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RALEIGH — A decision by state purchasing officials that requires North Carolina agencies to buy office supplies from national retailer Office Depot has upset local sellers, who say they will lose millions of dollars in business.

Under a three-year contract that went into effect Feb. 1, state agencies are supposed to buy all items — such as pens, pencils, toner cartridges and copier paper — from the Atlanta-based company.

Previous versions of the contract had let agencies choose from several companies. In the mid-1990s, a dozen companies were on the state list, mostly from North Carolina.

Christopher Sharpe, vice president of Piedmont Office Suppliers in Greensboro, estimated that more than 100 jobs would be lost across the state — 12 to 15 of those in the Greensboro area — as a result of the move.

“The small businesses are the ones who pay the most taxes back to the state,” Sharpe said. “It won't put us out of business, but it will definitely hurt the bottom line.”

The loss of sales will amount to \$24.5 million a year among six independent office supply sellers, Sharpe said.

In addition to losing out on that state business, the independent companies will lose business from cities and towns that piggy back off the state contract instead of doing a supply contract of their own.

Sharpe and other businesses tried to appeal the decision to officials in the Department of Administration, which oversees the state contract.

Although his company didn't hope to overthrow the contract totally, Sharpe said, the in-state businesses had hoped to be added to a list of alternates that agencies could use if they were unhappy with Office Depot or couldn't find something they needed at the national chain store.

That effort was unsuccessful.

Now, they are enlisting the help of legislators, including Sen. Kay Hagan, a Greensboro Democrat.

“I don't know why, on a statewide basis, we would use one big-box retailer,” she said . “It just does not make economic sense to me that we would cut out all our independent office supply people.”

Hagan said that it was possible the General Assembly could pass a bill that would force the Department of Administration to change its purchasing policy.

“That's the big hammer if I could get the support for that,” Hagan said.

Mike Mangum, the state purchasing officer, said he could not comment on the contract or the office supply businesses' concerns because administrative appeals are under way. Multiple companies filed separate appeals, he said.

Mangum did provide a letter he sent to Sharpe denying Piedmont Office Suppliers' particular appeal. Mangum's letter says that the state feels confident Office Depot will be able to do the job.

He also writes that adding independent suppliers to a list of alternate companies would not work.

"To do so would defeat the purpose of open and fair competition. ... Based on the information provided by Office Depot, they have 28 stores located in NC that create 1,100 jobs and substantial revenue in this State."

Mangum also wrote that other states that have awarded office supply contracts to one company have not seen any ill effects.

"In fact, a number of these States have released statements advertising the savings that resulted from their single award," Mangum wrote.

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