economies of scale and is confusing for industry and the acquisition workforce.
- Result is inconsistent communication with industry, confusing entry points and poor long-term planning.
- Current structure does not comply with statute or DoD policy.

Figure 17: Current DoD Small Business Programs Structure (Source: DoD OSBP)

GAO raised a similar issue in GAO Report, GAO-22-104621 (Figure 18). They noted that “DoD engages in many efforts across the department to leverage small businesses to meet its acquisition needs and leverage technological innovation. Such efforts are carried out by many different offices in the department and include a variety of outreach initiatives.” Furthermore, the GAO found that:

1. “DoD has not developed the strategy's implementation plan, which is required by law. Such a plan would help ensure the initiatives described in the strategy are carried out and coordinated across DoD.”
2. “DoD has not created a policy to guide the implementation of a unified management structure, as called for in the strategy. Doing so could improve communication and coordination among DoD staff who engage in small business efforts across the agency.”
3. “DoD does not have a formal process for monitoring and reporting on the implementation of its Small Business Strategy. Establishing such a process would better position DoD to assess and communicate department-wide progress in implementing the strategy.”

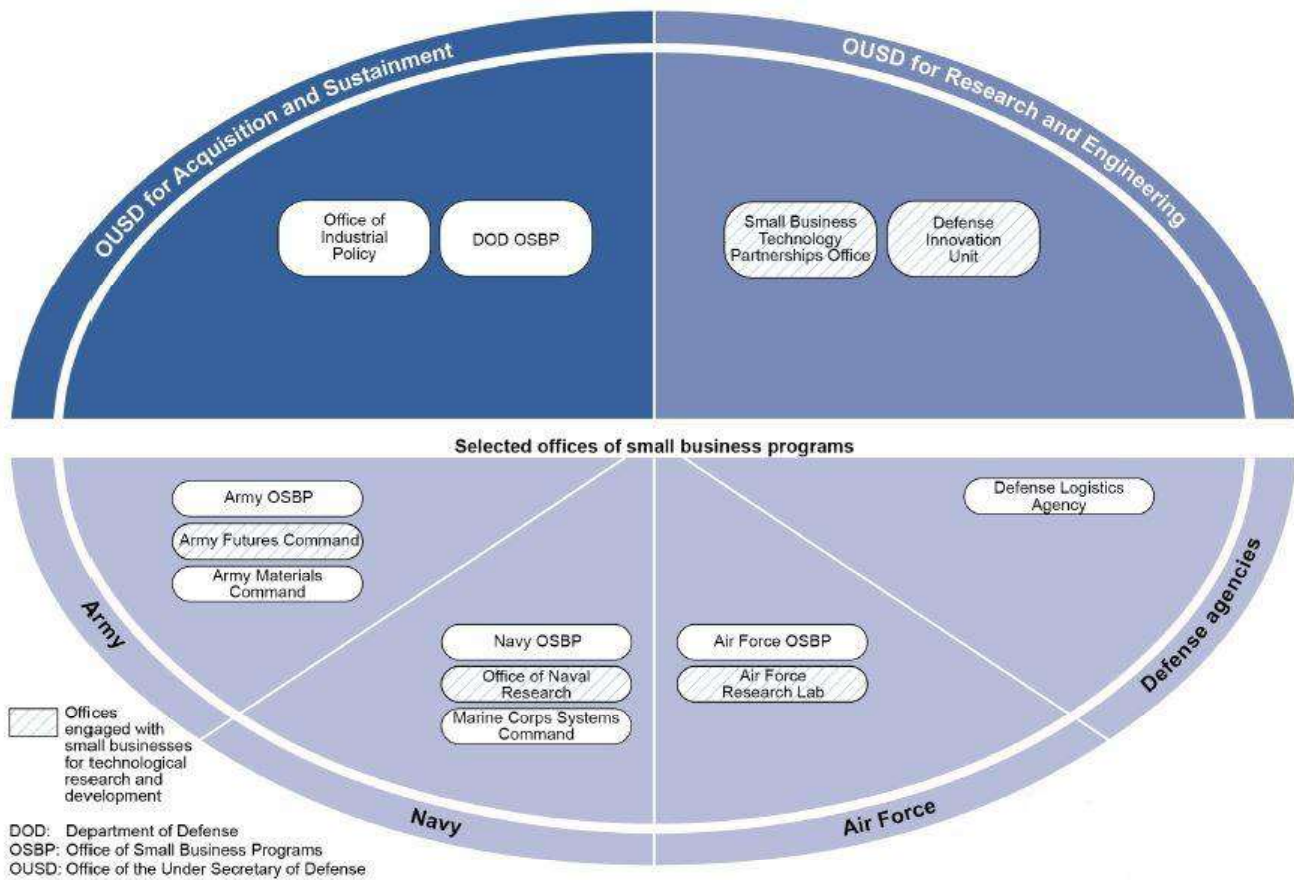


Figure 18: Examples of the Variety of DoD Organizations That Engage Small Businesses (Source: GAO-22-104621)

MPA Length

The vast majority of mentors and protégés as well as the DoD components voiced major concerns with the negative impact stemming from the reduction in length of the standard MPA from 3 years to 2 years. Infrastructure is extremely important for small businesses. It takes them a long time to build their business infrastructure. Additionally, the sales cycle within DoD has a two-year lead time. A company bids on an award and wins the award, but will only receive the money two years later. The fruits of company labor are not reaped until two years out. Thus, building business infrastructure is key. Repeatedly, the Subcommittee was told the protégés win some subcontracting awards in year one and year two. However, the big growth in prime and subcontracts was experienced in the third year of the MPA. Thus, the mentors and protégés surveyed strongly recommended that the standard length be returned to three years with an optional three-year extension.

FULL RECOMMENDATIONS

Key Observation #3: DoD and Congress should consider the recommendations below that would enable MPP to achieve its maximum potential.

1. Improve Participation by both Mentors and Protégés (DoD and Congress):

- a. **Decline in Small Businesses Serving the DoD:** In order to stem the decline in small businesses that are suppliers to the DoD, action is required. Without a sufficient number of mentors, there is a limit on the number of small businesses that can participate as a protégé. Unlike other MPP programs within the US Government, the MPP provides credit towards subcontracting goals and for the reimbursement of actual costs incurred by a mentor in connection with its mentorship of a small business. While reimbursement of actual costs incurred is important, and has led to the results noted above, we are mindful of the very limited number of DoD suppliers that serve as mentors in the MPP. Specifically, the DoD received services from over 15,000 suppliers who are not small businesses (defined as “Other than Small Business” (OTSB) vendors) in FY2022. However, only 24 (or 0.15%) of those businesses are serving as MPP mentors in FY2022. Surely more than 24 of the 15,000 OTSB vendors have the skills, experience, and resources necessary to serve as highly impactful mentors to small businesses. The lack of participation in the MPP by these DoD suppliers suggests that the reimbursement of direct costs associated with the mentorship program has not provided sufficient incentive for MPP participation.
- b. **Incentive Structure:** Given the limited number of DoD OTSB suppliers that have served as MPP mentors, the Subcommittee conducted interviews with representatives from the Small Business Administration (SBA), the Department of Energy (DoE), and the Department of Homeland Security (DHS), among others. These interviews provided insight into incentive structures successfully implemented by other U.S. Government agencies that could be considered for the MPP. With the right incentives, more suppliers would choose to become mentors, which would then increase the number of small businesses that could be protégés. The incentive recommendations for consideration below would supplement the existing cost-reimbursement funding for mentors in the MPP. Existing mentors in the MPP indicated that the reimbursement of direct costs incurred as a mentor is a significant factor in their decision to serve as an MPP mentor. Incentive structures for consideration could include:
 - i. **Joint Ventures:** DoD and Congress should consider providing MPP participants the ability to create joint ventures with an affiliation exemption, similar to that currently available in the SBA MPP at 13 CFR 125.9 and 121.103. This incentivizes mentors and protégés to team together on DoD contractual opportunities. The medium size company mentors interviewed stressed joint ventures could allow for more opportunities and would be attractive to business development teams at small to medium size firms.

- ii. **Request for Proposal (RFP) Award Points:** DoD should consider allocating meaningful RFP award points to firms who participate as mentors in the MPP, with additional points to mentors who commit to leveraging their protégé in the proposed contract. This would apply to RFPs the mentor is bidding on throughout the DoD, regardless of the DoD Component that specifically approved and funded the particular MPP. This also will provide the protégé with exposure to other DoD Components, which will be beneficial for the protégé’s long term success. The large company mentors interviewed preferred this option.
- iii. **Diversity of Small Businesses:** While all small businesses are important to the success of the MPP, Congress and the DoD should consider whether actions should be taken to specifically increase the participation of diverse small businesses.
 - 1. **Incentives:** DoD should consider providing incremental RFP award points and/or incremental MPP funding for suppliers who choose to mentor diverse small businesses. The MPP does not specifically factor the diversity of the small business into its approval decision-making process. Similarly, the MPP does not measure its success based on defined goals to increase certain classifications of small business protégés (e.g., 8(a)). While all small businesses are important to the success of the DoD, local communities and the broader economy, a significant opportunity exists to leverage the MPP to improve the diversity of the small businesses serving the DoD. Of note, the Biden Administration’s FY2022 Budget Request included \$70 million for the Minority Business Development Agency (MBDA), a 30% increase from the FY2021 enacted level, and added a new \$1 billion grant program to assist minority business enterprises (MBE) in accessing private capital. Additionally, the Minority Business Development Act of 2021 (P.L. 117-58) statutorily authorized the agency, codified select existing programs, and added new programs and roles.¹⁶ Given these recent developments, Congress and the DoD could consider implementing targeted incentives to mentors that mentor diverse small businesses. This incentive could increase the participation of diverse small businesses as protégés in the MPP, which would ultimately lead to increased diversity in the DoD supplier base.
- iv. **Preferential Contracting Status for Graduated Protégés:** While a protégé who graduated from the MPP is in a meaningfully better position to be considered for a DoD contract than a non-graduate of the MPP, the protégé is still a small business and therefore its contracting opportunities are still very limited. DoD should consider allowing protégés that graduate from the MPP to receive preferred contracting status, additional award points in future contract bids, and/or be labeled a preferred provider for DoD for a specified period of time. This preferential status would encourage greater protégé participation, foster

¹⁶ Congressional Research Service, “The MBDA: An Overview of Its History and Programs,” April 30, 2021.

graduated protégés, and provide a pipeline to promote their growth after program graduation.

2. **Enhance Data Capture Tools and Metrics (DoD):** Due to the immaturity of the systems in place to capture MPP-related data, and the limited data elements currently tracked by the MPP, it is difficult to assess the maximum potential of the MPP. The MPP would benefit from enhanced tools and metrics to better measure the program’s effectiveness. We recommend DoD consider enhancing its metrics, data capture tools, and measures of success.
 - a. **Data Capture Tools:** The MPP tracks the program largely through email, PDFs and manual paper-based forms. The MPP, which has existed (in “pilot” form) for over 30 years and assisted over 1,200 protégé participants should have a rich collection of data, from which trends and dashboards should be readily available. Instead, however, there is very little data on the program’s performance. Trending and other critical insights are generally not available. The lack of sufficiently robust tools to collect critical data from mentors, protégés, DoD Components and other relevant stakeholders constrains the DoD’s insight into critical MPP trends and areas of concern that require action. In addition, such manual gathering and tracking of the data results in the team spending a disproportionate amount of time tracking and chasing documents, rather than focusing on the program’s strategic direction and overall performance. The MPP would benefit from enhanced tools to efficiently gather critical data from MPP stakeholders and track and report such data, with trending that enables the DoD to identify areas of success, concern, and opportunity. We recommend that an assessment of existing DoD tools be conducted, and the tool or system that best meets the needs of the MPP be implemented. Until such a tool is identified and implemented, the depth and quality of the data available to assess the effectiveness of the program is significantly constrained.
 - b. **Metrics/Dashboards:** Capturing data in an automated and simplified manner, which can then be transformed into usable and visual dashboards, is important. However, it is also important that the right data be captured. In addition to the data elements currently tracked (e.g., revenues and number of employees at the protégé before the MPA and throughout the life of the MPA), the DoD should consider collecting additional data elements to better understand the level of interest in the MPP, and the broader implications of the program. Data elements that the DoD could consider capturing include:
 - i. **Demand Measurement:** Number of MPAs denied, delayed, and/or reduced (including coding that enables one to easily report on the reason for the denial, delay, or reduction (e.g., due to a lack of available funding))
 - ii. **MPP Performance:** Number of MPAs cancelled prior to completion (including a coding that enables one to easily report on the reason for the cancellation (e.g., bankruptcy of protégé, poor fit between mentor and protégé, etc.))
 - iii. **Sector Tracking:** The sectors of each mentor and protégé (to identify business areas of success and areas lacking participation of mentors or protégés (e.g., business consulting))
 - iv. **Resources for protégés:** The number of MPAs in which a third party is leveraged to provide support to the protégé (including coding that enables one to easily

report on the type of third party and the impact of the use of such third party (e.g., use of a consulting firm to assist with the protégé's policies and procedures))

- v. **Success of Protégés:**
 - 1. Number and type of protégés that graduate from the "small business" designation within the NAICS codes
 - 2. Other federal agency contracts awarded to protégés
 - 3. Private sector revenue growth of the protégé
 - 4. Graduated protégés that become mentors through the MPP
- vi. **MPP Awareness:** Public mention of the MPP (to track marketing performance and overall program awareness)
- vii. **Small Business Program Alignment:**
 - 1. Protégés that also participate in other DoD small business programs (e.g., Small Business Innovation Research (SBIR), Small Business Technology Transfer (STTR), National Security Innovation Network (NSIN), Rapid Innovation Fund (RIF), etc.)
 - 2. Protégés that also participate in other U.S. Government small business programs (e.g., SBA)

Any metrics captured should be incorporated into a standardized "MPP Dashboard", as seen in the private sector, to manage participation and measure the success of the MPP across many dimensions. We would recommend that the DoD assess its existing tools that could be leveraged for the MPP program and proceed with an implementation as soon as possible. With improved tools to capture the recommended data elements, the DoD will be in a better position to identify trends and focus the strategic direction of the program on the areas of greatest opportunity and impact.

Finally with those enhanced metrics incorporated into the appropriate dashboard/tool, DoD should determine their measures of success for an effective MPA. The measures of success should be annual goals, benchmarks, and targets for key metrics (i.e. increases in protégé employment, revenue, and contracts, certifications gained, etc.). For instance, DoD could determine the average annual growth of a company of similar size, mission objective/industry, and socio-economic category. That would serve as a baseline and any improvement below or above that baseline would be used as a trend line and indicate looming problems or ongoing success.

- 3. **Designate Single Office Oversight of DoD Small Business Programs (DoD):** No single person within the DoD is charged with counteracting the decrease in the number of small businesses that support the U.S. DIB. Similarly, there is no single point of contact for all small business programs within DoD. In fact, DoD small business programs are disparate and spread throughout the department. A recommendation for DoD's consideration would be to designate an office with a singular focus on small business programs throughout the DoD. Specifically:
 - a. **Single Office and Integrator:** DoD should consider consolidating responsibility for all of DoD's small business programs under a single office and integrator within the Office of

- the Secretary of Defense (OSD). A single, cohesive function that is responsible for all of DoD's small business programs (including the MPP, SBIR, Procurement Technical Assistance Centers (PTACs), STTR, and the RIF) would increase the focus on small business providers to the DoD. Such an integrator for DoD would greatly simplify the access point for all small businesses and hold someone accountable for the success and effectiveness of the consolidated small business programs. Colocation of personnel responsible for each of the small business programs into a single office would significantly increase collaboration, awareness of small businesses in each respective program, shared knowledge, and alignment of the appropriate small business program with the needs of a particular small business.
- b. **Leadership:** In order to avoid disruption to the MPP that is caused by continuous leadership changes, DoD should consider assigning a political appointee Senior Executive Service (SES) as Director of this office and a career SES as their Deputy for continuity to lead this single office and integrator.
 - c. **Resourcing:** The MPP will continue to struggle if the office responsible for its management and oversight is not sufficiently resourced. DoD should consider staffing the function commensurate with its new roles and responsibilities.
 - d. **Government Accountability Office (GAO) Report Recommendations:** Consistent with the GAO's GAO-22-104621 Report, this single office would develop DoD's Small Business Strategy, oversee Department-wide policy, monitor and report on DoD's progress, and most importantly, establish a unified management structure. Additionally, the DoD should publish and implement its new standard operating procedures as recommended by the GAO in GAO Report, GAO-17-172.
4. **Increase Duration of Qualified Mentor-Protégé Relationship (Congress and DoD):** The standard MPA is currently two years. However, this duration is not sufficient to consistently enable the protégé to develop the skills necessary to independently become a direct supplier to the DoD. The SBA's Office of Advocacy reported that small businesses fail at a disproportionately high rate, with nearly a third failing within the first two years of operation and over 50% failing within the first five years.¹⁷ In addition, the standard DoD sales cycle is approximately two years, and can be even longer in certain cases. Nearly all stakeholders interviewed by the Subcommittee agreed that the standard MPA is too short. We recommend the standard MPA length revert to a three-year period, with extension options if appropriate. This duration will provide the greatest opportunity for the protégé to benefit from its work with the mentor and position itself for longer term success as a DoD supplier.
5. **Implement Robust MPP Communication Strategy/Application Process (DoD):** Unlike the SBA and other small business-focused US Government programs, the MPP is not a well-known program to the small business community. This lack of awareness constrains the pool of potential protégés and therefore limits the population of small business suppliers to the DoD.
- a. **Communication Strategy:** The protégés interviewed by the Subcommittee consistently confirmed that they were unaware of the MPP until hearing of it by coincidence. The

¹⁷ Office of Advocacy, Small Business Administration, "Frequently Asked Questions," December 2021.

pool of potential applicants to the MPP is significantly constrained by the lack of marketing and communications regarding the MPP, and the absence of MPP representatives in various small and diverse business forums. The DoD should consider instituting a formal MPP marketing plan, including advertising and roadshows similar to SBA. MPP offices should showcase successful MPAs to demonstrate the benefits of the MPA.

- b. **Annual MPP conferences:** MPP conferences enable protégés and mentors to network and share knowledge and experience that can be incredibly valuable for all participants. While the Annual MPP Conference has been cancelled in recent years due to COVID, the participants interviewed by the Subcommittee reinforced the value of these meetings and the need to restart them post-COVID.
 - c. **Leveraging Private and other Public Sector Small Business Organizations:** The DoD should consider partnering with the Department of Commerce’s MBDA, the Billion Dollar Roundtable (BDR) and the National Minority Supplier Development Council (NMSDC) on small business initiatives. DoD’s OSBPs should consider collaborating with organizations that support minority business activities. These organizations can introduce small businesses to DoD small business office personnel, as well as prospective mentors to identify synergies and further grow participation in MPP.
 - d. **Resources Available to Mentors and Protégés:** The Subcommittee learned that some MPP protégés (at the behest of MPP mentors) received invaluable support from certain HBCUs. Specifically, certain HBCUs have offices that are dedicated to identifying opportunities for its students and faculty to provide necessary skills, training, and/or resources to MPP protégés. These arrangements are mutually beneficial, as students at the HBCU are eligible to serve as interns at a small business, while the small business obtains invaluable resources and other support (including training) from the HBCU. Other mentors and protégés were completely unaware of this invaluable resource. As a result, in order to increase visibility of the resources available to mentors and protégés in the MPP, including HBCU support, DoD should increase the marketing and communication of such resources.
 - e. **Conduct mandatory briefings to key stakeholders:** Congress should consider requiring at least annual briefings to the Congressional Defense and Small Business Committees on the success of the MPP and the status of the recommendations set forth in this report. In addition, there should be semi-annual briefings to the SecDef/DepSecDef. These briefings would include a review of the MPP’s performance, including trends, areas of opportunity, and actions being taken to address such concerns.
6. **Establish MPP as Permanent Program (Congress):** While the MPP has been in existence for almost 30 years, it continues to be referred to as a “pilot”, which creates concern and confusion about the US Government’s commitment to the MPP. Mentors and protégés make a significant commitment of time and effort when agreeing to an MPA. Through our interviews, we were informed that prospective mentors and protégés may choose not to pursue an MPA due to the uncertainty associated with the permanence of the program. We would recommend that the MPP become a permanent program in statutory law, codified in a specific Title 10 section. As a permanent program, Congress should maintain regular oversight of the MPP, which would

include mandatory briefings to the appropriate Congressional committees. As a permanent program, mentors and protégés alike would have assurance the MPP will be funded for the duration of their respective MPA. In addition, we would recommend the permanent funding of the MPP be in the form of a specific, designated line item in all future funding bills. Instability in the MPP over the years can be partly attributed to shifting executive branch priorities and the reallocation of MPP funding. Therefore, the Subcommittee recommends the MPP funding be specifically appropriated for use only by the DoD.

CONCLUSION

MPP is an important program that enables the DoD to leverage agile and innovative small businesses to serve the needs of the warfighter. MPP had a positive impact on the majority of its protégés, enabling the protégés to compete for both public and private sector opportunities. While MPP has been positive, challenges have constrained its impact. DoD, the Administration, and Congress could significantly enhance the MPP by considering each of the above recommendations as part of an integrated, comprehensive plan and explained more completely in the full report.

“Small businesses are critically important to the DoD. The Department has a strategic interest in leveraging small business innovation and capabilities to address our global challenges and ensure mission success. Accounting for over 40% of the United States’ gross domestic product, the small businesses driven by our communities are vital to our economic progress.

Increasing opportunities for small business is one of my key priorities. Although DoD has exceeded its overall small business prime contracting goal for the past seven years, we face a decline in our small business industrial base and struggle to meet all of our goals. Therefore, I urge all DoD personnel involved in the acquisition process to review planned acquisitions to identify opportunities for increased contracting with small businesses.

Together, we can build back better and grow a dynamic, innovative, and resilient small business industrial base.”

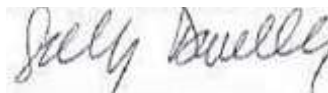
~ Secretary of Defense Lloyd J. Austin

STATEMENT ON DOD SMALL BUSINESS CONTRACTING

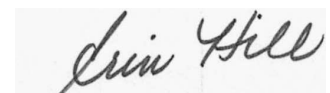
OCTOBER 27, 2021



Joseph B. Anderson, Jr.
Subcommittee Chair



Sally Donnelly
Subcommittee Member



Erin Hill
Subcommittee Member

Appendices

APPENDICES:

TAB A: Terms of Reference

TAB B: Biographies of Subcommittee Members

TAB C: DBB February 22, 2022, Public Meeting Presentation Slide Deck

TAB D: Interviews Conducted

TAB E: Questionnaire

TAB F: Literature Reviewed

TAB G: Acronyms

TAB H: Public Comments



Defense Business Board

TAB A

TERMS OF REFERENCE



DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

NOV 05 2021

MEMORANDUM FOR DEFENSE BUSINESS BOARD

SUBJECT: Terms of Reference – Department of Defense Mentor Protégé Program Assessment

Section 872(d) of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2020 ("the FY 2020 NDAA") (Public Law 116-92), December 20, 2019, requires the Secretary of Defense to direct the Defense Business Board (DBB) to submit, not later than March 31, 2022, to the Congressional Defense Committees a report evaluating the effectiveness of the Department of Defense (DoD) Mentor-Protégé Program (MPP) established under section 831 of the NDAA for FY 1991 (Public Law 101-510), November 5, 1990, also published as a note after 10 U.S.C. § 2302. This report shall include:

- Recommendations for improving the program in terms of performance metrics, forms of assistance, and overall program effectiveness.

Additionally, I direct the DBB to provide:

- Any other related matters the DBB determines relevant to this task.

Pursuant to section 872(d), I direct the DBB's Business Operations Advisory Subcommittee ("the Subcommittee") to submit its independent assessment and recommendations for improving DoD's MPP to the full DBB for its thorough consideration and deliberation at a properly noticed public meeting. I also request the full DBB submit their final, approved assessment and recommendations to me at least 30 days before it submits its final, approved assessment and recommendations to the Congressional Defense Committees but not later than February 28, 2022, so that the Department has an opportunity to review and also submit any comments that it has to the Congressional Defense Committees. The DBB shall submit its final, approved assessment and recommendations to the Congressional Defense Committees not later than March 31, 2022, consistent with the FY 2020 NDAA.

In conducting its work, the Board has my full support to meet with Department leaders and all requests for data or information shall be honored that may be relevant to its fact-finding and research under these Terms of Reference. Components should respond to requests for data/information from the Board within five business days. Once material is provided to the Board, it becomes a permanent part of the Board's record. As such, the Office of the Secretary of Defense and DoD Component Heads are requested to cooperate and promptly facilitate requests by Board staff regarding access to relevant personnel and information deemed necessary, as directed by paragraphs 5.1.8. and 5.3.4. of DoD Instruction 5105.04, "Department of Defense Federal Advisory Committee Management Program," and in conformance with applicable security classifications.



OSD010088-21/CMD012942-21

Components are reminded that all data/information provided is subject to public inspection unless the originating Component office properly marks the data/information with the appropriate classification and Freedom of Information Act exemption categories before the data/information is released to the Board. The Board has physical storage capability and electronic storage and communications capability on both unclassified and classified networks to support receipt of material up to the Secret level. Each Component should remember that DBB members, as special government employee members of a DoD Federal advisory committee, will not be given any access to the DoD Network, to include DoD email systems.

The Subcommittee shall not work independently of the Board's charter. The Board and the Subcommittee will operate in conformity with and pursuant to the Federal Advisory Committee Act, the Government in the Sunshine Act, and other applicable federal statutes and regulations. The Subcommittee and individual Board members do not have the authority to make decisions or provide recommendations on behalf of the Board, nor report directly to any federal representative. The members of the Subcommittee and the Board are subject to certain Federal ethics laws, including 18 U.S. Code § 208, governing conflicts of interest, and the Standards of Ethical Conduct regulations in 5 C.F.R., Part 2635.

Thank you in advance for your cooperation and support to this critical undertaking to inform subsequent decisions on how the Department addresses national security challenges in the coming decades. My points of contact for this effort are CAPT Jeff Plaisance, USN, DBB Military Assistant, at (207) 841-7329 or jeffrey.m.plaisance.mil@mail.mil, and Ms. Jennifer Hill, Executive Director/Designated Federal Officer, DBB, at (571) 342-0070 or jennifer.s.hill4.civ@mail.mil.

A handwritten signature in black ink, appearing to read "Kathleen A. Hill". The signature is fluid and cursive, with the first name "Kathleen" being the most prominent part.

cc:
Senior Pentagon Leadership
Directors of Defense Agencies
Directors of DoD Field Activities



Defense Business Board

TAB B

BIOGRAPHIES OF DBB SUBCOMMITTEE MEMBERS



Defense Business Board

THIS PAGE LEFT INTENTIONALLY BLANK



Joseph B. Anderson, Jr.

Chairman and CEO of TAG Holdings, LLC

Joseph B. Anderson, Jr. graduated from the United States Military Academy at West Point with a Bachelor of Science Degree in Math and Engineering. He subsequently received two master degrees from the University of California, Los Angeles. Mr. Anderson attended the Army's Command and General Staff College and is a graduate of the Harvard Advanced Management Program. Mr. Anderson received an Honorary Doctor of Management Degree from Kettering University and an Honorary Doctor of Commercial Science Degree from Central Michigan University. In May 2016, Mr. Anderson received the Distinguished Graduate Award from the United States Military Academy at West Point, honoring him for his lifetime of achievement.

During his military career, Mr. Anderson commanded troops as an infantry officer in the 82nd Airborne Division and served two tours of duty with the 1st Cavalry Division in Vietnam. In addition to troop command, Mr. Anderson served as aide-de-camp to two general officers, and he also was an assistant professor in the Department of Social Sciences at West Point. Mr. Anderson and the infantry platoon he commanded in Vietnam were subjects of the highly acclaimed documentary film "The Anderson Platoon". The documentary has been shown in more than 20 countries and has won several awards to include the Oscar of the Academy Awards and an Emmy. Mr. Anderson's military awards include two silver stars, five bronze stars, three Army Commendation Medals, and eleven Air Medals. Mr. Anderson resigned his commission after 13 years of service and early selection for promotion to Lieutenant Colonel.

While in the Army, Mr. Anderson was selected to be a White House Fellow and worked as Special Assistant to Secretary of Commerce, Juanita Kreps for one year. After the assignment, Mr. Anderson continued to work for Secretary Kreps until he joined General Motors.

Mr. Anderson began his business career with General Motors at Pontiac Motor Division. After several manufacturing assignments, Mr. Anderson was named Plant Manager of the Pressed Metal and Plating Operations, Pontiac Motor Division. After three years as a plant manager, Mr. Anderson held several staff assignments until he was appointed Director of the Exterior Systems Business Unit, Inland Fisher Guide Division of General Motors Corporation. He was later appointed General Director, Body Hardware Business Unit, Inland Fisher Guide Division, General Motors Corporation, a business unit with 7,000 employees and revenue of \$1 billion. After 13 years of service, Mr. Anderson resigned from General Motors to become President and Chief Executive Officer of a privately held company, Composite Energy Management Systems, Incorporated (CEMSI). He later acquired controlling interest in another privately held entity, Chivas Products Limited, which manufactured interior trim products and lighting assemblies principally for the automotive industry. Mr. Anderson is currently the majority owner, Chairman and CEO of TAG Holdings, LLC which owns several manufacturing, service and technology-based companies currently based in North America. Over the course of its history, TAG Holdings has engaged in 15 acquisitions and joint ventures located in North America, Korea and China. These businesses have served a variety of industries including automotive, heavy equipment, aerospace and defense.



DEFENSE BUSINESS BOARD

Mr. Anderson currently serves on the Board of Directors of Business Leaders for Michigan; Board of Directors of Michigan Aerospace Manufactures Association (MAMA); Wynnchurch Capital Advisory Board and Modular Assembly Innovations Board of Managers. Mr. Anderson also serves as Chairman,

Federal Reserve Bank of Chicago-Detroit Branch. His community involvement includes Chairman of the Board of the National Recreation Foundation; Horizons Upward Bound Advisory Board and the University of Michigan-Dearborn Executive Leaders Advocacy Group. Mr. Anderson has served on the Boards of Directors of several New York Stock Exchange companies. He is a past chairman of the U.S. Department of Commerce Manufacturing Council.





Sally Donnelly

Founding Partner, Pallas Advisors

Sally Donnelly is a Founding Partner of Pallas, a strategic advisory firm specializing in navigating complex national and international security dynamics. Her public service included roles as Senior Advisor to the Secretary of Defense, Director of the Washington Office for the Commander of U.S. Central Command, and Special Assistant to the Chairman of the Joint Chiefs of Staff.

As the Senior Advisor to Secretary of Defense James N. Mattis, she assisted the Secretary on a range of internal and external matters and coordinated strategic engagements with domestic and international groups and entities including think tanks, private sector entities, non-governmental organizations and policy analysts.

In the private sector, Ms. Donnelly was the Founder and Chief Executive Officer of SBD Advisors, a Washington, D.C.-based consulting firm advising technology and corporate clients as well as non-governmental organizations on strategic positioning, communications and policy issues.

Previously she spent more than 20 years at Time Magazine serving as the magazine's correspondent for the Iraq War, the Moscow bureau, and on the aviation and airline beat. She was the head researcher of the 1988 book Mikhail S. Gorbachev: An Intimate Biography and worked on the 1989 book Massacre in Beijing.

Ms. Donnelly serves on the Board of the Quincy Institute for Responsible Statecraft. Additionally, she is a non-resident senior fellow at the Rockefeller Brothers Fund and on the Leadership Council for the Bob Woodruff Foundation.

Ms. Donnelly holds a Bachelor of Arts in History from Hollins College and a Master's degree in Russian politics from London School of Economics.



DEFENSE BUSINESS BOARD



Erin Hill

Chief Administrative Officer Bank of New York Mellon

Erin Hill is BNY Mellon's Chief Administrative Officer, leading Real Estate, Procurement, Third Party Governance, Real Estate, Aircraft, all other Corporate Services, and enterprise-wide legal, compliance and regulatory initiatives. Erin chairs the global CAO Roundtable, a forum of chief administrative officers across the company, ensuring alignment on firm-wide priorities and communications. Erin joined BNY Mellon in this role in January 2018. Erin brings to her role a broad and diverse background in financial services including operations, technology, regulatory relations, control-related initiatives, digital innovation and real estate.

Prior to joining BNY Mellon, Erin spent 13 years at JPMorgan Chase & Co. in a number of senior roles. Most recently, Erin was the Head of Consumer Branch Banking and Wealth Management, leading the firm's 5,500 retail branches and 50,000 bankers and financial advisors. Previous roles at JPMorgan included Chief Administrative Officer of the Consumer Bank, Chief Operating Officer of Legal & Compliance, and Chief Financial Officer of JPMorgan's private equity business. Erin was also a corporate attorney with Wachtell, Lipton, Rosen & Katz, specializing in corporate governance and acquisitions. Erin was the finance director at Tishman Speyer Properties, an international real estate developer, leading significant real estate acquisitions, including Rockefeller Center. Erin started her career at Arthur Andersen & Co., a public accounting firm.

Erin earned her law degree from Columbia Law School, an MBA from Columbia Business School and is a certified public accountant. Erin also has her Series 24, 7, 9, 10 and 66.





Defense Business Board

TAB C

PUBLIC MEETING BRIEFING



Defense Business Board

THIS PAGE LEFT INTENTIONALLY BLANK

SLIDES ONLY

NO SCRIPT PROVIDED

DEFENSE BUSINESS BOARD

**CLEARED
For Open Publication**

Feb 17, 2022

Department of Defense

OFFICE OF PREPUBLICATION AND SECURITY REVIEW



Defense Business Board Meeting

22 February 2022

Meeting Agenda

PUBLIC MEETING

- 11:00 – 11:05 AM Opening Remarks – Ms. Jennifer Hill, Executive Director and Designated Federal Officer (DFO)
- 11:05 – 11:10 AM Chair's Welcome - HON Deborah James
- 11:10 – 12:00 PM (U) DBB Assessment of DoD Mentor Protégé Program (MPP) - Mr. Joe Anderson, Ms. Sally Donnelly, and Ms. Erin Hill
- 12:00 – 12:30 PM (U) Full Board Discussion, Deliberation, and Vote on MPP Study
- 12:30 – 12:45 PM (U) Public Comments (if time permits)
- 12:45 – 12:50 PM Chair's Closing Remarks - HON Deborah James
- 12:50 – 1:00 PM Closing Remarks / Adjourn Meeting – Ms. Jennifer Hill



DEFENSE BUSINESS BOARD



Opening Remarks

Ms. Jennifer Hill
Designated Federal Officer

DEFENSE BUSINESS BOARD



Chair's Welcome

Hon. Deborah James
Chair, Defense Business Board

DEFENSE BUSINESS BOARD



Assessment of the Department of Defense Mentor Protégé Program

February 22, 2022



DEFENSE BUSINESS BOARD

Task

- December 20, 2019 - FY2020 NDAA required the SecDef to direct the DBB to submit a report evaluating the effectiveness of the Department of Defense (DoD) Mentor-Protégé Program (MPP) (“The MPP”) to the Congressional Defense Committees, no later than Mar 31, 2022
- November 5, 2021 - Deputy Secretary of Defense (DepSecDef) directed the newly approved and reconstituted DBB Business Operations Advisory Subcommittee to submit that independent report evaluating the effectiveness of the DoD MPP, not later than Feb 28, 2022
- This report shall include:
 1. Recommendations for improving the program in terms of performance metrics, forms of assistance, and overall program effectiveness
 2. Any other related matters the DBB determines relevant to this task

Subcommittee

DBB Members

Joseph B. Anderson, Jr. (Study Chair)

Sally Donnelly

Erin Hill

DBB Staff

CAPT Jeff Plaisance, US Navy

Melodie Ha



Process and Methodology

- 12 weeks of study and analysis:
 - **Interviews:** Conducted interviews with 27 DoD and other federal agency small business leaders, private industry principals, mentor and protégé company leaders and Congressional staffers
 - **Questionnaires:** Prepared and analyzed responses to questionnaires sent to eight DoD Components with an MPP
 - **Surveys:** Surveyed 24 mentors and 59 protégés and reviewed responses from 22 mentors and 35 protégés
 - **Prior Studies:** Reviewed 28 past MPP-related studies and reports

Strategic Imperative

- Small businesses* are integral to the US economy
 - Creating two-thirds of new jobs, delivering approximately 44% of the US GDP, and producing 16 times more new patents per employee than large firms
- Unfortunately, the number of small business suppliers to the DoD has declined by over 40% in the past 10 years
- COVID-19 pandemic has had a disproportionately negative impact on small businesses
- In an increasingly competitive world, DoD should maintain its focus on programs that empower small businesses to serve as key contributors to the diversity and vitality of the U.S. Defense Industrial Base (DIB) and its supply chains

**Small businesses, as defined by the Small Business Administration, are defined by size standards. Size standards define the largest size a business can be to participate in government contracting programs and compete for contracts reserved or set aside for small businesses. Size standards vary by industry and are generally based on the number of employees or the amount of annual receipts the business has.*

“Small businesses are the engines of our economic progress; they’re the glue and the heart and soul of our communities. But they’re getting crushed. Since the beginning of this pandemic, 400,000 small businesses have closed — 400,000 — and millions more are hanging by a thread.”

~ President Joseph R. Biden

REMARKS ON HELPING SMALL BUSINESSES

FEBRUARY 22, 2021

“I realize that doing business with the DoD is not always easy. Because of our unique security requirements and procurement practices, we can be a challenging customer, but we are committed to examining the administrative barriers that small businesses face in working with us. And we will take meaningful action to remove barriers where we can.”

~ Deputy Secretary of Defense Kathleen Hicks

*SPEECH AT THE 30TH ANNUAL PENNSYLVANIA SHOWCASE
ON COMMERCE*

SEPTEMBER 1, 2021



Mentor-Protégé Programs

- MPPs are government programs that seek to pair small businesses with more experienced businesses in mutually beneficial relationships
 - Their ultimate goal is to increase the number of small businesses contracting with and supplying governmental agencies
 - Protégés may receive financial, technical, or management assistance from mentors in obtaining and performing federal contracts or subcontracts, or serving as suppliers under such
 - Mentors may receive reimbursement of certain expenses, credit toward subcontracting goals or other incentives
- Seven federal agencies currently have MPPs:
 - Departments of Energy, Homeland Security, and Transportation; National Aeronautics and Space Administration; and the Small Business Administration (SBA) (*MPPs approved by the SBA*)
 - DoD and the Federal Aviation Administration (*MPPs that do not require SBA's approval, because they are not covered by Small Business Act*)



DoD's MPP

- DoD's MPP is agency-specific and its primary focus is on small businesses performing subcontracts or other services for the DoD
 - DoD's MPP began on October 1, 1991 as the first federal MPP
 - Originally scheduled to expire in 1994, repeatedly **extended as a pilot**
 - DoD MPP is managed by the Office of Small Business Programs (OSBP), *but other DoD small business programs are managed outside OSBP*
 - DoD MPP is the only MPP with appropriated funding to reimburse mentors (\$30M in FY2022; Increasing to \$45M in FY2026)
 - Current Component MPPs: Air Force, Army, Navy, MDA, DCMA, NGA, and DTRA, *but 40 other DoD Components do not participate at this time*
 - Over 1,200 protégés have participated in the MPP since inception; Over 50% of protégés continue to contract with DoD



Key Conclusions

- **Positive Impact:** Over three decades, the MPP has made a **positive impact** on the small businesses that participated as protégés
- **Challenges:** While MPP has been positive, challenges have constrained it from achieving its maximum potential impact
- **Recommendations:** We recommend that DoD and Congress consider the recommendations in the report that would enable MPP to achieve its maximum potential

Positive Impact of MPP

- Over three decades, the MPP has made a **positive impact** on the small businesses that participated as protégés in the program based on the following measures of success:
 - **Employment:** Increases in employment at the protégé
 - **Revenue:** Increases in revenue at the protégé
 - **Certifications:** Increases in certification and qualifications by the protégé
 - **Contract Awards:** Increase in contracts awarded to protégés
 - **Number of Protégés:** Increases in the number of protégés within the DIB
 - **Innovation:** Innovative technologies added by protégés
- Stakeholders interviewed, including 35 protégés and 22 mentors, and other feedback obtained through surveys and questionnaires, provided **consistently positive feedback**

Positive Impact of MPP: Employment & Revenue Growth at Protégé

Fiscal Year	Total Firms	Active Number of Firms Gaining Employees	Employee Gains	Number of Firms Losing Employees	Employee Losses	Number of Firms, No Change	Net Employee Gains	Average Net Employee Gains
2012	62	19	1075	43	415	0	660	10.6
2013	65	40	1141	21	398	4	743	11.4
2014	60	35	1046	18	238	7	808	13.5
2015	71	46	1390	20	460	5	930	13.1
2016	59	38	1637	19	302	2	1335	22.6
2017	73	43	1113	31	373	3	740	10.1
2018	59	37	1636	22	563	0	1073	18.2
2019	62	50	1667	10	355	2	1300	21.0
2020	61	47	1696	9	175	5	1521	24.9
2021	47	38	1114	8	24	1	1090	23.2

Protégé surveys for FY2012-2021 reflect net gains in employment of between 660 to 1521 employees

Fiscal Year	Total Firms	Number of Firms Gaining	Annual Revenue Gains	Number of Firms Losing	Annual Revenue Losses	Number of Firms, No Change	Annual Net Revenue Gains	Average Net Revenue Gains
2012	62	47	\$728,180,552	14	\$28,547,409	1	\$699,653,143	\$11,284,728
2013	65	45	\$293,786,861	20	\$55,661,663	0	\$238,125,178	\$3,663,464
2014	60	42	\$421,410,749	15	\$25,540,394	3	\$395,970,355	\$6,599,506
2015	71	46	\$578,302,570	20	\$36,679,682	5	\$541,622,888	\$7,628,491
2016	59	38	\$527,455,030	19	\$27,887,214	2	\$499,567,816	\$8,467,251
2017	73	48	\$309,227,043	25	\$96,096,909	0	\$213,130,134	\$2,919,591
2018	59	43	\$224,673,760	15	\$66,632,457	1	\$158,041,303	\$2,678,666
2019	62	52	\$381,291,022	8	\$28,479,874	2	\$352,781,148	\$5,690,019
2020	61	50	\$554,905,316	11	\$18,563,338	0	\$536,341,978	\$8,792,491
2021	47	41	\$473,045,593	6	\$13,936,035	0	\$459,109,558	\$9,768,288

Protégé surveys for FY2012-2021 reflect net increases in revenue of between \$158M to \$699M



Positive Impact of MPP: Certifications & Contract Award to Protégé

- Certifications:** 75% of the 31 protégés surveyed confirmed that the MPP enabled them to obtain multiple, critical certifications
 - Common certifications that directly improved protégés' business infrastructure were: International Organization for Standardization (ISO), National Institute of Standards and Technology (NIST), Aerospace Standard (AS), Project Management Professional (PMP), Cyber certifications, and approved accounting systems
- Contract Awards:** Protégé surveys for FY2012-2021 reflect total contract award dollars of between \$521M to \$1.3B

Fiscal Year	Number of Protégé Firms	Prime Contract Award Dollars	Subcontract Award Dollars by Mentor	Other Subcontract Award Dollars	Total Contract Dollars	Average Contract Dollars
2012	62	\$843,312,517	\$191,893,904	\$235,328,569	\$1,270,534,990	\$20,492,500
2013	65	\$531,068,704	\$93,539,160	\$231,225,333	\$855,833,197	\$13,166,665
2014	60	\$584,392,820	\$120,274,776	\$300,564,500	\$1,005,232,096	\$16,753,868
2015	71	\$467,856,839	\$144,555,553	\$221,452,406	\$833,864,798	\$11,744,575
2016	59	\$427,724,118	\$55,894,671	\$190,799,430	\$674,418,219	\$11,430,817
2017	77	\$238,464,870	\$120,138,524	\$162,475,605	\$521,078,998	\$6,767,260
2018	59	\$325,330,310	\$401,016,172	\$263,826,101	\$990,172,583	\$16,782,586
2019	62	\$264,551,009	\$286,292,592	\$220,986,532	\$771,830,133	\$12,448,873
2020	61	\$436,045,804	\$259,203,929	\$212,129,056	\$907,378,789	\$14,875,062
2021	47	\$394,540,719	\$85,318,052	\$157,937,604	\$637,796,375	\$13,570,136



Positive Impact of MPP: Number of Protégés & Innovation

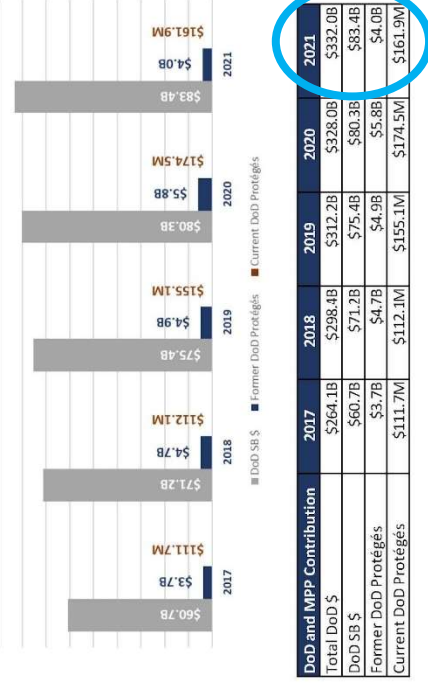
- **Number of Protégés:** Approximately 1,200 protégés have participated in the MPP since inception
- **Continued Contracts with DoD:** Over 50% of current and former protégés still contract with DoD
- **Contract Values:** Current and Former Protégés: **\$4.16 billion** in FY2021 (~5% of DoD's small business contracts)



Mentor Protégé Program



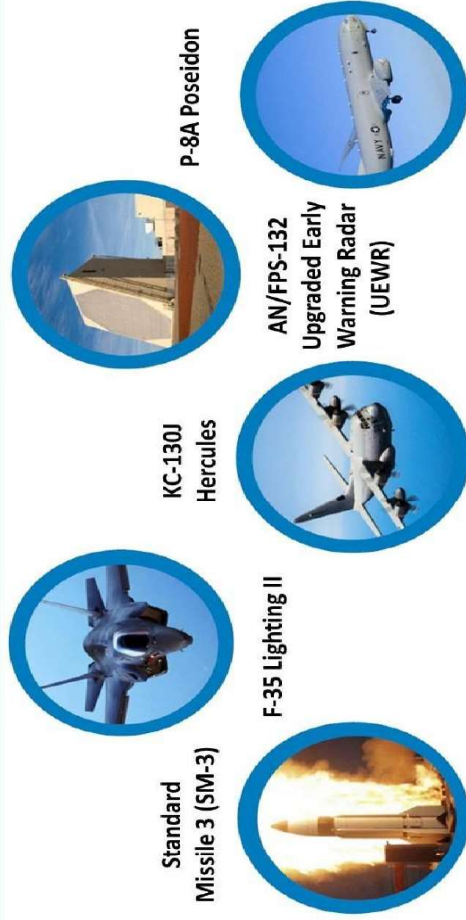
MPP Contribution to DoD



Data Source: FY2017 - FY2021 Total / SE based on official small business reports. FY2021 - Former and Current Protégés based on SMM.gov as of 1/17/2022 using unique DUNS number

- **Innovation:**
 - MPP made significant contributions to defense programs and grew the small business DIB
 - Protégé firms have contributed to major DoD Programs of Record (see below)

MPP Protégé Impact on Major Defense Programs (Technology Transfer)



MPP Challenges and Recommendations

The MPP’s stability, growth, and maturity have been inhibited by a number of factors. The challenges are summarized below, along with recommendations to address such challenges.

Challenges	Recommendations
1. Limited number of suppliers serving as mentors	1. Increase the participation of mentors and protégés through incentives
2. Absence of clearly defined success metrics and inadequate data capture and analysis tool	2. Enhance MPP metrics and data capture tools
3. Fragmented DoD small business leadership	3. Consolidate oversight of the MPP within the DoD
4. Short duration of an MPA limits ability of protégé to graduate successfully	4. Extend duration of a qualified MPA
5. Lack of MPP marketing and communications strategy	5. Implement a robust MPP marketing and communications strategy
6. Lack of permanency of the MPP	6. Remove pilot status of the MPP



Challenge/Recommendation #1: *MPP Participation*

- **Challenge: Decline in Small Business Suppliers: The decline in the number of small businesses serving the DoD requires action**
 - Small business protégés benefit from the experience and guidance of mentors
 - Not enough mentors participate in the MPP (only 0.2% of the 15,000 suppliers serve as Mentors in the MPP)
 - Lack of participation suggests that the reimbursement of direct costs does not provide sufficient incentive for MPP participation
- **Recommendation: Consider Incentive Structures to Augment Current Forms of Assistance**
 - Joint Ventures as in the SBA MPP
 - Request for Proposal (RFP) Award Points
 - Diversity of Small Businesses
 - Incremental RFP award points and/or incremental MPP funding for suppliers who choose to mentor diverse small businesses
 - Preferential Contracting Status for Graduated Protégés

Challenge/Recommendation #2: *Enhanced Metrics and Data Capture Tools*

- **Challenge:** Difficult to assess the maximum potential of the MPP due to the immaturity of the systems in place to capture and assess MPP performance and potential
 - MPP is largely administered through paper-based forms and emails. Dashboards and trending to identify areas of opportunity and concern are not available
- **Recommendation:**
 - **Data Capture Tools:** Recommend DoD assess its current system capabilities and implement the best tool to meet the needs of the MPP as quickly as possible
 - **Metrics/Dashboards:** DoD should consider collecting additional data elements to better measure the effectiveness of the program
 - Suggest the following: Demand Measurement, MPA Performance, Sector Tracking, Protégé Resources, Success of Protégés, MPP Public Awareness, Small Business Program Alignment

Challenge/Recommendation #3:

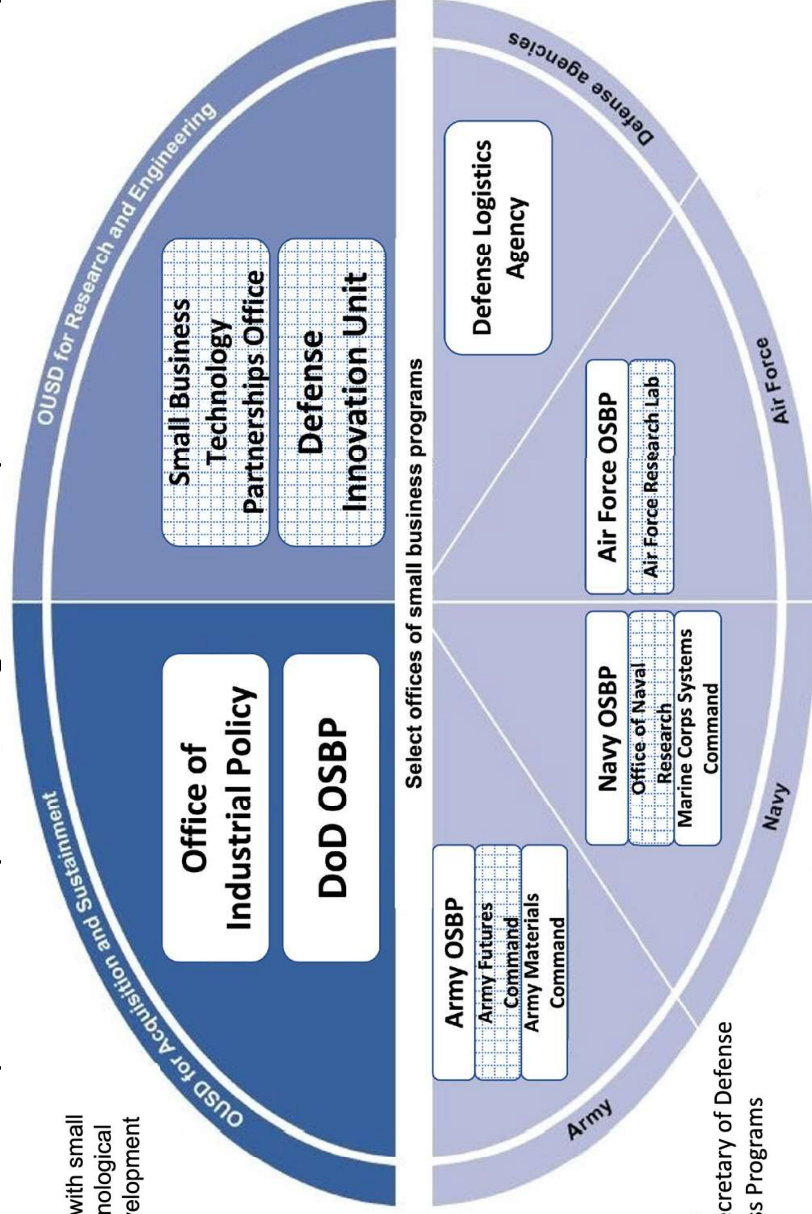
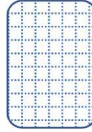
Oversight of Small Businesses

- **Challenge:** No single person or Department within DoD is charged with addressing the decrease in the number of small businesses suppliers
 - DoD small business programs are disparate and spread throughout the department. DoD's Small Business Strategy (Oct 2019) stresses the importance of a unified management structure
 - Funding and Resourcing of the MPP has been inconsistent leading to a lack of continuity, leadership and strategic direction
- **Recommendation:** Consider designating a specific office, with sufficient resourcing and appropriate leadership, to oversee all DoD small business programs
 - Simplifies access point for all small businesses and improves accountability
 - Increases collaboration, awareness of small businesses in each respective program, shared knowledge, and alignment of specific small businesses with the appropriate program
 - Enables implementation of remaining GAO Report Recommendations
 - Facilitates strategic investment in appropriate tools to measure small business program (including MPP) effectiveness

Challenge/Recommendation #3: Visual Supporting Fragmented Small Business Leadership

- **Challenge:** Fragmented DoD Small Business Leadership
 - Visual Representation of the disparate Small Business Program Leadership throughout DoD
 - No single point of contact for all small business programs within DoD. In fact, DoD small business programs are disparate and spread throughout the department as a result of USD(AT&L) division

Offices engaged with small business for technological research and development



DoD: Department of Defense
 OUSD: Office of the Under Secretary of Defense
 OSBP: Office of Small Business Programs

Source: GAO

Challenge/Recommendation #3: Data Supporting MPP Resourcing/Funding Issues

- **Challenge: Reductions in Staffing and Funding**
 - OSBP staffing levels have reduced by ~75% since FY2014
 - OSBP has experienced leadership gaps and reductions in funding
 - MPP’s programmatic funding has experienced significant instability
 - MPP funding was not reauthorized in FY2019, preventing the awarding of any new MPP agreements in that fiscal year. However, existing agreements during FY2019 were funded with prior fiscal year/s funds
 - DOD announced in its FY2021 congressional budget justification document that it intended to zero out the MPP as a result of the Defense-Wide Review
 - P.L. 116-260, Consolidated Appropriations Act, 2021 prevented DoD from zeroing out the MPP funding
 - FY2021 MPP funding was reflected in the President's Budget Request

OSBP Staff	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Appointed SES Director	1	0	0	0	0	0	0	1
Career SES Deputy Director	2	2	2	2	0	0	0	0
Government Staff	13	10	6	7	4	3	3	5
Contractor Staff	66	52	56	54	38	21	26	10
Total	82	64	64	63	42	24	30	16
OSBP Budget								
Mission Budget	\$8.9M	\$6.2M	\$5.9M	\$4.2M	\$4M	\$5.3M	\$3.8M	\$2.1M



Challenge/Recommendation #4:

Mentor Protégé Agreement Duration

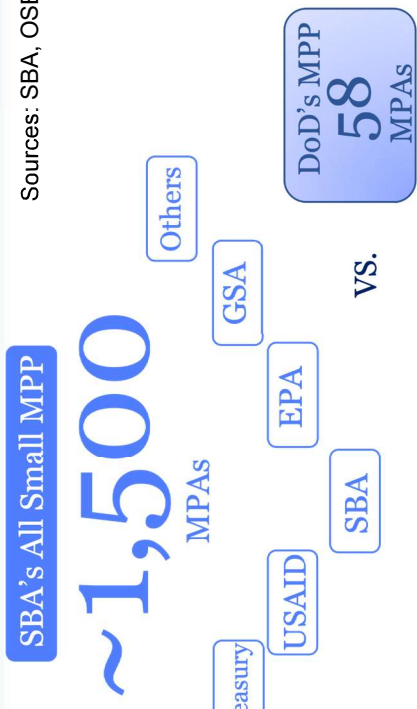
- **Challenge:** The Standard MPA is currently two years
 - Small businesses fail at a disproportionately high rate, with nearly a third failing within the first two years of operation and over 50% failing within the first five years*
 - The standard DoD sales cycle is approximately two years, and can be even longer in certain cases
 - Two year MPA duration is insufficient to enable most protégés to develop the skills necessary to independently become a direct supplier to DoD
- **Recommendation:** Consider extending the standard MPA agreement duration to a three-year period, with further extension options if appropriate
 - Nearly all stakeholders interviewed agreed the standard MPA is too short
 - Longer duration will provide the greatest opportunity for the protégé to benefit from its work with the mentor and position itself for longer term success as a DoD supplier

* Source: Office of Advocacy, Small Business Administration



Challenge/Recommends #5: MPP Communications & Marketing

Sources: SBA, OSBP



- **Challenge:** Unlike the All Small MPP overseen by the SBA, DoD's MPP is not a well-known program to the small business community
 - Lack of awareness constrains the pool of potential protégés and therefore limits the population of small business suppliers to the DoD

- **Recommendation:** Develop a comprehensive MPP Communications and Marketing Strategy which could include:
 - **Restart Annual MPP conferences:** While the Annual MPP Conference has been cancelled in recent years due to COVID, the participants interviewed by the Subcommittee reinforced the value of these meetings and need to restart
 - **Engage with Established Small Business Organizations:** Consider partnering with Department of Commerce's Minority Business Development Agency (MBDA), SBA, Billion Dollar Roundtable (BDR) and National Minority Supplier Development Council (NMSDC)
 - **Resource Support:** Increase the marketing and communication of invaluable protégé resources like HBCUs
 - **Briefings:** Conduct mandatory, annual briefings to key stakeholders such as the Congressional Defense and Small Business Committees as well as SecDef/DepSecDef

Challenge/Recommendation #6:

Permanency of MPP

- **Challenge:** MPP is still a “pilot” notwithstanding its 30-year history
 - Creates concern and confusion about the U.S. Government’s commitment
 - Mentors and protégés make a significant commitment of time and effort when agreeing to an MPA. Prospective mentors and protégés may choose not to pursue an MPA due to uncertainty of the program
- **Recommendation:**
 - Consider codifying the MPP program in a specific Title 10 Section to eliminate confusion and instill confidence
 - Propose that permanent funding be in the form of a specific, designated line item in all future funding bills
 - Instability in the MPP over the years can be partly attributed to shifting executive branch priorities and the reallocation of MPP funding. Therefore, the Subcommittee recommends the MPP funding be specifically appropriated for use only by the DoD

Summary

- **Important Program:** MPP is an important program that enables the DoD to leverage agile and innovative small businesses to serve the needs of the warfighter
- **Positive Impact:** MPP had a positive impact on the majority of its protégés, enabling the protégés to compete for both public and private sector opportunities
- **Challenges Exist:** While MPP has been positive, challenges have constrained its impact
- **Recommendations:** DoD, the Administration, and Congress could significantly enhance the MPP by considering each of the above recommendations as part of an integrated, comprehensive plan as explained more completely in the full report

“DoD Components shall give increased focus to reducing barriers to entry for new entrants to help expand our industrial base, cultivate new and vital capabilities, and increase outreach to underserved communities... Together, we can build back better and grow a dynamic, innovative, and resilient small business industrial base.”

~ Secretary of Defense Lloyd J. Austin

STATEMENT ON DOD SMALL BUSINESS CONTRACTING, OCTOBER 27, 2021



DEFENSE BUSINESS BOARD



Full Board Discussion, Deliberation, and Vote on MPP Study

DEFENSE BUSINESS BOARD



Public Comments

(if time permits)

DEFENSE BUSINESS BOARD



Chair's Closing Remarks

Hon. Deborah James
Chair, Defense Business Board

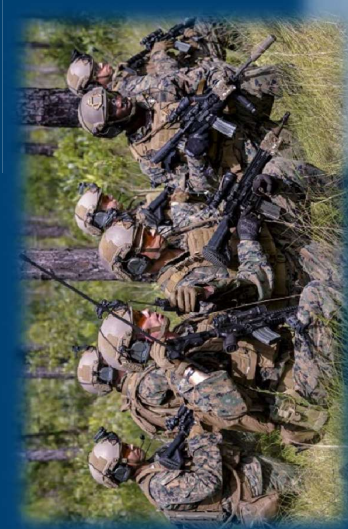
DEFENSE BUSINESS BOARD



DFO Closing Remarks / Adjourn Meeting

Ms. Jennifer Hill
Designated Federal Officer

DEFENSE BUSINESS BOARD







Defense Business Board

TAB D

INTERVIEWS CONDUCTED



Defense Business Board

THIS PAGE LEFT INTENTIONALLY BLANK

Mr. John Briggs, Senior Program Manager; and Ms. Jackie Hicks; System Studies & Simulation Inc. (S3)

Ms. Tiffany Bussey, Executive Director, Morehouse Innovation & Entrepreneurship Center (MIEC); Ms. Bonita Seaborn-Moore, Business Manager; Morehouse College

Ms. Pamela Callicutt and Ms. Gayna Malcolm-Packnett, Department of the Army (DoA) Office of Small Business Programs (OSBP)

Ms. Susan Celis, Acting Director, Small Business and Technology Partnerships Office, SBIR/STTR Program Manager; and Mr. Matt Williams, Ms. Meghan Fitch, Ms. Anne Neumann, and Dr. Jag Pamulapati, Office of the Under Secretary for Research and Engineering

Mr. Praveen Chawla, President and CTO, Edaptive Computing Inc. (ECI)

Ms. Sharon Davis, MPP Program Manager, Department of Homeland Security (DHS)

Ms. Angela Dokes, Mentor-Protégé Program (MPP) Team Lead, DoD Mentor-Protégé Group, DCMA Small Business Compliance Center, Specialized Support Group (AQSSM), Defense Contract Management Agency (DCMA)

Mr. Bill Henley, CEO, CDIT LLC

Mr. Stanley Jones, Acting Director, SBA Mentor-Protégé Program; Mr. Mark Hagedorn; Small Business Administration (SBA)

Ms. Kate Kaufer, Professional Staff Member, Senate Appropriations Committee, Defense Subcommittee

Mr. Scott Kiser, Director of Air Force Small Business Programs; Mr. David Sikora, Program Manager for the Air Force Mentor-Protégé Program; and Mr. Max Kadala; Department of the Air Force (DoAF) Office of Small Business Programs (OSBP)

Mr. Mark Lochbaum, Office of Small and Disadvantaged Business Utilization (OSDBU), Department of Energy (DOE)

Ms. Gladys Lopez, Global Head of Supplier Diversity; Ms. Tracie Ninh, Vice President, Supplier Diversity Specialist; Bank of New York Mellon

Mr. Jim Lowry, Senior Advisor; Mr. Justin Dean, Managing Director & Partner; Boston Consulting Group (BCG)

Mr. Donnie Mills, President, Mills Marine & Ship Repair LLC

Mr. Farooq Mitha, Director of the Department of Defense (DoD) Office of Small Business Programs (OSBP); Ms. Kasey Diaz, Associate Director of the DoD OSBP; and Mr. Jack Mellody, Defense Fellow; Department of Defense (DoD) Office of Small Business Programs (OSBP)

Mr. Kurt Nelson, Director, Business Development; Ms. Judy Romano, Corporate Recruiter; Q.E.D. Systems Inc.

Mr. Wayne Pizer, Executive Director, Small Business; Consolidated Analysis Center, Incorporated (CACI)

Ms. Michelle Robinson, President and CEO, Michigan Minority Supplier Development Council (MMSDC)

Ms. Peggy Sammon, President, GeneCapture

Dr. Arun Seraphin, Professional Staff Member; Ms. Katie Magnus, Professional Staff Member; Senate Armed Service Committee (SASC)

Mr. Bill Shear, Director, Financial Markets and Community Investment; Mr. Marshall Hamlett, Assistant Director, Financial Markets & Community Investment; and Ms. Kay Kuhlman; Government Accountability Office (GAO)

Mr. Jimmy Smith, Ms. Arveice Washington, and Mr. Kris Parker, Department of the Navy (DoN) Office of Small Business Programs (OSBP)

Mr. David Tilton, Vice President of Business Development, Conductive Group

Mr. August Uhl, Team Lead, MilTech; and Ms. Tisha Stahly, Fiscal Manager; Montana State University (MSU)

Mr. Robert Wilson, Founder and CEO, R2C Inc.



Defense Business Board

TAB E

QUESTIONNAIRES



Defense Business Board

THIS PAGE LEFT INTENTIONALLY BLANK

Defense Business Board (DBB) Mentor-Protégé Program (MPP) Assessment Questionnaire for Mentors

Interested Parties: Has anyone in Congress (i.e., Senators, Representatives, staffers) as well as the White House and Office of Management and Budget expressed any interest in your company and its participation in the MPP? And how do they interact with you?

Communication: Why did you join the MPP? How did you learn about the program? Do you believe the MPP is well known throughout industry and the DoD? Is the DoD-wide policy for and marketing of MPP sufficient (e.g., annual conferences, regular meetings, etc.)? How and how often do you communicate/meet with your protégé?

Impact: Is your opinion of the MPP positive or negative? Why? How has the MPP affected your business? What was the benefit of MPP to you as a mentor? What is effective? What is ineffective? What would you change? Does your company plan to remain in the MPP? Why or why not? Would you join the MPP if you had to do it all over again? Why or why not? Would you recommend the program to others?

Other MPPs: Have you participated in any other U.S. Government (non-DoD) or commercial MPPs? What is your opinion of those in comparison to the MPP?

Metrics: What **metrics** do you use to measure success/effectiveness? What is your opinion of DoD's **metrics** for the MPP program?

Administration: How would you describe the MPP application, approval, and reporting processes? Any recommendations for improving the administration and management of the MPP?

Training: What are the training requirements levied on your Protégé by your company? By your DoD Sponsor? Are you conducting training in addition to that required? If so, what and why?

ROI: Did your investment of time and resources into your protégé(s) pay off? How so? Did you broaden your supplier base? How much money did you spend participating in the MPP? Was there a positive return on that investment? How so?

Small Business Administration (SBA): What is your opinion of SBA's All Small Business MPP? In your opinion, should DoD consider using it like other federal agencies? What is your opinion on allowing the MPP to do teaming and joint ventures similar to the SBA's MPP?

Final Recommendations: What changes, updates, and recommendations do you have to improve the **overall effectiveness of MPP**? Additional and **increased forms of assistance**? Legislative changes? Contract award incentives or points to approved and/or active mentor companies? Matchmaking assistance between prospective protégés and mentors? Development of a data portal for MPP for reporting, administration, and collaboration? What changes would most benefit protégés?

Note: Text in blue comes directly from statutory language.

Defense Business Board (DBB) Mentor-Protégé Program (MPP) Assessment Questionnaire for Protégés

Interested Parties: Has anyone in Congress (i.e., Senators, Representatives, staffers) as well as the White House and Office of Management and Budget expressed any interest in your company and its participation in the MPP? And how do they interact with you?

Communication: Why did you join the MPP? How did you learn about the program? Do you believe the MPP is well known throughout industry and the DoD? Is the DoD-wide policy for and marketing of MPP sufficient (e.g., annual conferences, regular meetings, etc.)? How and how often do you communicate with your mentor?

Impact: Is your opinion of the MPP positive or negative? Why? How has the MPP affected your business? What is effective? What is ineffective? What would you change? Does your company plan to remain in the MPP? Why or why not? Would you join the MPP if you had to do it all over again? Why or why not? Would you recommend the program to others?

Other MPPs: Have you participated in any other U.S. Government (non-DoD) or commercial MPPs? What is your opinion of those in comparison to the MPP?

Metrics: What **metrics** do you use to measure success/effectiveness? What is your opinion of DoD's **metrics** for the MPP program?

Administration: How would you describe the MPP application, approval, and reporting processes? Any recommendations for improving the administration and management of the MPP?

Training: What are the training requirements levied on you by your mentor? By your DoD Sponsor? Are you conducting training in addition to that required? If so, what and why?

ROI: Did your investment of time and resources into the MPP pay off? How so? If willing, please provide the change in your company's revenue, employment numbers, amount of government contracts, and certifications/qualifications/training gained through MPP. Did you see positive improvements from the investment into your company by the mentor and MPP offices? How so?

Small Business Administration (SBA): What is your opinion of SBA's All Small Business MPP? In your opinion, should DoD have considered using it like other federal agencies? What is your opinion on allowing the MPP to do teaming and joint ventures similar to the SBA's MPP?

Final Recommendations: What changes, updates, and recommendations do you have to improve the **overall effectiveness of MPP**? Additional and **increased forms of assistance**? Legislative changes? Contract award incentives or points to approved and/or active mentor companies? Matchmaking assistance between prospective protégés and mentors? Development of a data portal for MPP for reporting, administration, and collaboration? What changes would most benefit protégés?

Note: Text in blue comes directly from statutory language.

Defense Business Board (DBB) Mentor-Protégé Program (MPP) Assessment Questionnaire for DoD Components

Interested Parties: Who specifically within Congress (i.e., Senators, Representatives, and staffers) as well as the Administration is most interested in your MPP? How do they interact with you?

Metrics: What is your opinion of the MPP? Why? How would you quantitatively prove to an outside observer the MPP is successful and has a good ROI? From FY17-22, please provide the following annual metrics for your Component's protégés: prime, sub by mentor, other sub, and total contract award dollars to protégés; annual revenue; total employment and gains/losses; number of certifications/qualifications achieved. What are and how does your Component develop its MPP goals? What *performance metrics* do you use to measure and evaluate your Component's progress towards those goals? From FY17-22, did you meet/on track to meet those goals? From FY17-22, please provide the following annual statistics: current, new, and total Mentor-Protégé Agreements (MPA), total funding, MPAs successfully completed, MPAs failed, and MPAs disapproved due to a lack of funding.

Congressional Mandate: Would you continue the MPP if it wasn't congressionally mandated? Why or why not? Would you recommend the program to other Components?

Administration and Oversight: What resources do you use to administer the MPP (i.e., Full Time Equivalent, funding, etc.)? What is the annual budget for your MPP Office? What are those funds used for (e.g., reimbursing mentors, hiring contracting staff, etc.)? Do your Components Senior Leaders (e.g., Service Secretary, Agency Director, etc.) interact with the MPP office? How often? Is the Congressional appropriation for the MPP sufficient? How would you utilize more funding? Would you need more manning and personnel if the appropriation amount for MPP was increased? What type of oversight do you exercise over your mentors and protégés?? From submission to contract award, what is the average time it takes for a MPA to be approved? How are you automating and exposed your MPA data-keeping?

Communication and Training: How and how often do you communicate with OSD OSBP? Is the DoD-wide policy for and marketing of MPP sufficient (e.g., SOP, annual conferences, regular meetings, etc.)? What information do mentors and protégés have to regularly provide? What training requirements do you levy on participants? What happens to your protégés after they "graduate" from MPP?

Small Business Programs: What other programs like MPP does your component utilize to foster small businesses? How does MPP fit into that larger universe of programs?

Contracting: What is the total number of companies your Component contracts with? How many are currently eligible to mentor a protégé? How many have been and are currently a mentor?

Small Business Administration (SBA): What is your opinion of SBA's All Small Business MPP? In your opinion, should DoD consider using it like other federal agencies? What is your opinion on allowing the MPP to do teaming and joint ventures similar to the SBA's MPP?

Final Recommendations: What recommendations do you have to improve the *overall effectiveness of MPP*? Additional and *increased forms of assistance*? Legislative changes? Contract award incentives or points to approved and/or active mentor companies? Matchmaking assistance between prospective protégés and mentors? Development of a data portal for MPP for reporting, administration, and collaboration? What changes would most benefit protégés?

Note: Text in blue comes directly from statutory language.

Defense Business Board (DBB) Mentor-Protégé Program (MPP) Assessment Questionnaire for Federal Agencies

Interested Parties: Who specifically within Congress (i.e., Senators, Representatives, and staffers) as well as the Administration is most interested in your MPP? How do they interact with you?

Metrics: What is your opinion of your Agency's MPP? Why? Would you recommend the program to other Agencies? How would you quantitatively prove to an outside observer your MPP is successful and has a good ROI? What are and how does your Agency develop its MPP goals? What *performance metrics* do you use to measure and evaluate your Component's progress towards those goals? From FY17-22, did you meet/on track to meet those goals?

Administration and Oversight: What resources do you use to administer the MPP (i.e., Full Time Equivalents, funding, etc.)? What is the annual budget for your MPP Office? What are those funds used for (e.g., reimbursing mentors, hiring contracting staff, etc.)? Do your Agency's Senior Leaders interact with the MPP office? How often? Is there any Congressional appropriation for your MPP? Is it sufficient? How would you utilize more funding? Would you need more manning and personnel if the appropriation amount for MPP was increased? What type of oversight do you exercise over your mentors and protégés?? From submission to contract award, what is the average time it takes for a Mentor-Protégé Agreement (MPA) to be approved? How are you automating and exposed your MPA data-keeping?

Communication and Training: How and how often do you communicate with your mentors and protégés? Is your Agency-wide policy for and marketing of MPP sufficient (e.g., SOP, annual conferences, regular meetings, etc.)? What information do mentors and protégés have to regularly provide? What training requirements do you levy on participants? What happens to your protégés after they "graduate" from MPP?

Small Business Programs: What other programs like MPP does your Agency utilize to foster small businesses? How does MPP fit into that larger universe of programs?

Small Business Administration (SBA): What is your opinion of SBA's All Small Business MPP? In your opinion, why did your Agency choose to keep its own MPP, separate from the SBA program? Can your Agency's MPP do teaming and joint ventures similar to the SBA's MPP?

Final Recommendations: What recommendations do you have to improve the *overall effectiveness of MPP*? Additional and *increased forms of assistance*? Legislative changes? Contract award incentives or points to approved and/or active mentor companies? Matchmaking assistance between prospective protégés and mentors? Development of a data portal for MPP for reporting, administration, and collaboration? What changes would most benefit protégés?

Note: Text in blue comes directly from statutory language.



Defense Business Board

TAB F

LITERATURE REVIEW



Defense Business Board

THIS PAGE LEFT INTENTIONALLY BLANK

Bartik, Alexander W., et. al., *The impact of COVID-19 on small business outcomes and expectations*. Proceedings of the National Academy of Sciences of the United States of America. July 28, 2020.

Congressional Research Service. *An Overview of Small Business Contracting (R45576)*. January 18, 2022.

Congressional Research Service. *Defense Acquisitions: How and Where DoD Spends Its Contracting Dollars*. July 2018.

Congressional Research Service. *The MBDA: An Overview of Its History and Programs*. April 30, 2021.

Congressional Research Service. *Small Business Mentor-Protégé Programs*. July 2, 2021.

Congressional Research Service. *SBA's "8(a) Program": Overview, History, and Current Issues (R44844)*. November 10, 2021.

Defense Contract Management Agency. *Mentor-Protégé Program Executive Summaries, FY12-FY22. 2012-2021*.

Department of Defense, Office of Small Business Programs. *Mentor-Protégé Program, Standard Operating Procedures for Program Managers*. March 2020.

Department of Defense. <https://www.defense.gov/our-story/>

Gould, Joe. "Pentagon officials see 'troubling' small business decline since COVID." *Defense News*. October 13, 2020.

Government Accountability Office. *Interim Report on Mentor-Protégé Program for Small Disadvantaged Firms (NSIAD-92-135)*. March 1992.

Government Accountability Office. *Implementation of the Pilot Mentor-Protégé Program (NSIAD-94-101)*. February 1994.

Government Accountability Office. *Improved Program Outcomes Are Possible (T-NSIAD-98-123)*. March 1998.

Government Accountability Office. *Sufficient, Reliable Information on DoD's Mentor-Protégé Program Is Unavailable (GAO/NSIAD-98-92)*. March 1998.

Government Accountability Office. *Benefits of the DoD Mentor-Protégé Program Are Not Conclusive (GAO-01-767)*. July 2001.

Government Accountability Office. *Protégés Value DoD's Mentor-Protégé Program, but Annual Reporting to Congress Needs Improvement (GAO-07-151)*. January 2007.

Government Accountability Office. *Improvements Needed to Help Ensure Reliability of SBA's Performance Data on Procurement Center Representatives (GAO-11-549R)*. June 2011.

Government Accountability Office. *Mentor-Protégé Programs Have Policies That Aim to Benefit Participants but Do Not Require Post Agreement Tracking (GAO-11-548R)*. June 2011.

Government Accountability Office. *Small Business Contracting: Action Needed by Those Agencies Whose Advocates Do Not Report to Agency Heads as Required (GAO-11-418)*. June 2011.

Government Accountability Office. *Opportunities to Improve the Effectiveness of Agency and SBA Advocates and Mentor-Protégé Programs (GAO-11-844T)*. September 2011.

Government Accountability Office. *DoD Should Take Actions to Ensure That Its Pilot Mentor-Protégé Program Enhances the Capabilities of Protégé Firms (GAO-17-172)*. April 2017.

Government Accountability Office. *Small Business Contracting*. October 14, 2021.

Kampen, Rob. *Viewpoint: Mentor-Protégé Agreements: Benefits for Big and Small*. National Defense. February 2020.

National Women's Business Council. *Evaluating Federal Mentor-Protégé Programs: Assessment, Case Studies and Recommendations*. April 2011.

Office of Advocacy, Small Business Administration. *Small Business GDP 1998-2014*. January 2019.

Office of Advocacy, Small Business Administration, "Frequently Asked Questions," December 2021.

Office of the Federal Register. Vol. 83, No. 120, 28761–28976, June 21, 2018.

Office of the Federal Register. Vol. 85. No. 201, 66146-66199, October 16, 2020.

Small Business Administration. *Evaluation of SBA's All Small Mentor-Protégé Program (19-17)*. September 2019.

Small Business Administration. *Small business procurement scorecard overview*. April 15, 2021.

White House. *Executive Order on Promoting Competition in the American Economy*. July 9, 2021.



Defense Business Board

TAB G

ACRONYMS



Defense Business Board

THIS PAGE LEFT INTENTIONALLY BLANK

AS – Aerospace Standard
BDR – Billion Dollar Roundtable
CFR – Code of Federal Regulations
CISM – Certified Information Security Manager
CISSP – Certified Information Systems Security Professional
CMMC – Cybersecurity Maturity Model Certification
CMMI – Capability Maturity Model Integration
DASD (IndPol) – Deputy Assistant Secretary of Defense for Industrial Policy
DBB – Defense Business Board
DCAA – Defense Contract Audit Agency
DCMA – Defense Contract Management Agency
DFARS – Defense Federal Acquisition Regulation Supplement
DHS – Department of Homeland Security
DIB – Defense Industrial Base
DLA – Defense Logistics Agency
DoD – Department of Defense
DOE – Department of Energy
DOT – Department of the Treasury
DWR – Defense Wide Review
FAA – Federal Aviation Administration
GAO – Government Accountability Office
GDP – Gross Domestic Product
GSA – General Services Administration
HBCU – Historically Black Colleges and Universities
HUBZones – Historically Underutilized Business Zones
ISO – International Organization for Standardization
MBDA – Minority Business Development Agency
MBE – Minority Business Enterprises
MIL-SPEC – Military Specification
MPA – Mentor-Protégé Agreement
MPP – Mentor-Protégé Program
NAICS – North American Industry Classification System
NASA – National Aeronautics and Space Administration
NDAA – National Defense Authorization Act
NMSDC – National Minority Supplier Development Council
OSBP – Office of Small Business Programs
OSD – Office of the Secretary of Defense
OTSB – Other than small business
PEA – Environmental Protection Agency
PMP – Project Management Professional
PTAC – Procurement Technical Assistance Centers
R&D – Research and Development
RFP – Request for Proposal
RIF – Rapid Innovation Fund
ROI – Return on Investment

SB – Small Business
SBA – Small Business Administration
SBDC – Small Business Development Centers
SBIR – Small Business Innovation Research
SDB – Small disadvantaged business
SDVOSB – Service-disabled veteran-owned small business
SES – Senior Executive Service
STTR – Small Business Technology Transfer
UEWR – Upgraded Early Warning Radar
USD (A&S) – Undersecretary of Defense for Acquisition and Sustainment
USD (AT&L) – Under Secretary of Defense for Acquisition, Technology, and Logistics
USD (R&E) – Under Secretary of Defense for Research and Engineering
WOSB – Women Owned Small Business



Defense Business Board

TAB H

PUBLIC COMMENTS



Defense Business Board

THIS PAGE LEFT INTENTIONALLY BLANK

PUBLIC COMMENTS

At the Feb 22, 2022 public meeting, Ms. Gayna Malcolm-Packnett from the U.S. Army stated:

“I’m a program manager for the Army’s MPP. I wanted to note that on Slide 16, there are actually 5 agencies, not 2 within the Army. And in regards to the cyber concerns, DoD has a program called Project Spectrum that takes all of the small businesses in the MPP and puts them through a cybersecurity training program.”



Defense Business Board

THIS PAGE LEFT INTENTIONALLY BLANK

BUSINESS EXCELLENCE IN DEFENSE OF THE NATION



DEFENSE BUSINESS BOARD

1155 Defense Pentagon
Room 5B1088A
Washington, DC 20301 1155
571 256 0835

<https://dbb.defense.gov/>

STAFF

Jennifer S. Hill, Executive Director
Steven M. Cruddas, Office Manager
Leah R. Glaccum, Research Analyst
Melodie Ha, Management Analyst

MILITARY REPRESENTATIVES

CAPT Jeffrey Plaisance, USN
COL Charles Brewer, USMCR