

**MTAC Focus Group Sessions
May 16, 2012**

Preparation & Entry (Operations)
Focus Group Session Notes

Dave Williams, VP, Network Operations, USPS

Todd Black, MTAC Industry Leader for Entry and Preparation

USPS Industry Engagement & Outreach Facilitator for Preparation & Entry Focus Group: Margaret Pepe

FG 1: First-Class Mail 9:00 am – 10:30 am

Sharon Harrison, MTAC Industry Leader for First-Class Mail

USPS Industry Engagement & Outreach Facilitator for First-Class Mail: Lewis Johnson

1. Update on action items from last meeting

- Structured release schedule webinars were held on March 13 and May 2, 2012. Presentation is posted on RIBBS.
- Posted web-based service standards maps on RIBBS on March 30, 2012.
- Mail Transport Equipment (MTE) informational webinar conducted on May 14, 2012. Presentation is posted on RIBBS.
- Joint USPS/Industry Steering Committee is being established to explore efficiencies, costs, and value-added opportunities for mail preparation and entry. Representatives from all classes of mail will be included.

2. Service performance

- Graph presented to show that performance levels for all classes of mail are at all-time highs.
- Diagnostic data from IMb Full Service contributed to overall service performance.
- Suggestion made to share performance levels with industry to promote service achievements.

3. Status of network rationalization

- Received 101 written comments in response to the Proposed Rule on Revised Service Standards for Market-Dominant Products published on December 15, 2011, in the *Federal Register*.
- PMG expected to make a Network Rationalization announcement on May 17, 2012; an *Industry Alert* will be sent as follow-up.
- Final business rules will include Critical Entry Times (CET) and point-to-point Service Standard directory. *Federal Register* is expected to publish the Final Rule on Revised Service Standards for Market-Dominant Products during the week of May 21, 2012.

4. Discussion notes:

- Customer Supplier Agreement (CSA) changes, timeline. Current CSA process allows for a 15-day approval and changes aren't clearly identified. Suggestion made to establish a report to identify CSA changes and streamline the CSA approval process.
- Areas are now including and reaching out to First-Class mailers to participate in the area focus groups. Area focus group schedules and leaders are posted on the RIBBS website (on the MTAC page, under the "Non-MTAC Information and USPS Contacts" bar at the bottom of the page).
- Continuing issues with the *PostalOne!* system. Improvements are needed to stabilize system before IMb Full Service is fully implemented. Key areas: reporting, visibility and ease of use.
- Will the Final Rule (on revised service standards for market-dominant products) impact remittance mailers? The Final Rule addresses the concerns expressed by remittance and

financial mailers by describing how machine operations will expand to 20 hours per day for remittance mail.

- How should Industry/supply chain communicate to USPS on service standard issues? USPS will put together a process for feedback.

Action Items:

1. **Frank Neri** (USPS) will develop a strawman for Industry/supply chain/customers to provide feedback on service issues and anticipated concerns as USPS moves forward with network rationalization implementation.
 2. Input, feedback and enhancements ideas regarding the zone maps should be submitted to **Shibani Gambhir** (USPS).
 3. As follow-up with Industry after the Final Rule is published in the *Federal Register*, **Dave Williams** (USPS) will conduct a webinar on network rationalization.
 4. **Sharon Harrison** and **Todd Black** (both Industry) will canvass the First-Class Mail association members for input regarding mail preparation and entry opportunities.
 5. Provide information at next focus group on Remittance Mail Focus committees.
 6. Customer Supplier Agreement (CSA) suggestions can be sent to **Krista Finazzo** (USPS), who will share with **Pritha Mehra** (USPS) for consideration.
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FG 5: Periodicals 10:45 pm – 12:15 pm

John Stark, MTAC Industry Leader for Periodicals

USPS Industry Engagement & Outreach Facilitator: Ernie Harris

Update on action items from last meeting

- Structured release schedule webinars were held on March 13 and May 2, 2012. Presentation is posted on RIBBS.
- Posted web-based service standards maps on RIBBS on March 30, 2012
- Mail Transport Equipment (MTE) informational webinar conducted on May 14, 2012. Presentation is posted on RIBBS.
- Joint USPS/Industry Steering Committee is being established to explore efficiencies, costs, and value-added opportunities for mail preparation and entry. Representatives for all classes of mail will be included.

Service performance update

- Overview of service performance indicators, trends show significant improvements.
- Diagnostic data generated through IMb Full Service contributed to overall service performance improvements.
- Some FSS drop shipments are not matching the labeling lists and entry at specific locations --
 - USPS is evaluating options and potential changes. Systems (FAST, Label List, etc.) are not designed for separation and entry at a 5-digit level; USPS is exploring opportunities to align, and/or alternatives. Given system impacts, will need to develop both short-term and long-term solutions.
- FSS Critical Entry Times (CET): residual FSS-prepared bundles on SCF pallets could add a day to start the clock – thus service – on the entire pallet.
 - USPS is pushing work to capacity of equipment, not inventory; will reduce cycle time.

Network rationalization status

- Received 101 written comments in response to the Proposed Rule on Revised Service Standards for Market-Dominant Products published on December 15, 2011, in the *Federal Register*.
- PMG expected to make a Network Rationalization announcement on May 17, 2012; an *Industry Alert* will be sent as follow-up.
- Final business rules will include Critical Entry Times (CET) and point-to-point Service Standard directory. *Federal Register* is expected to publish the Final Rule on Revised Service Standards for Market-Dominant Products during the week of May 21, 2012.
- Critical Entry Times (CETs) should not change until service standards changes take effect.

Open discussion

- Positive sign for Periodicals; “containers at risk” report has helped to improve service.
- Systems must account for air freight containers as well as postage statements and e-DOC.
- Hubs will be established where economically and operationally feasible to help drive out transportation costs and improve efficiencies.
- Cannot comingle pallets using L009 and L201 origin mix; the software defaults to the ADC vs. OMX pallet since it’s an optional level. Mailers should continue to build separate OMX containers. Gathering industry feedback before finalizing proposal.
- Decommission of FSM 1000 flat sorters was stalled during the moratorium; intent is to fully eliminate in alignment with network rationalization.
- FSS design 2 is still in operation (Lancaster, PA) and performance is being monitored. Decision will be based on opportunity, available capital, and return on investment (ROI).
- FSS information on RIBBS and the USPS flats strategy both need to be updated.
- USPS is still evaluating Automated Flats (bundle) Prep technology and exploring low-cost options.

Action items

1. Communicate to Industry about Final Rule on service standards via an *Industry Alert*.
2. **Dave Williams** will conduct a webinar on network rationalization as follow-up with Industry after *Federal Register* Final rule is published.
3. **Dave Williams** and **Krista Finazzo (USPS)** will verify whether IBM reporters survey business Periodicals in addition to consumer Periodicals, and in small towns for community newspapers.
4. **Frank Neri, Krista Finazzo** and **Shibani Gambhir (all USPS)** will evaluate split 5-digit pallets for entry and gather additional industry input as needed.
5. Integrate air box containers used by freight forwarders into systems; currently, not official container -- receives no container scan, not represented on postage statements. Should evaluate cost of handling. **Joyce McGarvy** (Industry) will provide list to USPS of specific sites air boxes are entered.
6. Invite **Mike Amato** (VP, Engineering Systems) to August 15, 2012, focus group session to discuss automated flats prep strategy.

FG 9: Standard Mail 1:30 pm – 3:00 pm**Wanda Senne, MTAC Industry Leader for Standard Mail**

USPS Industry Engagement & Outreach Facilitator: Tonya Dodson

Update on action items from last meeting

- Structured release schedule webinars were held on March 13 and May 2, 2012. Presentation is posted on RIBBS.
- Posted web-based service standards maps on RIBBS on March 30, 2012.
- Mail Transport Equipment (MTE) informational webinar conducted on May 14, 2012. Presentation is posted on RIBBS.

- Joint USPS/Industry Steering Committee is being established to explore efficiencies, costs, and value-added opportunities for mail preparation and entry. Representatives for all classes of mail will be included.

Service performance update:

- Overview of service performance indicators, trends show significant improvements.
- Field has put steps in place to reduce cycle time (work in process) to improve service performance.
- Diagnostic data generated through IMb Full Service contributed to overall service performance improvements.
- Further explanation needed on “stop the clock” rules for service performance measurement.
- Using the web-based diagnostic tool, USPS can drill into the data and identify site-specific problems to be addressed; this type of analysis improves service performance.
- List of issues provided to Industry/Postal chairs:
 - MTE inventory: some areas still have shortages in specific types of equipment.
 - FAST appointments – available, but shipments not accepted for various reasons. USPS is adding more appointments, but industry is not always making current appointment times. USPS is adding more controls to address appointment and volume constraints.
 - Address issues on documentation with drop shipment redirects (NDC to SCF, and vice versa). Specific sites should be provided to **Frank Neri** (USPS).

Status of network rationalization

- Received 101 written comments in response to the Proposed Rule on Revised Service Standards for Market-Dominant Products published on December 15, 2011, in the *Federal Register*.
- PMG expected to make a Network Rationalization announcement on May 17, 2012; an *Industry Alert* will be sent as follow-up.
- Final business rules will include Critical Entry Times (CET) and point-to-point Service Standard directory. *Federal Register* is expected to publish the Final Rule on Revised Service Standards for Market-Dominant Products during the week of May 21, 2012.
- Standard Mail Business Rules not changing for contiguous US; non-contiguous US will be realigned to match network capability.
- Thorough implementation plan developed with input from Industry.

Additional discussion

- MTE availability and repositioning plans, including USPS efforts to increase plastic pallet inventories.
- Some DDUs refusing to accept wood pallets.
- FSS design 2 is still in operation (Lancaster, PA) and performance is being monitored. Decision will be based on opportunity, available capital, and return on investment (ROI).
- FAST System enhancements will reduce appointment availability and volume capacity constraints. Appointment times and number of slots will be reviewed by HQ.
 - System will now reflect NJ NDC Sunday appointments.
- Handle non-palletized containers by identifying the courtesy label on the container, which should speed up the verification process. When PS 8125 identifies the number of units, USPS must count each one.
- SCF will accept co-palletized PS 8125 with NDC mail that is identified and charged accordingly.

Action items

1. **Frank Neri** (USPS) will develop a strawman for customers to provide feedback on service issues and anticipated concerns as USPS moves forward with network rationalization implementation.
 2. Industry should identify specific delivery units that will not accept wood pallets to **Dean Granholm** (VP, Delivery & Post Office Operations USPS) for follow-up.
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FG 13: Package Services 3:15 pm – 4:45 pm**John Medeiros, MTAC Industry Leader for Package Services**

USPS Industry Engagement & Outreach Facilitator: Neena Dhuria

Update on action items from last meeting

- Structured release schedule webinars were held on March 13 and May 2, 2012. Presentation is posted on RIBBS.
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- Mail Transport Equipment (MTE) informational webinar conducted on May 14, 2012. Presentation is posted on RIBBS.
- Joint USPS/Industry Steering Committee is being established to explore efficiencies, costs, and value-added opportunities for mail preparation and entry. Representatives for all classes of mail will be included.

Service performance update

- Overview of service performance indicators trends. Package service performance at 92.97% overall; Parcel Select at 99.29% overall.
 - Use available data to ascertain where there may be potential service failures and opportunities throughout the supply chain.
 - Diagnostic data is effective tool in ensuring service performance achieved.
 - Given small margin, need to dissect the “outliers” to drive overall performance.
 - Industry perspective is that service performance is excellent.

Status of network rationalization

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- PMG expected to make a Network Rationalization announcement on May 17, 2012; an *Industry Alert* will be sent as follow-up.
- Final business rules will include Critical Entry Times (CET) and point-to-point Service Standard directory. *Federal Register* is expected to publish the Final Rule on Revised Service Standards for Market-Dominant Products during the week of May 21, 2012.
- DDU consolidation: evaluates opportunities for consolidating buildings by determining best net present value; Delivery Unit Optimization (DUO) will continue to consolidate carriers in facilities.
- Industry suggested gathering feedback in a formal manner as network rationalization changes are implemented; USPS putting together a strawman concept.
- Hubs will be established where economically and operationally feasible to help drive out transportation costs and improve efficiencies.

Additional discussion

- Current construct of FAST and Label List systems is by 3-digit; more opportunity and greater flexibility would exist at 5-digit level, need to assess system and software impacts.
 - FSS separation and entry based on 5-digit would require software changes; evaluating short-term and long-term options.
- Industry has capacity concerns with consolidations – competition for cycle time on equipment, especially in peak mail periods. USPS evaluates volume capacity and load-balancing alternatives.
- MTE survey for mailers: volume projections to determine equipment needs

ACTION ITEMS:

1. With delivery unit optimization in progress, Industry is interested in plans and specific consolidation numbers. **Dave Williams** (USPS) will invite **Dean Granholm** (VP Delivery and Post Office Operations) to participate in the August 15, 2012, Package Services focus session.
2. **Frank Neri** (USPS) will develop a strawman for customers to provide feedback on service issues and anticipated concerns as USPS moves forward with network rationalization implementation.
3. Current construct of FAST and Label List systems is by 3-digit; **Frank Neri, Krista Finazzo** and **Shibani Gambhir** (USPS) are evaluating short- and long-term options; will gather industry input.
4. Industry still interested in combining Bound Printed Matter flats, similar with FSS prep; Pricing and PRC have rejected idea, need to better understand cost allocation and pricing issues. **John Medeiros** (Industry) will provide proposal on concept to **Krista Finazzo** (USPS) for continued discussion with key stakeholders.