



UNITED STATES  
POSTAL SERVICE®

# **Progress with the Postal Act of 2006**

**November 18, 2009**



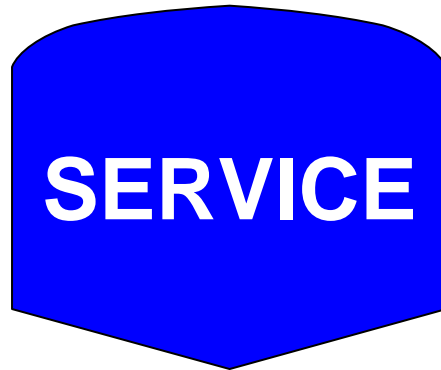
UNITED STATES  
POSTAL SERVICE®

**SERVICE**

**SOX**

**COST**

Increase  
Service  
Performance



- Establish Modern Service Standards
- Establish Goals
- Establish Service Measurement Systems

# FY 2009 Service Performance

## Market Dominant

Mail Class	Target	EOY
<b>First-Class Mail</b>		
Single-Piece Overnight	96.5	96.32
Single-Piece Two-Day	94.0	94.80
Single-Piece Three-Day +	92.7	93.71
<hr/>		
Commercial Overnight	96.5	95.60
Commercial Two-Day	94.0	93.90
Commercial Three-Day +	92.7	82.50
<b>Package Services</b>		
Parcels	90.0	82.17
<b>Periodicals</b>		
Letters and Flats	91.0	75.90
<b>Standard Mail</b>		
	Wk Ending 10/31/2009	
Composite Standard Mail	90.0	83.34

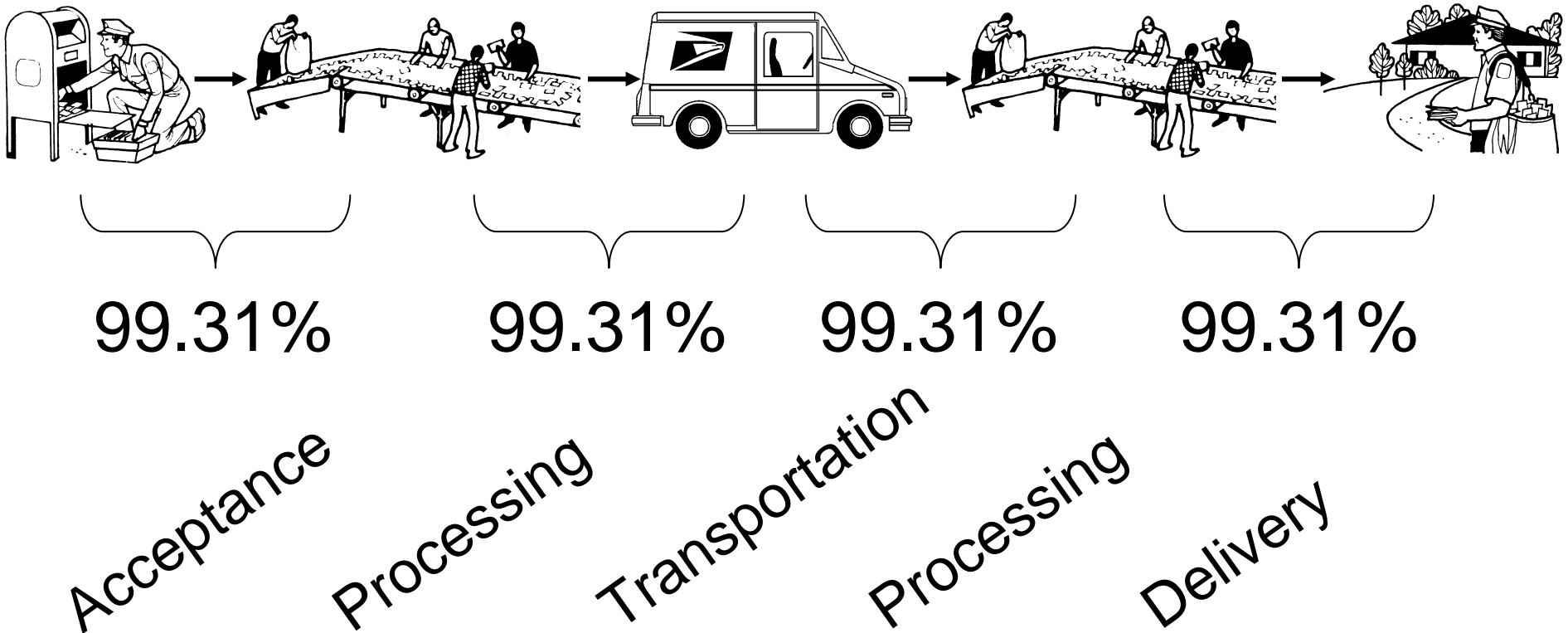
# Standard Mail Composite

	%Of Volume	Week Ending 10/30/2009
<hr/> <b>Standard Mail</b> <hr/>		
Unweighted Orig Entry	0.18	51.87
Unweighted Dest Entry	0.72	89.73
DDU (Saturation Mail)	0.10	94.00
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Composite Standard Mail Performance		83.34

## **Actions Taken:**

- Implement 24 Hour Clock process
- Reduce cycle time in Plants
- Simplified transportation network
- Improved process quality
- Establish IMB as service measurement foundation

- **Quality is key at each step in the process to achieve an end to end 96.6%**



**Address & barcode quality is key to achieving service**

# FY 2010 Service Performance Goals

## Market Dominant

Mail Class	Target
<b>First-Class Mail</b>	
Single-Piece Overnight	96.6
Single-Piece Two-Day	94.1
Single-Piece Three-Day +	92.8
<hr/>	
Commercial Overnight	96.6
Commercial Two-Day	94.1
Commercial Three-Day +	92.8
<b>Package Services</b>	
Parcels	90.0
<b>Periodicals</b>	
Letters and Flats	91.0
<b>Standard Mail</b>	
Composite Standard Mail	90.0

# Service Measurement and Reporting

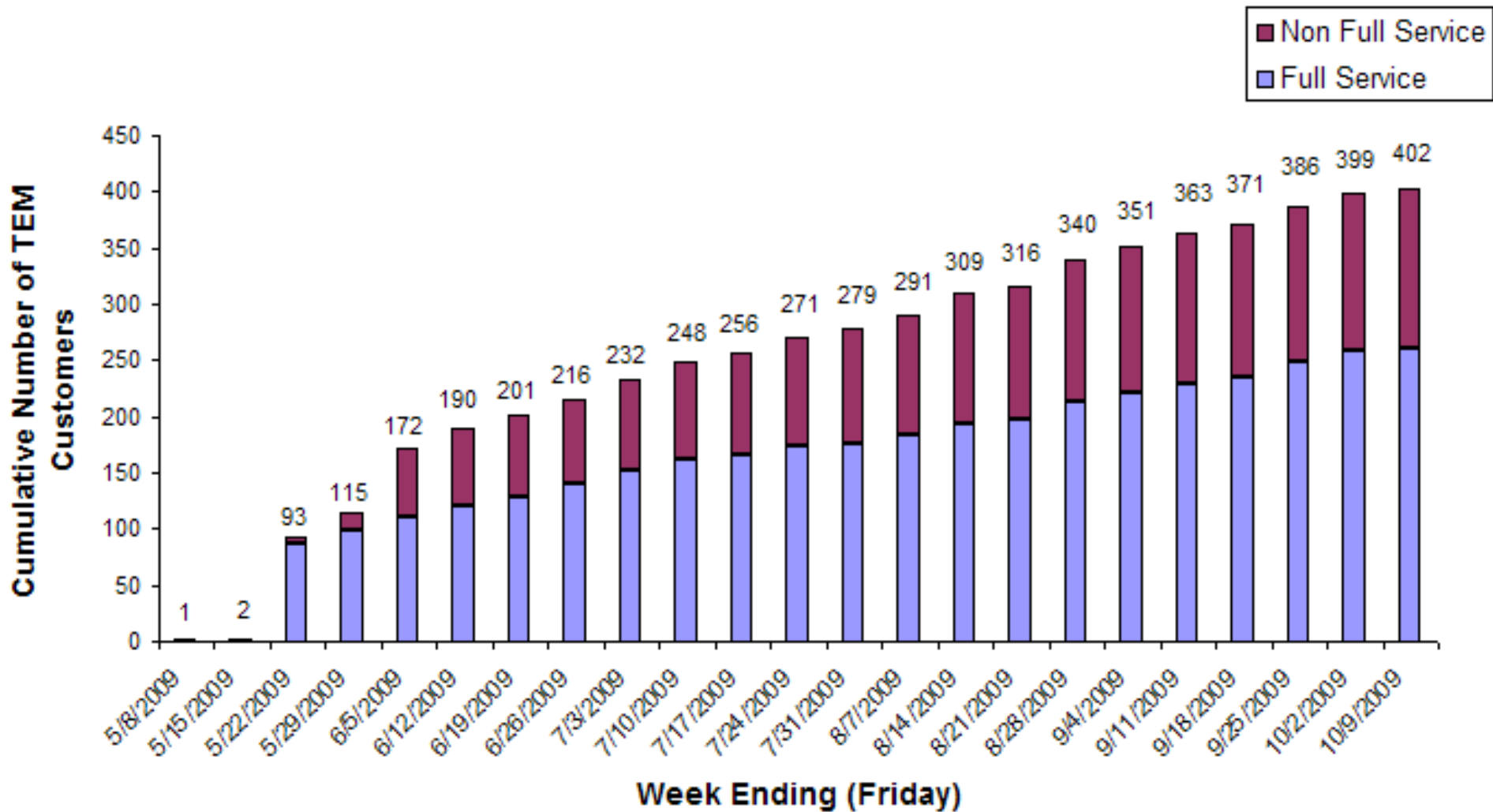
- Focus on **Passive** Service Measurement System using Intelligent Mail and existing equipment
- Further Service Reporting Implementation for March 2010
- For Measurement systems beyond passive collection, the expense will need to be covered through an exigent rate case

# Phase One - Intelligent Mail launched in May 2009

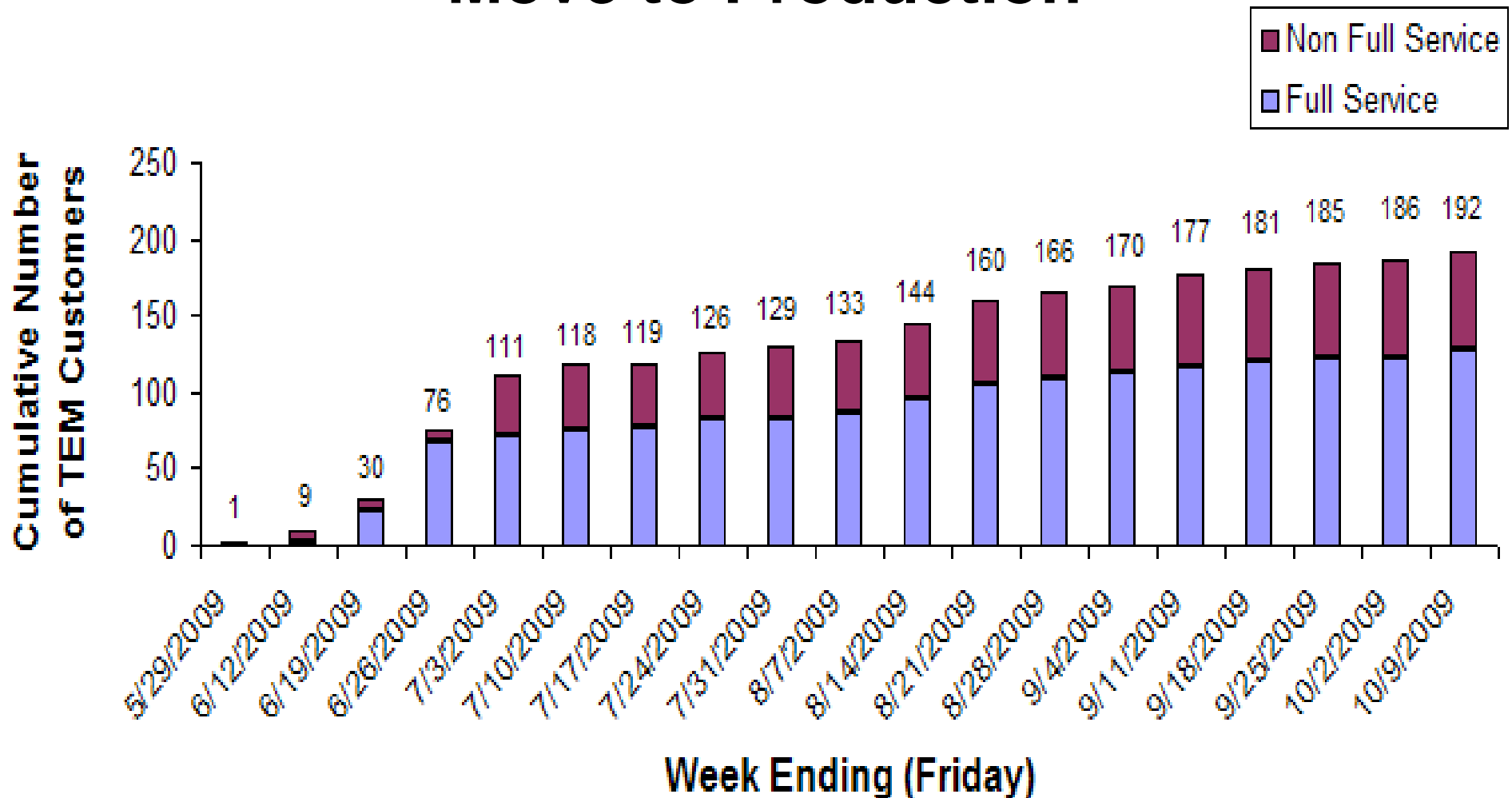
- Basic Intelligent Mail Option
  
- Full-Service Intelligent Mail Option
  - Prepare Mail with Intelligent Barcodes
  - Provision Electronic Documentation
  - Receive Full-Service Benefits
    - Address Correction
    - Start-the-Clock
    - Container Visibility



# Intelligent Mail: Customers On-Board



# Intelligent Mail: Customers Authorized to Move to Production



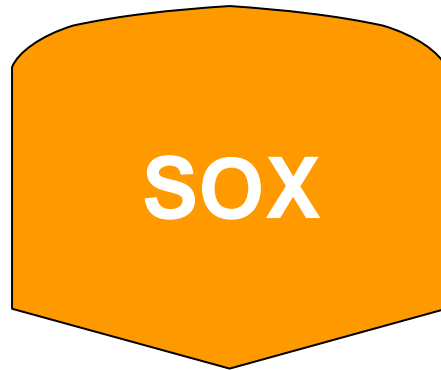
## **Phase Two - Intelligent Mail will be launched in November 2009**

- Lower prices for Full-Service
  
- Intelligent Mail® Basic option:
  - Same prices as POSTNET™
  
- Intelligent Mail Full-Service option:
  - Discounts
    - \$0.003 for First-Class Mail®
    - \$0.001 for Periodicals, Standard Mail®, Bound Printed Matter

## **Phase Three - Intelligent Mail is planned for March 2010**

- Hardcopy Postage Statement Process Improvements
- Service Performance Measurement
- Support for SOX Compliance
- Support for NDC Consolidation
- Mailer ID [MID] / Customer Registration ID [CRID]
- MLOCR/Continuous/One Pass Mailers Improvements
- Enhanced Performance Based Verification [PBV]

Increase  
SOX  
Compliance



- **Compliance required in FY2010**
- **The Risk Analysis by the auditor highlighted Revenue Assurance issues**
- **SOX is an issue for the Mailers as much as the Postal Service**

# Significant Issues

## Business Mail Acceptance & Dropship

- Proper acceptance and verification
  - Right Mail, Right Location, Right Time
  - Make-up
  - Address/Barcode Quality
- Timely and accurate Revenue Reporting
- Negative/Inactive Mailer Accounts

# Process Improvements Acceptance Policies

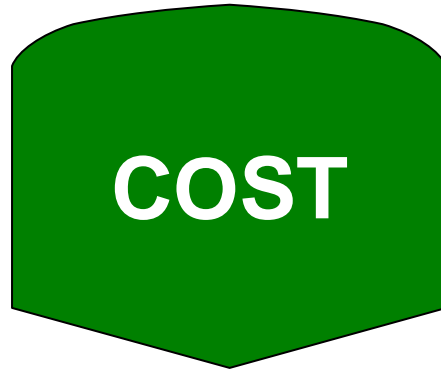
- DM-109 (Business Mail Acceptance Guidelines)
  - Managing Business Mail Entry
  - Acceptance & Verification Procedures
- Acceptance Employee Training
- SOX Checklist

# Process Improvements

## LMAP - Results

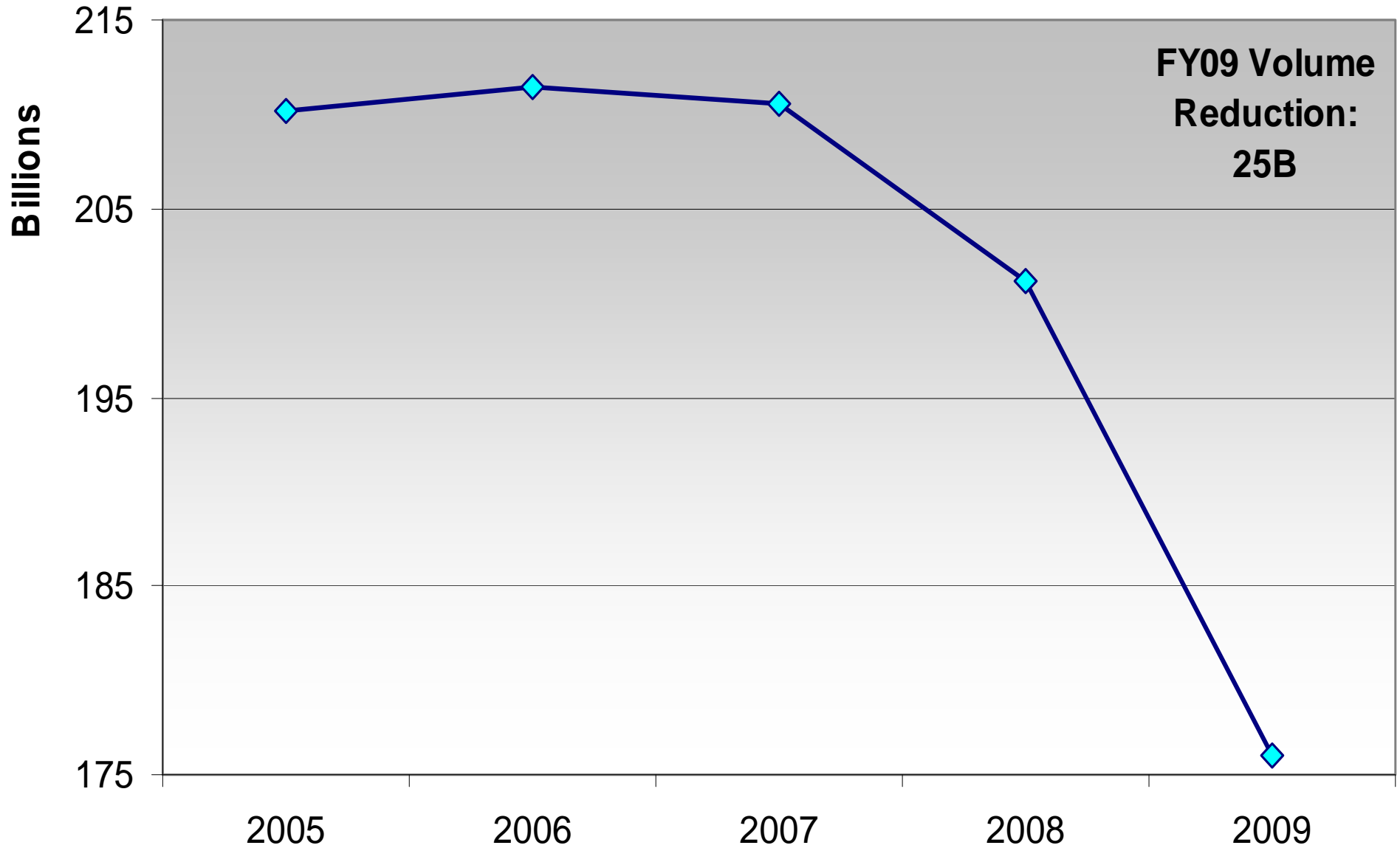
- Reduced Cycle Time to Process each mailing by 6 minutes
- Increased Verifications from 86% to 93%
  - MERLINS Verifications from 48% to 88%
- Reduced Staff by 2

Reduce  
Operational  
Costs

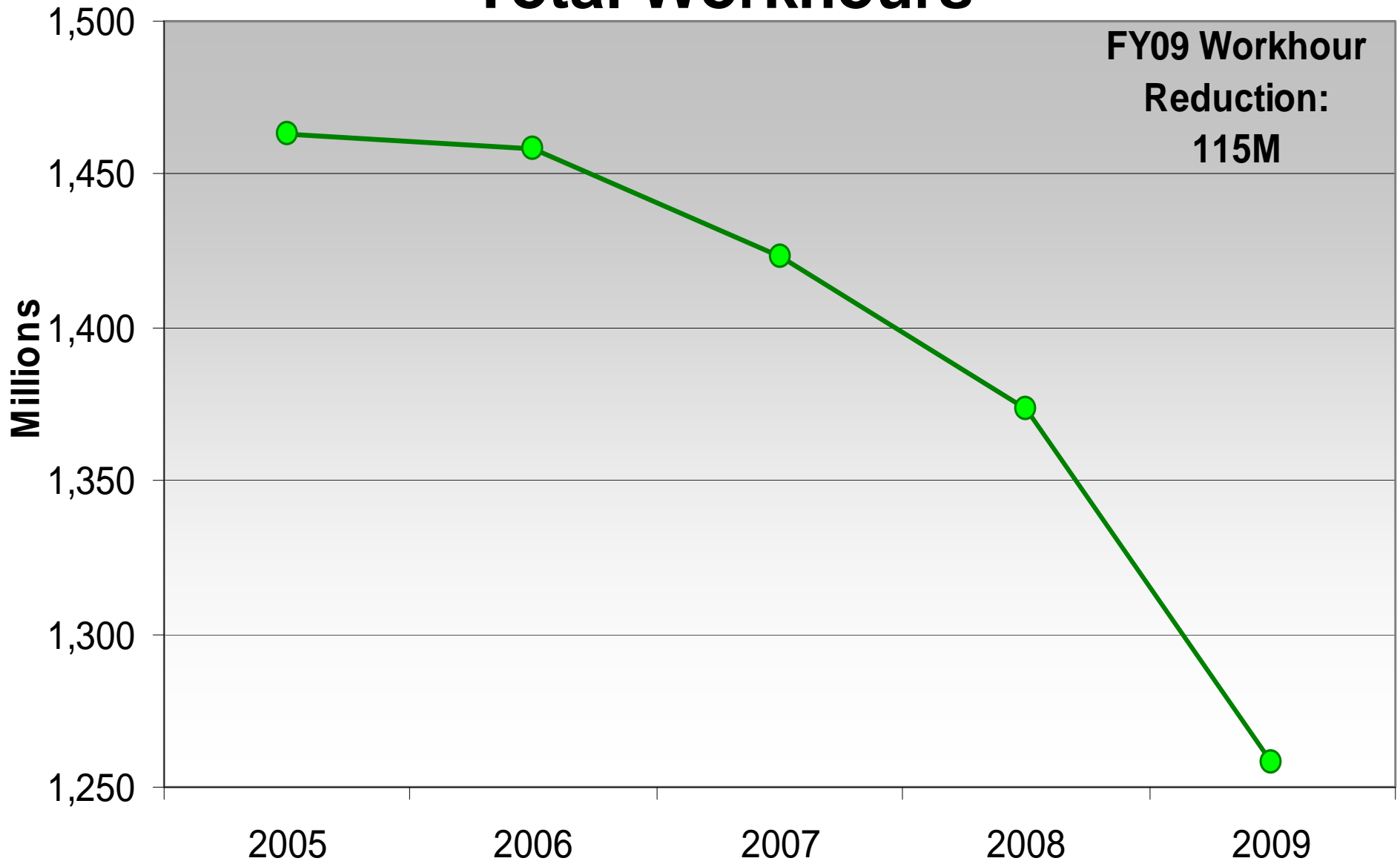


- **Operations Focus**
  - **Day-to-Day Management**
    - Efficiency & Service Performance
  - **Adjust Staffing to Changes in Workload**
  - **Implement National Programs to Improve System Efficiency**
    - **NDC Accelerated Implementation**
    - **AMP Planning and Implementation**
    - **MIARAP Activity and Savings Capture**
    - **FSS Preparation and Implementation**
    - **Facility and Tour Consolidation**

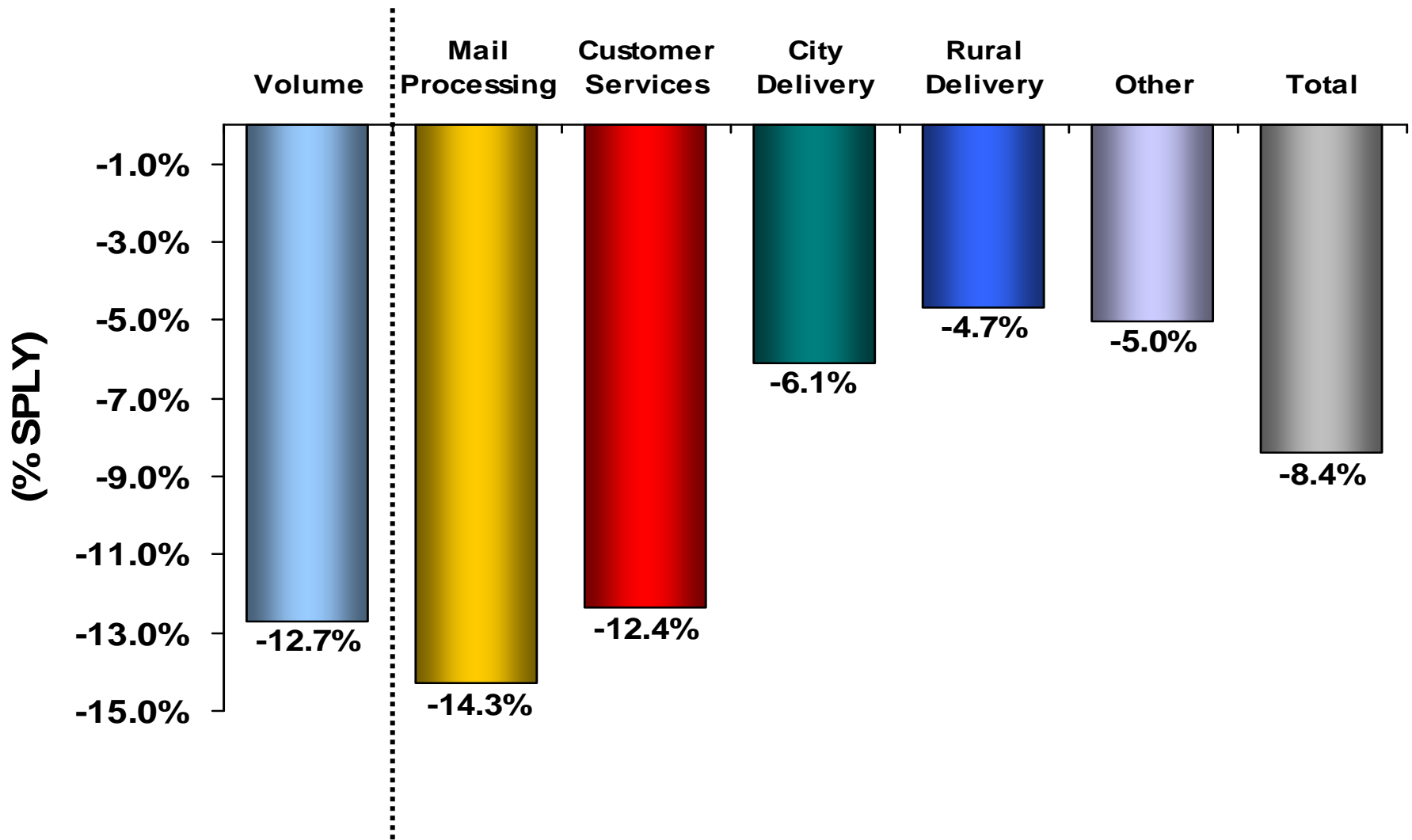
# Total Mail Volume



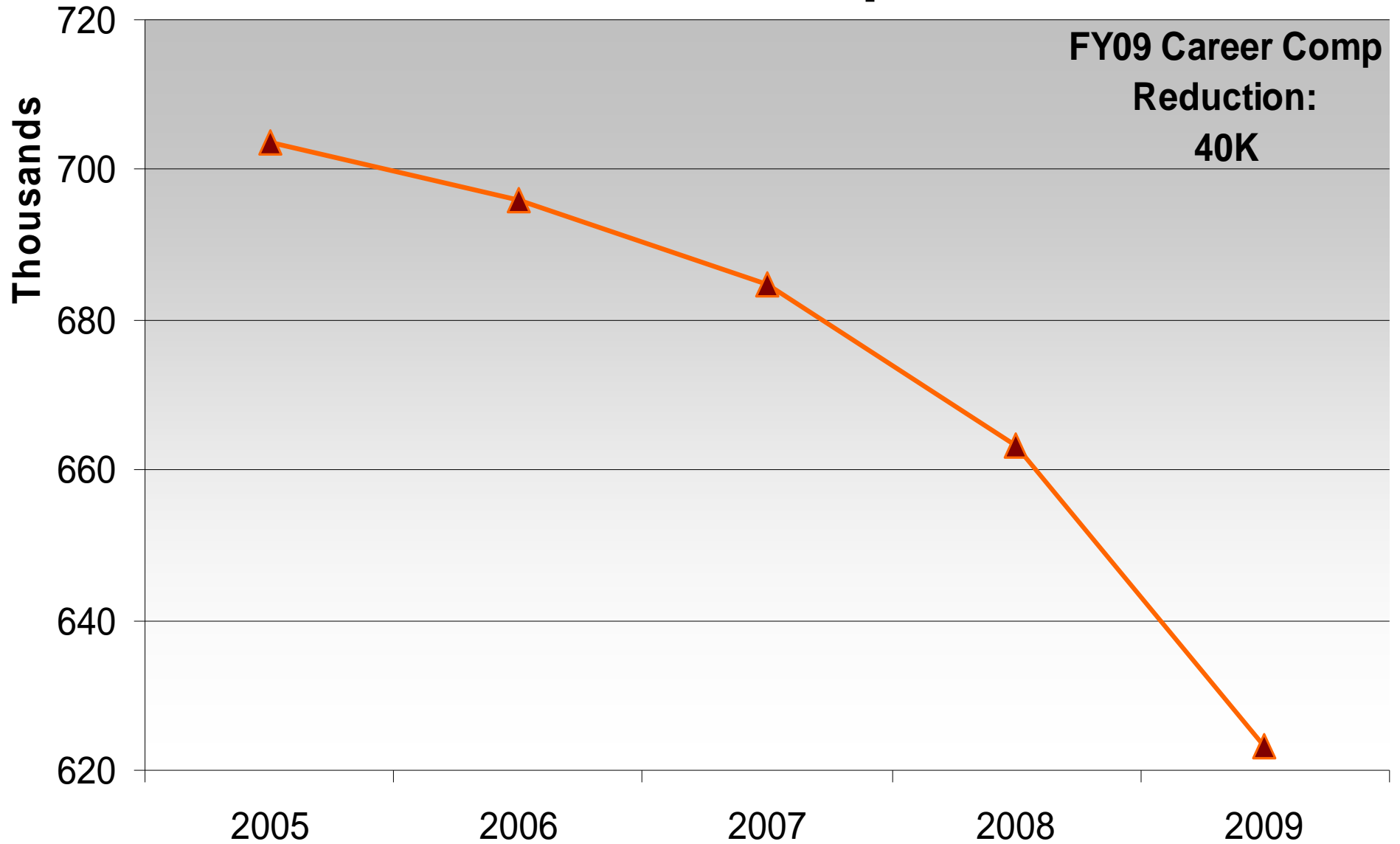
# Total Workhours



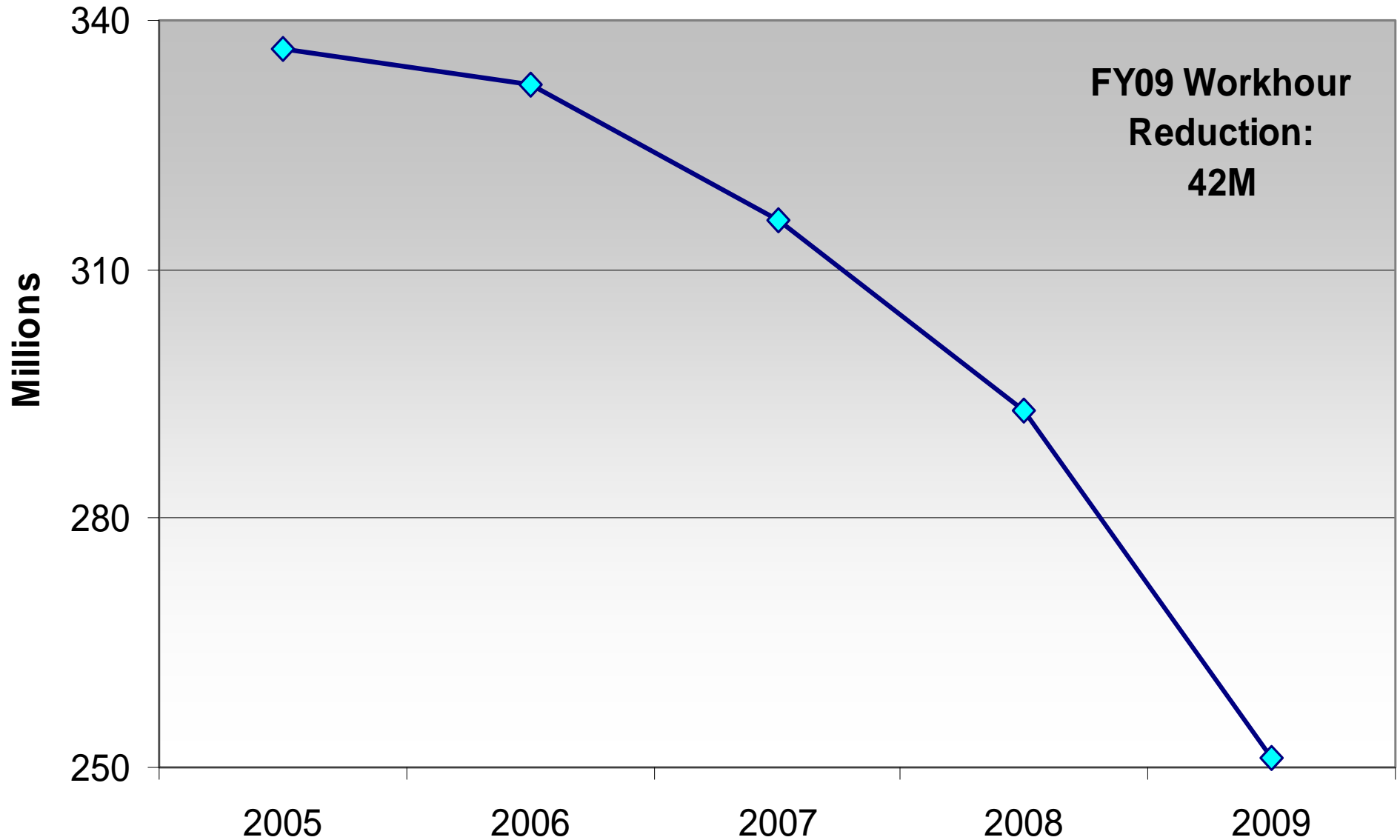
# FY2009 Workhours



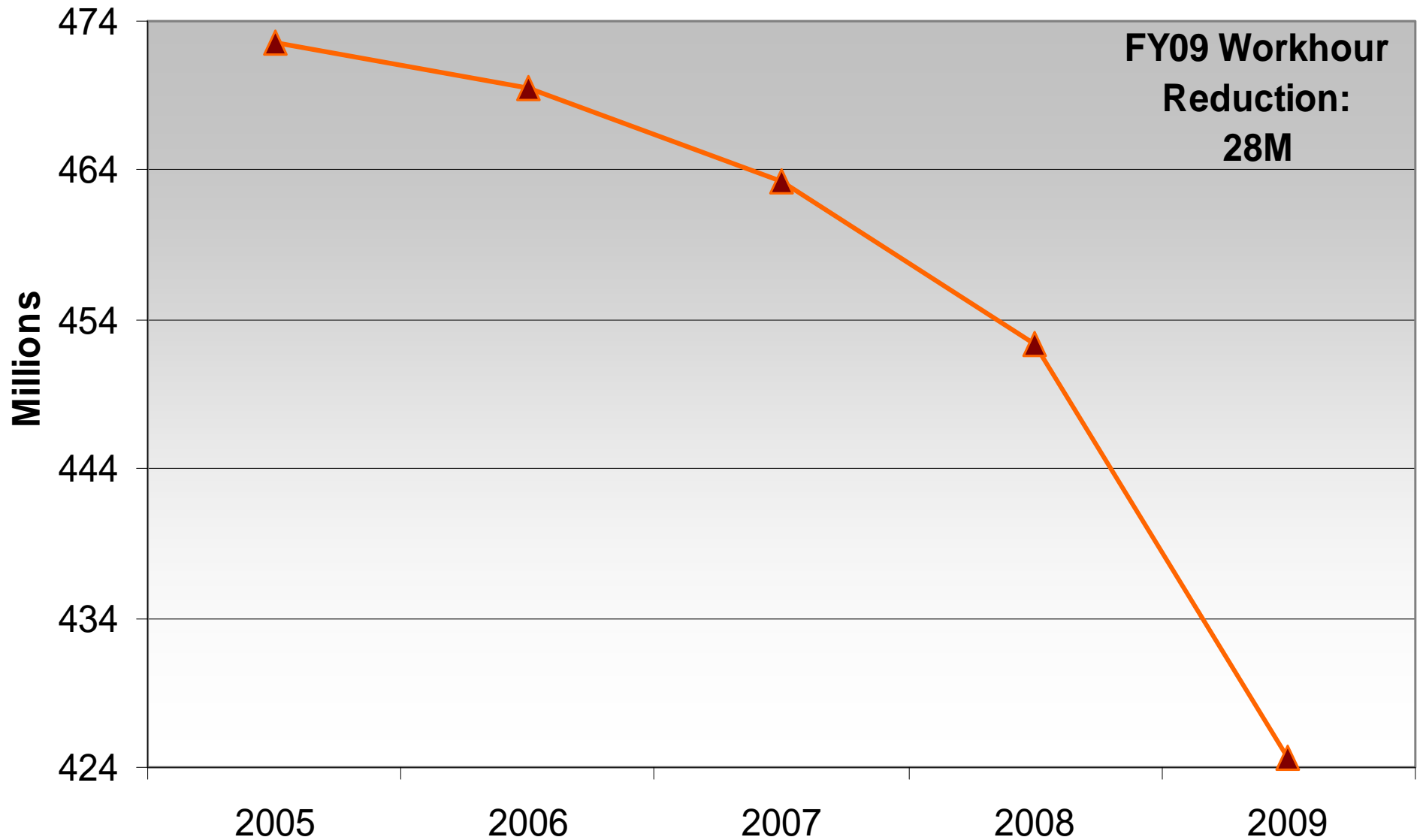
# Total Career Complement



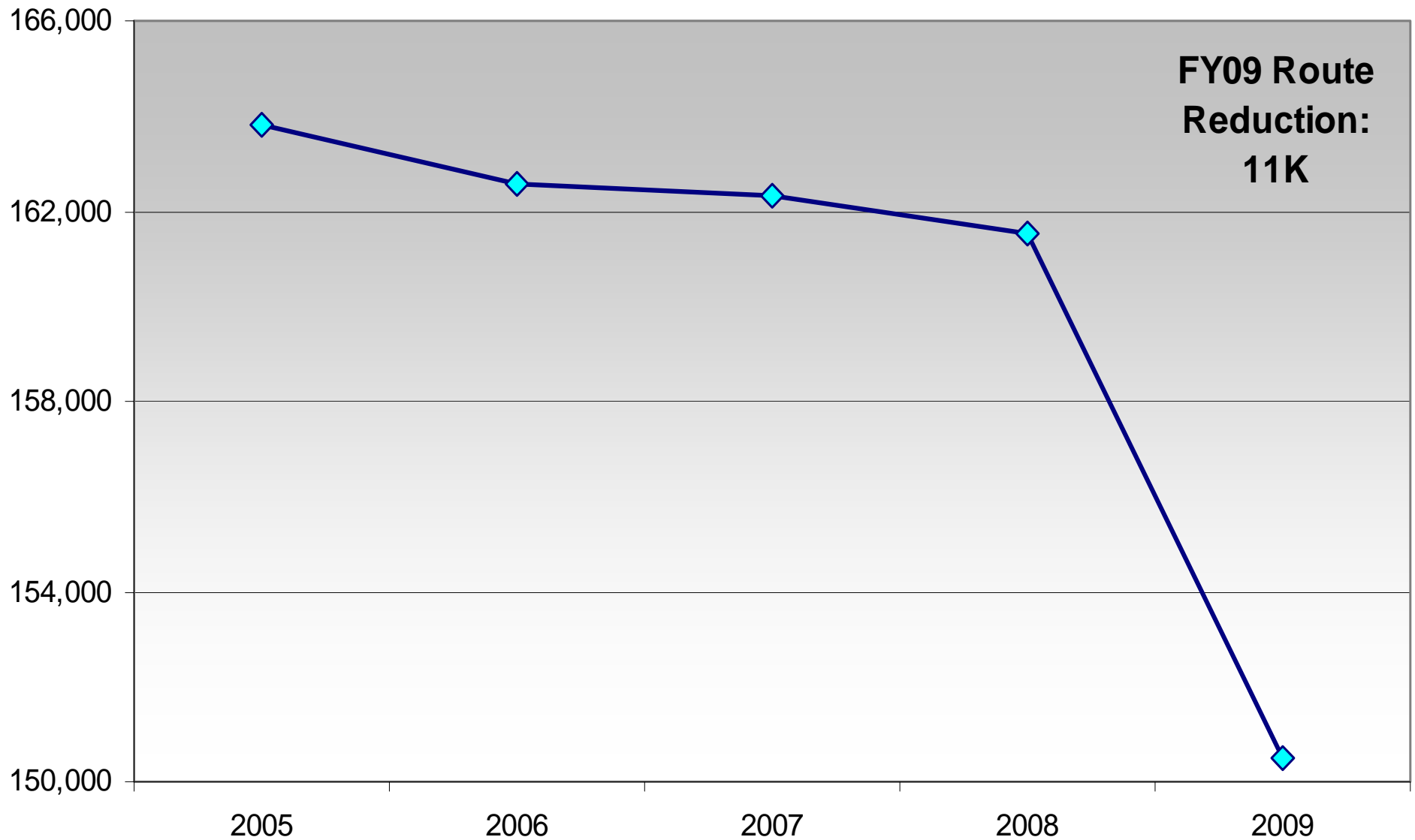
# Mail Processing Workhour Reductions



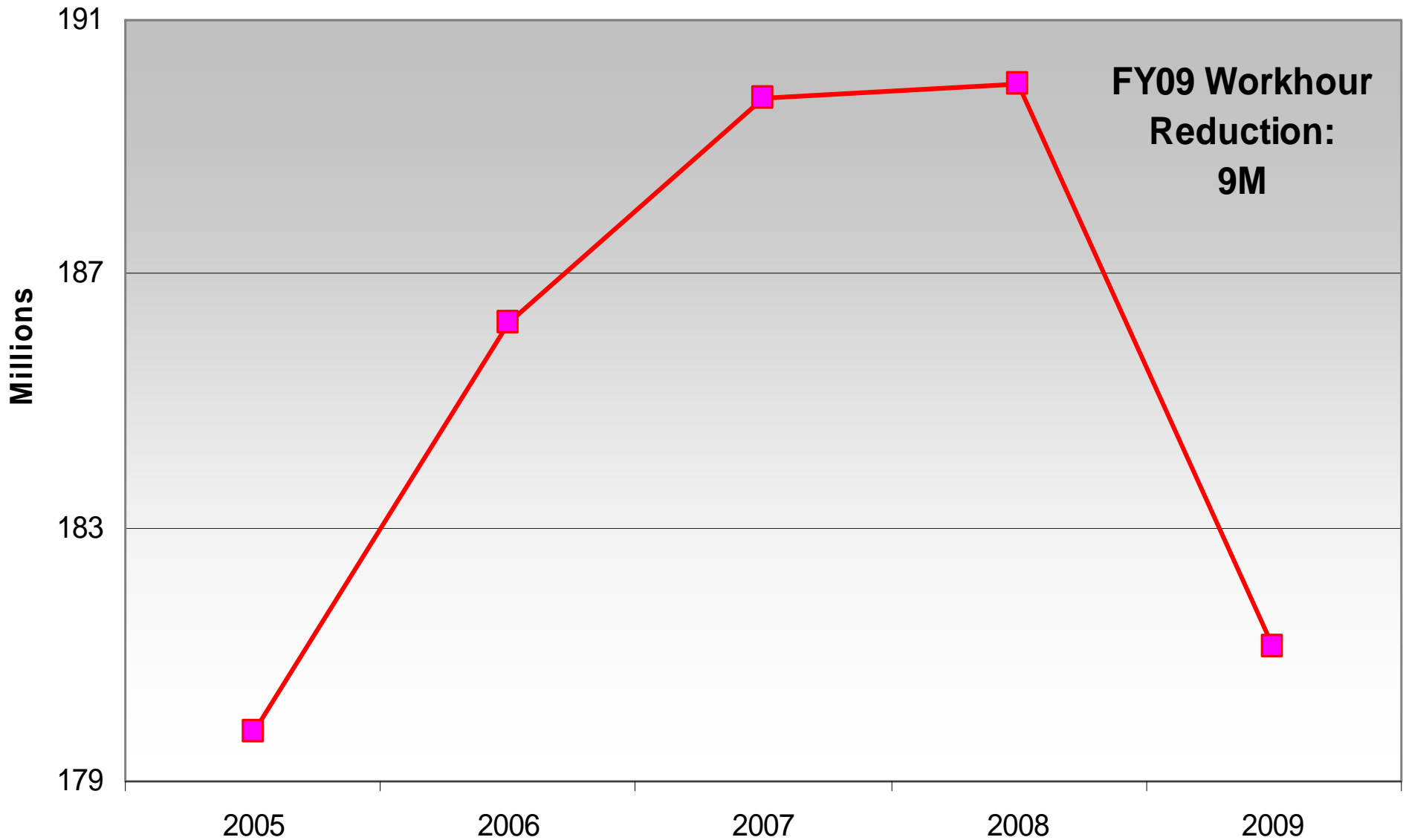
# City Delivery Workhour Reductions



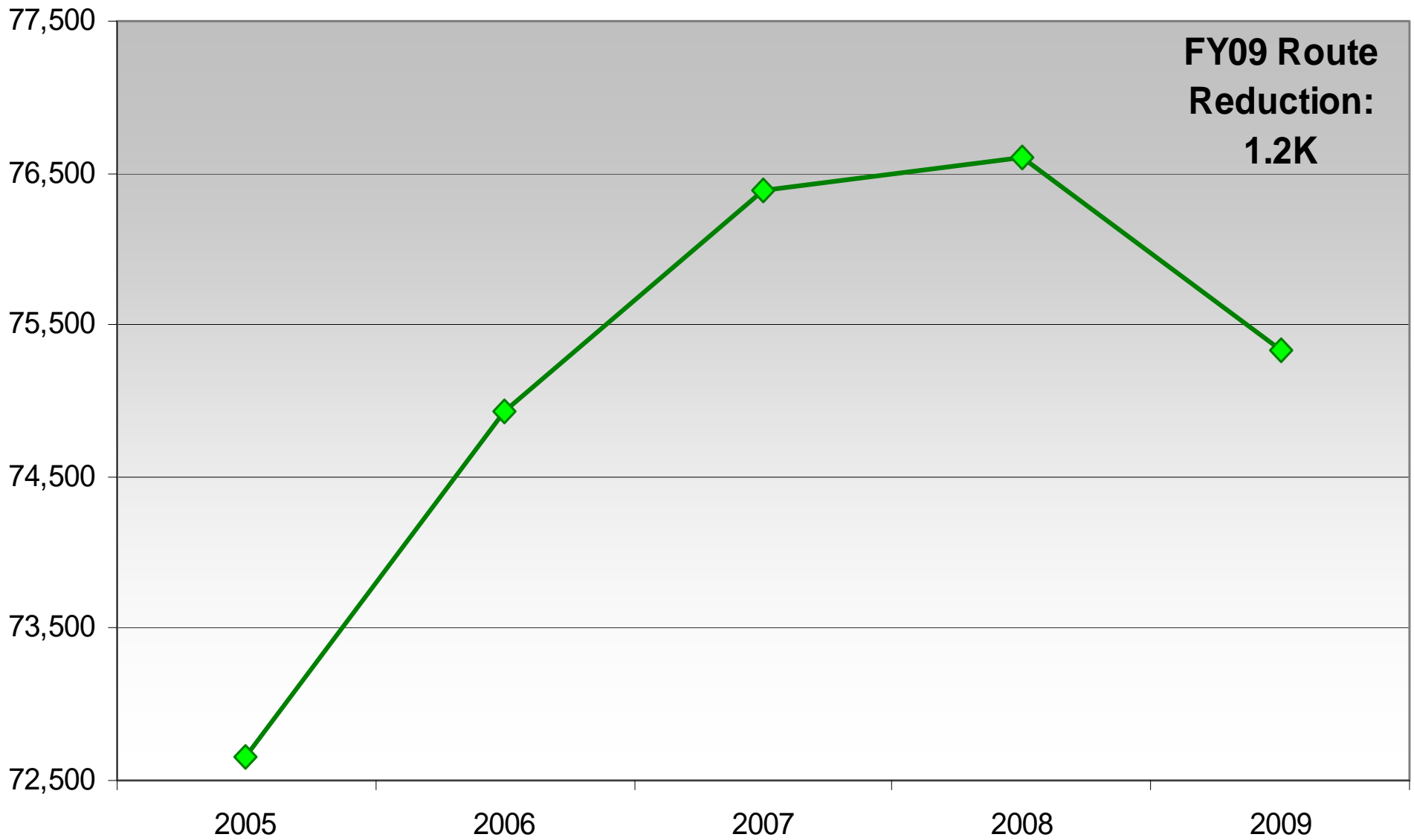
# City Delivery Route Reductions



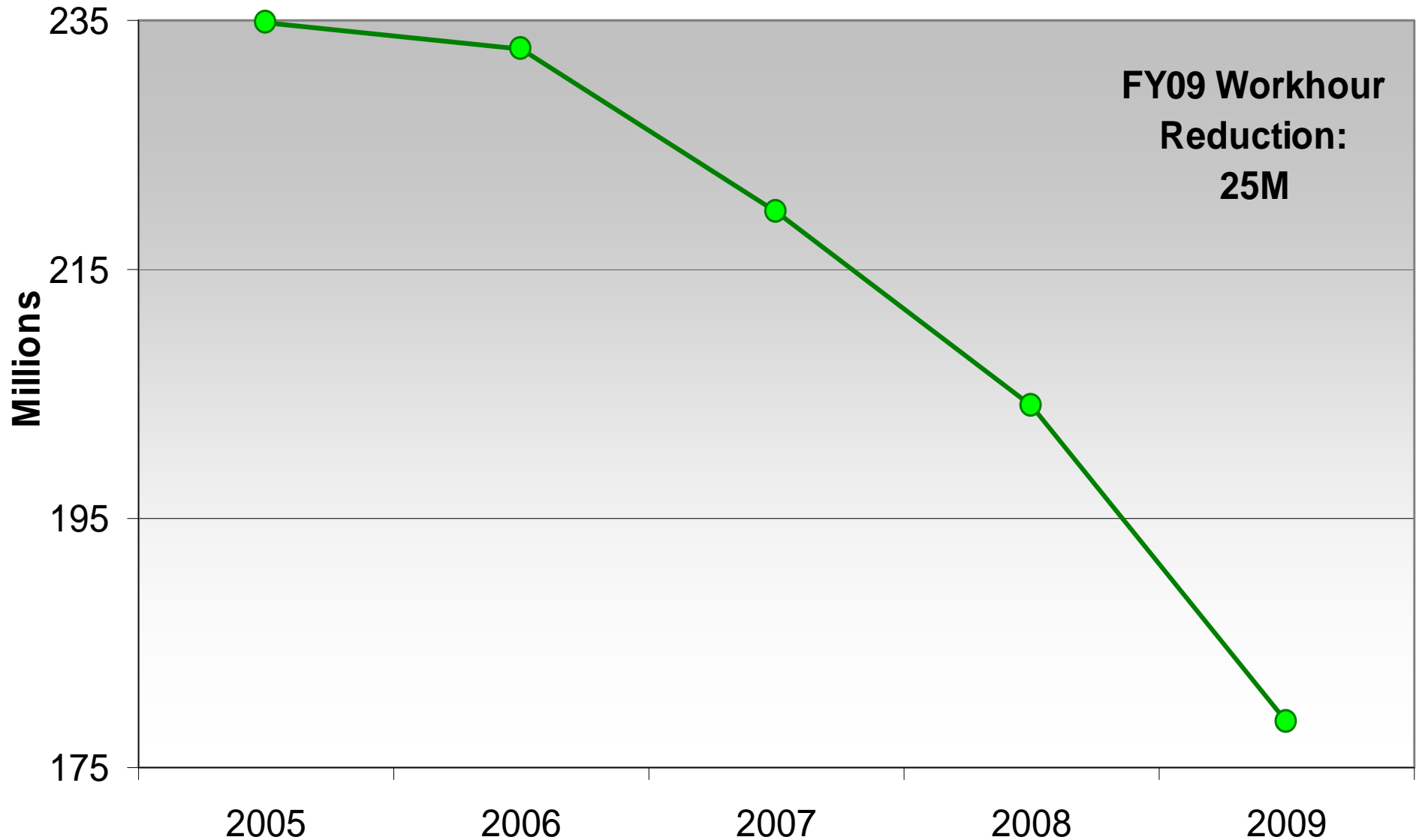
# Rural Delivery Workhour Reductions



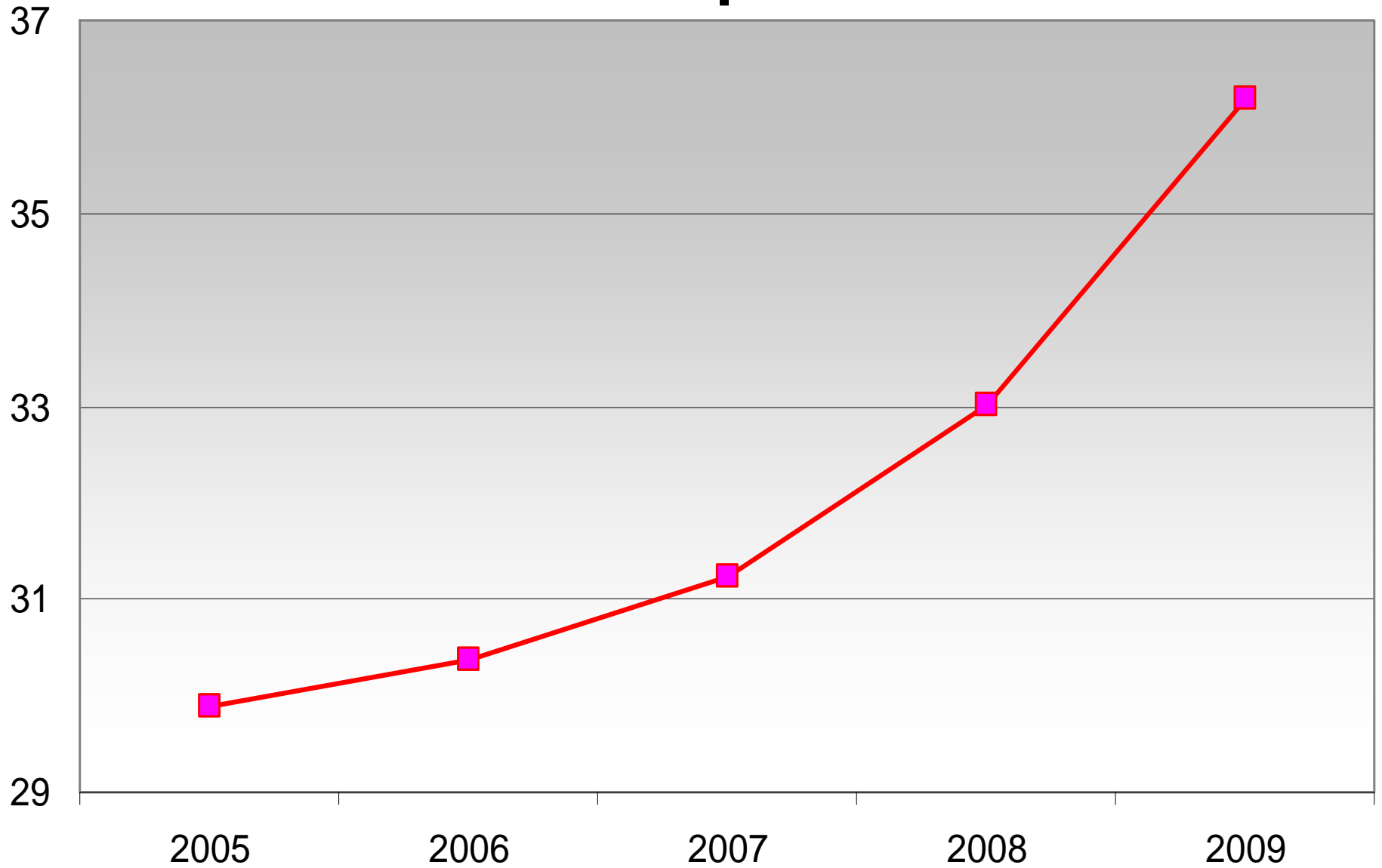
# Rural Delivery Route Reductions



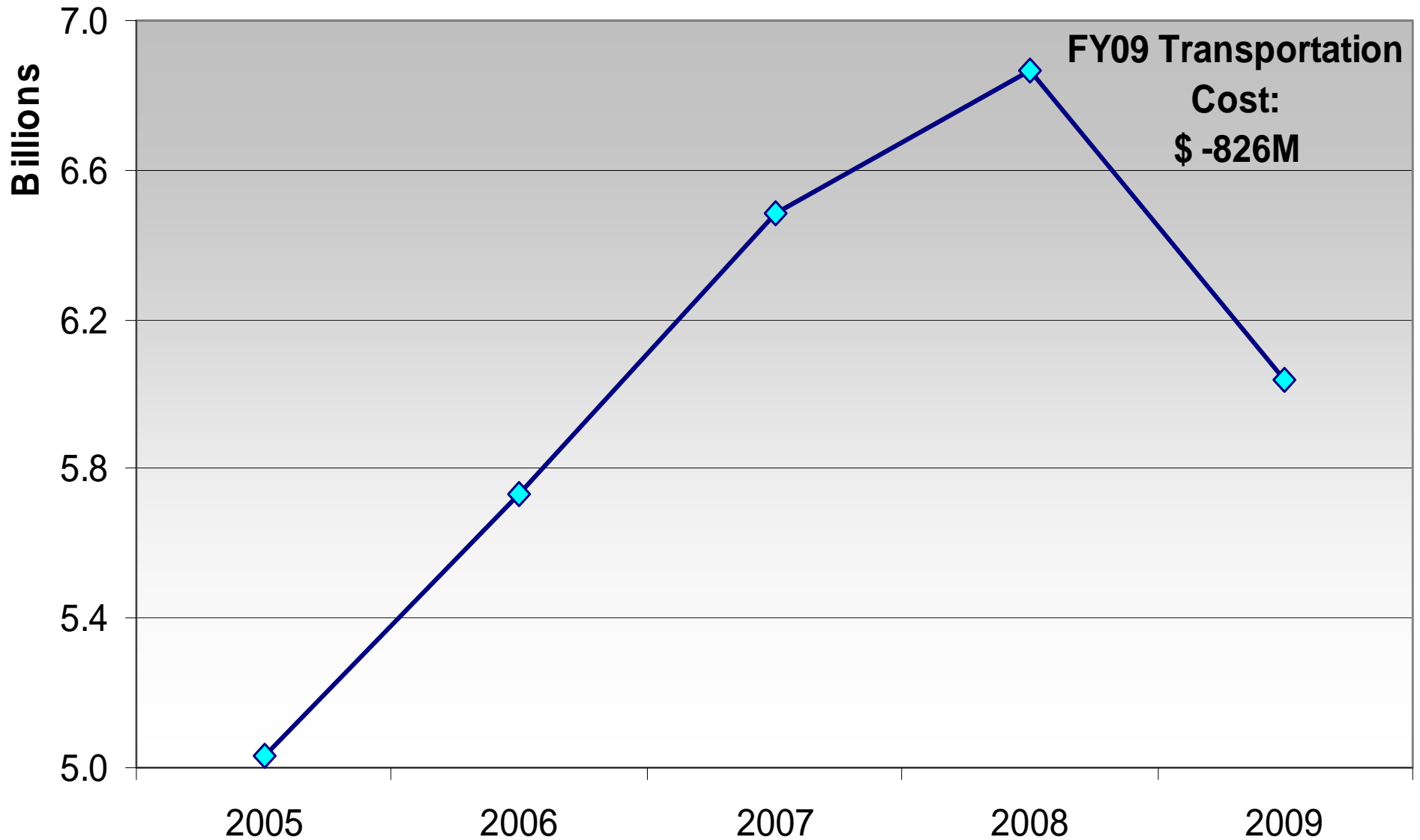
# Customer Service Workhour Reductions



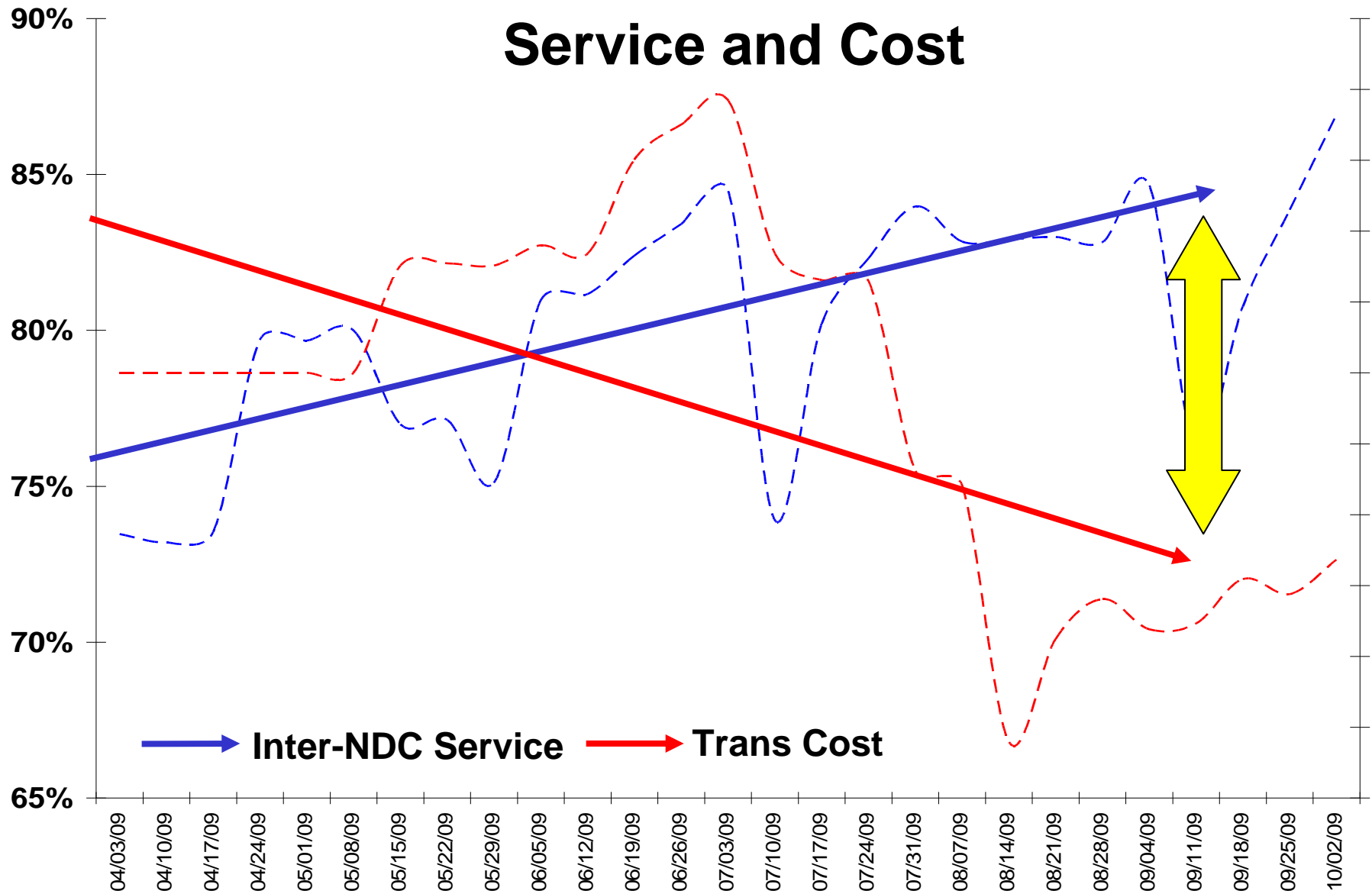
## Deliveries per Hour



# Headquarters and Field Transportation



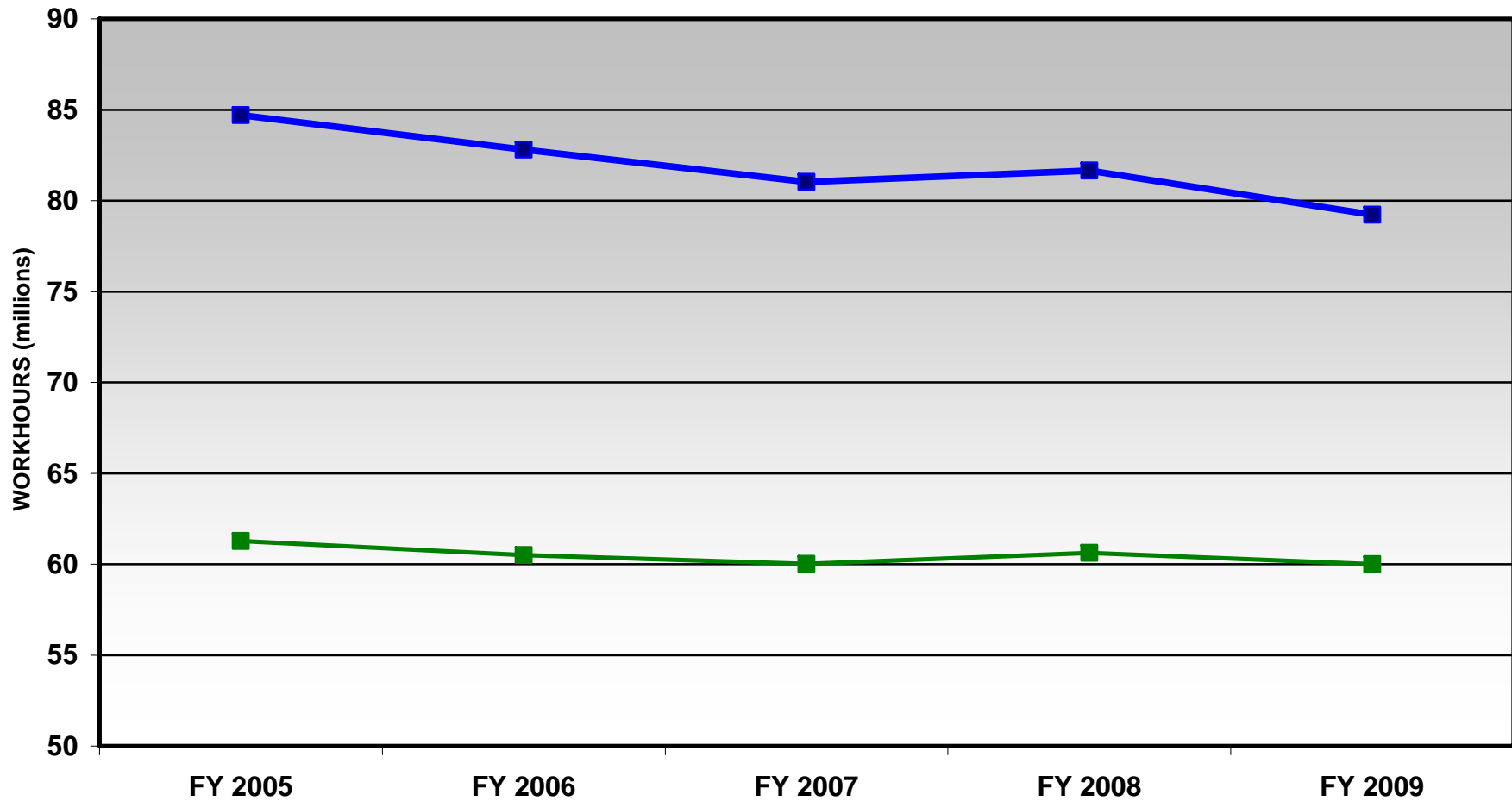
# Network Distribution Center Service and Cost



# Lean Six Sigma

- Expand Focus on Continuous Improvement/Lean Six Sigma
- Initiated 17 National Projects and awarded 122 belts

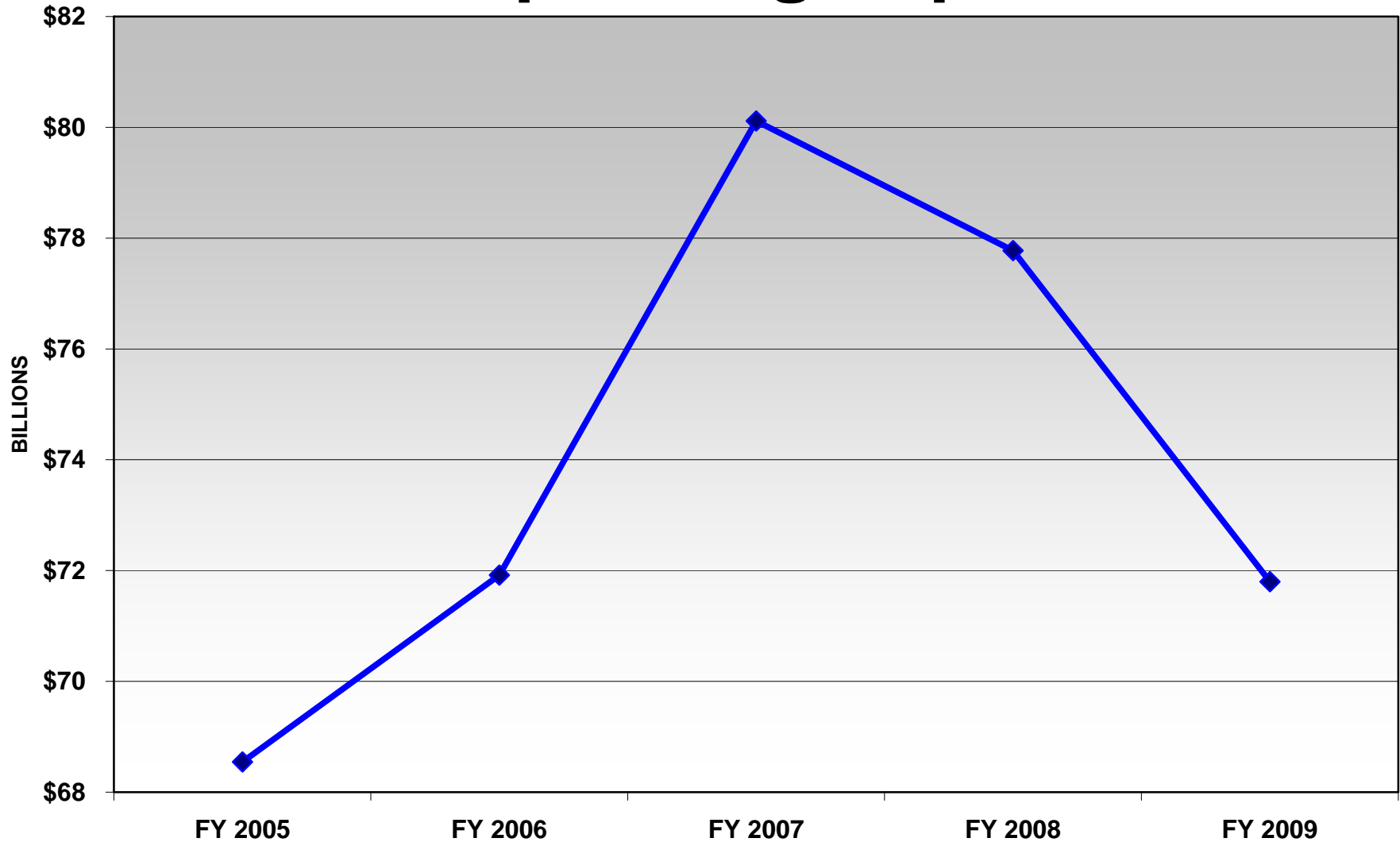
# Total Administrative Hours



Includes LDCs 80, 81, 82, 83, 84,  
85, 88, 89, and 98

■ TOTAL ADMIN/GENERAL MANAGEMENT ■ PM/INSTALLATION HEADS

# Total Operating Expense



**SERVICE**

Increase  
Service  
Performance

**COST**

Reduce  
Operational  
Costs

**QUALITY**

**SOX**

Increase  
SOX  
Compliance

# Summary

- Quality is everyone's responsibility
- USPS
  - Continuous improvement
  - Improve efficiency & reduce errors
  - Manage cost and improve service
- Mailing Industry
  - Adherence to mailing requirements
  - Address/barcode quality
  - Right Mail, Right Location, Right Time