



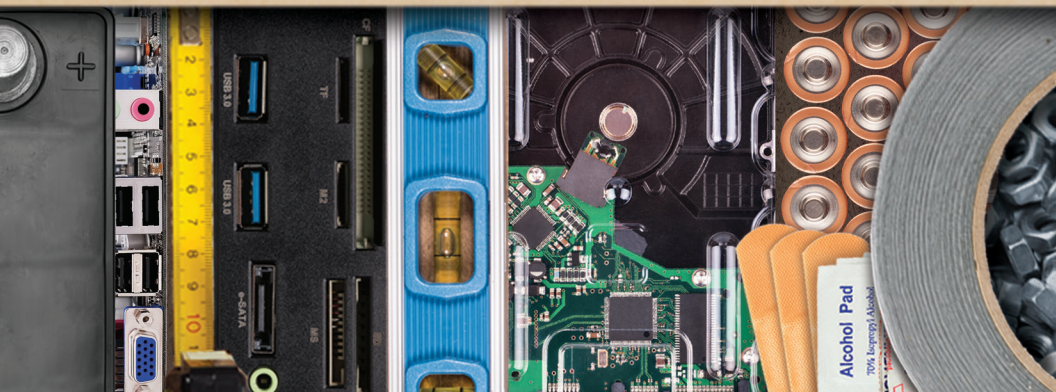
CORPORATE PLAN

Supplier Diversity



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The United States Postal Service® (USPS) delivers over 143 billion pieces of mail and packages to approximately 159 million delivery addresses annually. The Postal Service is dedicated to providing excellent customer service, delivering high-quality products and services and ensuring that everyone can receive and send mail at affordable prices. To achieve our goal of providing universal delivery service that is efficient, trusted and affordable, we must maintain a diverse base of suppliers who offer innovative solutions to keep our business on the path to long-term sustainability.

The organization's procurement professionals are committed to providing contracting opportunities to small, minority-owned and women-owned businesses (SMWOBs).

These suppliers have demonstrated performance excellence and provided quality products, services and innovative solutions that sustain and improve delivery and operational services, while adjusting to changes in the business environment. SMWOBs are an integral part of our business strategy to continuously improve delivery operations and invest in technology to create new and innovative products and services for our customers.

The Supplier Diversity Corporate Plan ensures a continued focus on improving supplier relationships with SMWOBs. The plan is a comprehensive overview of activities designed to position the Postal Service to reinforce its foundation for a sustainable future.

A handwritten signature in black ink, appearing to read "Mark Guilfoil". The signature is fluid and cursive, with a large initial "M" and "G".

Mark Guilfoil
Vice President, Supply Management

SUPPLIER RELATIONS

The Postal Service Supply Chain Management (SCM) activities operate under eight supplying principles that represent the strategic elements that guide Postal Service buying and material management activities. Each principle is central to obtaining the financial, operational and public policy goals outlined in the Postal Service's strategic plans.

The Postal Service's Supplier Relations Principle aims to establish and maintain a strong, competitive supplier base that reflects the diversity of the supplier community [Postal Supplying Principles are contained in the Postal Service's Supplying Principles and Practices (SPs and Ps)]. Postal Service supplying professionals seek out methods to optimize the postal supplier base in line with the specific characteristics of the market, the good or service being supplied, and the goals of the Postal Service.

SUPPLIER DIVERSITY

Supplier diversity is the proactive business process that seeks to provide suppliers with access to purchasing and business opportunities. Supplier diversity is defined by:

- Enterprise and Supply Management (SM) policies and objectives.
- The purchasing process.
- Continuous improvement and monitoring.

Supplier diversity objectives include:

- Continuous improvement of supplier diversity and relationships with small, minority-owned and women-owned businesses (SMWOBs).
- Continued broad market research analysis of the supplier community to identify and select the best suppliers.
- Process improvements that promote opportunities for all suppliers to provide value-added products and services.
- Awareness and information making all Postal Service personnel responsible for supplier diversity.

The supplier diversity objectives are aligned with Postal Service and Supply Management objectives. Laws, regulations, contract clauses and contract provisions also contribute to shaping supplier diversity objectives.

The Supplier Diversity Corporate Plan is developed to ensure a continued focus on improving our supplier relationships with SMWOBs. The plan, which is comprised of nine elements, outlines a variety of activities that align with processes and procedures identified in the Postal Service's SPs and Ps.

9 PLAN ELEMENTS

MANAGEMENT INVOLVEMENT

COMMUNICATION/OUTREACH

SOURCING CONSIDERATIONS

INNOVATION/SUSTAINABILITY

SUBCONTRACT MANAGEMENT

TRAINING AND DEVELOPMENT

TRACKING PROGRESS

PERFORMANCE INDICATORS

RECOGNITION

MANAGEMENT INVOLVEMENT

Officers and executives representing broad functional areas are responsible for ensuring a strong, competitive supply base.

The Supply Management vice president and senior managers meet to review supply chain strategies to ensure the Postal Service is taking full advantage of the capabilities, competitive pricing, new processes and products and innovations offered by SMWOBs.

The Stakeholder Outreach team in Supply Management serves as liaison to management and the SMWOB community. The team participates in outreach events nationwide to benchmark industries' best practices and research supply chain innovations in both the public and private sectors

COMMUNICATION/OUTREACH

The Postal Service works closely with trade and industry associations, government agencies, and business development and purchasing organizations to exchange information on methods, initiatives and processes to identify sources of supply. This enables supplying professionals, purchase card users and other Postal Service personnel to effectively identify potential suppliers to meet Postal Service needs.

When appropriate, the Postal Service:

- Conducts supplier forums to share information on Postal Service corporate business objectives.
- Conducts and participates in surveys and benchmarking studies for continuous improvement of Supplier Diversity processes.
- Maintains intranet and internet sites with Supplier Diversity policy, procedures, points of contact, and other resource information for various sourcing teams, buyers, internal business partners, and suppliers.
- Attends and participates in business opportunity events and trade fairs promoting SMWOBs.
- Continues to foster the development of mutually beneficial business relationships between internal business partners and the supplier community.
- Publicizes purchasing and business opportunities when advertising such opportunities will ensure that the Postal Service will obtain the best value.
- Provides internal and external stakeholders with periodic updates on the positive contributions of Supplier Diversity processes.
- Makes available a formal registration process for potential suppliers.

SOURCING CONSIDERATIONS

The Postal Service uses commodity specific strategy sourcing plans to capture supply data and knowledge to build a dynamic supplier base, thereby ensuring continuous improvement of the entire supply chain.

Strategy sourcing plans are developed by a thorough understanding of the external supplier environment and internal business partner requirements. Purchase/Supply Chain Management teams apply supply chain management business practices to both strategic sourcing and individual purchases and examine demand trends, the marketplace and the supplier community to determine how to achieve best value.

Market Surveillance

We continuously assess the marketplace for drivers of market segments, industry trends, impact of new technology, competitive dynamics, supplier characteristics, and suppliers (national or regional) in a market.

When appropriate, the Postal Service:

- Uses the latest resources (industry reports, supply periodicals, databases, etc.) to identify leading-edge suppliers in an industry.
- Uses supplier and industry resources, such as trade associations, to obtain data on the structure of the industry, supplier value- chain analysis, supplier economics and total cost of ownership (TCO) of items and services.
- Analyzes the sourcing history of a product or service to determine the level of competition, prices and performance results of existing suppliers to determine if a new supplier would better meet Postal Service needs.
- Attends and hosts industry briefings to identify potential suppliers to meet Postal Service needs
- Evaluates products that appear to be the same across suppliers (beyond branding) to determine real differences in the product or services and identifies suppliers with a competitive advantage.

Publicizing Opportunities

When we determine that announcing potential business opportunities will enhance competition, we will do so in the most appropriate and effective media to identify new sources that will ensure that the Postal Service will obtain the best value.

When appropriate, the Postal Service:

- Issues Requests for Information (RFI) to obtain general information on the market, products, services or suppliers.
- Issues pre-solicitation notices (also called “sources sought” notices) to identify suppliers based on the business and competitive needs of the Postal Service.
- Publicizes opportunities for suppliers to be prequalified for commercially available goods or services purchased routinely, whether for an individual purchase or for a series of purchases.
- Announces competitive or noncompetitive contract awards having significant subcontracting opportunities to promote competition in subcontracting.

Purchase Card Buys

Purchase card policies support the local business community and encourage economic development of all diverse groups. The purchase card serves as the primary means of buying and paying when operational needs cannot be satisfied through online catalogs, area contracts or ordering agreements. Cardholders are encouraged to seek out and use SMWOBs when making purchase card buys to meet their day-to-day operational needs.

Cardholders must strive to obtain the best value for the Postal Service on each purchase. Best value is obtained by evaluating the price, quality and other factors necessary to meet the need. Obtaining best value is the objective of every Postal Service supplying activity and the basis for award of Postal Service contracts.

INNOVATION/SUSTAINABILITY

Innovation and sustainability are important in all aspects of the Postal Service's business processes and operations. We seek to apply new ideas to our structure, processes, products and services so that we become a leaner, faster and smarter organization. As technology and customer needs change, we continue to rely on the creativity and innovation of the entrepreneurial community to help us do this and to keep the Postal Service on the path of long-term sustainability.

The Unsolicited Proposal Program (UPP) provides companies and entrepreneurs the opportunity to submit new technologies or ideas to improve postal operations. An unsolicited proposal is the offer to sell to the Postal Service the rights to ideas, concepts, products, processes or technology. It is considered unsolicited because it is not submitted in response to a solicitation, request for proposal (RFP) or any other Postal Service-initiated solicitation or program. The UPP guidelines are available for review in Publication 131 under 'Doing Business With Us' at: www.usps.com.

Along with price, quality and delivery standards, the Postal Service will continue to explore innovations in sustainable supply chains that start with the requirements and specifications of what we buy to how we transport, warehouse, fulfill, consume, reuse, recycle and dispose. Suppliers who have a focus on innovation and sustainability have a competitive advantage in today's supply chains.

SUBCONTRACT MANAGEMENT

We promote supplier development and diversity with prime suppliers through our subcontracting policy, which specifically addresses subcontracting with SMWOBs.

When appropriate, the Postal Service:

- Announces contract awards having significant subcontracting opportunities and provides technical assistance and referrals of SMWOBs to our prime suppliers.
- Negotiates contract-specific subcontracting plans based on market research results (data collected, analyzed, and documented) that support effective contract performance.

- Conducts semi-annual reviews of reports and plans based on required subcontracting requirements.
- Convenes periodic meetings with prime suppliers to ensure adequate understanding of USPS policies and performance expectations in subcontracting.
- Samples supplier reports to identify gaps and to implement continuous improvement initiatives.

TRAINING AND DEVELOPMENT

The Postal Service offers a learning continuum for all employees and suppliers to reinforce success and to drive performance. All employees in supply management functions participate in training related to supplier diversity. Through various media and outreach, the Postal Service, in collaboration with suppliers:

- Conducts roundtable discussions to share information on Postal Service corporate business objectives.
- Provides feedback to develop better proposals.
- Conducts sessions aimed at innovation and improvement.
- Works to leverage benchmarking and best practices in the supply chain.

TRACKING PROGRESS

The Postal Service strives for continuous improvement by performing semi-annual monitoring of all effort-based indicators and year-end results. The Postal Service will periodically adjust supply strategies to adopt leading practices identified in the supply chain management process.

Goals

The Supplier Diversity Corporate Plan expresses the Postal Service's commitment to the SMWOB community. Although statutorily exempt from the Small Business Act, the Postal Service establishes annual goals that represent the maximum practicable opportunity for SMWOBs to participate in the performance of contracts.

The goal for each SMWOB category is expressed as a percentage of the estimated total contract value for the fiscal year. The goal is assessed on the following factors:

- Historical achievements in each business category.
- Current commodity specific sourcing strategies.
- Estimated total dollar value of all prime contracts to be awarded in the fiscal year.

Note: Fiscal year goals are available under 'Doing Business With Us' at: www.usps.com.

Data Collection and Reporting

All suppliers are classified to identify prime and subcontracting (second-tier) spend within each socioeconomic category. The Postal Service will continue to collect and report results through the tracking of the:

- Total number of actions (contract awards and modifications).
- Total dollar amount of actions (contract awards and modifications).
- Number of actions with SMWOBs (contract awards and modifications).
- Prime Supplier SMWOBs spend.
- Subcontracting (second-tier) spend with SMWOBs.
- Total purchase card expenditures.
- Number and value of purchase card expenditures with SMWOBs.

PERFORMANCE INDICATORS

The Postal Service strives for continuous improvement by establishing effort-based indicators in areas such as:

- Ensuring that SMWOBs are considered in the sourcing process, including consideration for prequalification and subcontracting opportunities.
- Attending and participating in business opportunity and trade fairs promoting SMWOBs.
- Holding advisory and debriefing sessions with SMWOBs.
- Participating in and sponsoring forums that provide suppliers an opportunity to obtain additional guidance on processes within a commodity area.
- Developing, implementing, and maintaining purchasing plans and commodity sourcing strategies that include SMWOBs.
- Understanding the current diversity of each category's supplier base and taking specific steps to ensure the continued effectiveness of that base.
- Benchmarking results with other public and private-sector organizations.

RECOGNITION

Recognition of supplier diversity efforts of both Postal Service personnel and suppliers will further promote the defined supplier diversity objectives.

The Postal Service will celebrate successes by:

- Publishing supplier successes on a periodic basis.
- Recognizing and publicizing outstanding supply chain management performance and best practice successes by both internal business partners and suppliers.
- Recognizing extraordinary individual performance.
- Recognizing annually substantive team or category performance using current Postal Service recognition processes.

The Postal Service is committed to supplier diversity as an important business imperative. The Supplier Diversity Corporate Plan positions the Postal Service to establish and maintain a strong competitive supply base.

Note: For additional information on the U.S. Postal Service buying process see 'Doing Business With Us' at www.usps.com.

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Supplier Diversity

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Let's Do Business

Nothing in this plan requires or permits employees that generate a requirement, approve a purchase, commit postal funds, identify or select suppliers or manage a supplier relationship to grant preferential treatment to any person on the basis of race or gender.

Let's Do Business

Supplier Diversity

