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Testimony of
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Before The
Subcommittee on Contracting and Workforce
Committee on Small Business
U.S. House of Representatives

*“Scheduling Success? Issues and Opportunities for Small Businesses
on the GSA Schedules”*

June 7, 2012

Thank you Chairman Mulvaney, Ranking Member Chu and members of the Subcommittee. I am pleased to be testifying before you today about the MAS 75 program and FSSI OS2 BPA.

My name is Charles Forman and I am the Executive Vice President of Independent Stationers, Inc. and have been in the office products industry for 23 years. Independent Stationers is structured as a dealer-owned cooperative headquartered in Indianapolis, Indiana and has been in the office supplies and related industries since 1977. Our small business dealer owners have varied tenure in the office products industry with some dating back to the early 1900's.

Independent Stationers was certified as a small business by the SBA in 2003 and is comprised of 351 members and affiliates. Our dealer owners are small businesses and many hold other socio-economic designations. Today, 117 of our members are certified and approved by GSA as participants of our federal sales program and as such can utilize our MAS 75 contract and related FSSI OS2 BPA.

Our model is similar to other successful cooperative business models such as ACE Hardware, Credit Unions and many of the other nearly 30,000 cooperatives in the United

States¹. There are many different types of cooperatives including agriculture, financial institutions, health care and housing; however, some are formed for purchasing, which applies to Independent Stationers. The reason Independent Stationers exists is to give our small business dealer owners the tools and resources they need to level the playing field with their big box competitors. Like the federal government leverages its purchasing power, we aggregate volume from our small business dealer owners giving them lower cost of goods. The net result is Independent Stationers dealer owners have the most efficient re-supply operations model in the industry today allowing them to deliver the highest value to their federal government customers. The independent dealer channel is the high-service, high-touch customer care solution for the federal government.

In 2002, Independent Stationers was awarded a MAS 75 for office supplies. Independent Stationers, together with GSA, paved the way for federal government acceptance of GSA contracts awarded to industry consortiums. To our knowledge, this model was the first in the office products industry and has resulted in significant savings to federal government consumers and enabled more small businesses to sell in the federal government marketplace.

In 2007, Independent Stationers was awarded under the first generation of strategic sourcing for office supplies in the categories of general office supplies and paper. Although the first generation BPA did not meet expectations, Independent Stationers took GSA at their word pertaining to the support that would be given for the second generation FSSI OS2 BPA. In 2010, Independent Stationers submitted a proposal based upon our proven cooperative business model that had brought us and our small business dealer owners success over the previous eight years. Not only did the Independent Stationers proposal answer the desire for focus on socio-economic factors, it was deemed competitive and valuable to the federal government as evidenced with an FSSI OS2 BPA award in Pool 1. In essence, the award to Independent Stationers was made to more than 100 small businesses that would ultimately benefit, not just a single corporation.

Since the FSSI OS2 BPA began in June 2010, Independent Stationers has enabled GSA and the commodity team members to meet their goals of:

- Achieve savings
- Capture data
- Enable achievement of socio-economic goals
- Drive compliance with mandates, acts, orders
- Conform with Agency business practices
- Be easy to use

Independent Stationers' dealer owners have seen significant sales growth. In CY 2011, our participating small business members experienced a 302% increase in sales over CY 2010. It is our estimate through FSSI OS2 BPA, those sales represent a 36% savings as compared to our MAS 75.

¹ Source: <http://www.ncba.coop/ncba/about-co-ops/research-economic-impact>

In summary, participation in a cooperative business model is beneficial to small business and the federal government through cost savings and through small business participation. We applaud GSA for recognizing the benefits our cooperative business model affords small businesses with their award to Independent Stationers. We understand and acknowledge the common complaints expressed by those small businesses not possessing an FSSI OS2 BPA and we believe we are a solution for those small businesses that fit our dealer-owned cooperative model, to sell to the federal government agencies through the FSSI OS2 BPA purchasing vehicle.

Thank you for the opportunity to testify before you today and I welcome any questions.