



# Quality Control in Mail Center Operations

Presented to:  
Connecticut Valley National PCC Day

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## Overview

- What is Quality Control
- Why implement Quality Control
- Quality Control Team
- Establishing a Quality Control Program
- Quality Control and Quality Assurance
- Quality Control Tools
- Measuring Success
- TQM, Six Sigma and ISO 9000
- Roadblocks and Barriers
- Innovation and Quality Control

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## Quality Control: What is it?

- Process to review production
- Review includes:
  - Controls
  - Job Management
  - Performance
  - Integrity
  - Records

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## Why Quality is Important

- “Good enough” isn’t good enough
- Meet customers’ expectations
- Help employees improve performance

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## Goals of Quality Control

- Ensure products or services meet standards
- Requirements are reviewed for:
  - Dependability
  - Acceptability
  - Fiscal responsibility

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## Goals of Quality Control Team

- Identify products or services that don't meet standards
- Additional responsibilities:
  - Halt production
  - Notify management
  - Notify customer

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## Quality Control Team Members

- Choose from multiple levels  
(e.g., line, management)
- Choose from multiple disciplines  
(e.g., operations, customer service)
- Have desire and aptitude for improvement

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## Quality Control Program Parameters

- Can't test everything
- Identify key standards
  - Past errors
  - Customer complaints
  - Automated tests

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## Correcting Errors

- **NOT** the responsibility of the QC team!
- Different levels to be corrected:
  - Immediate error – Operator
  - Training error – Supervisor
  - Systematic error - Management

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## Establishing a Quality Control Program

- Document the existing process
- Identify specific objectives of the program
- Establish policies and procedures
- Map out and validate the QC process

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## Quality Control and Quality Assurance

- Quality Control – identify and detect errors
- Quality Assurance – evaluate and improve process
- Important that management team understands the difference

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## Quality Control Tools

- Standard Operating Procedures (SOPs)
- Process maps
- Checklists
- Quality Control and Change Control documentation
- Reporting system

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## Documenting Quality Control Results

- Measurements:
  - Number and percentage of errors
  - Operator productivity
  - Costs
- Periodic Reviews

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## Quality Control – What’s Acceptable

- 100% - Must be the goal
- Weigh goals, costs and results
- Risk and probability of “worst case”

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## Quality Control and Testing

- Establish standards and specifications
- Develop test cases of probable errors
- Test production process
- Test quality control process and results

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## TQM, Six Sigma and ISO 9000

- Total Quality Management – TQM. Management philosophy on continuous improvement.
- Six Sigma – TQM, with additional emphasis on project management.
- ISO 9000 – standards and guidelines for quality systems as set by International Organization for Standardization

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## Six Sigma, Projects and DMAIC

- **D**efine – Your project
- **M**easure – Your current process
- **A**nalyze – Gather data for determining causes
- **I**mprove – Address and eliminate root causes
- **C**ontrol – Develop ongoing monitoring program

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## Implementing Quality Control

- Plan
- Execute
- Evaluate
- Measure and Monitor
- Adjust

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## Quality Control: Only for Production?

- Quality Control works anytime
  - that there is a process
  - that there is a measurable result
  - that there is opportunity for error

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## Quality Control Roadblocks

- “Error-free isn’t possible, so why try?”
- “Quality Control costs too much.”
- “Quality Controls slows down production.”
- “Nobody really cares.”

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## Overcoming Roadblocks

- Explain competitive environment.
- Demonstrate true costs of errors.
- Measure "re-work" times.
- Share feedback from customers.

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## Quality Control & Innovation

- Quality Control is based on consistent output through consistent practices
- Innovation is based on improving output by changing practices
- Both are critical to long-term success

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## Quality Control & Innovation

- Promote innovative ideas at all levels
- Control changes through testing outside production
- Document changes and train all employees
- Celebrate successes!

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## Questions?

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# What's Going On?

**Connecticut Valley National PCC Day**

September 27, 2019

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## What's Going On?

- State of the USPS
- PMG Brennan Era
- Legislation Update
- Informed Delivery
- Informed Visibility
- Staying Informed



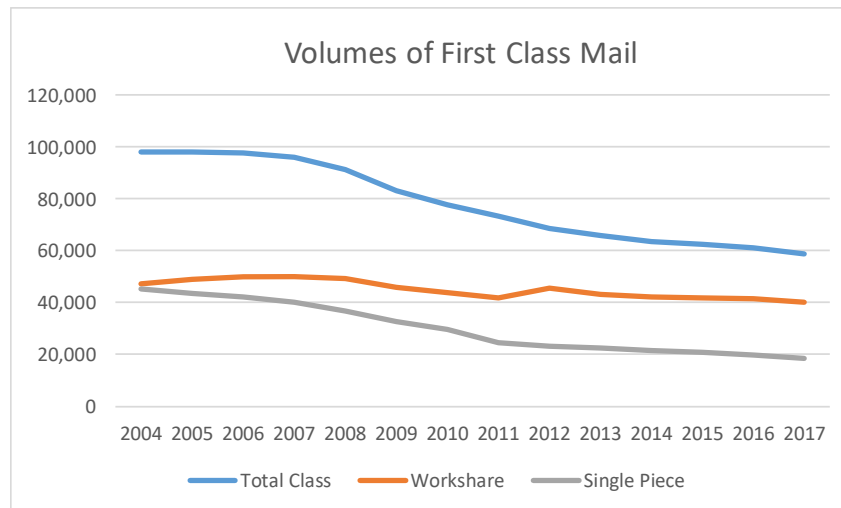
## State of the USPS

- Mix of mail continues to change
  - Declining FCM volumes
  - Leveling of Standard Mail volumes
  - Significant growth in parcels
- Network Rationalization
  - Facilities and equipment
  - Routes
  - Employees
- FY 2017: \$2.7 Billion loss (includes \$1.9 Billion prefunding)

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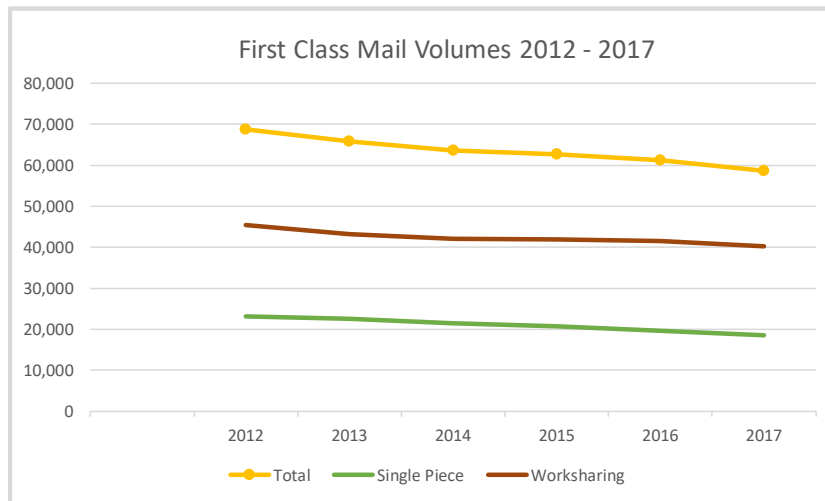


## Physical Mail Remains Relevant





## Physical Mail Remains Relevant



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## USPS: PMG Brennan Era

- Infrastructure
  - Consolidations on hold
  - Union contract negotiations
  - Packages lead the way
- Technology Changes
  - New delivery vehicles (Long Life Vehicles – LLVs)
  - New carrier scanners (“live” updates)
  - Small Package Sorting Systems (SPSS) testing
- Business Mail
  - Mailer Scorecard
  - Seamless Acceptance (2021?)



## USPS: Legislation Update – 116<sup>th</sup> Congress

- 116 Bills or Resolutions focused on USPS (as of 09/15/19)
  - 49 Naming post offices
  - 17 Stamp related
  - 50 USPS reform or operational changes
    - 8 Opioid/Fentanyl
    - 5 ZIP Codes
- No significant legislative reform bills filed in either chamber

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## USPS: Legislation Update – 116<sup>th</sup> Congress

- 5 presidentially appointed members of the USPS Board of Governors - Quorum  
Note: Chairman Duncan's term expired 12/8/2018 (holdover year)
- Postal Regulatory Commission 10-Year Rate Review – 12/1/17
- Delivering Government Solutions in the 21st Century" – Administration Blueprint
- Presidentialy appointed Task Force, 12/4/18





## U.S. Senators

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## USPS Rates: Success – Today & Tomorrow

- Know Your Mail
  - Content
  - Characteristics
  - Categories and quantity
- Continuous review
  - Weekly
  - Monthly
  - Quarterly
- USPS – Use your local resources

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## Informed Delivery

- Digital previews of household mail
- Expanded to include notifications of packages
- Multi-platform campaigns – color images and links
- Grew from 2 million users in May 2017 to 18 million today
- Mailer Website:  
<https://www.usps.com/business/informed-delivery.htm>



## Informed Visibility

- Replacement of IMb Trace
- End-to-end tracking of mail (geofencing)
- Real-time service performance diagnostics
- Predictive workloads and mail inventory management
- Informed Visibility – [PostalPro Webpage](#)

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## Staying Informed Physical Mail: Online Resources

- USPS website - [www.usps.com](http://www.usps.com)
- PE Explorer - <http://pe.usps.com>
- PostalPro – <https://postalpro.usps.com>
- Business Customer Gateway - <https://gateway.usps.com>
- Industry Alert - [IndustryAlert@usps.gov](mailto:IndustryAlert@usps.gov)

# Commonly Used Acronyms

- Postal Facilities
  - NDC(Network Distribution Center)
  - ASF (Auxiliary Service Facility)
  - BMEU (Business Mail Entry Unit)
  - BSN (Business Services Network)
  - PDC (Processing & Distribution Center)
  - SCF (Sectional Center Facility)
  - ADC (Area Distribution Center)
  - AADC (Automated Area Distribution Center)
  - DDU (Destination Deliver Unit)
  - AMF (Air Mail Facility)
  - APO (Army Post Office)
  - FPO (Fleet Post Office)
  - MPO (Military Post Office)
- Equipment
  - AFSM 100 (Automated Flat Sorting Machine)
  - UFSM 1000 (Universal Flat Sorting Machine)
  - FSS (Flat Sequencing System)
  - BCS (Barcode Sorter)
  - OCR (Optical Character Reader)
  - MLOCR (Multiline Optical Character Reader)
  - MERLIN (Mail Evaluation Readability Lookup Instrument)
  - APPS (Automated Package Processing System)
  - SPBS (Small Parcel Bundle Sorter)
  - LPSS (Large Parcel Sort System)
  - PBCS (Parcel Barcode Sorting System)
- Address Management
  - CASS (Coding Accuracy Support System)
  - MASS (Multiline Accuracy Support System)
  - PAVE (Presort Accuracy Validation & Evaluation)
  - NCOA<sup>Link</sup>® (National Change of Address)
  - LACS<sup>Link</sup> (Locatable Address Conversion System)
  - ACS (Address Change Service)
  - FAST<sup>forward</sup>®
  - Move Update
  - UAA (Undeliverable As Addressed)
- Others
  - IBI (Information Based Indicia)
  - IMB (Intelligent Mail Barcode)
  - BPM (Bound Printed Matter)
  - BPRS (Bulk Parcel Return Service)
  - QBRM (Qualified Business Reply Mail)
  - BRM (Business Reply Mail)
  - CRM (Courtesy Reply Mail)
  - MRM (Meter Reply Mail)
  - FIM (Facing Identification Mark)
  - POSTNET Barcode (Postal Numeric Encoding Technique)
  - DPBC (Delivery Point Barcode)
  - OEL (Optional Endorsement Line)
  - PCSC (Pricing & Classification Service Center)
  - NCSC (National Customer Support Center)
  - CSR (Customer Support Rulings)
  - PVDS (Plant Verified Drop Shipment)
  - FAST (Facility Access & Shipment Tracking)
  - REC (Remote Encoding Center)

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The Most Common  
but  
Least Valuable  
Manual In Existence:

**ISS Manual**



## What's Going On: Trends & Technology

- Color – Color – Color
- Digital Mail: Not Just a Delivery Method
- E3 – E-Mail, E-Pay, & E-Presentment
- Comprehensive Communication Plans
- Sourcing
- Operations Management

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## Color and Documents: Traditional

- Pre-printed color on forms
- Highlight color
- Full color
  - Offset Color
  - Digital Color



## Color and Documents: What's Changed

- PowerPoint presentations in color
- Web pages use color
- Printing technology, especially inkjet
- Renewed focus on branding
- Speeds increasing, costs decreasing
- USPS Mailing Promotions

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## Color and Documents: What's Happening Now

- Color forms replaced with color printing
- ~~B&W for low-value documents~~  
Mid-volume, low-cost color inkjet
- Added color for messaging on transactional documents
- Fully digital processing for on-demand printing (offset and digital presses)



## Color and Documents: Challenges

- ROI isn't always easy to prove
- Consistency (PMS, screen vs. print)
- Space & facilities requirements
- Post-print applications (inserters)

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## Digital Mail: What Is It?

- Scan & Deliver
  - Mail Center
  - Centralized Scanning
  - Business Unit
- Internet/Intranet document delivery



## Digital Mail: Why Implement?

- Faster delivery
- Access for remote staff
- Less expensive storage/retrieval
- Improve business processes

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## Digital Mail: Challenges

- Imaging equipment – selecting, installing and training
- Legal constraints
- Non-scannable mail – brochures, magazines
- Multiple electronic document systems
- Integrating with BPM





## Digital Mail: One Tool of Many

- Hard copy will always exist
- Consider gradual adoption
- If you only have a hammer, everything looks like a nail

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## Trends: E3 (a)

- E-mail
  - B2B - Documents
  - B2C - Marketing
  - C2C - Correspondence
- E-Pay
  - B2B – EFT (not new)
  - C2B – growing, but doesn't directly correlate to e-presentment
  - Direct pay vs. bank pay



## Trends: E3 (b)

- E-Presentment
  - B2B – Statements, billing
  - B2C – Statements, billing
- Multiple formats
  - PDF
  - HTML page
  - Downloadable data
- 3<sup>rd</sup> Party consolidators – no one yet

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## Comprehensive Communication Plans: What is it?

- Multiple media – print, digital, video
- Multiple delivery methods – mail, email, television, internet, intranet, mobile
- **One Message**



## Comprehensive Communication Plans: Challenges

- Different owners, different priorities
- Confusing cost with value
- Content and design conflicts
- Difficult to calculate ROI
- Silver bullets only work against werewolves

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## Trends: Sourcing

- Break-ups/Mergers and acquisitions
  - Equipment, software and service providers
  - Opens door to new technologies, services
  - Disruptive to industry (good and bad)
- Service Providers
  - Model changing with decline in mail volumes
  - Aggressive pricing and new services
  - Hybrid outsourcing models



## Trends: Operations Management

- Quality control at center stage
  - Moving beyond inserter controls
  - Complete system integrity – cameras, scanners and QC teams
- Complete workflow management
  - Controls, monitoring of entire system (file creation to USPS acceptance)
  - Mix of in-house, vendor and 3<sup>rd</sup> party systems

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## Questions?

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## About The Berkshire Company

An independent management consulting firm, The Berkshire Company specializes in improving your business process, including analyzing your operation, developing and selecting solutions, and providing project management.

The Berkshire Company has helped more than 50 organizations improve their operations with:

- Process Evaluations & Improvements
- Strategy Development
- Project Management
- Outsource vs. Insource
- Mail Center Security
- New Technology

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