

Best Practices Successful Mentor-Protégé Programs



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Operated by the City of Tacoma

Industry-wide MPP Program Overview

- Nationally managed under the umbrella of small business development department, procurement and contracting division; under the contracting in equity mandates.
- 3 year business development program
 - Expandable up to 5 years
- 2 Mentors – One industry specific and one financial
- Developed to overcome barriers facing small business trying to do business with large, transit related organizations
 - Ineffective working relationships between D/M/WBEs and prime contractors
 - Poor access to procurement notifications
 - Inability to accommodate size of work
 - Inability to secure adequate financing
 - Inability to secure adequate bonding

As a Business Development Program?

- **What role do mentor-protégé programs have as a part of a Business Development Program?**
 - ✓ Assist firms in gaining the ability to compete successfully in the marketplace outside the DBE program.
 - ✓ Assist DBEs with further development to move into non-traditional areas of work.
 - ✓ In conjunction with your BDP or may be administered independently.

Program Funding Source

- PPP(Public Private Partnerships)
- DBE, Business Development Programs and Mentor-Protégé Programs
 - * 49 CFR Part 26 Appendix C&D

As part of a BDP or separately you may establish a “mentor-protégé” program in which another DBE or NON-DBE firm is the principal source of business development assistance to a DBE firm.

*49 CFR 26.35

Mentor-Protégé program must be approved by the concerned operating administration(FAA, FTA, FHWA,) once approved, they become part of your DBE program.

Key component of 49 CFR Part 26 Appendix C

Each firm that participates in a BDP is subject to a program term determined by the recipient. The term should consist of the two stages, a Developmental stage and a Transitional stage.

- Developmental stage is designed to assist in participants to overcome social and economic disadvantage by providing such assistance as may be necessary and appropriate to enable them to access relevant markets and strengthen their financial and managerial skills.
- Transitional stage of the program follows the developmental stage and assist participants in overcoming social and economic disadvantage and to prepare the participant for leaving the program.
- The length of service in program should not be pre-set time frame for either the developmental or transitional stages but should be based on number of years considered necessary in the normal progression of meeting the goal and objectives of the firms business plan.

Types of Teams

Mentor –Protégé Team

Protégé – Small Business

Mentor 1 – Industry Specific Knowledge

Mentor 2 – Financial Knowledge

Facilitator (large transportation entity)

Program Support Team

Advisory Boards (30%)

Program Consultants

Large Transit related organizations

Facilitator

Types of Supportive Services

- Assessments should be used to identify supportive services and assist in the development of the Protégés three year development plan.
- **Typical services provided:**
 - ✓ Estimating support
 - ✓ Bookkeeping Support
 - ✓ Understand financial ratios
 - ✓ Jobsite Safety
 - ✓ Project Management and Scheduling
 - ✓ Software (estimating, QuickBooks, inventory)
 - ✓ Training – (material installation training, plan reading etc.)
 - ✓ Marketing/Branding

Technical Assistance - specified

- **Typical services provided:**

- ✓ Estimating
- ✓ Accounting- Bookkeeping, QuickBooks education, banking, payroll
- ✓ Marketing – Branding, logo, website, marketing materials
- ✓ Estimating – take offs, pricing
- ✓ Project management
- ✓ Human Resources
- ✓ Safety
- ✓ Bonding
- ✓ Memberships - AGC, NAMC, and or other professional associations, plan centers, conference registration etc...

Protégé requirements

- Must be a certified small business by a State
 - DBE, SBE, MBE, WBE, SDVBE
- Established business for at least 3 years
- Current on all taxes
- Must be current on all licenses(if applicable)
- Must not be ineligible or barred from public works
- Must not be under current litigation
- Must be willing to attend all classes recommended and meetings
- Must perform types of work/services that a road related entity typically contract for
 - - Construction, supplier, architectural, engineering, marketing, concessions, etc.....

How success is measured

- Have Protégé's increased their revenue
- Successful transition out of the program (3 year)
- Able to increase capacity or bid as a Prime
- Increase utilization of program graduates on road related projects
- Consistent success in meeting the objectives included in the development plan
- Continuous improvement in financial strength and bonding capacity
- Higher than average industry survival rate for graduates of the program

Show me the \$!

Cost to administer

\$ 15,000 per year per firm (average)

Regional funding partners used to help offset costs

DOT, State, local government, transit authority, grants

FHWA

Administration Breakdown

Program area	cost
Accounting	\$5,000.00
Marketing	\$2,500.00
Back office support	\$3,500.00
Classes/Workshops	\$200.00
Membership Subscriptions	\$1,000.00
Misc. needs	\$800.00
Overhead administration	\$2,000.00
Total cost per Protégé firm	\$15,000.00



Tips/Best Practices

- **Vetting Process**

- Is small business committed?
- Is the mentor in for the long run and the right reason?
- Can the program in place help the business?
- Thorough research of the business

- **Good Facilitator**

- Keeps everyone accountable
- Keeps program manager informed
- Deep knowledge of the local small business community
- Has business acumen
- Organized- good reports

- **Meetings**

- At least once a month
- Let protégé create agenda

- **Schedule**

- Create milestones and check quarterly

- **Technical Assistance**

- Hands on works best
- Systematically leverage other supportive services



Industry-wide Lessons Learned

- ✓ Protégé firms often hide their firms weakness at the start of the program.
- ✓ Ensure 3 year strategic plan is realistic.
- ✓ Software purchase require extensive education on how to use it.
- ✓ Successful mentor-protégé matching happens when the mentor can provide guidance to the protégé on area they need help with.
- ✓ Mentor should be a customer for the protégé – are they buying what they are selling?
- ✓ The first year most protégé firms will focus on financial
 - ❖ Accounting systems are critical
 - ❖ Estimating assistance is critical

***We look forward to working
together!***



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MBDA-Tacoma.com