

ROBERT J. PEDERSEN
ACTING VICE PRESIDENT, SUPPLY MANAGEMENT



February 28, 2006

The Honorable Olympia J. Snowe
Chairman
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20510-6350

Dear Chairman Snowe:

Before his recent retirement, my predecessor, Keith Strange, met with Max Kidalov, counsel from the Committee on Small Business and Entrepreneurship, to discuss changes to the Postal Service's supply management program. After careful and thorough consideration of Mr. Kidalov's proposals, the Postal Service will adopt annual small business goals to make our diversity program and purchasing systems more consistent with Small Business Administration (SBA) standards.

The Postal Service is extremely proud of our commitment to small, minority-owned, and woman-owned businesses. We have been a consistent leader in both the public and private sector regarding small business participation in our supply management and diversity programs. We strive for continuous improvement by establishing effort-based indicators and monitoring progress by tracking the number of transactions, dollars awarded, opportunities offered, and other factors. We will continue to benchmark ourselves against "best practices" and track our performance over time. As you know, over 500,000 diversity business owners from around the country recently voted to select the Postal Service as the top Div50 2005 award winner for multicultural business opportunities, leading all other federal agencies.

Nonetheless, given the concerns raised by your staff, we agree that beginning in fiscal year 2007 the Postal Service will establish annual goals for small, minority-owned, and woman-owned business participation in Postal Service purchasing. Moreover, in establishing these goals, the Postal Service will give full consideration to SBA guidance. To this end, we have already had an initial contact with SBA officials. Once established, we will publish the goals in a publicly available Postal Service publication. In the years following this initial publication both the goals and compliance results will be published. We will be pleased to notify you when these goals are established and implemented.

We appreciate your interest in our supply management and purchasing programs. Through the application of supply chain best practices, we are making every effort to provide postal ratepayers with affordable mail service while maintaining a consistently high level of commitment to small minority-owned, and woman-owned businesses.

Sincerely,

A handwritten signature in cursive script that reads "Robert J. Pedersen".