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GSA Administrator

January 11, 2008

The Honorable John F. Kerry
Chairman, Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Thank you for your letter dated December 20, 2007, regarding your continuing concerns about the impact on existing small business contractors of the U.S. General Services Administration (GSA) plan to migrate office supplies from GSA's stock program to a direct vendor delivery (DVD) model. We are continuing to evaluate available options and associated impacts with regard to any change in our method of supply for office products.

I assure you that GSA has no plans to issue a solicitation until we fully consider the concerns and interests of our small business partners. The plan to migrate office supplies to a DVD model is still in its early stages, primarily because of our attention to the interests of small businesses in this transition. We continue to look to the small business community to assist us in developing a creative solution to meet our customers' needs for the timely delivery of cost-competitive office supplies.

Following my response dated September 6, 2007, to your letter of July 6, 2007, we began to reexamine our acquisition strategy. On September 7, 2007, GSA officials met with staff from your and Senator Isakson's offices. On September 28, 2007, a similar meeting took place with the House Small Business Committee staff.

We found both of these meetings to be valuable and the mutual communication to be positive. We explained in detail the rationale and draft acquisition strategy that emphasizes increases in the small business share of GSA's office supply business. We also explained that the plan to shift the stock program to DVD for office products would have no impact on our Nation's emergency readiness capabilities. Key readiness items, such as cots, blankets, and sandbags will continue to be stocked in GSA distribution centers. Office products transitioning to DVD, such as pens, pencils, and copy paper, are considered nonemergency items and are commercially available.

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During Hurricane Katrina and the events of 9/11, many emergency items issued from GSA and Defense Logistics Agency distribution facilities, as well as some nonemergency items from commercial sources, were delayed in reaching affected areas due to disruption of the transportation network.

The transition of certain office products to DVD is critically necessary as sales of GSA's office products have declined by 50 percent since 1996. The current business model cannot be sustained and must move to a more commercial model to better meet customer needs and requirements. The concerns that you and your staff expressed helped us to recognize that we need to do a better job explaining GSA's program requirements to the small business community.

In this spirit of better communication with the small business community, in September 2007 GSA issued a request for information to approximately 80 current office supply providers, asking for their comments on key requirements. Some of these key requirements are: competitive pricing, competitive delivery times, electronic transaction capability, and high customer order fill rate. Thirty suppliers responded. We have analyzed these responses and are pleased to note that most of the small businesses stated that they have the potential to meet all of the requirements.

Because this preliminary market research is positive, we are proceeding to the next step of the process: an Industry Day to be held in February 2008. At this event, GSA plans to fully explain the requirements of the DVD program. Industry Day also provides an opportunity to verify our intention for the DVD program to actually increase the total dollars going to small businesses. We will fully coordinate this and other aspects of GSA's acquisition strategy with the Small Business Administration.

I remain steadfast in my personal commitment, as does GSA, to create and promote small business opportunities. GSA's mission is to provide best value to Federal agencies in meeting their needs for supplies in terms of price, quality, and delivery time. I believe that meeting this mission and preserving the interests of small business providers are completely compatible objectives.

If you would like to further discuss the contents of this letter or if you have additional questions or concerns, please do not hesitate to contact me. Staff inquiries may be directed to Mr. Kevin Messner, Associate Administrator for Congressional and Intergovernmental Affairs, at (202) 501-0563.

Cordially,



Lurita Doan
Administrator