

Mailers Technical Advisory Committee Workgroup # 114
Establish Service Standards and Measurement
Draft Recommendations
September 2006

1. Service Standards Review Process

The workgroup discussed at length the need for formal processes to review service standards in the future, as well as the need for better communication processes when service standards are changed. The workgroup's recommendations outlined below pertain to minor changes in service standards, more significant changes in service standards, and the need for a formal review of the standards recommended by the workgroup in the current process as additional service performance data becomes available. The workgroup stresses that changes in service standards should not be made purely to relax standards because the USPS is not achieving service performance goals.

1.1 Routine/Minor Changes in Service Standards

The USPS currently makes minor changes to service standards on a quarterly basis to reflect plant consolidations and ZIP Code realignments. These changes currently are incorporated into the USPS Service Standards software program, but no separate communication of the changes is made to mailers.

The workgroup noted that even changes in service standards which the USPS may consider to be "minor" can have a profound impact on certain constituencies whose operations and processes are designed around the existing service standards for a specific geographic area. For instance, remittance mailers often determine the location of their processing centers due to the service standards/performance of the postal facility for that region. ZIP Code realignments or changes in service standards for that postal facility could severely negatively impact the remittance mailer.

The workgroup recommends that the USPS:

- a. Provide ample advance notification to impacted mailers of changes in service standards, and provide an opportunity for feedback from local mailers whose business models are based on the service standards for that postal facility/
- b. Include a feature in the Service Standards software that would allow the user to easily identify the changes in standards since the last release of the software.

Lacking that change, the USPS should at a minimum include a hardcopy listing of the changed service standards with the software distribution.

1.2 Significant Changes in Service Standards

The workgroup recommends that a formal process be developed for reviewing service standards in the future (other than for minor adjustments as the USPS currently makes for routine plant consolidations or ZIP Code realignments). This process should, at a minimum, include:

- a. **A regularly scheduled review process.** The workgroup recommends that service standards for all market-dominant products be reviewed on an annual basis.
- b. **Triggers that would initiative an off-schedule review.** The workgroup recommends that certain events would trigger a review of service standards outside of (or in addition to) the regular annual schedule. Such events include, but are not limited to, significant USPS network redesign, deployment of new processing equipment (e.g., Flats Sequencing System deployment), or other significant events that impact USPS network, processing, or transportation capabilities.

The workgroup recommends that customers be able to formally request an off-cycle review of service standards through the USPS (with appeal to the Postal Regulatory Commission if the USPS were to deny the review), or the USPS could initiate such a review.

The review process should include an analysis of the USPS' network capability, validation/update of USPS business rules that underlie the existing service standards, proposed changes to the standards, costs of alternatives, and mailer impacts (such as changes in Critical Entry Times or days to delivery).

- c. **A formal mechanism for customer input.** The workgroup strongly recommends that there be a formal mechanism for customer input when events trigger a significant change in service standards.

The USPS should provide impacted constituencies ample advance notice of proposed changes to service standards, as well as ample opportunity for those constituencies to provide feedback on the impact of the proposed changes.

This mechanism should include, at a minimum, a formal comment period through the *Federal Register* process, but the workgroup recommends that the USPS also engage impacted customers/service providers/trade associations in meetings to discuss significant changes in service standards to gain input on the impact to those constituencies.

1.3 Review of Service Standards Developed in 2006

The workgroup stresses that the service standards it has recommended in this process, which will begin in December 2006 (as required under the new law), in some cases were recommended as a good starting point for service standards because detailed service performance data is not yet available with which to make more educated decisions/recommendations.

To that end, the workgroup recommends that as more detailed service performance measurement data becomes available, the USPS, the PRC, and mailers should formally re-visit the service standards and evaluate whether they appropriately reflect the needs of business mailers and the USPS' network capabilities. The workgroup identified the following specific areas where additional service performance data could allow better recommendations for service standard adjustments:

- a. **Non-Contiguous United States locations.** While some industry and USPS service performance data on mail to/from non-contiguous U.S. locations (e.g., Hawaii, Guam, Puerto Rico, Alaska, etc.) was used in developing the workgroup's service standards recommendations, both the industry and USPS acknowledged that additional data would be helpful and could lead to adjustments in the service standards for these locations.

The workgroup recommends that once adequate service performance data is available for the non-contiguous U.S. locations, the USPS and industry should re-visit the service standards for those locations to evaluate whether adjustments are appropriate based on the USPS' network capabilities and needs of business mailers.

The workgroup agreed that service standards for these locations should be evaluated by location as the USPS' network capabilities and business mailer's needs in terms of service standards vary by location.

- b. **Forwarded/Returned Mail.** The workgroup explored the possibility of adjustments to service standards for mail that is forwarded or returned.

Because the USPS' Postal Automation Redirection System (PARS) deployment was not yet completed, the workgroup lacked the data necessary to make more informed recommendations on service standards adjustments appropriate for forwarded/returned mail. The workgroup recommends that this issue be re-visited upon complete deployment of PARS and availability of service performance data for forwarded/returned mail.

1.4 Communication

The workgroup agrees that communication of service standards in general, and changes to those standards, is a critical element of the process.

- a. **Communication of New Standards Implemented in Dec 2006.** The workgroup recommends that the USPS engage in a comprehensive education/communication plan when significant changes in service standards are made, beginning with the standards to be implemented in December 2006.

Target audiences should include consumers, business mailers, service providers and USPS employees. Communications vehicles should include business mail publications, trade association publications, USPS publications, *DMM Advisory*, retail lobby signs/posters, consumer communication vehicles, and USPS internal education/training mechanisms.

- b. **Communication of Service Standards Changes.** The workgroup recommends that the USPS provide ample advance notification to impacted constituencies of changes in service standards. As described above, a customer feedback/comment process should be included for significant changes in service standards, as well as local changes that could severely impact specific businesses with operating models built upon USPS service standards.

The workgroup recommends that the USPS develop (or enhance existing) dedicated sections on its usps.com web site to provide information on service standards (by product), as well as provide service measurement reporting data. This web site area should include public notice in advance of changes to service standards. In addition, the workgroup recommends the USPS utilize its *DMM Advisory* (or similar e-mail alert system) to notify mailers of changes in service standards.