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HOW TO COMPETE FOR STAPLES' BUSINESS

A Guide for Suppliers

Introduction

Staples' Global Sourcing and Procurement (GSP) team facilitates the acquisition of goods and services which are used to conduct business. This team works with Staples Business Units for goods and services using various negotiation strategies including but not limited to Request for Proposals.

GSP is also responsible for corporate policies and processes for the purchase of these goods and services.

This guide describes how Staples acquires its goods and services, and it is intended as a guide to those who wish to compete for Staples' business. We believe it will be especially helpful to small businesses and others seeking to provide their goods and services to Staples.

We hope our efforts to explain our procedures will assist all competitors for our business.

For new suppliers who want to register as potential vendors should register at:

<http://app.suppliergateway.com/Staples>

Completing the registration process does not guarantee that your company will receive a request to bid or a contract from Staples, nor does it imply that your company has any type of procurement relationship with Staples, either now or in the future.

Purchase Order Commitments

Staples' Global Sourcing and Procurement personnel are designated agents for Staples, and are responsible for contacting suppliers for service and materials. Other personnel may have the authority to solicit necessary technical/delivery information. Staples reserves the right to consider materials delivered, or services rendered, as non-binding unless covered by a duly executed signed contract/proposal.

Business Transactions

Staples only honors invoices that are supported by a duly authorized signed contract/proposal/invoice. All invoices must be marked with contract/proposal ID's. Payment will be made for only products/services that have been delivered/rendered that meet/exceed specifications. The fact that a vendor is bidding for Staples business is considered confidential and should not be disclosed to any one who does not have a need to know.

Freight

All shipments to Staples must have a packing list enclosed, and where applicable a Purchase Order number referenced. Any prepaid freight shipment added to an invoice requires a copy of the actual freight bill.

Confidentiality

During the course of normal business discussions, it is conceivable that information of a confidential nature may arise. Supplier's representatives will be expected to keep this data confidential and will be required to sign a non-disclosure/confidentiality agreement.

What to Expect from Staples

As a supplier to Staples, you will be judged on a number of criteria. The following represent a sample of those criteria:

- ◆ Ability to provide quality goods/services consistently
- ◆ Cost competitiveness
- ◆ Technological superiority
- ◆ Financial stability

- ◆ On-time deliveries
- ◆ Level of overall support activity

As a supplier, you may be asked to provide samples or evidence of your ability to meet our specifications. In the absence of other arrangements, these will be provided at no cost to Staples.

Ethics

It is the policy of Staples to conduct our business morally, ethically and with strict conformance to applicable laws in all places and at all times. Our goal at Staples is to form a lasting business relationship with all our suppliers based on good service, high quality, and lowest total cost of ownership.

Safety

While on any Staples site supplier/contractor representatives are required to comply with all facilities safety rules and regulations.

Equal Opportunity

Staples is an Equal Opportunity Employer. As such, we are interested in placing, to the extent possible, contracts with firms that support the same practice.

Small/Disadvantaged Diverse Businesses

Staples is committed to assisting diverse businesses expand and ensures that diverse businesses are afforded the opportunity to participate in our competitive contracting and procurement processes.

Staples Policy

It is Staples policy to acquire its goods and services through competitive bidding and/or negotiated purchasing. Business is awarded on a best value basis – quality, delivery and price – to qualified suppliers.

A Request for Proposal (RFP/RFQ) or a Request for Quotation (RFQ) will be solicited from prospective suppliers with whom it is intended that an order may be placed if that supplier is qualified and/or selected. A Request for Information (RFI) may be obtained prior to a formal solicitation.

Initiation of Sourcing Activity

Staples prepares a solicitation in the form of an RFP/RFQ which they forward on to selected suppliers.

Approved Supplier

An approved supplier is one who is assessed by Staples as capable and willing to ensure continuity of supply at competitive prices, and provides the specified quality and delivers on time, as promised. Approved suppliers must be able to react well to fluctuating volumes of business and changes in specifications. The supplier will take the initiative to identify process improvements, as well as products and services, which will help Staples perform its operations more economically.

Competitive Bidding

Each RFP/RFQ includes technical specifications, delivery and completion dates, delivery location, method of delivery, and other requirements. Terms and conditions are set forth with the date, time and place where bids are to be delivered. The Award will be based on the best value for Staples in terms of price, quality and delivery capabilities.

When an RFP/RFQ is received, be advised that:

- Specific requirements are defined;
- Basic rules of competitive bidding will be followed, as previously explained; award will be based on the acceptance of the bid, which best meets Staples' requirements.
- It is Staples policy not to divulge any bidders' prices or other bid details to any competitor or any other business.

Negotiations

Staples solicit much of its business through the use of RFP's/ RFQ's and/or negotiations to finalize the agreement. Negotiation permits the evaluation of different approaches and consideration of other factors in selecting a supplier.

Vendor proposals received by the closing date and time as specified in the RFP/RFQ are carefully evaluated. Staples may conduct negotiations only with firms that have the possibility of receiving an award based on their proposals. A contract is awarded on a thorough analysis of the proposals and the results of any negotiations, which gives Staples the best overall value.

Basic Considerations

Each solicitation will clearly state Staples' requirements.

Explanations regarding the solicitation, specifications and related matters can be obtained from the RFP/RFQ which identifies that employee who is a member of the Sourcing Department requesting the solicitation.

Any substantive information that is furnished to clarify the solicitation will be given in writing to all bidders. This procedure assures that all bidders are treated fairly and evaluated equally.

Responding to Requests for Proposals/ Requests for Quotations

Vendors are urged to examine the solicitation for any special instructions for delivery of the response. If samples are to be provided, determine how they are to be shipped and whether they are to be retained by Staples. Ensure that you include general information about your business as requested in the RFP/RFQ such as:

- How your company is organized; whether it is individually owned, a partnership, corporation, or other form of organization
- Whether your firm is a distributor or manufacturer of the items offered
- Who is authorized to negotiate contracts
- Relevant details about your financial strength

When is a Bid or Proposal Responsive?

Staples considers a bid to be responsive when a bidder has given Staples the complete information required with no material exception taken from any requirements outlined and favorably evaluates the following:

Review each response to ensure that:

- Qualified personnel, including any required specialists are available during the performance period.
- All required facilities and equipment are adequate and available.
- There are adequate financial resources.
- The bidder's performance record is satisfactory.
- The bidder's performance record of integrity and business ethics is acceptable.
- The response to the RFP/RFQ is complete and of high quality.

Putting the Bid Together

Here is the summary of important steps:

1. Evaluate and understand the specifications.

2. Identify all resources required.
3. Determine what price you are prepared to bid.
4. Complete the Request for Proposal following the format required by Staples.
5. Submit the bid on time.

After Staples Receives the Bid

Normally, within ten business days after the bid closing date or as specified within the documents, Staples will examine all bids to determine which bidder has offered the lowest price and whether the bid is “Responsive”.

Award of the Contract

Staples will award the order or contract to the firm that meets Staples’ best value criteria of quality, delivery and price. Only employees from Staples’ Global Sourcing and Procurement are authorized to commit in, concert with Staples Business Units, on behalf of Staples.

Best Practices for Competitive Bidding

Do

- Read the whole RFP/RFQ to gain an understanding of what Staples requires.
- Ask questions for clarification early. Don’t assume or guess that you know what is required.
- Make sure you have the complete bid package.
- Read the instructions.
- Consider whether you really have the capability and desire to do the job required.
- Make sure your bid is delivered on time.
- Notify Staples if you intend to bid.

Don’t

- Wait until the last minute to submit your bid. Late is late.
- Assume that the lowest price always wins. Requirements for responsiveness and qualifications must be met.
- Under price (lowball) your bid expecting to make up a loss with changes in the order.

There are three key features of negotiations:

1. Proposals will be requested and evaluated.
2. Staples may request clarification of the proposals, or after evaluation, may award a contract with limited discussion or negotiation, at its discretion.
3. The basis of award will include:
 - Project suitability (technical factors)
 - Cost (price factors)
 - Relevant experience and past performance

While these factors are typical, a potential supplier must always examine evaluation criteria identified in the Request for Proposal.

Submission of Proposal

Detailed requirements will be spelled out in the RFP.

Suppliers must keep in mind that Staples evaluates supplier proposals individually and without assuming abilities that are not stated. To achieve a favorable evaluation, it is important to examine the evaluation factors stated in the RFP/RFQ and consider them in the context of preparing the proposal. In order to score high, the supplier must submit all technical information requested in a manner that:

- Is easily followed

- Clearly illustrates to the reader that the proposal meets all of the requirements of the RFP/RFQ
- Clearly demonstrates to the reader the advantages for Staples of the proposed approach

It is Staples' experience that proposals selected for award provide evidence that the bidder understands:

Requirements as described in the bidders own words and as demonstrated by the key elements of the proposal. In other words, how does the bidder intends to complete each step of the work under the RFP/RFQ and does this approach demonstrate that the bidder understands Staples' requirements?

Pricing

RFP's/RFQ's may require detailed pricing and explanatory information for evaluation of proposals. The requirements for a cost or price breakdown should be reviewed carefully in order to assure that the information is furnished in the detail requested by Staples. Particular attention should be given to the need for substantiating information if requested by Staples.

Alternate Proposals

If an alternate method will offer Staples some advantage over an approach sought by the RFP/RFQ, it may be submitted. However, for the alternate proposal to be considered, it must meet the responsive criteria.

Alternate proposals must be complete and offer a clearly unique advantage or substantial cost savings.

After The Proposal Is Submitted

The proposal must be received at the designated Staples address by the date and time set for the receipt of proposals.

The proposals will be evaluated according to the requirements stated in the RFP/RFQ. Staples policy prohibits employees from divulging details of any suppliers' proposal to competitors.

Staples will determine which firms have a reasonable chance of being selected for the final award (the competitive range). Staples will notify those suppliers who are not eliminated. Staples may award a contract based on the most favorable initial proposal.

When Staples sees that it is desirable to obtain additional information on proposals, discussions will be held with every supplier in the competitive range. When this phase has been concluded, firms in the competitive range may be asked to submit their best and final proposals by a specified date and time. Not all RFP/RFQ's require best and final offer phase.

It is important for suppliers to note that the request from Staples for final proposals signifies that all information-gathering discussions have been concluded. A deadline is set in which firms must submit their final offer if they are to remain in the competition.

Staples will conduct an evaluation to consider the final proposals and then elect a supplier for either final negotiation or for award of the contract.

Once the selection decision has been made a notice of award will be given to all suppliers who have not already been eliminated from consideration. Details of the award will not be discussed with companies that were not awarded the business. Staples, however, may provide feedback, on request, to companies that were not awarded the business, regarding areas where they might improve to be more competitive in the future.

Best Practices for Negotiated Purchasing

Do

- Be sure that your solicitation package is complete and your response is in the required format.
- Assure that you understand the service or products Staples requires.

- Read the instructions in the RFP/RFQ carefully.
- Read the proposal requirements and any special evaluation factors. Weigh Staples requirements with your company's capabilities.
- Prepare your proposal with your best effort. Competition can be intense; submitting an underdeveloped proposal may disqualify your company.
- Submit your proposal on time.
- Respond promptly and fully to requests for clarification by Staples' employees listed in the RFP/RFQ.
- Initially submit your "best" offer. The Award may be made without any discussion.

Don't

- Guess what Staples needs. If you have a question, request an answer from the appropriate employee listed in the RFP/RFQ before you go to the expense of preparing the proposal.
- Assume that perhaps Staples doesn't really need all the information and detail shown in the solicitation.
- Expect to receive an award because you did a good job the last time around. It is your total proposal that must be evaluated, not past performance alone.
- Contact any Staples associate other than the one listed in the RFP/RFQ. As stated in these documents, to contact anyone other than the named associate, leaves your company at risk to be excluded from the process.

Thank you for showing an interest in doing business with Staples. Staples values the opportunity to evaluate your product and service relative to our requirements. We hope that the information provided will be helpful. We realize that without reliable suppliers, we could not provide quality products and services to our customers.

Therefore, our suppliers play an important part in the continuation of our position in the marketplace. Participating in a dynamic marketplace, we are receptive to new ideas and technology from both existing and new suppliers. We welcome any and all suggestions from you regarding design change, material substitutions, etc., which would improve our products/services and/or reduce our total costs. It is only through your cooperation that we can maintain and improve our reputation for quality and world-class customer service.

The following criteria, while not all inclusive, is a summary of standards we will consider when making an award.

- Ability to consistently provide quality products and service.
- Offer competitive price structures.
- Exhibit on-time deliveries with the ability to exceed routine schedules in emergency situations.
- Level of overall administrative activity including accounts payable and receiving, advance warnings of pending delivery issues, providing technical documentation, following established procurement policies.
- Technical superiority
- Financial stability.
- Compliance with quality standards, governmental/legal obligations and a strong sense of ethics.