

LET'S DO BUSINESS

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UNITED STATES
POSTAL SERVICE®



Table of Contents

1 Letter to Suppliers	2
2 We Are The U.S. Postal Service	2
3 Supplier Diversity in the United States Postal Service	2
3.1 Purpose	2
3.2 Vision	2
3.3 Guiding Principles	2
3.3.1 General Philosophy	2
3.3.2 Responsibility	2
3.3.3 Source Identification	3
3.3.4 Development and Opportunities	3
3.3.5 Performance	3
3.3.6 Goals and Measurement	3
3.3.7 Key Terms	3
4 Our Needs: What We Buy	3
5 How We Buy	3
5.1 We Are Different	3
5.2 The Best of Public and Private	4
5.3 Business Ethics	4
5.4 Our Purchasing Process	4
5.4.1 The Process	4
5.4.2 Competition and Publicizing	4
5.4.3 Evaluation	4
5.4.4 Local Buying	4
5.4.5 Prequalification	4
5.4.6 e-Purchasing	4
5.4.7 Payment	5
6 Our Quality Supplier Awards Program	5
7 Environmental Protection Policy	5
8 How To Market To Us	5
8.1 Many Points of Entry	5
8.2 Local	5
8.3 Area and National	5
8.4 Unsolicited Proposals	5
8.5 Sales of Postal Service Items	5
8.6 Access to Postal Service Purchasing	6
9 Summary	6
10 Frequently Asked Questions	6
11 Your Contacts	7

1 Letter to Suppliers

The United States Postal Service® is committed to attracting diverse suppliers and business partners who are able to provide quality goods and services. As part of its Transformation Plan, the Postal Service™ has identified the supply chain management philosophy and attendant business practices as central to its efforts to further its business and competitive objectives. In order to fully take advantage of supply chain management and to consistently provide outstanding service to its customers, the Postal Service must have a world-class chain of excellent suppliers who are agile, responsive, and effective. With over 37,000 facilities throughout the nation, we seek suppliers who are committed to continuous improvement and who reflect the nation we serve.

The Postal Service's supply chain philosophy is built on the following four guiding principles:

- We make our requirements known to the marketplace.
- We tell suppliers how we will evaluate proposals.
- We award contracts based on best value.
- We promote economic development in the community we serve by providing access to small, minority-owned, and woman-owned businesses.

By adhering to these principles, we provide a level playing field for all of our suppliers within the chain. In return, we expect and receive the best value for every dollar we spend.

Supply Management, Facilities, and Diversity Development support internal and external programs designed to provide suppliers with access to our contract opportunities. Working together, these three organizations are committed to improving all aspects of Postal Service purchasing.

Supply Management

2 We Are The U.S. Postal Service

The Postal Service is one of the largest service organizations in the world and, as a result, one of America's biggest buyers.

Moving the mail is a gigantic effort that involves more than 37,000 facilities throughout the nation. The Postal Service delivers 202 billion pieces of mail a year, or five pieces per address per day to over 141 million homes, businesses, and Post Office Boxes. The Postal Service is not supported by tax revenue. The majority of our revenue comes from the sale of stamps and postage and we have an annual budget exceeding \$64 billion.

We may have the most varied set of supply needs in the United States — needs that translate to tens of thousands of contract opportunities worth billions of dollars each year. Purchases range from asphalt to snow removal, carrier satchels to communications satellites, and real estate to robotics. The Postal Service depends on suppliers like you to provide top-quality equipment, facilities, services, and supplies to meet our needs.

Our vision is to have a world-class supplier base that reflects the diversity of the American business community and is marked by broad, inclusive supplier participation in all Postal Service purchasing activities. We recognize that in order to maintain and improve our ability to provide universal, cost-effective mail service that meets the needs of our customers, it is essential that we use both large and small suppliers that provide performance excellence and that strive for continuous improvement. In promoting and developing a diverse supplier base, we will continue to ensure that no supplier is excluded from opportunities or given preference to compete, on the basis of race, color, religion, sex, age, national origin, or sexual orientation. The purpose of this publication is to tell you what, where, and how we buy, and how you can do business with us. So let us know what you can offer and let's do business!

3 Supplier Diversity in the United States Postal Service

3.1 Purpose

To maintain a strong supplier base that reflects the diversity of the American supplier community. This purpose aligns with the Postal Service's overall diversity policy that includes a commitment to "ensure that all suppliers have the opportunity to compete for our contracts, and that our local purchasing policies support the local business community and encourage economic development."

3.2 Vision

A world-class supplier base that reflects the diversity of the American business community and is marked by broad, inclusive supplier participation in all Postal Service purchasing activities.

3.3 Guiding Principles

3.3.1 General Philosophy

In order to maintain and improve our universal mail service at cost-effective and competitive prices, it is essential that we use both large and small suppliers that provide performance excellence. In promoting and developing a diverse supplier base, we will continue to ensure that no supplier is excluded from opportunities or given preference to compete, on the basis of race, color, religion, sex, age, or national origin.

3.3.2 Responsibility

Providing opportunities to suppliers able to meet Postal Service needs is the responsibility of all Postal Service employees who generate a requirement, approve a purchase, commit Postal Service funds, identify or select suppliers, or who manage a supplier relationship.

3.3.3 Source Identification

We will identify diverse sources during the purchase planning stage and include small, minority-owned, and woman-owned businesses in sourcing plans, whenever practical. We will cooperate and partner with organizations that promote such businesses and ensure that buyers and market analysts are aware of those organizations that have been successful in performing contracts for us.

3.3.4 Development and Opportunities

We will publicize contracting and subcontracting opportunities and simplify our processes to make it easier for suppliers to do business with us. We will openly communicate and actively discharge our obligations in a proper, timely, and professional manner; address and resolve contractual and performance issues promptly; and work with suppliers to help them develop and enhance their capabilities to do business with us.

3.3.5 Performance

Our immediate objectives are to identify and do business with suppliers who can compete effectively, provide the best value, perform reliably, and work with us to reduce costs and cycle time. Our experience makes it clear that efforts to promote supplier diversity do not require any relaxation of our requirements for effective competition, quality performance, and best value.

3.3.6 Goals and Measurement

Our goal is to become a recognized leader in supplier diversity. We will strive for continuous improvement by establishing effort-based indicators and monitoring progress by tracking the number of our transactions, dollars awarded, opportunities offered, and other factors. We will benchmark ourselves against “best practices” and track performance over time.

3.3.7 Key Terms

The following terms describe the three categories of business that are central to our mission:

- **Small Business.** A business, including an affiliate, that is independently owned and operated, is not dominant in producing or performing the supplies or services being purchased, and has no more than 500 employees, unless a different size standard has been established by the Small Business Administration (see 13 CFR 121, particularly for different size standards for airline, railroad, and construction companies). For subcontracts of \$50,000 or less, a subcontractor having no more than 500 employees qualifies as a small business without regard to other factors.
- **Minority Business.** A business that is at least 51 percent owned by, and whose management and daily

business operations are controlled by, one or more members of a socially and economically disadvantaged minority group — namely, U.S. citizens who are Black Americans, Hispanic Americans, Native Americans, or Asian Americans. (Native Americans are American Indians, Eskimos, Aleuts, and Native Hawaiians. Asian Americans are U.S. citizens whose origins are Japanese, Chinese, Filipino, Vietnamese, Korean, Samoan, Laotian, Kampuchean (Cambodian), Taiwanese, in the U.S. Trust Territories of the Pacific Islands, or in the Indian subcontinent.)

- **Woman-Owned Business.** A business that is at least 51 percent owned by a woman (or women) who is a U.S. citizen, controls the firm by exercising the power to make policy decisions, and operates the business by being actively involved in day-to-day management.

4 Our Needs: What We Buy

To move the mail, we buy a great variety of goods and services. These are grouped into the following five portfolios:

- **Facilities** — Responsible for the purchase of design, construction, and related services; and non-mail processing equipment.
- **Mail Equipment** — Responsible for the purchase of operational equipment and associated research and development. This includes automation and materials handling services.
- **Services** — Responsible for the purchase of a variety of services ranging from consultants to maintenance and repair and operations services.
- **Supplies** — Responsible for the purchase of a wide variety of supplies, ranging from computer hardware and software to vehicles and vehicle supplies.
- **Transportation** — Responsible for the purchase of all types of mail transportation and bulk fuel, mail transport equipment used by suppliers, and the servicing and maintenance of such equipment.

5 How We Buy

Now that you know what we buy, you also need to know how we buy. Before you read about how to market goods or services to the Postal Service, you should understand the way that we solicit and award our contracts.

5.1 We Are Different

Although the Postal Service is a government agency, it is also an independent establishment of the executive branch of the government of the United States, mandated by law to operate like a business. Because of this, we are exempt from many of the laws that ordinarily apply to government contracting. Our purchasing regulations — contained in our *Purchasing Manual* — are different from those of most government agencies. In addition, unlike other government agencies, we

are not covered by the Small Business Act. However, like any large private- or public-sector institution, we are aware of our socioeconomic responsibilities. One of the main objectives of our supplier diversity program is to continually seek out and foster contract opportunities for small, minority-owned, and woman-owned businesses. And we have a proven record of success in this important area.

5.2 The Best of Public and Private

Our *Purchasing Manual* is focused on using the purchasing process to further the Postal Service's business and competitive objectives. It is intended to bring to Postal Service purchasing a combination of private-sector innovations and efficiencies and our traditional commitment to the fairness and accountability expected of a public agency. Our policies emphasize business practices such as supplier prequalification and streamlined purchasing procedures that reflect our business-like approach. The result is a purchasing policy unique in government contracting — one that offers you ample opportunity to do business with us.

5.3 Business Ethics

We are also committed to the highest standards of ethical conduct in all of our business dealings. Under government-wide regulations issued by the Office of Government Ethics, our employees are prohibited from accepting gifts or gratuities from our suppliers or from persons seeking contracts or other types of business. While these rules do allow for limited exceptions for items of nominal value, the offer or acceptance of gifts is inappropriate and discouraged.

5.4 Our Purchasing Process

5.4.1 The Process

Our *Purchasing Manual* establishes a general purchasing process that contains elements common to our purchases regardless of the commodity being purchased. Postal Service contracts are awarded through a single framework of solicitation, evaluation, discussion, selection, and award. The framework is designed to ensure three important results:

- The Postal Service obtains the best value.
- All parties are treated fairly.
- The Postal Service and our suppliers establish mutually beneficial relationships.

5.4.2 Competition and Publicizing

A basic foundation of our purchasing policy is competition. We compete the majority of our contracts valued at more than \$10,000. Our policy is "adequate competition," which means that we seek a sufficient number of qualified suppliers to ensure

that the required quality and quantity of goods and services are obtained when needed, and that the price is fair and reasonable. Many of our contracting opportunities are publicized locally on the Federal Business Opportunities web site (<http://www.eps.gov>) and in *Commerce Business Daily* (<http://cbd.cos.com/>). Our Supplier Automated Database (SADI) site (<http://www.purchasing.gov/sadi>) allows suppliers to "register" with the Postal Service and provide us with their most up-to-date business information. It is important that you do so since the SADI database is an important sourcing tool for Postal Service buyers and provides access to a diverse pool of suppliers.

5.4.3 Evaluation

Under our purchasing process, we evaluate supplier proposals in order to determine the best value. Awards are not based exclusively on lowest prices, although price can be a significant factor in the evaluation. To determine best value, we evaluate such factors as past performance, the capability of the supplier to perform the work, and other proposal-specific performance factors. We may invite suppliers to provide oral presentations regarding their proposals to allow the opportunity for meaningful two-way communication.

5.4.4 Local Buying

Local buying is another method of purchasing millions of dollars worth of day-to-day operational requirements. Local buys are made at local offices throughout the country (generally with credit cards) and they are not subject to the rules and regulations contained in our *Purchasing Manual*.

5.4.5 Prequalification

Prequalification is the process of up-front identification of top-quality suppliers able to compete for specific types of contract opportunities. This is a mutually beneficial private-sector business process. The benefits to us are twofold: (1) competition is enhanced and (2) quality performance is promoted. Benefits to suppliers include a more comprehensive opportunity to familiarize themselves with our requirements before solicitations are issued, which in turn yields lower proposal preparation costs. We use prequalification for a single purchase or for a series of purchases (but not for local buys). Prequalification opportunities are publicized in the same manner as contract opportunities, and suppliers are evaluated using the same general process discussed previously.

5.4.6 e-Purchasing

For several years, we have conducted business electronically with numerous suppliers and we are continually expanding our use of this purchasing method. The benefits — both to buyer and supplier — of e-Purchasing include reduced time in evaluating and awarding contracts and prompt payment.

5.4.7 Payment

The payment method depends on the type of contract involved. Some service contractors (such as those operating contract postal units) are paid once a month, while others are paid after goods are delivered and accepted. Advance payments are sometimes authorized, but only for very specific types of contracts. We are encouraging suppliers to use e-Purchasing approaches whenever practical. Local buys are usually made by credit card.

6 Our Quality Supplier Awards Program

The Postal Service annually recognizes suppliers who have clearly demonstrated their ability and commitment to consistently provide quality products or services to the Postal Service. This program enables us to formally and publicly recognize the best of our suppliers each year. Since 1989, we have recognized small, large, minority-owned and woman-owned firms for outstanding performance.

A key objective of our Quality Supplier Awards Program is to communicate to all prospective suppliers that the Postal Service is looking for suppliers who are committed to continuously improving their products and services and achieving high-quality performance levels over time.

Since 2003, the Quality Supplier Awards Program has focused on supply chain management excellence and recognized firms that have truly "made a difference" in helping the Postal Service achieve significant bottom line results.

If you would like additional information regarding the Postal Service Quality Supplier Awards Program, please visit our web site at www.usps.com/purchasing

7 Environmental Protection Policy

The Postal Service is committed to providing our customers and employees with a safe and healthy environment. Protecting our environment is not only the right thing to do — it is a sound business practice.

8 How To Market To Us

8.1 Many Points of Entry

There are many points of entry into the Postal Service purchasing arena. You may wish to market your product to the Postal Service for use in an area as small as your local trade area or as large as the entire country.

8.2 Local

Every organization in the Postal Service has day-to-day operational needs that can be met with purchases up to \$10,000 and that are addressed by buyers at the local level. We encourage all Postal Service personnel with local buying authority to seek out and use local, small, minority-owned, and woman-owned merchants who have established timely delivery and performance and customer satisfaction in prior dealings with the Postal Service or other customers. Your contacts for marketing locally are postmasters, district purchasing specialists, and other district and area office personnel.

8.3 Area and National

Purchases that exceed \$10,000, that are more complex in nature, or that meet requirements that are wider in scope are passed along to area contracting officers or to Headquarters. Your contacts for marketing area-wide or nationally are contracting officers or purchasing specialists at area purchasing and materials service centers, facilities service offices, distribution network offices, and Postal Service Headquarters.

8.4 Unsolicited Proposals

The Postal Service has an Unsolicited Proposal Program to consider proposals outside the scope of those made in response to our solicitations. Such proposals include offers of concepts, products, processes, or technology to which a supplier has a patent, trademark, or other proprietary right. Marketing efforts for commercial products and offers relating to previous Postal Service contracts or proposals are not considered under the program. If you wish to submit an unsolicited proposal, please see Postal Service Publication 131, *The Postal Service Unsolicited Proposal Program*, which is available on the Postal Service Internet (<http://www.usps.com/cpim/ftp/pubs/pub131.pdf>).

8.5 Sales of Postal Service Items

In addition to being interested in contracting with us, some suppliers want to purchase used equipment and other items from the Postal Service. If you are interested in such materials, including antique and collectible equipment and surplus items, contact one of the purchasing service centers listed in Section 11, Your Contacts.

8.6 Access to Postal Service Purchasing

Who can buy what I sell?

For local buys not more than \$10,000:

- Postmasters.
- District purchasing specialists.
- Other district and area office personnel.

For purchases over \$10,000:

- Contracting officers at purchasing and materials service centers.
- Contracting officers at facilities service offices.
- Contracting officers at district and area offices (for repairs and alterations only, and not exceeding \$100,000).
- Contracting officers at distribution network offices (transportation services).
- Contracting officers or purchasing professionals at Headquarters.

How can they buy what I sell?

For buys not more than \$10,000:

- Over-the-counter purchases.
- Credit card purchases.
- Purchase orders.
- Imprest funds.

For purchases over \$10,000:

- Purchase orders
- Contracts

How can I find out about opportunities?

- Post Office notices
- Local advertising
- *Commerce Business Daily*
- *Journal of Commerce* (transportation)
- Trade conferences
- Trade and industry association notices
- Internet: <http://www.eps.gov>

9 Summary

Because the needs of the Postal Service are so diverse, it is no surprise that our suppliers are just as diverse. We contract with some of America's biggest corporations, but we also contract with individuals in some of America's smallest towns. And we buy goods and services from such government agencies as the General Services Administration and the Defense Logistics Agency. Regardless of size, location, or line of business, if you can provide quality goods or services — on time and at a fair price — we welcome you to compete for one of our contract opportunities.

This publication is available at <http://www.usps.com/cpim/ftp/pubs/pub5.pdf>.

If you have questions, please write:

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WASHINGTON DC 20260-4320
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10 Frequently Asked Questions

FREQUENTLY ASKED QUESTIONS (FAQs)

1. What is the Postal Service's commitment to Supplier Diversity?

Supplier Diversity is a series of proactive business processes we use to provide suppliers with fair access to purchasing and business opportunities. We strive to promote participation by a range of suppliers that fairly reflects the American supplier community. See our web site for the Supplier Diversity Corporate Plan (Table of Links [1]).

2. Why is Supplier Diversity important to the Postal Service?

The Postal Service recognizes the value of cultivating a diverse supplier base. We realize that our suppliers are also our customers. Supplier Diversity has, therefore, been adopted as a core business process of the Postal Service.

3. Does the Postal Service's Supplier Diversity program address minority-owned and woman-owned businesses?

The Supplier Diversity program is inclusive. Effective Supplier Diversity ensures that no suppliers are excluded from competition on the basis of race, ethnicity, color, religion, sex, age or national origin. Supplier Diversity identifies those firms requiring attention to assure opportunities for their participation as potential suppliers of goods and services to the U.S. Postal Service.

4. Does the Postal Service have a set-aside program?

No. We do not limit competition. Our policy is to secure "adequate" competition for our buys. Our goal is to do business with "the best," and we encourage active competition among a wide range of firms.

5. Does the Postal Service participate in the 8(a) Program?

No. This refers to section 8(a) of the Small Business Act, which authorizes federal agencies to contract for goods and services within a limited competitive environment among defined groups of suppliers to assure their participation in procurement. The U.S. Postal Service is not subject to the Small Business Act, and does not participate in the 8(a) program.

6. How can suppliers find out about opportunities to do business?

Besides the traditional sources of information, (e.g. the *Commerce Business Daily*, postings in public access areas of Postal Service facilities, local and national newspapers, and trade journals), there is a wealth of opportunities accessible

through the Internet.

In particular, the Postal Service furnishes Internet-based tools to aid suppliers. Business opportunities are routinely announced in FedBizOpps (Table of Links[2]).

7. How can I make the Postal Service aware of the products or services I can provide?

One way is to list your business with the Postal Service in its Supplier Automated Database on the Internet, "SADI" (Table of Links [3]). The information you put in SADI is secure and made available to our buyers.

8. Does the Postal Service promote subcontracting with small, minority-owned, and woman-owned businesses (SMWOBs)?

Yes! In order that we may fully realize the benefit of a supplier base that reflects the diversity of the American supplier community, we promote subcontracting with small, minority-owned, and woman-owned businesses. We encourage our suppliers to use small minority-owned and women-owned businesses as subcontractors to the maximum extent consistent with effective contract performance. See our Supplier Diversity Corporate Plan (Table of Links [1]).

Additionally, for most contracts valued at \$1 million or more, we require firms submitting proposals to include a subcontracting plan describing their goals for contracting with small, minority-owned and woman-owned business subcontractors. The content of that plan is subject to negotiations, is a factor that can be considered in the evaluations, and becomes a part of the contract on award. We also call for quarterly reports on subcontract efforts with small, minority-owned, and woman-owned businesses on essentially all contracts valued at \$500K or more.

9. As a large supplier, we do contract with small minority-owned, and woman-owned businesses, but often these contracts do not directly support our Postal Service work. Do we report those transactions?

Yes! If the subcontract falls into your G&A or overhead pools, or indirectly supports your performance of the Postal Service — and it would be, in whole or in part, allocable to the Postal Service contract — you should report the allocable portion. Obviously, the allocation must be reasonable and in line with generally accepted accounting practices.

10. As a government contractor, we file company-wide reports. In the past, we've submitted those reports to the Postal Service. Will they still be adequate?

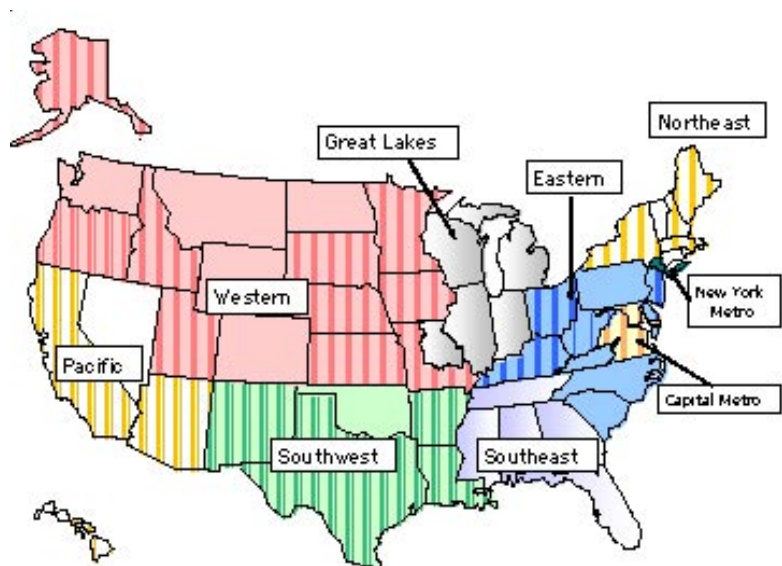
No! We are looking for Postal Service contract-specific data. We want to know, in a general way, what portion of our procurement dollar is going to small, minority-owned and woman-owned businesses. We've modified our policy and practices to permit allocations so that we can better assess the dollar distribution patterns.

Table of Links

1. http://www.usps.com/purchasing/pdf/str_supplierdiversitycorporateplan.pdf.
2. <http://www.eps.gov>.
3. <http://www.purchasing.gov/sadi>.

11 Your Contacts

Postal Service contacts can be found at several locations throughout the country. For your convenience, we have grouped these contacts by commodity portfolio and by Postal Service area location. See: http://www.usps.com/purchasing/sm_portfoliosmenu.htm.





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