



Customer Supplier Agreement (CSA) Process Lead Time Reduction

Joint Lean Six Sigma Black Belt project between the CIO, VP Network Operations and Mailers

PROJECT TITLE: Customer Supplier Agreement (CSA) Approval Lead Time Reduction

WHAT IS A CSA?

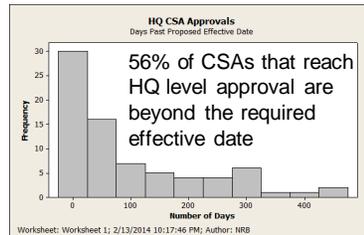
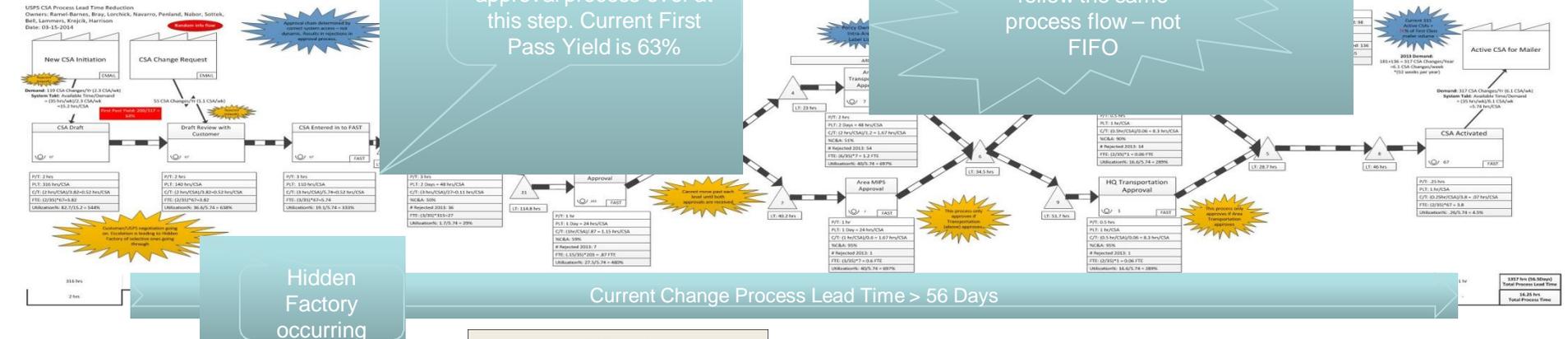
- Bilateral agreement between USPS and First Class mailers
- Separate mail by 3-digit zip code in exchange for a later delivery time to the USPS mail processing
- Some agreements allow for entry directly into our transportation network (i.e., STC and THS) bypassing the origin processing facility
- One less handling in our network of this mail is worth at least \$56 Million per year in labor costs

PROJECT BACKGROUND

- Existing 315 CSAs encompass approximately 30 Billion pieces of mail a year, which accounts for 49% of our first class mailer volume
- The delayed approval of a CSA change, and the interim use of the existing CSA, causes USPS rework and supplier frustration and potential service impact

Customer Supplier Agreement (CSA) Process Lead Time Reduction

CURRENT CONDITIONS



Number of days past proposed effective date for current CSAs in Approval status (as of 12-21-13)

- Max is 449 days

PROBLEM STATEMENT

The CSA approval process is currently taking more than 2 months [HQ requirement is 15 days] and in 2013 of CSAs that made it to final approval, 56% of the time extended beyond the original CSA effective date. The current First Pass Yield is 63%, causing tremendous rework and inflated demand on the system. In addition, the approval chain is not dynamic. In 2013 8.5% of CSAs required a HQ override approval creating a hidden factory of escalation to obtain approval.

S.M.A.R.T. GOALS

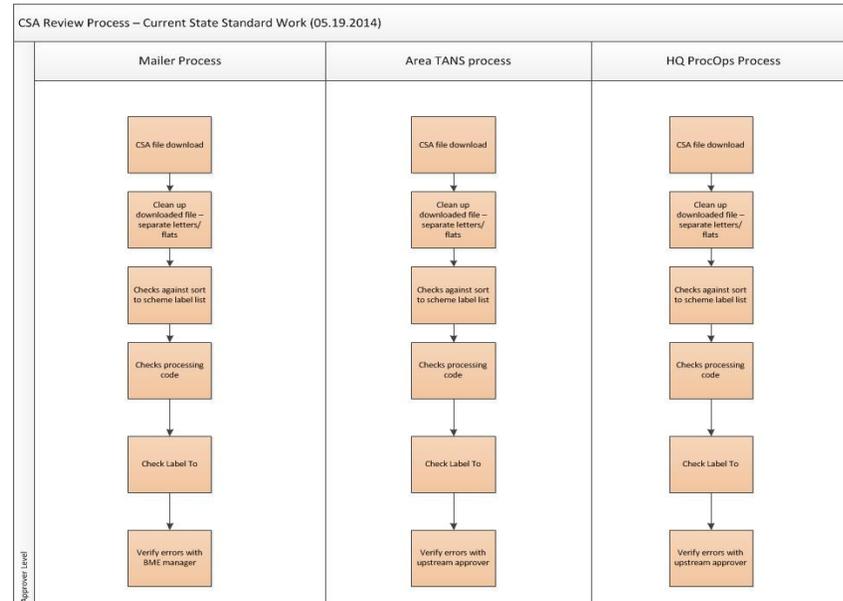
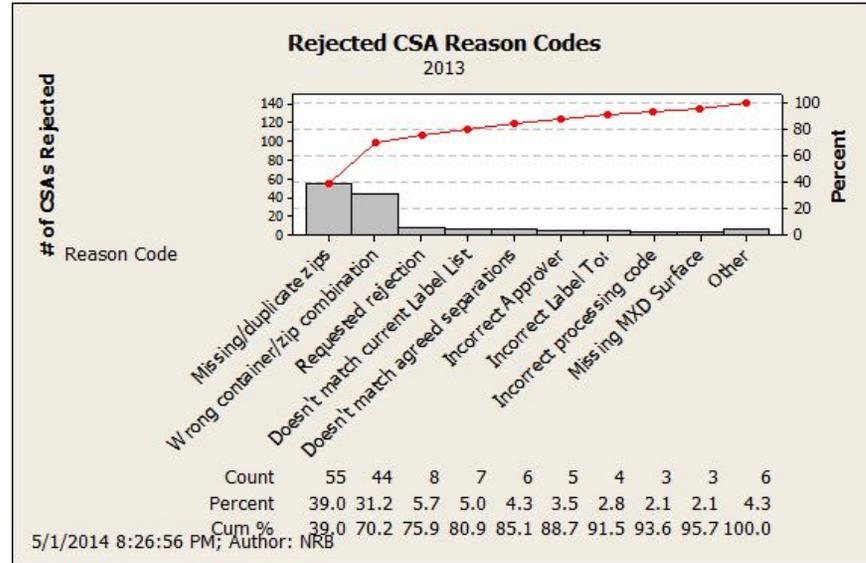
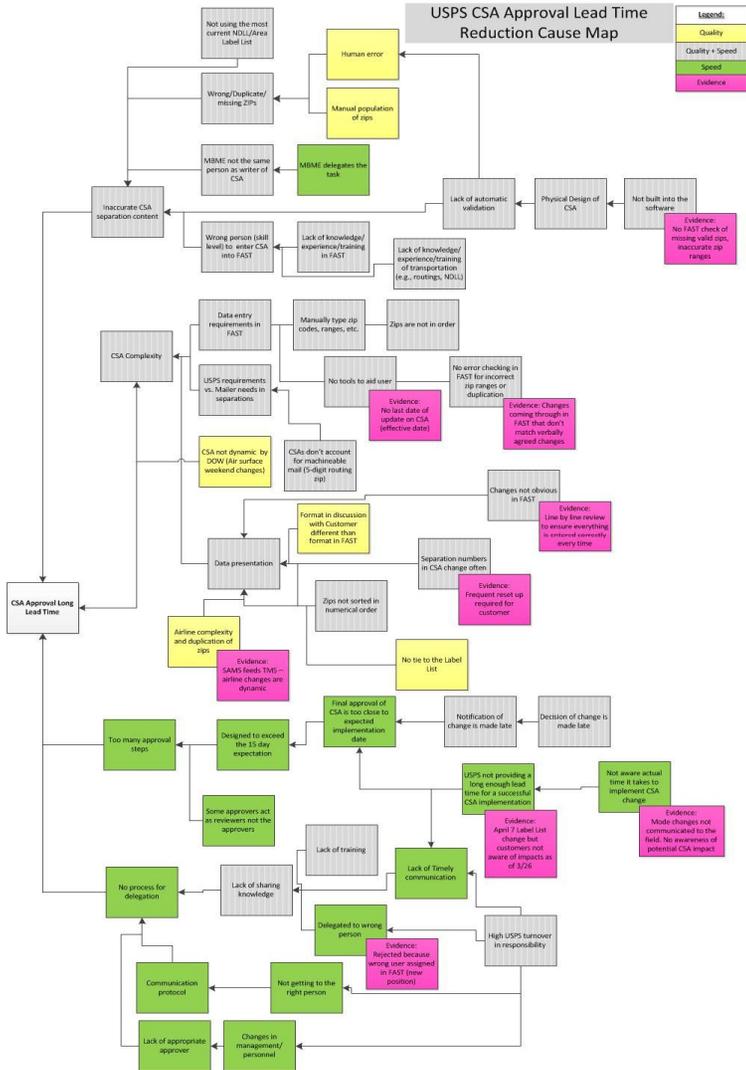
Increase the system First Pass Yield from 63% to 80% by August 1, 2014

Reduce Approval Process Lead Time from 56 days to less than 30 days by October 1, 2014

Process all CSAs by Effective Date by June 2015

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ANALYSIS

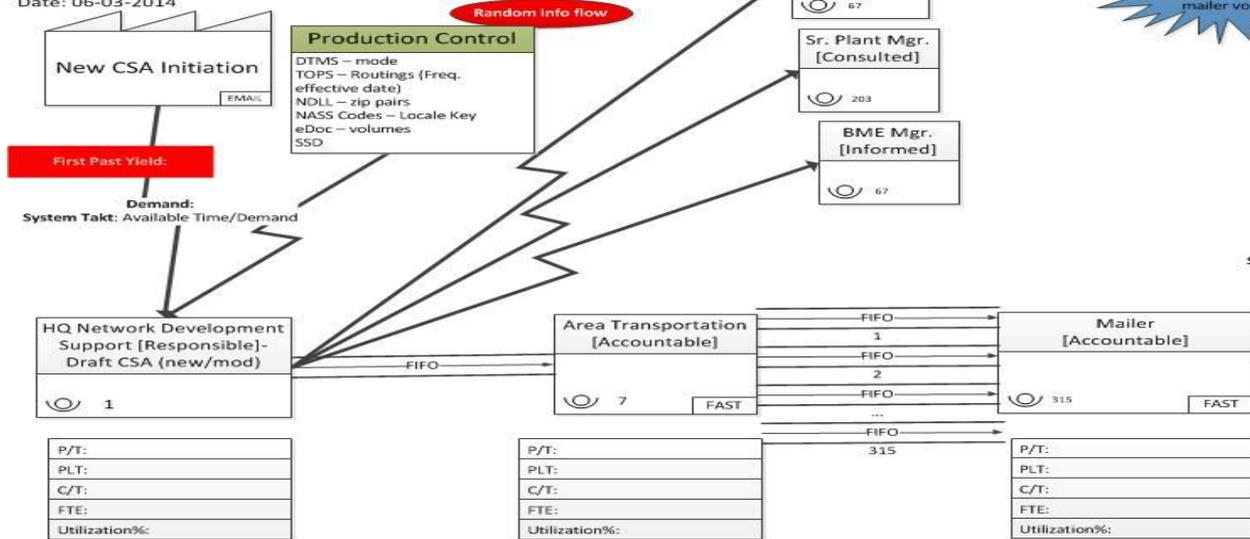


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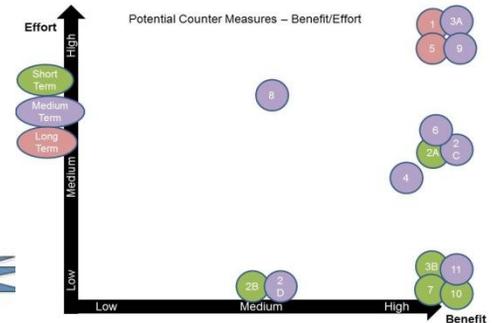
Future State Value Stream Map

- Hypothesis: FPY will increase to 80% and Approval Process Lead Time will Reduce to 30 Days

USPS CSA Process Lead Time Reduction
 Future State Value Stream Map – Long Term Solution
 Owners: Ramel-Barnes, Bray, Lorchick, Navarro, Penland, Nabor, Bell, Ware, Krejcik, Jeffries, Harrison
 Date: 06-03-2014



Current 315 Active CSAs = 50% of First Class mailer volume



- Improvements – Short Term

Potential Countermeasures				
#	Validated Root Cause	Countermeasure	Status	Timeline for Completion
7	No approver edit abilities. If error found must reject.	Allow Area Transportation to edit CSA in the approval process + activate	In Process	Short (S) = 1 month
10	Current point of contact not the owner of CSA data so possible delay in answering questions and making corrections	Provide one point of contact between CSA content subject matter expert and mailer	In Process	Short (S) = 1 month
2A	Every approver must conduct the same analysis	Reduce approver role to only critical people. Move other stakeholders as informed or consulted role.	Tactical A3	Short (S) = 1 month
2B	Every approver must conduct the same analysis	Excel Exports: Container Label and Associate Container Label to contain	Tactical A3	Short (S) = 1 month
3B	Mailer export doesn't match verbal agreement	Clarify operational definitions	Tactical A3	Short (S) = 1 month

- Next Steps:

Description	Expected Benefit	Status	Due Date
Present Pilot plan to VP Business Mail Entry	Review plan for improvement and receive by in to move forward	Complete – follow up on new idea	June 15
Pilot short term solutions	FPY increase to 80% Lead Time reduction to 30 days	In process	Sept 1