

A RESOURCE FROM THE BERKSHIRE COMPANY

# ADDRESSING THE MAIL

A GUIDE FOR POSTAL PROFESSIONALS



# IT BEGINS WITH THE ADDRESS

**In the 1990s, my favorite speaker at the National Postal Forum (NPF) was Paul Greene.**

In addition to being a fellow Irish-American from Greater Boston, Paul shared my passion for the mailing industry. Most of all, Paul loved to talk about addresses – and their critical role in the print-mail process. No matter how well-designed, beautifully printed or efficiently created, unless a mailpiece gets delivered to the right recipient, it's a waste of money.

Paul's experience with addresses started much earlier. He worked for an insurance company that was one of the first adopters in using software to update addresses. The goal was to review the computer database and validate that addresses were compliant with United States Postal Service (USPS) standards. Paul was so essential to the success of the project, the software company hired him.

At the NPF, Paul spoke about how to implement a good address hygiene program and reduce return mail. He supplemented the numbers, regulations and acronyms with such devotion to the topic that he started each class with, "In the

beginning (pause), was the address."

Paul may be retired, but his message remains valid. Having the correct mailing address is the keystone of a successful print-mail operation. And this is true whether we're discussing transactional mail, advertising mail or parcels. To effectively communicate with your customers, you must have the correct address, and a professional address management program.

An effective address management program isn't an isolated occurrence. Instead, it involves deploying tools and getting feedback throughout the customer communication process. The goal is to keep the customer interaction loop intact and continuous.

In this guide, we're going to discuss the different elements, tools and processes that help a company produce a document with the correct address, so that the document goes into the correct envelope, and the mailpiece is delivered by the USPS at the correct time.

-Mark Fallon, President & CEO, The Berkshire Company

## Topics we'll cover include:

- 01 FIRST CONTACT**
- 02 REGULAR UPDATES**
- 03 VALIDATE BEFORE PRINT**
- 04 PRODUCTION PROCESS INTEGRITY**

- 05 ADDITIONAL USPS TOOLS**
- 06 PROCESSING RETURN MAIL**
- 07 THE REAL COSTS OF POOR ADDRESS MANAGEMENT**

# 01 FIRST CONTACT

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When using mail to communicate with your customers, the address is the keystone – the linchpin that holds together the content, creative, production and delivery elements of your documents. By formatting, updating and maintaining addresses as soon as your organization acquires the information, you can keep your system running smoothly.

Companies may obtain addresses individually or as part of a list. A prospect or customer may initiate contact through the mail, by telephone or on a website. Or the company may receive a group of addresses – by purchasing a list, or receiving a batch update from a customer (e.g., an insurance company receives a list of employees). In both cases, the addresses should be validated for completeness and accuracy as soon as possible.

The United States Postal Service (USPS) has established standards for the proper formatting of addresses ([Publication 28 - Postal Addressing](#)

[Standards](#)). Following the proper standards improves the deliverability of the mail, reduces the amount of return mail and allows for participation in postage discount programs. Companies can use USPS-certified software that puts addresses into the proper format and validates the correct ZIP Code information. The certification is known as the Coding Accuracy Support System or CASS.

For individual addresses, a company may choose to validate addresses in real time or in a batch mode. To check individual addresses automatically, the company's software bounces the address against a CASS-certified engine using an application programming interface (API). It's likely you have encountered this type of update. You enter an address on a website order form and the address is presented in the correct USPS format with the full ZIP+4 Code displayed. The API may interface with CASS software installed locally on a computer or via Software as a Service (SaaS) – software typically accessed via the internet.

Using real-time correction reduces the number of address errors in a database. Postal coding software often makes changes to an address,

# 01 FIRST CONTACT

like the street directional or unit designation. If a customer service representative enters the information, they can confirm the change with the person during the call. If the person enters the information on a website, they'll be able to validate the coded address.

If the systems don't allow for an API interface, or if the company is receiving lists of new customers, then batch jobs checking all new addresses should be scheduled nightly. Not only does this practice ensure conformity with postal regulations, it exposes any errors as soon as possible. It also allows the company to start correcting those errors before any mailpieces are sent out – and returned as undeliverable.

For any customer or prospect lists received, the batch job should also include running the list against the National Change of Address (NCOALink) database. Using NCOALink is one method of ensuring compliance with Move Update – matching the mailer's address records with change-of-address (COA) orders received and maintained by the USPS. There are 4 approved and 2 alternative Move Update methods.

**Mailers can comply with the Move Update requirement in 5 ways:**

- 01** Ancillary Service Endorsement
- 02** Address Change Service (ACS)
- 03** National Change of Address Linkage (NCOALink) System.
- 04** NCOALink for Mail Processing Equipment
- 05** Alternative Move Update Methods (Legal Restraint or 99 Percent Accurate)

Complying with postal regulations isn't the most important reason for using CASS and NCOALink software. Ensuring timely delivery to your customers while reducing undeliverable and return mail is much more significant. The best-designed content on a document produced in the most efficient manner possible has no value – unless your customer receives the mailpiece at their current and correct address. And the best way to maintain these addresses? It's always best to start at the beginning.



# 02 REGULAR UPDATES

The United States Postal Service (USPS) delivers to over 300 million people at more than 150 million addresses every day. In most years, between 600,000 and 800,000 new addresses are created. About 40 million people will file a change of address request with the USPS each year.

Address databases – from a mailer and the USPS point of view – are dynamic, constantly changing entities, and require ongoing, consistent maintenance.

We have discussed the importance of validating new addresses as soon as possible using USPS-certified software. In addition to properly formatting and validating the correct ZIP Code information from Coding Accuracy Support System or CASS software, mailers should run the addresses against the National Change of Address (NCOALink) database.

But once is not enough.

The USPS address certification standards for mailers ([DMM 602 – Addressing](#)) are lenient. For presorted First Class Mail, the ZIP Codes must be verified and updated once every 12 months. While somewhat stricter, the Move Update standard (i.e., matching names and addresses against customer-filed change of address requests) must be applied within 95 days before a mailing. Savvy mailers exceed the USPS standards, checking their addresses either monthly or bimonthly.

But there's more to maintaining a healthy address database than just running the list through software. Mailers must have documented methods to update any moves and correct addresses that fail the coding process. Based on government regulations or contracts, a company may need permission from a customer to update an address. Actions could include mailing notices that include a feedback form, electronic submission information or a call-in number. Using double postcards or self-mailers can reduce the costs associated with these steps.

Just as important, the addresses that fail the CASS process need to be corrected. Prioritization should be given to addresses that have

## 02 REGULAR CHECK-UPS

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severe failures (e.g., no street number, missing apartment or suite number, no ZIP Code, etc.). Customer service representatives should contact the customer through alternate means, including email and telephone. Mailers may also want to take advantage of the [USPS Address Element Correction \(AEC\) or AECII Services](#).

Keeping mailing addresses up to date is an ongoing process. Regular updates using CASS and NCOALink software will provide the required information to detect moves and identify errors. Taking action as soon as moves or errors are detected reduces return mail, postage costs and most importantly – bad customer interactions.

# 03

## VALIDATE BEFORE PRINT

We've recommended verifying addresses when your company receives them, and then checking the database on a regular basis after that. But the process doesn't stop there. As the commercial says, "Wait, there's more."

Mailers should also run their addresses through verification software directly before printing – statements, bills or direct mail. In fact, validating the addresses should be considered a required step in the print-mail process. This approach improves the mailing and adds value to the customer relationship.

Companies may choose to implement the address check either before or after the document composition process. For direct mail or catalog mailings, it makes sense to clean the addresses before creating the print file. Addresses are in a file format, and are easily processed. Bad addresses can be eliminated, moves can be updat-

ed and only deliverable pieces are created. A side file with corrections and errors can be sent back to the list owner.

Transactional documents generally rely on legacy applications that aren't easily changed. By using post-composition software, programmers can extract the addresses from the documents, execute address hygiene applications, and place the updated addresses back in the print file. This same step can be used to electronically presort the statements, add the Intelligent Mail Barcode (IMb) and create the necessary electronic postal documentation.

Changes, errors and moves for statements and bills can be handled in several ways. Formatting changes (e.g., street abbreviations) can be applied immediately with a file sent back to the business unit.

## 03 **VALIDATE BEFORE PRINT**

Addresses with more significant errors may have multiple paths:

- A.** The print is suppressed, with a message sent to the business unit.
- B.** The print is suppressed, with a PDF sent to the business unit, who can then decide whether to print locally and mail anyway.
- C.** The document is printed and mailed as part of the production process, with a PDF or message sent to the business unit.

The method chosen should be made with input from the business unit and the legal department. There may be a company policy or legal statute that requires mailing to the address on record – even when that address doesn't meet postal standards. The decision whether or not to mail should never be left solely to the production department or an external vendor.

Running addresses through NCOALink software as part of the print process helps keep companies in compliance with the United States Postal Service Move Update requirements. In the best-case scenario, the new address is added to the document with a message or file sent back to the business unit. However, similar to bad

addresses, there may be policies or regulations that prevent companies from updating addresses without the customer's permission.

Production managers can add value to the process by:

- A.** Creating a side file with all moves and sending it back to the business unit to contact the customers about address information.
- B.** Creating a side file that is used to generate a separate "move verification" mailing to the customers.
- C.** Printing a message on the document requesting the customers verify the move.

The best part about Option C (printing a message on the document requesting that the customers verify the move) is that it allows companies to meet most customer notification rules, without additional postage costs. We recommend placing the move notice in bold print on the first page – before any account details. Customers may not read beyond the first page, and you want them to take action.



# 04 PRODUCTION PROCESS INTEGRITY

One aspect of effective address management that needs to be considered is establishing and following a high-integrity production process. There are controls in place that ensure the correct document is inserted into the correct envelope with the correct address. Accuracy during production impacts address management by reducing volumes of return mail and ensuring accuracy in postal documentation.

Most return mail received by companies is caused by address issues. The address may be incomplete, incorrect or the recipient may have moved. Many of these issues can be avoided using software to clean addresses when they're entered into the system – on a regular schedule or directly before print.

Mail may also be returned because of errors in the production process. Smeared ink can make the address illegible. Improper folds can push the address out of alignment with the envelope's window. Double-stuffs can change the order of pages – or even worse – insert someone else's information into the wrong envelope.

Accurate management of the print and mail stream determines the correctness of the documentation filed with the US Postal Service (USPS). Damaged pieces must be removed from the Mail.dat file. Postage due amounts, potentially including discount qualifications, need to be recalculated. Under the new Mailer Scorecard Program, these quality metrics are tracked by the USPS.

## 04 **PRODUCTION PROCESS INTEGRITY**

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There are different methods of implementing a high-integrity production process. Common characteristics of the latest technologies include:

### **JOB INFORMATION FILES**

These files contain information at the piece and job level, and may include machine instructions and Mail.dat details.

### **BARCODES**

Whether linear or matrix, barcodes include unique identifying information about each piece

### **CAMERAS**

The latest cameras can be used to track pieces on all equipment – printers, inserters and fulfillment.

### **POST-PRESORT SOFTWARE**

Reconciling actual production data to postal documentation, including Mail.dat.

### **CLOSED-LOOP TRACKING SYSTEMS**

Production software that tracks every piece in every job – from data to print to processing to post.

Quality production is more than just having the “right” equipment or the “right” software. Quality means integrating processes and tools, best-in-class procedures and tight quality control processes to minimize the opportunity for mistakes. Quality production ensures that your operation produces the right statement, in the right envelope, with the right address to be delivered at the right time.

# 05 ADDITIONAL USPS TOOLS

By using software certified by the US Postal Service (USPS), such as the Coding Accuracy Support System (CASS) and NCOALink, companies can format and update customer addresses. To take the next step in improving address quality, mailers can utilize additional USPS tools, including the [Address Element Correction](#) (AEC) and [Address Change Service](#) (ACS) programs.

The CASS software could fail to generate a Delivery Point Validation (DPV), but the USPS is still able to deliver the mailpiece. However, without DPV, the mailer is giving up the opportunity for postal discounts and all the benefits of the Full Service IMb. The best USPS programs for this scenario are AEC and AEC II.

AEC is best described as “CASS Plus”. With input from the mailing industry, the USPS developed specialized programs that break down the

elements of the address, and perform a series of evaluations and comparisons. Through these steps, the AEC software is able to add missing elements and correct many errors that commercial software can’t resolve.

For addresses that require more research, mailers can request the AEC II service. Under this program, the addresses are sent to the local USPS delivery unit for resolution. The USPS is then able to tap into their proprietary Delivery Force Knowledge system. In other words, they ask the letter carriers responsible for that address for their help. That’s right, a human being with actual knowledge of the problem address – not software – corrects the list.

For unidentified moves, mailers should consider the Address Change Service (ACS) program. ACS is one of the approved methods for compliance with the USPS Move Update requirement. With ACS, if an address on a mailpiece is incorrect, the USPS sends the mailer an electronic file with the change of address or other reasons for non-delivery. To participate, the mailer needs

## 05 ADDITIONAL USPS TOOLS

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to enroll and then modify their address block or mailing label. When the modified pieces are processed by the USPS on the Postal Automation Redirection System (PARS) or Computerized Forwarding System, an ACS notification is generated. The notifications are forwarded to the National Customer Support Center, and then consolidated into a file for the mailer.

**There are 4 different methods for implementing ACS:**

- 01** Traditional ACS – the mailer uses a keyline in the address block to uniquely identify the mailpiece and address.
- 02** OneCode ACS – the mailer uses the Intelligent Mail Barcode (IMb) to uniquely identify the mailpiece.
- 03** Full Service ACS – the mailer is provided the ACS service for free as a benefit for mail that qualifies for Full Service IMb discounts.
- 04** IMpb ACS – the parcel shippers, and uses the Intelligent Mail package barcode.

When used in conjunction with NCOALink, ACS provides mailers an additional opportunity to get the current address for their customers.

It's beneficial to both the mailer and the USPS if the correct address is on the mailpiece. Programs like ACS and AEC help everyone achieve the goal of getting mail to the right recipient at the right time.

# 06

## PROCESSING RETURN MAIL

The most tangible evidence of address errors in any mailing that leaves your operation is the volume of return mail. Instead of treating return mail as a nuisance, managers should consider return mail another tool to improve their address list.

If a company has done a good job with cleaning their addresses, then their percentage of return mail should be lower than 1%. However, if that company mails out 50,000 bills a day, that still means 500 will be returned each day. Or over 10,000 pieces will be returned in a month. That's a lot of mail.

**So, what should a company do? We recommend a multi-step approach:**

- 01** Keep accurate measurements
- 02** Update moves first
- 03** Fix obvious errors

**04** Use CASS, NCOALink and AEC

**05** Turn off mail for repeat offenders

**06** Repeat

Measurements are important to determine the effectiveness and efficiency of your address quality program. You need to know more than just the volume (the number of pieces) of return mail. You also need to know what *percentage* of your outbound mail is being returned. For example, if you mail 100,000 pieces and 100 pieces are returned, then your percentage of return mail is 0.1%. However, if you mail only 1,000 pieces and 100 pieces are returned, then your percentage of return mail is 10%.

Studies have shown that almost 2.5% of pre-sorted, First-Class Mail is undeliverable as addressed. However, best-in-class operations achieve a 1% or lower percentage of return mail. Accurate, consistent metrics will demonstrate the performance of your operations, and how



## 06 PROCESSING RETURN MAIL

corrective actions are improving that performance.

Immediate attention should be given to pieces that have address update information attached. These are the easiest mistakes to fix. If a new address is provided, then the customer's record should be modified. If the intended recipient has moved and left no address, then the customer should be contacted by alternate means (e.g., phone or email) to obtain the correct information.

The next target should be the returns with clearly marked errors – missing house number, no unit or apartment designated, incorrect ZIP Code, etc. The address information in the customer records should be reviewed, and if necessary, corrected. If the information is incomplete or unclear, then your customer should be contacted via phone or email.

If the address can't be fixed, and mailpieces keep being returned, then your company should consider not mailing to those customers. There are very complicated rules that vary by industry about when a company can turn off mail. However, in most cases, sending a notification by Certified Mail, and then retaining the returned mailpiece will meet the official obligations. Work with your legal department to identify the best policy for your company.

The USPS uses return codes called "Nixie codes" to explain why the mailpiece is being returned. These Nixie codes are printed on yellow

labels that are affixed to the returned mailpieces. Unfortunately, many of the Nixie codes are useless. The most common Nixie code is "Undeliverable as Addressed", with no additional information. These addresses should be processed through CASS and NCOALink software to identify possible reasons. These addresses may have already been processed through CASS before, but the errors were skipped over. With a smaller batch, more attention can be given to the errors. For the pieces that still can't be resolved, consider using the USPS Address Element Correction (AEC) program.

People will continue to move without notifying you or the USPS. Errors will be made when entering customer addresses. Return mail will always exist. So every day, the process must be repeated.

Physical mail remains a critical link to customers in an increasingly digital world. But mailpieces that are returned to your company add no value to the relationship. You must take the next steps to reduce your return mail.

# 07

## THE REAL COSTS OF POOR ADDRESS MANAGEMENT

Following best practices for maintaining and updating mailing addresses seems to be a logical aspect of good business management.

However, when we recommend process improvements to clients that will improve their address databases, we're often faced with push-back. The most common reasons from clients are:

- 01** Industry regulations don't allow us to change addresses.
- 02** Contracts with our customers don't allow us to change addresses.
- 03** It's too expensive and not cost-effective.

In finance and insurance, there are strict controls

on how addresses can be updated. Similarly, when providers process mail for other companies, there are usually constraints over changing addresses. However, instead of looking for ways to NOT update information, organizations need to create processes that ALLOW for changes, while staying compliant with laws and contracts.

These processes usually require additional labor and mailings. Even if there are no specific laws or regulations to follow, updating addresses means using software, applying production controls and dealing with return mail. Each step adds cost to the mailpiece. And therein lies the rub. How does "adding cost to the mail" save or make money for the company?

Mailpieces with bad addresses don't get delivered by the USPS. Depending on the class of mail and endorsements used, the piece is either returned to the sender or destroyed. The costs of printing and postage for these pieces is lost money. Depending on the size of the mailing and the number of errors, this loss could be hundreds or thousands of dollars on every mailing.

## 07 THE REAL COSTS OF POOR ADDRESS MANAGEMENT

When handled correctly, returned mailpieces may be expensive. In addition to mail services staff, customer service representatives may need to be involved. The pieces will need to be re-mailed, doubling the postage costs – usually the most expensive component. Meanwhile, a second billing or a late notice may have been sent to the bad address – and that mail will be returned too. The bad address cycle continues.

Many companies use direct mail for advertising, and bad addresses represent lost sales. It's a logical statement that 100% of people who don't receive an offer won't respond to it. The financial loss is more than one lost sale, but all the sales for the life of that potential customer.

While online payments continue to grow, most customers still prefer to receive paper bills. The bill acts as a physical reminder, and unlike email, is less likely to get missed or rejected by a spam filter. Many people don't pay their bills unless they receive the invoice. Delayed payments mean lost earned interest and the need for additional requests.

Cancellation notices for lack of payment usually have to be sent via Certified Mail or with a certificate of mailing, resulting in higher postage costs. Reinstating a policy or restoring service (e.g., electricity or phone) adds expense. While some of the loss may be recouped by adding late charges to the next bill, that practice also results in lower levels of customer satisfaction, calls to customer service, and a reason to seek out another vendor.

Disputes over liability on cancelled insurance

policies because the notice is returned, usually result in attorney and court costs. Not every judgment goes to the company. Returned ID cards mean additional calls to customer service, along with reprints and remailing.

Banks endure late loan payments and mortgage defaults. And it's just as bad for money being held. The risk and possible loss is much greater for financial institutions that hold tangible assets for their customers. If these institutions haven't had contact with these customers in a specific amount of time, state laws require that these institutions "escheat" (transfer) their customer's property to the state. If the owners cannot be located, or the property goes unclaimed, the funds can be irrevocably escheated to the state.

If the assets include stocks, it could get worse for the bank or broker. When property escheated to the state includes stocks, then the stocks are sold. If the stock's value rose between the time of transfer and when the owner was found, the owner may have lost potential income. If brokers were negligent in their efforts to locate lost customers, courts have found brokers responsible for the owner's loss of income. In a volatile market, these losses can add up to thousands of dollars very quickly.

Additional print and postage. Extra labor. More calls to customer service. Lost sales and lost customers. Late payments. Legal fees. Lawsuits.

The costs of the wrong address may be more than you think.

# IT BEGINS AND ENDS WITH THE ADDRESS

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## The importance of the right address can't be understated.

Improper addresses mean undelivered advertisements, unpaid bills and returned statements. No matter how well-designed, beautifully printed or efficiently created, unless a mailpiece gets delivered to the right recipient, it's a waste of money.

Throughout this guide, we've discussed the different options to validate addresses, the importance of mailpiece integrity, tools available from the USPS and the importance of processing return mail properly. We've explained that the costs of bad addresses extend beyond print

and postage to lost revenue, lost customers and additional financial liabilities. These losses are only the beginning.

An address management solution isn't just software or a "one-and-done" project. It's a continual process that uses every interaction, every mailpiece and every available tool to make sure you have the correct address in the correct format for every customer. A process that ensures that the mailpiece is delivered by the USPS to the right recipient at the right time.

**A process that begins – and ends – with the address.**

# ABOUT THE BERKSHIRE COMPANY

The Berkshire Company is an independent management consulting firm that specializes in the print-mail industry.

The Berkshire Company's expertise is based on experience both as consultants and as executives in charge of print, mail and shipping operations. Our principal consultants have over 60 years combined experience in the industry.

As an independent management consulting firm, our company works with all equipment and software vendors. In the last 15 years, we have worked with over 75 corporations, colleges and agencies, including:

- Pacific Gas and Electric
- Princeton University
- Sprint
- United Healthcare
- Wells Fargo

When selecting The Berkshire Company, our clients gain:

- the advantage of an independent management consulting firm that specializes in the print-mail industry;

- the knowledge of a consulting team that has been recognized nationally for their accomplishments; and
- the services of a consulting team with extensive experience helping print and mail operations.

**Additionally, the company president, Mark Fallon has spoken at over 200 industry conferences, including:**

#### National Conferences

- National Postal Forum
- National Association of College Auxiliary Services (NACAS)
- National Association of College and University Mail Services (NACUMS)
- General Services Administration – Federal Agencies Mailers Forum
- Xplor

#### Regional Conferences

- Over 30 Postal Customer Councils
- 10 Mail Systems Management Association chapters
- Multiple regional mailer associations

