



# What's Going On?

**Greater Dallas Postal Customer Council**

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## What's Going On?

- State of the USPS
- PMG Brennan Era
- Legislation Update
- 2018 Rate Case
- Informed Delivery
- Informed Visibility
- Staying Informed

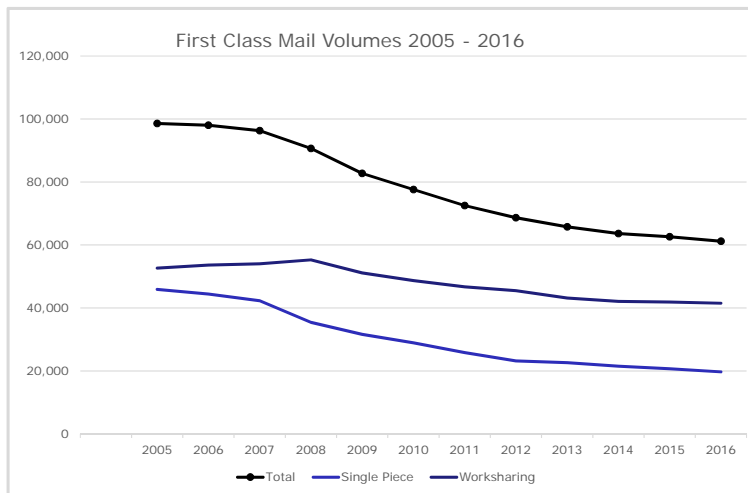


## State of the USPS

- 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)

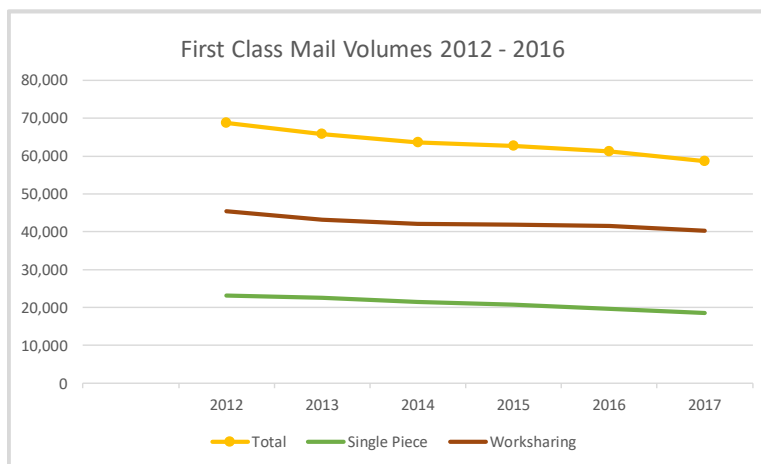


## Physical Mail Remains Relevant





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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
  - IMpb requirements



## USPS: Legislation Update – 115<sup>th</sup> Congress

- 74 Bills or Resolutions focused on USPS  
(as of 10/13/17)
  - 40 Naming post offices
  - 13 Stamp related
  - 27 USPS reform or operational changes (D & R)
- Rep. Gowdy assumes chair of the House Oversight & Reform Committee (July 2017)
- Sen. Johnson retains chair of the Senate Homeland Security and Governmental Affairs Committee
- Restart process for POTUS to name USPS Board of Governors nominees (9 vacancies)



## USPS: HR 756 – Postal Reform Act of 2017

- Addresses U.S. Postal Service (“USPS”) retiree health benefits funding by automatic enrollment in Medicare Part A and B.
- Cancels the unpaid obligations for future retiree health benefits as required under the Postal Accountability and Enhancement Act of 2006.
- Requires recalculation of USPS payments into the federal retirement funds, and reimburses the USPS for any overpayments into the fund (over 30 years).
- Reduces the Board of Governors from 9 members to 5 members.
- Requires business to move to centralized (e.g., cluster box) delivery and the “voluntary” conversion of residential addresses to centralized delivery if 40% of residents consent to the plan.
- Restores half of the Exigent Rate Case increase (2.15%), making it the new base rate for future increases.
- Directs the Postal Regulatory Commission (“PRC”) to study the rate making system.
- Authorizes the USPS to provide services (including facilities) to federal, state, local and tribal government agencies.
- Reduces the review period on post office closings from 120 days to 60 days.



## USPS: HR 756 – Postal Reform Act of 2017

- Positive
  - Bi-partisan bill  
(Chaffetz, Meadows, Ross, Cummings, Connolly, Lynch)
  - Resolves funding issues, frees up investments dollars
- Negative
  - Rep. Chaffetz resigned his seat
  - Medicare is the lynchpin
  - Rank and file from both parties may not support



## USPS: Legislation Update – 115<sup>th</sup> Congress

- NO presidentially appointed members of the USPS Board of Governors
- No scheduled hearings for the 3 nominees (Duncan, Tucker, and Williams) to the Board of Governors by President Trump (11/10/17)
- NO Senate version of Postal Reform Act



## U.S. Senators

The Honorable John Cornyn (Dear Senator Cornyn)  
5001 Spring Valley RD, 5001 Spring Valley Road  
Dallas, TX 75244  
Phone: (972) 239-1310  
<https://www.cornyn.senate.gov>

The Honorable Ted Cruz (Dear Senator Cruz)  
3626 N. Hall St, Suite 410  
Dallas, TX 75219  
Phone: (214) 599-8749  
<https://www.cruz.senate.gov>



## USPS: 2018 Rate Case

Class	Percent Change
First-Class Mail	1.905
USPS Marketing Mail	1.908
Periodicals	1.924
Package Services	1.960
Special Services	1.986

- Rates effective - January 21, 2018
- Pre-authorization from Board of Governors (2016)
- Follows CPI Rule
- PRC approved both Market Dominant and Competitive Products
- No Mailing Promotions (yet)



## USPS Rates: First-Class Mail

	Current	New	Change	Percent Change
Stamped Single-Piece	\$0.49	\$0.50	\$0.01	2.0
Metered Single-Piece	\$0.46	\$0.47	\$0.010	2.2
MAADC Automation	\$0.423	\$0.424	\$0.001	0.2
AADC Automation	\$0.403	\$0.408	\$0.005	1.2
5-Digit Automation	\$0.373	\$0.378	\$0.005	1.3

- 50-cent stamp for Single-Piece
- 3-cent discount for metered single-piece
- \$0.003 discount for Full-Service IMb
- New Move Update Assessment Method



## USPS Rates: USPS Marketing Mail

Product	Percent Change
Letters	1.970
Flats	2.118
Parcels	2.768
High Density / Saturation Letters	2.378
High Density / Saturation Flats and Parcels	1.086
Carrier Route	2.031
Every Door Direct Mail – Retail	0.565
Overall	1.908



## USPS Rates: The Best Deal for Mail on the Planet

<b>US</b>	<b>\$0.50</b>
Canada	\$0.68
Japan	\$0.73
Australia	\$0.78
Germany	\$0.82
Great Britain	\$0.85
France	\$0.86



## USPS Rates: Success – Today & Tomorrow

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





## 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 7 million today
- Mailer Website: [usps.com/informeddeliverycampaigns](https://usps.com/informeddeliverycampaigns)



## 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](#)



## 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)



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-Presentation
- Comprehensive Communication Plans
- Sourcing
- Operations Management



## 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



## 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)



## 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



## 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



## 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





## 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



## 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



## 2018 National Postal Forum

Come join us at the San Antonio Convention Center for the 2018 National Postal Forum  
**May 6 - 9 in San Antonio, TX.**

### Opportunities to Save!!!!

- **Early Bird Rate** until February 16, 2018.
- **PCC Discount** - If you are a member of a PCC, you can save \$100 off of a Full registration or \$50 off of a Three-Day or Two-Day registration.
- **Multiple Employee Discount** - If your company is sending more than one employee to NPF, each individual who registers after the first employee may deduct \$25 off of their registration.
- **Hotel Discount** – You can receive \$150 off a Full or Three-Day registration just by booking your hotel room reservation at one of the four NPF partner hotels using NPF's online registration system.
- To learn more about registration options and opportunities to save visit [WWW.NPF.ORG](http://WWW.NPF.ORG) for details.



## 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

Learn more at: [www.berkshire-company.com](http://www.berkshire-company.com)

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## Questions?

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