

MAILERS TECHNICAL ADVISORY COMMITTEE

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Chief Operating Officer

February 15, 2012

2012 - Dynamic and Fluid Environment

- ❑ Infrastructure Changes**
- ❑ MTE Update**
- ❑ FSS Stabilization**
- ❑ Service Performance Trends**
- ❑ Customer Outreach Efforts**

Transforming Infrastructure

We Continue to Pursue Opportunities to Streamline Our Infrastructure:

- Network Optimization**
- Delivery Optimization**
- Retail Optimization**
- Facilities Optimization**

Mail Transport Equipment

MTE Planning & Purchasing

Ongoing Evaluate Contributing Factors of Shortage

- After Action Review Conducted*

Ongoing Fall 2012 Preparation

- Established Senior Level Planning Committee*
- Peak Planning – Already Underway*
- Finalize Financial Purchase Plan – Now*

Ongoing Industry Partnership

- Forecasting MTE Needs*
- Report Inventory Levels*
- Order Only Needed Quantities*

FSS STABILIZATION

FSS Stabilization

Ongoing Implement Process Improvements

- Utilizing LSS Replication Process***
 - Upstream Bundle Operations Reviewed for Bypass Mail***
 - Methods on Bundle Preparation Techniques***
 - Staging Lanes Clearly Identified for First in First Out Processing***
 - Just in Time Mail Preparation Within 2 Hrs of Running Sort Program***

Ongoing Daily Scorecard Reports

- Monitor Key Performance Metrics***
 - ***Flats Processed/Hr, Delayed Flats, Automation to Manual***
- Maintenance***
 - ***Machine Availability, Failures, Repair and At-risk Root Cause Analysis***
 - ***Effective Preventive Maintenance Windows***

FSS Stabilization

Ongoing Bi-weekly FSS Performance Telecoms

- Vital Few Plants Identified*
- Engagement*
 - Plant Managers / Area and District Staff
- Review Previous Two-Week Performance*
 - Score Card Indicators / Maintenance Indicators
 - Run Plan Compliance

Ongoing Deploy Tiger Teams

- Provide On-site Assistance & Support*
- 23 Sites Completed With On Site Reviews*
- Abatement Process Completed in 12 Sites*
- All 47 FSS Facilities to be Reviewed in FY 2012*

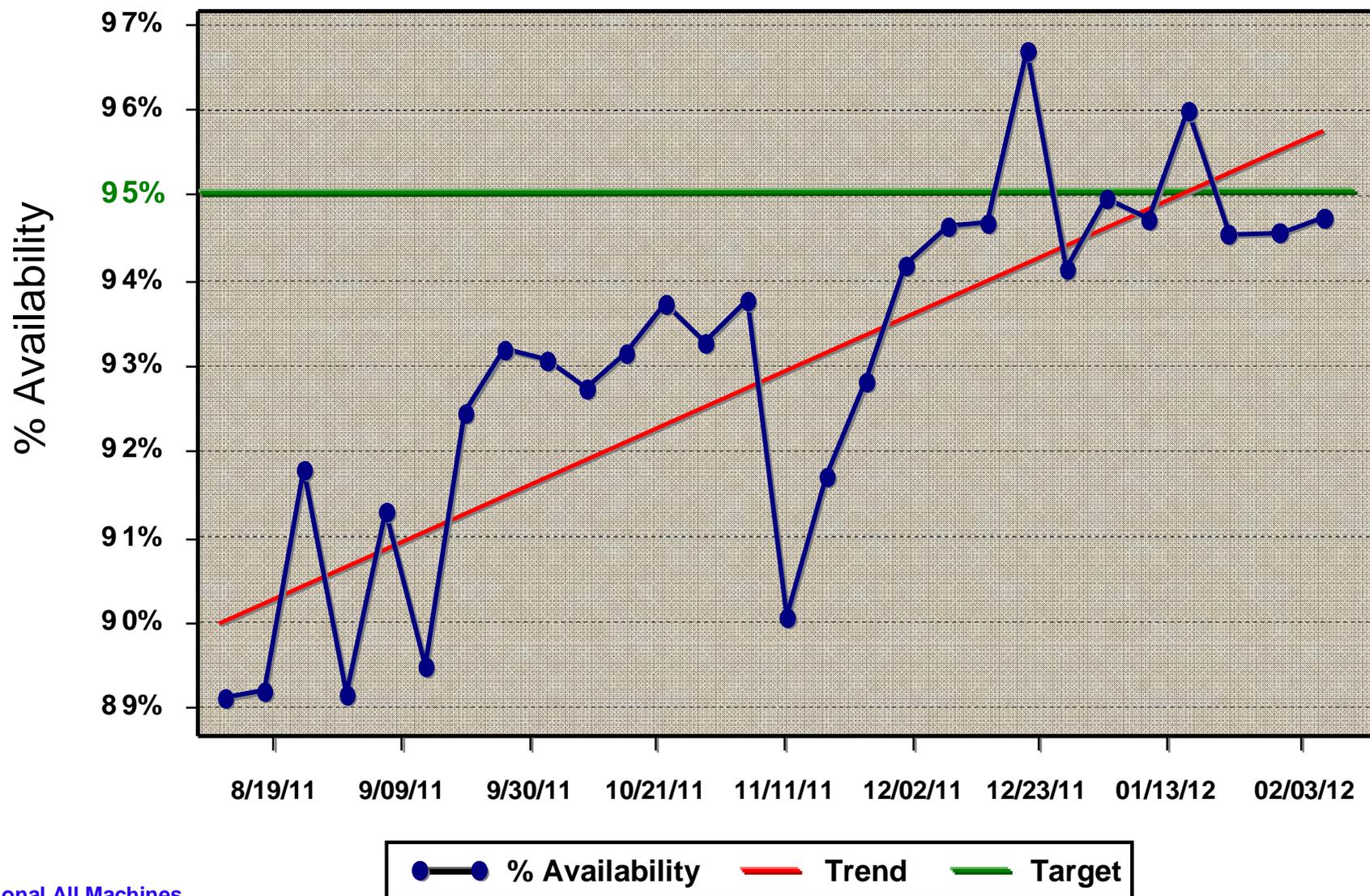
FSS Stabilization

- **Equipment Stability**
 - **Machine Availability**
 - **Mean Time Between Failures**
 - **Mean Time To Repair**

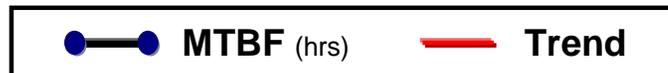
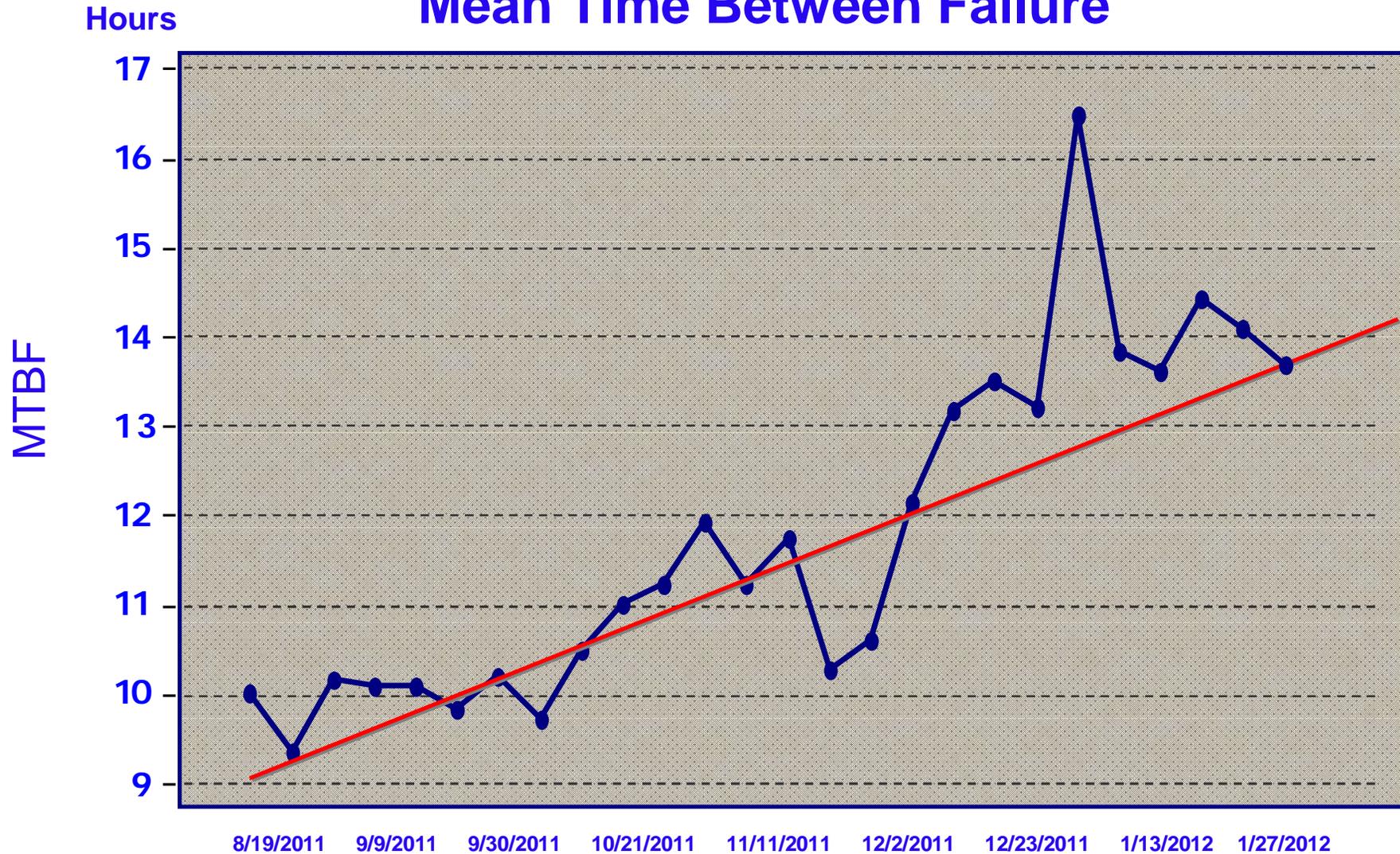
- **Key Performance Metrics**
 - **Flats Processed per Hour**
 - **Automation to Manual Ratio**
 - **Delayed Flats**

- **Quality**
 - **Damaged Mail Reduction Efforts**

Machine Availability

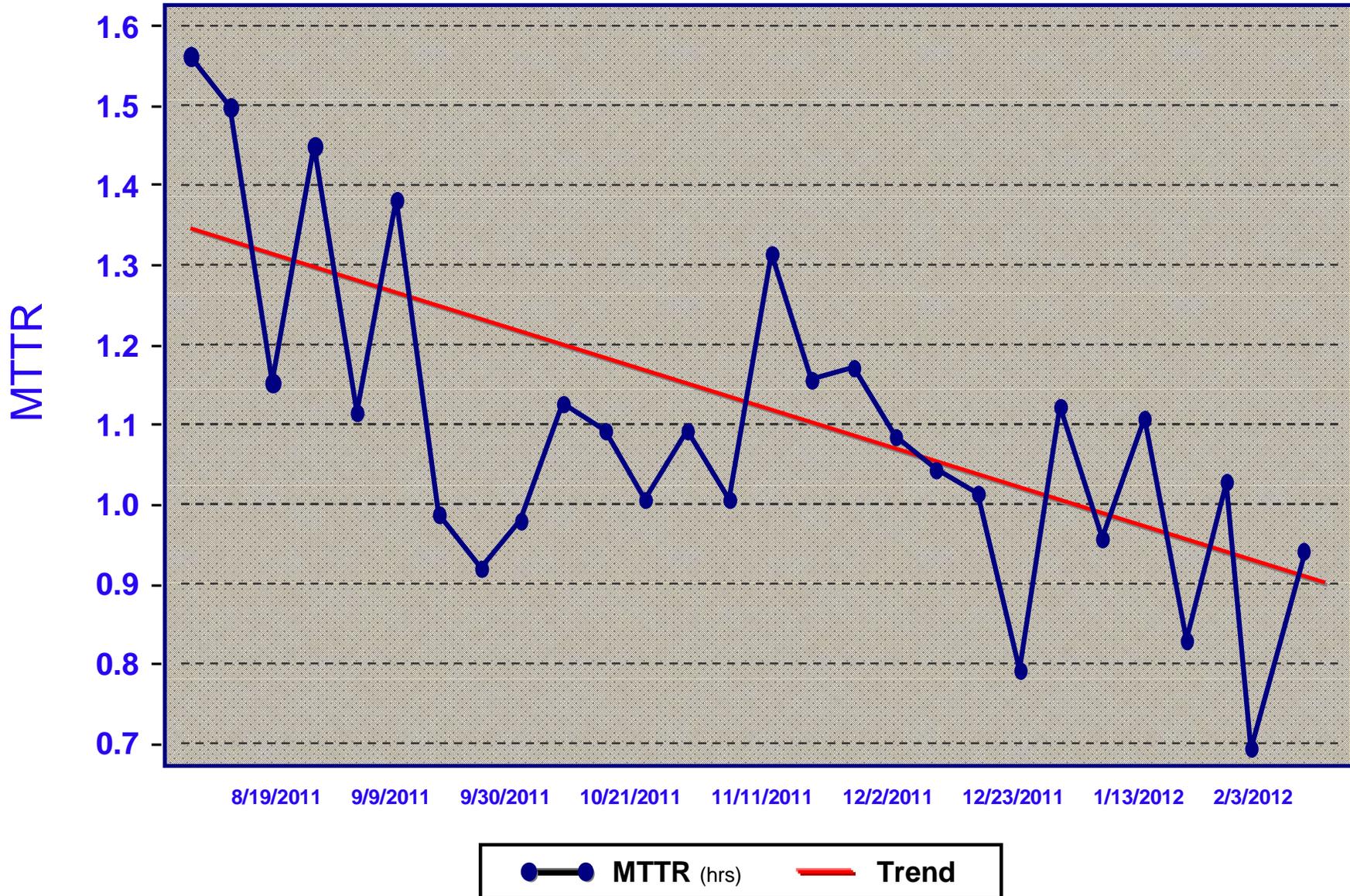


Mean Time Between Failure

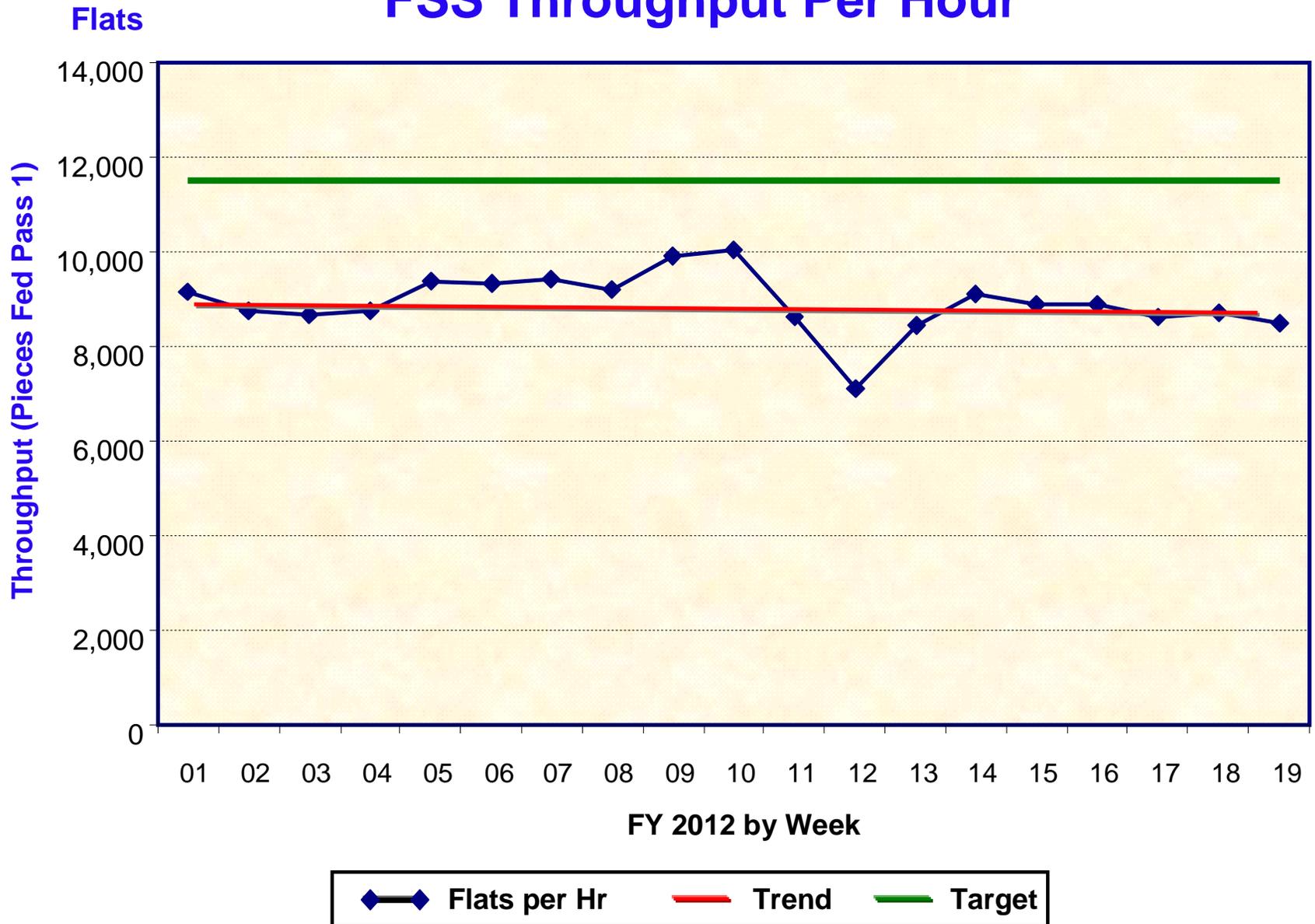


Hours

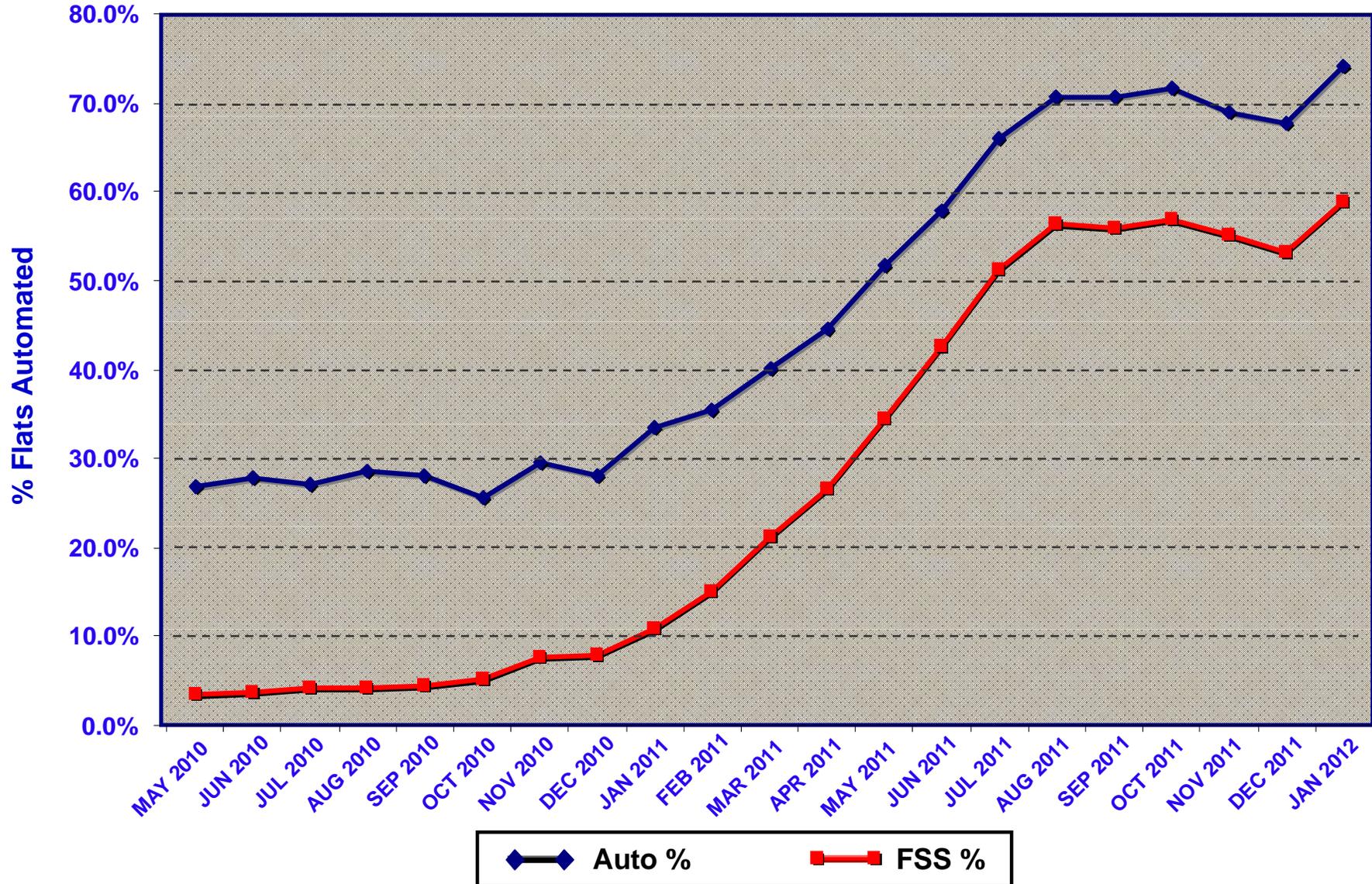
Mean Time To Repair



FSS Throughput Per Hour

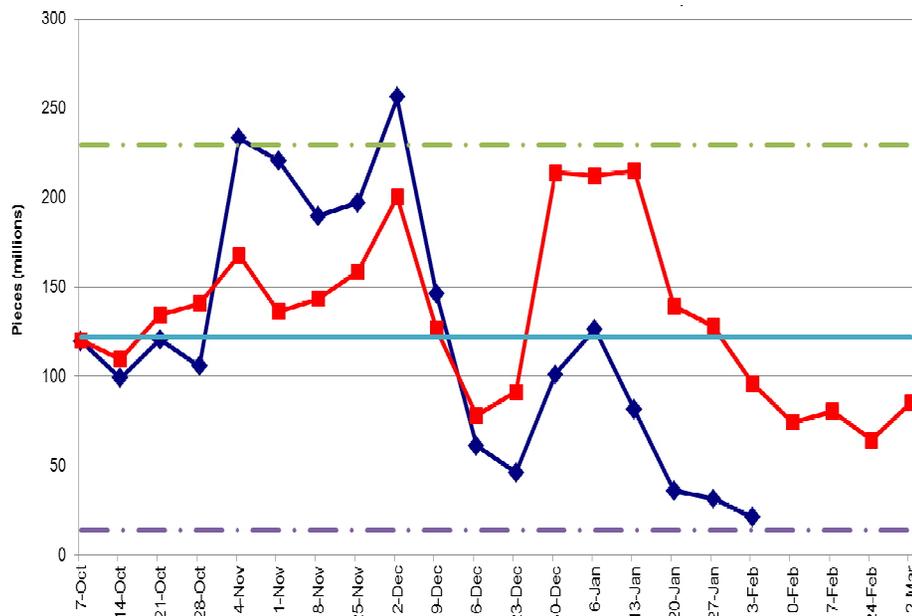


Flats Automation Trend



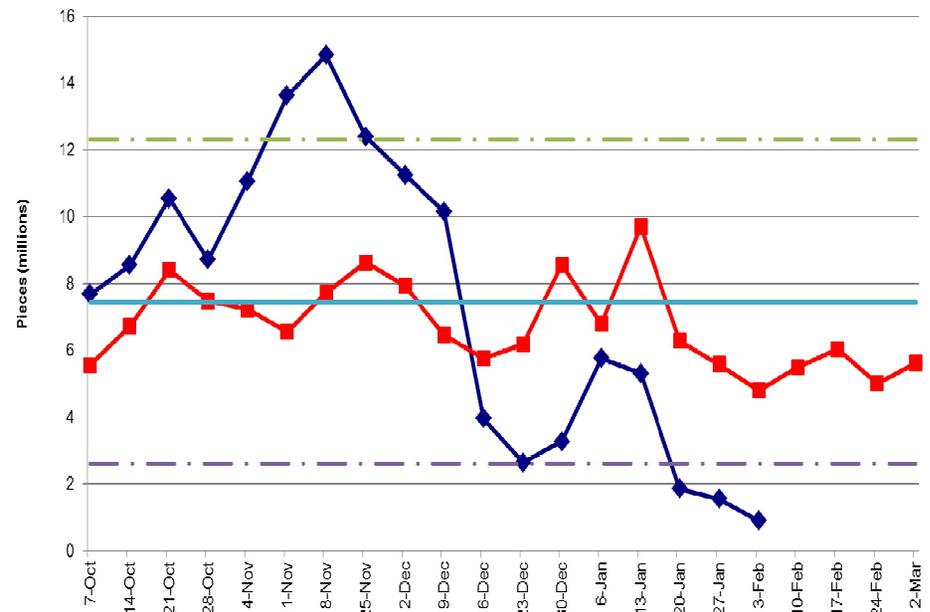
Delayed Flat Volumes

Standard Flats DMF Volume Trend



Qtr 2 to Date - (62.4%) SPLY

Periodicals DMF Volume Trend



Qtr 2 to Date - (53.5%) SPLY



- ❑ **Manage Inventories and Performance**
 - ❑ *Work the Mail – Drive Down Inventories & Delays*
 - ❑ *Increase Utilization and Efficiencies*
 - ❑ *Ensure Day Zero Bundle & Tray Processing*
 - ❑ *Enforce Staging Lanes – Drive First In, First Out*

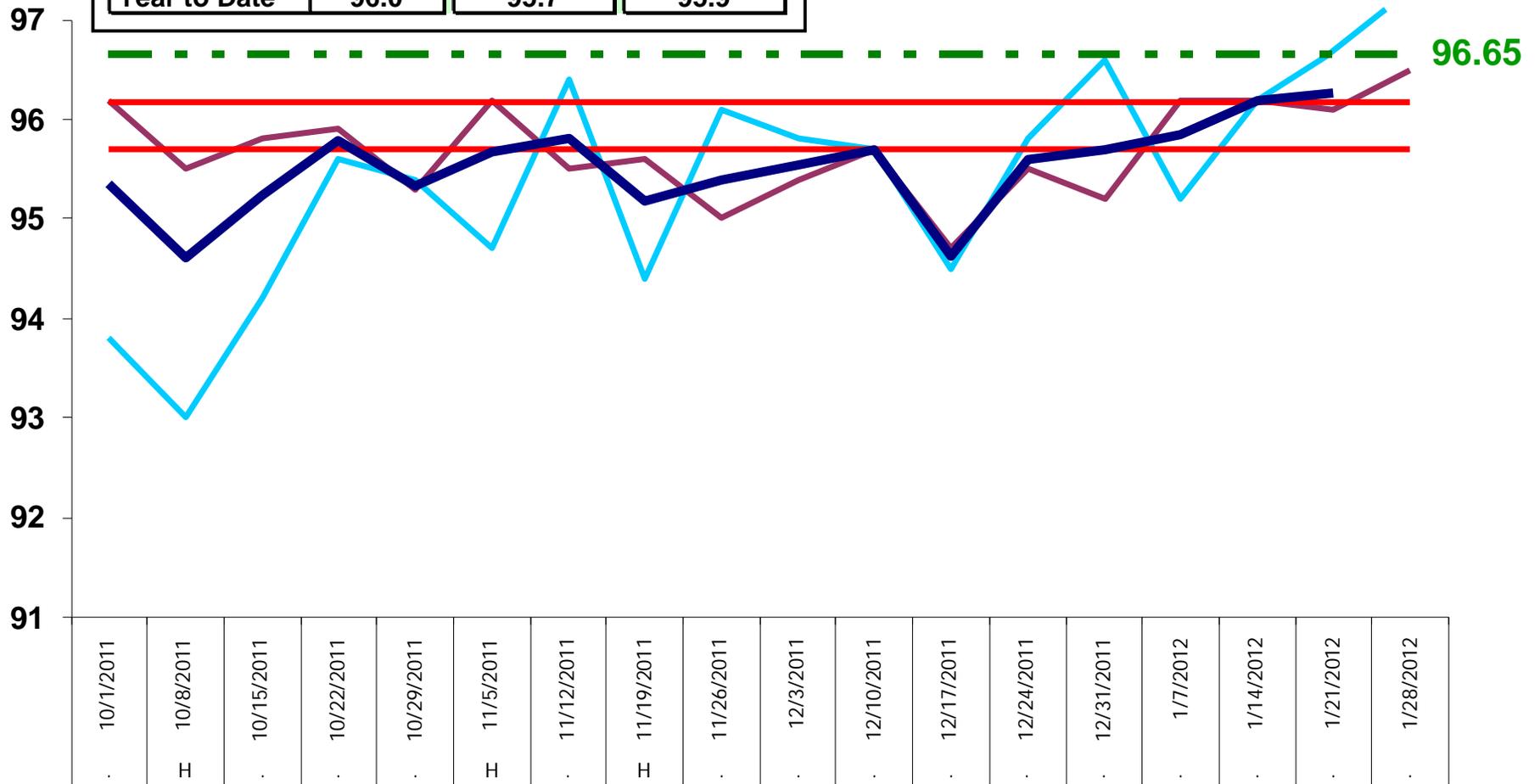
- ❑ **Execute Software and Hardware Enhancements**
 - ❑ *Maintenance Diagnostic Tools*
 - ❑ *Mitigate Hardware Failures*
 - ❑ *Evaluate Material Improvements*
 - ❑ *Minimize Damage*

Service Performance Trends

First Class Mail

	SPFC	PRESORT	COMBINED
Qtr 1	95.9	95.4	95.7
Qtr 2 to Date	96.3	96.4	96.3
Year to Date	96.0	95.7	95.9

Combined First-Class O/N



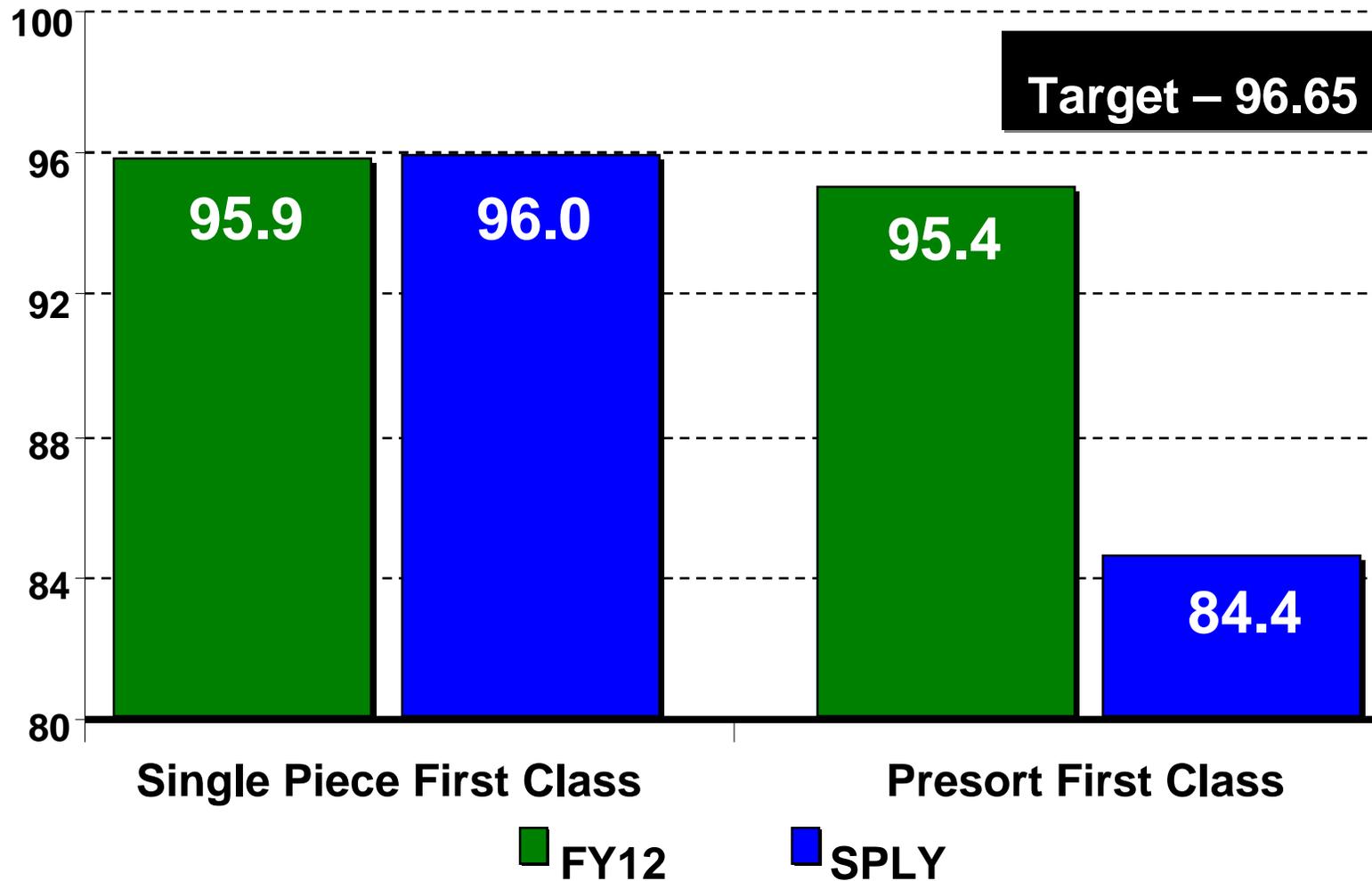
SPFC O/N

Presort O/N

Target

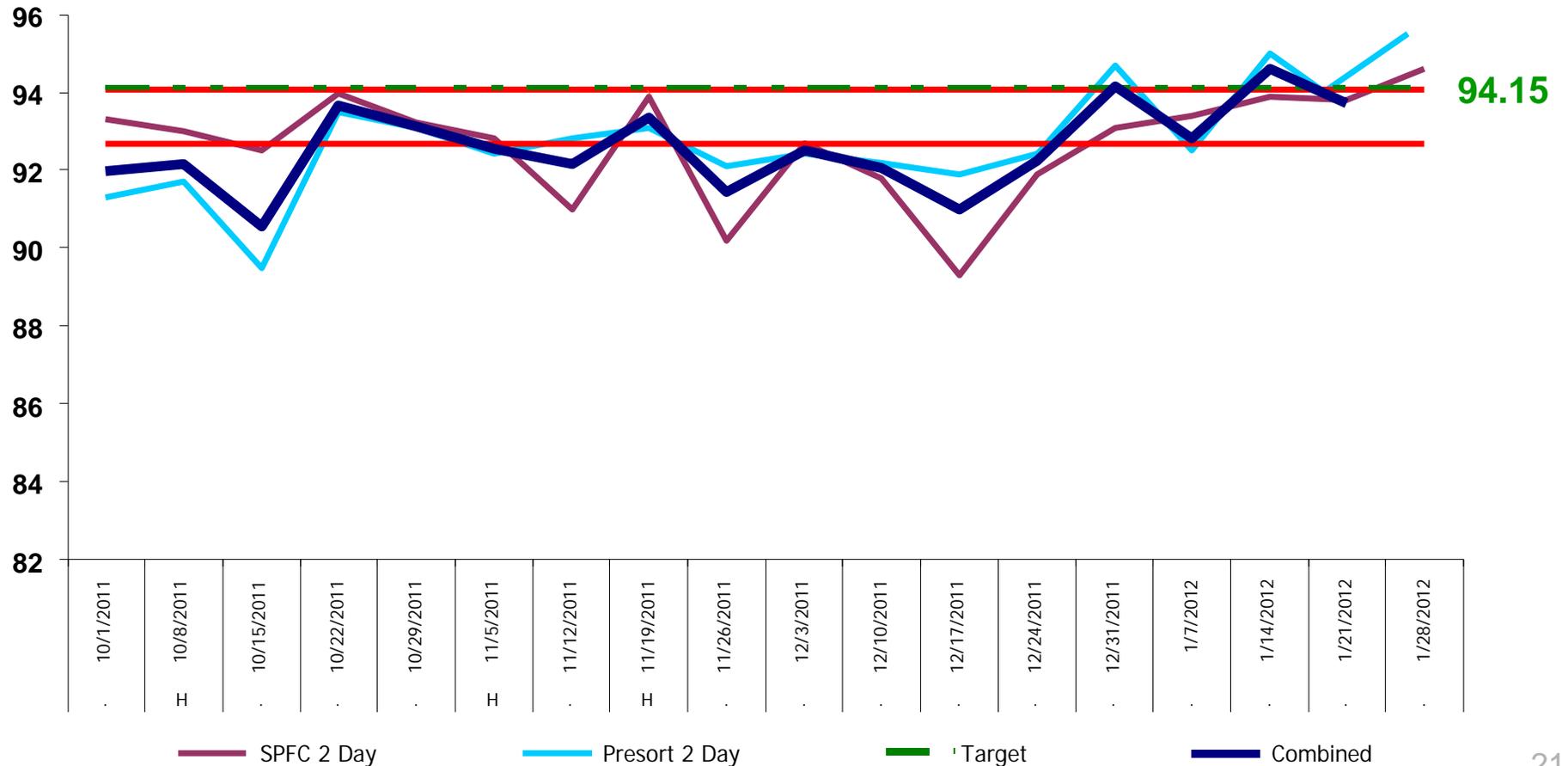
Combined

Overnight

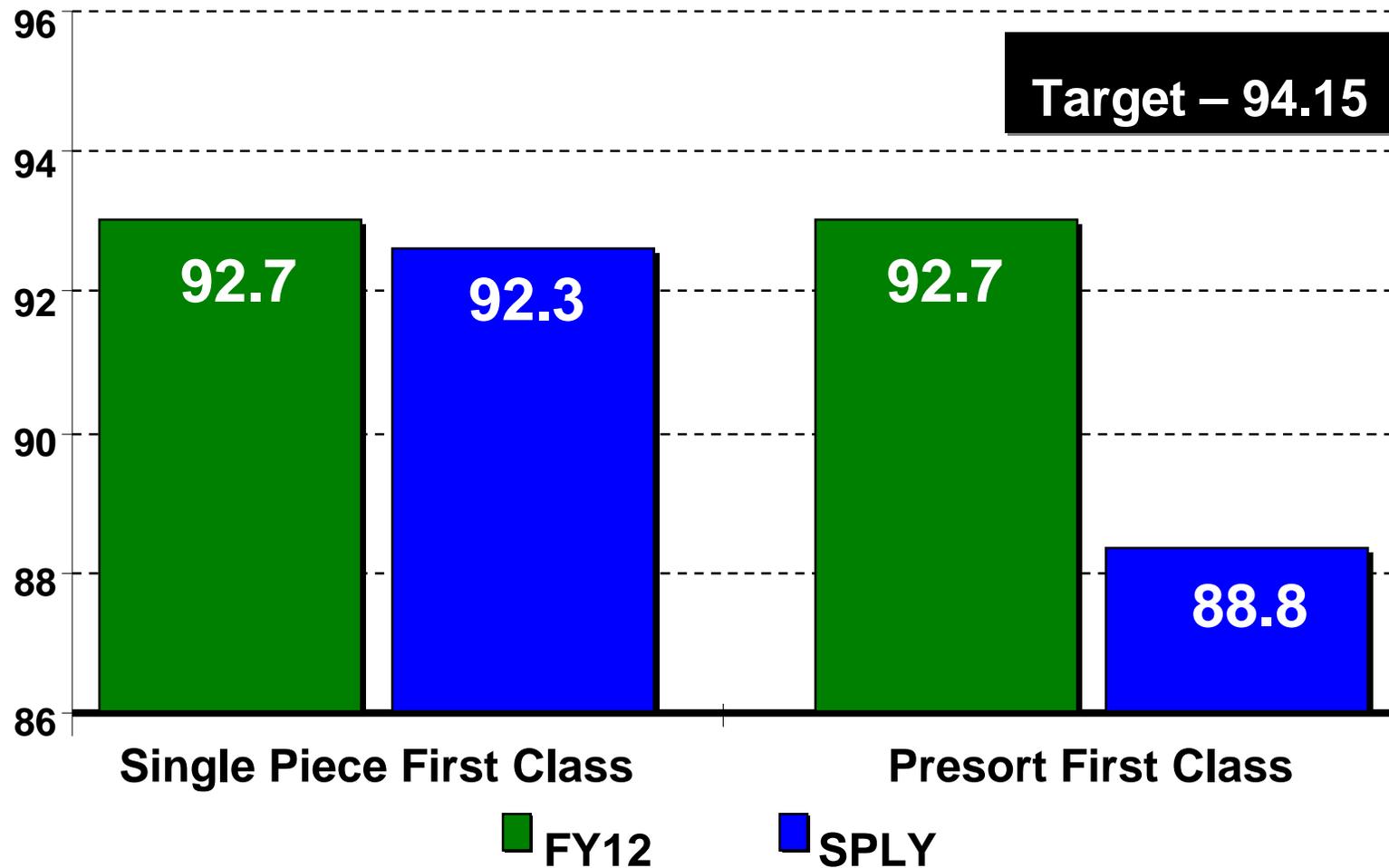


	SPFC	PRESORT	COMBINED
Qtr 1	92.7	92.7	92.7
Qtr 2 to Date	93.9	94.3	94.0
Year to Date	93.0	93.1	93.1

Combined First-Class 2-Day

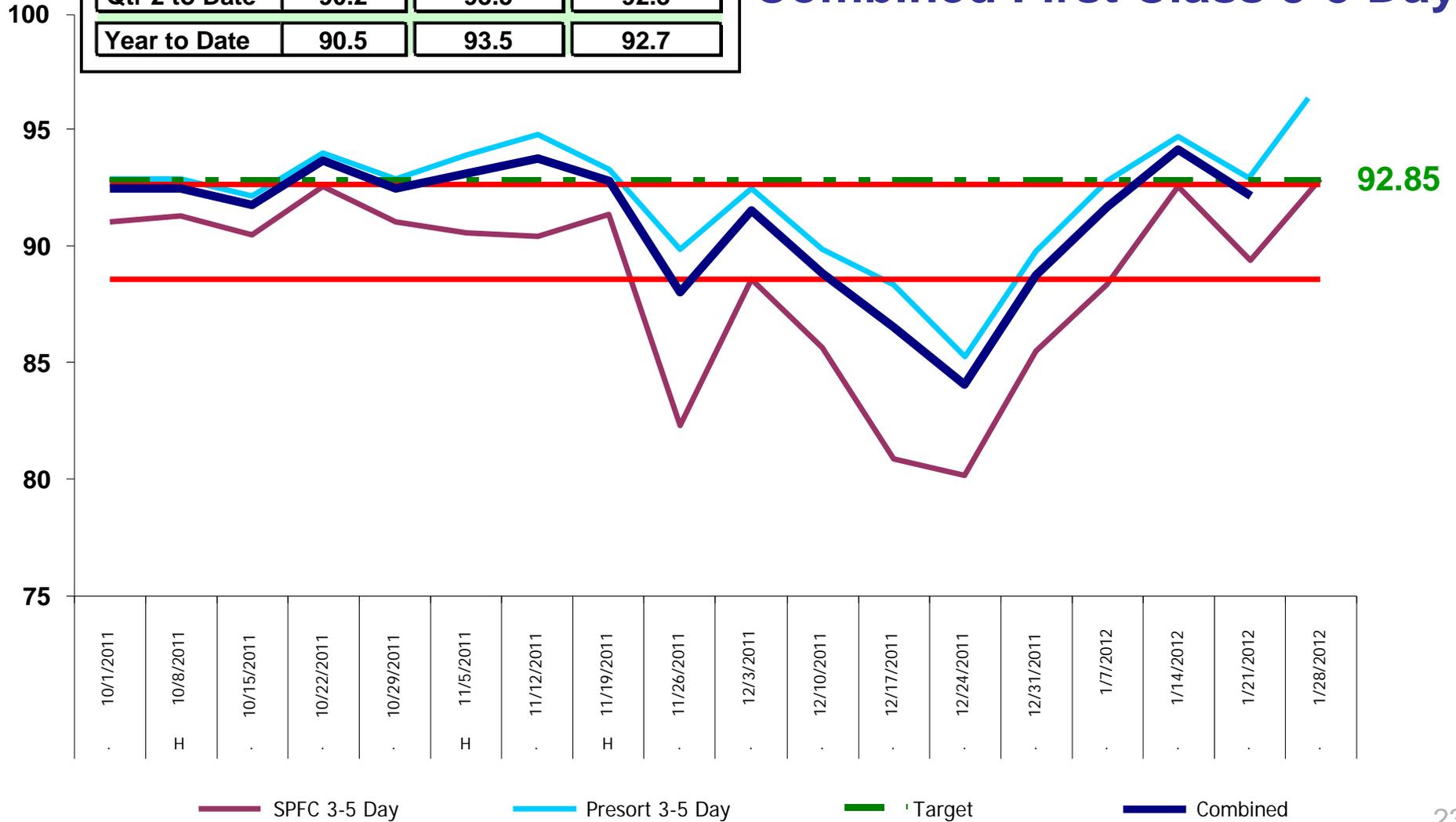


Two-Day

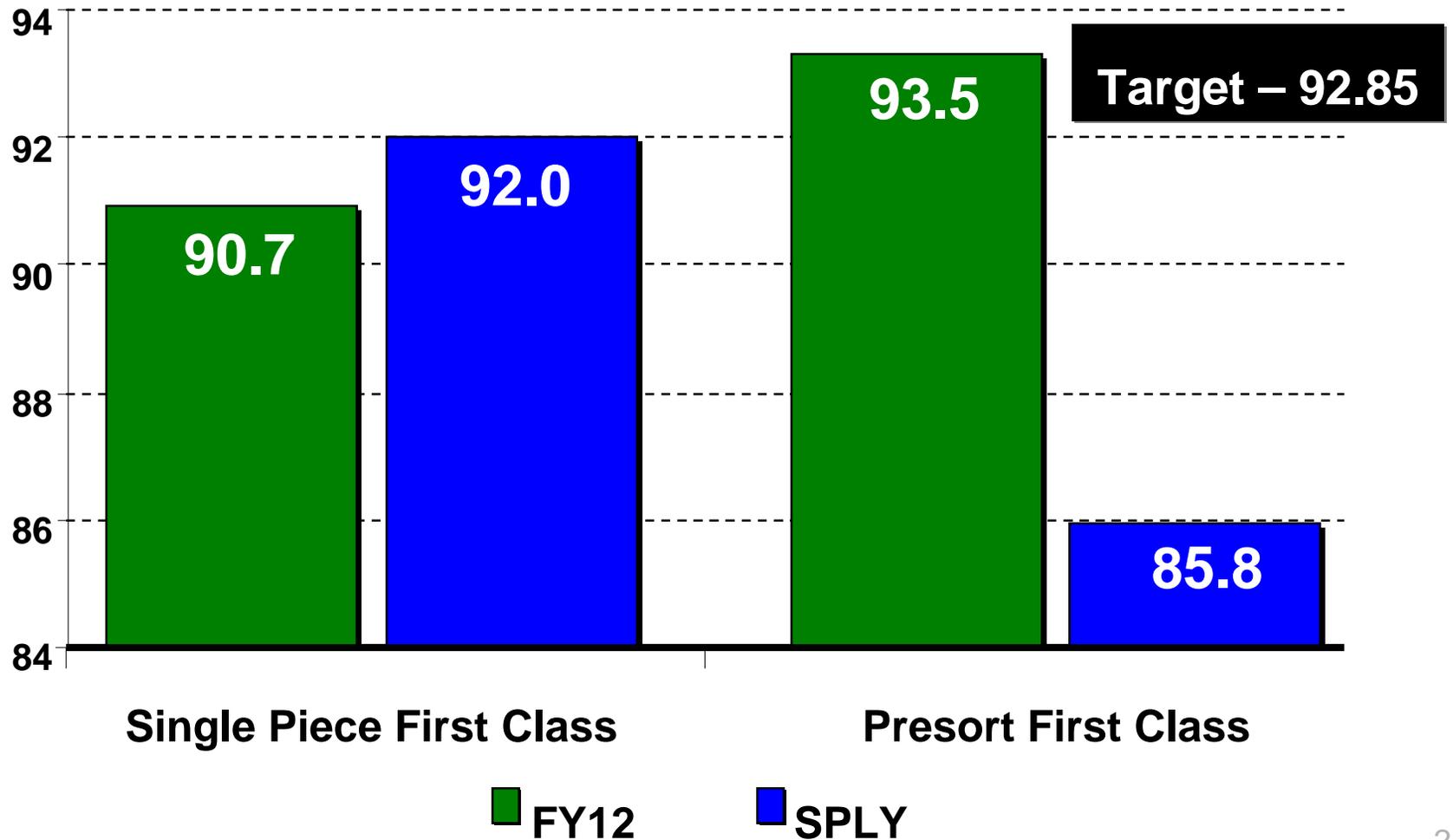


Combined First Class 3-5 Day

	SPFC	PRESORT	COMBINED
Qtr 1	90.7	93.5	92.8
Qtr 2 to Date	90.2	93.5	92.3
Year to Date	90.5	93.5	92.7

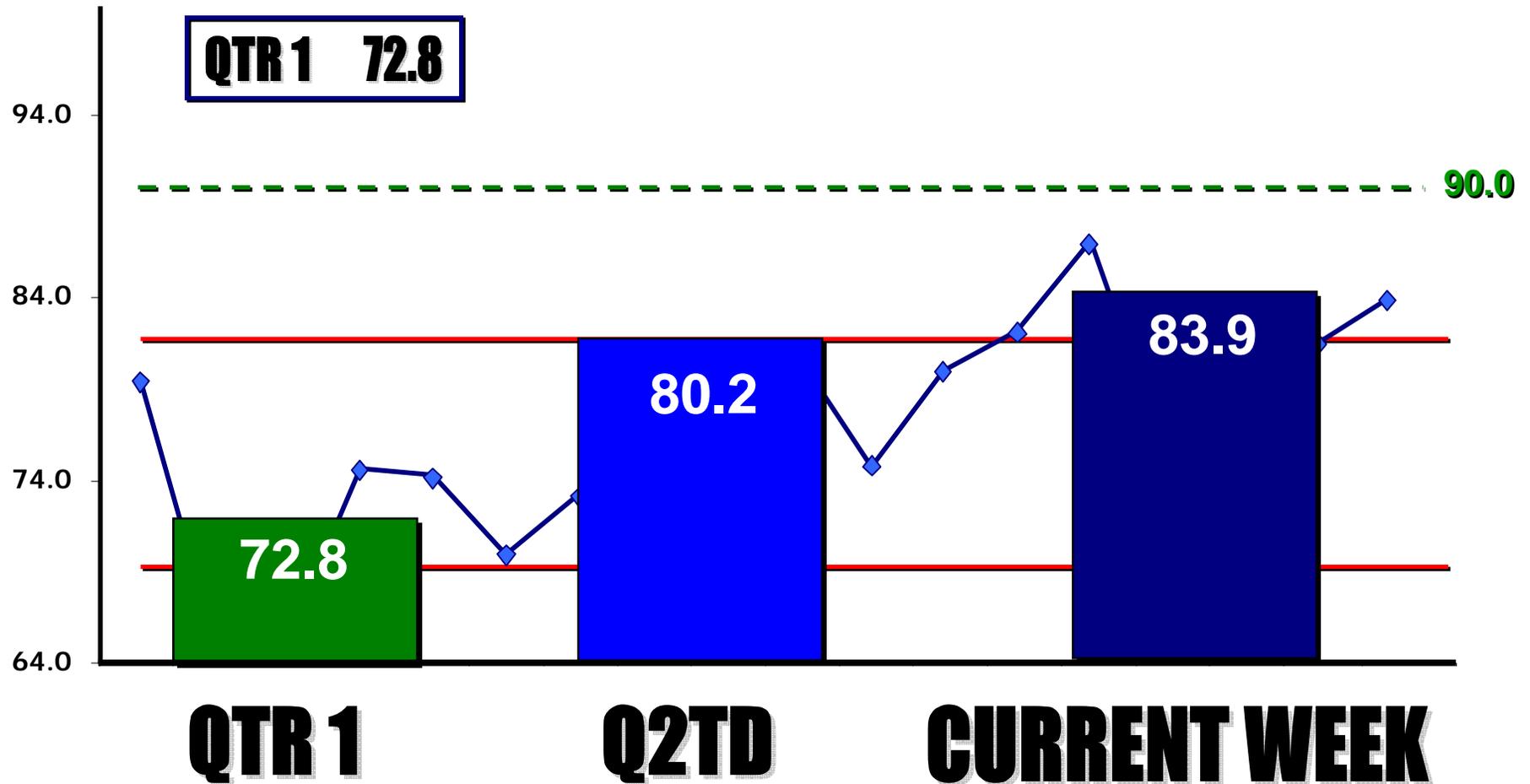


Three-Day

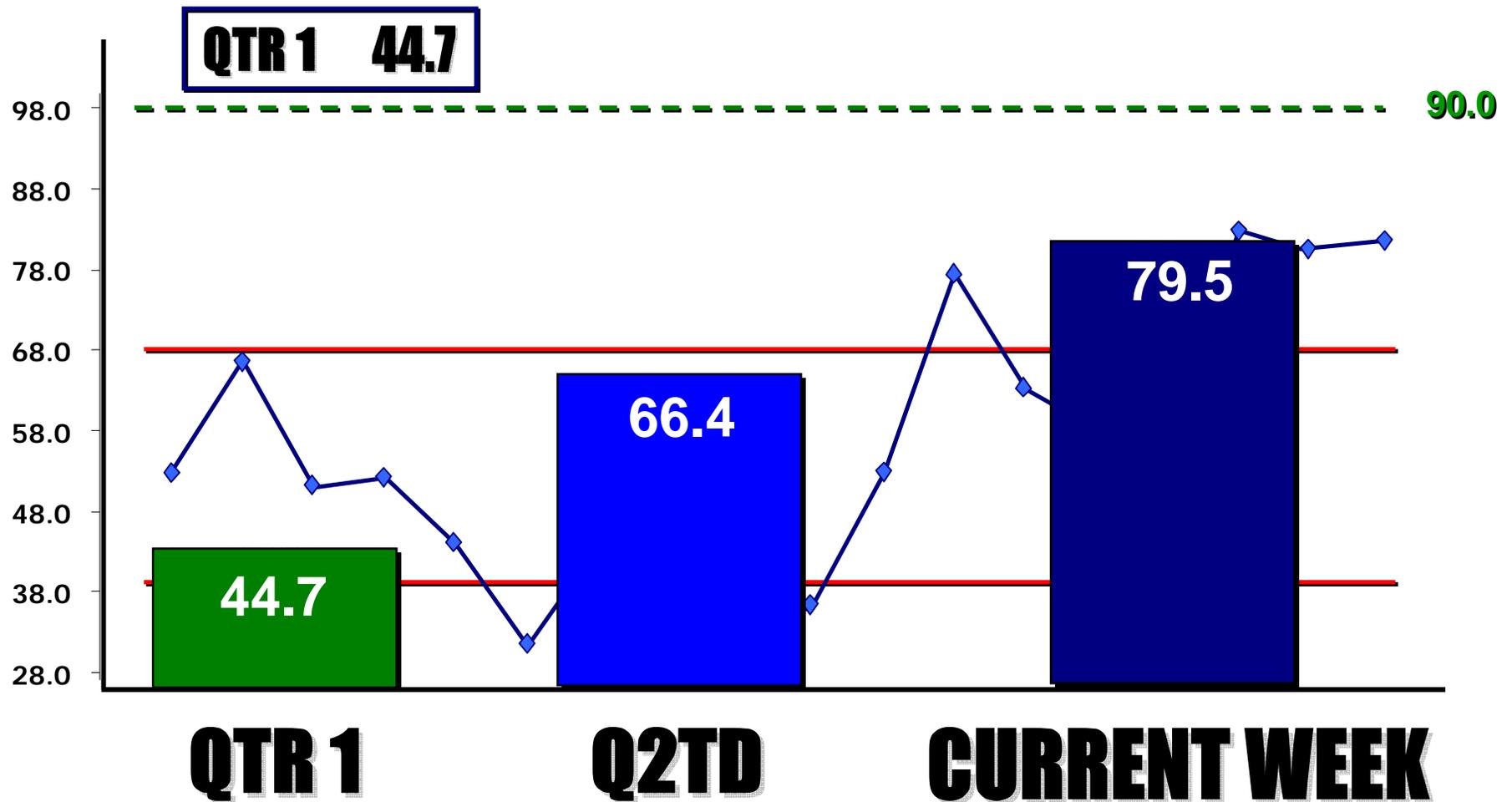


Service Performance Trends

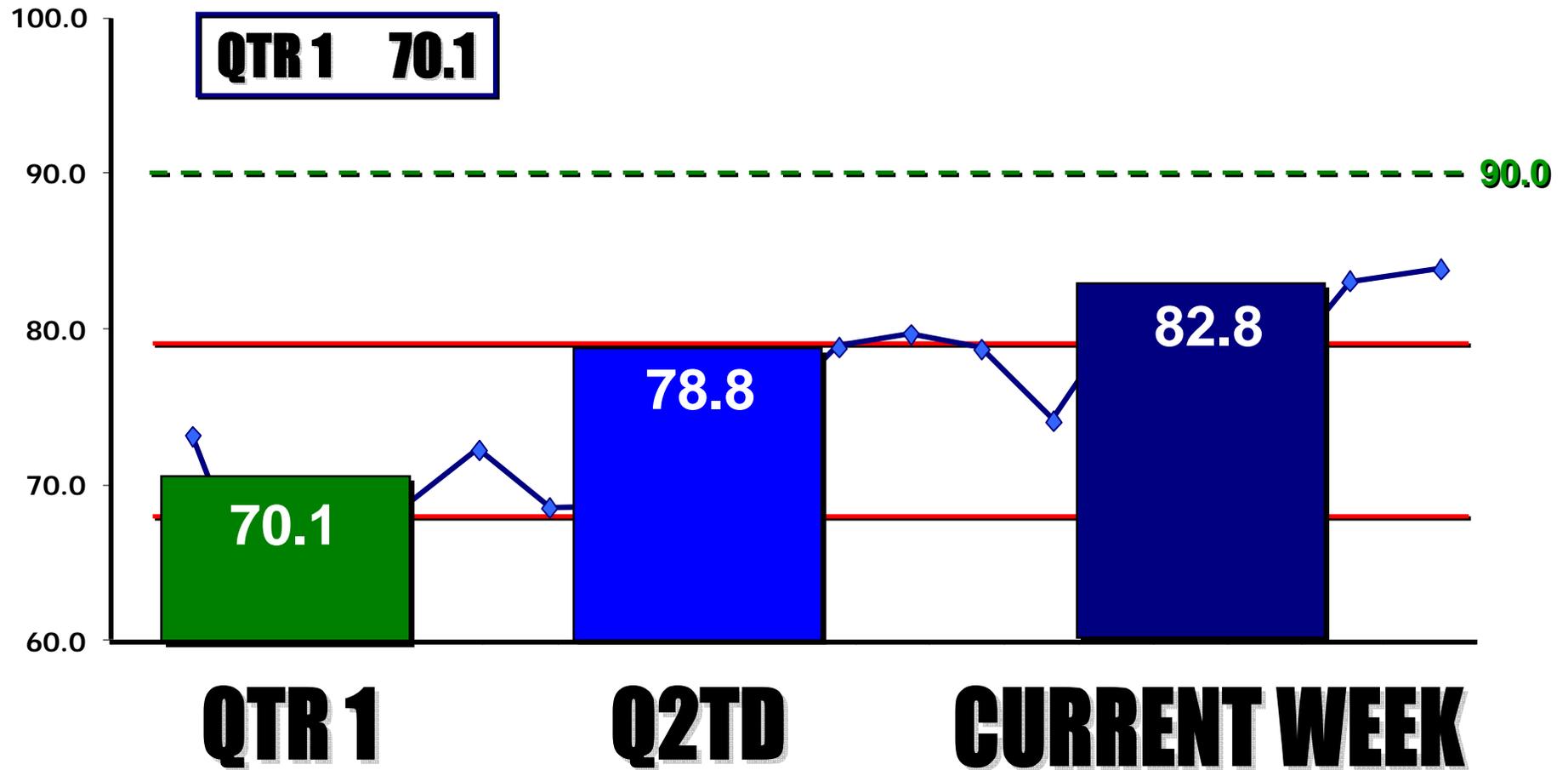
Standard and Periodicals



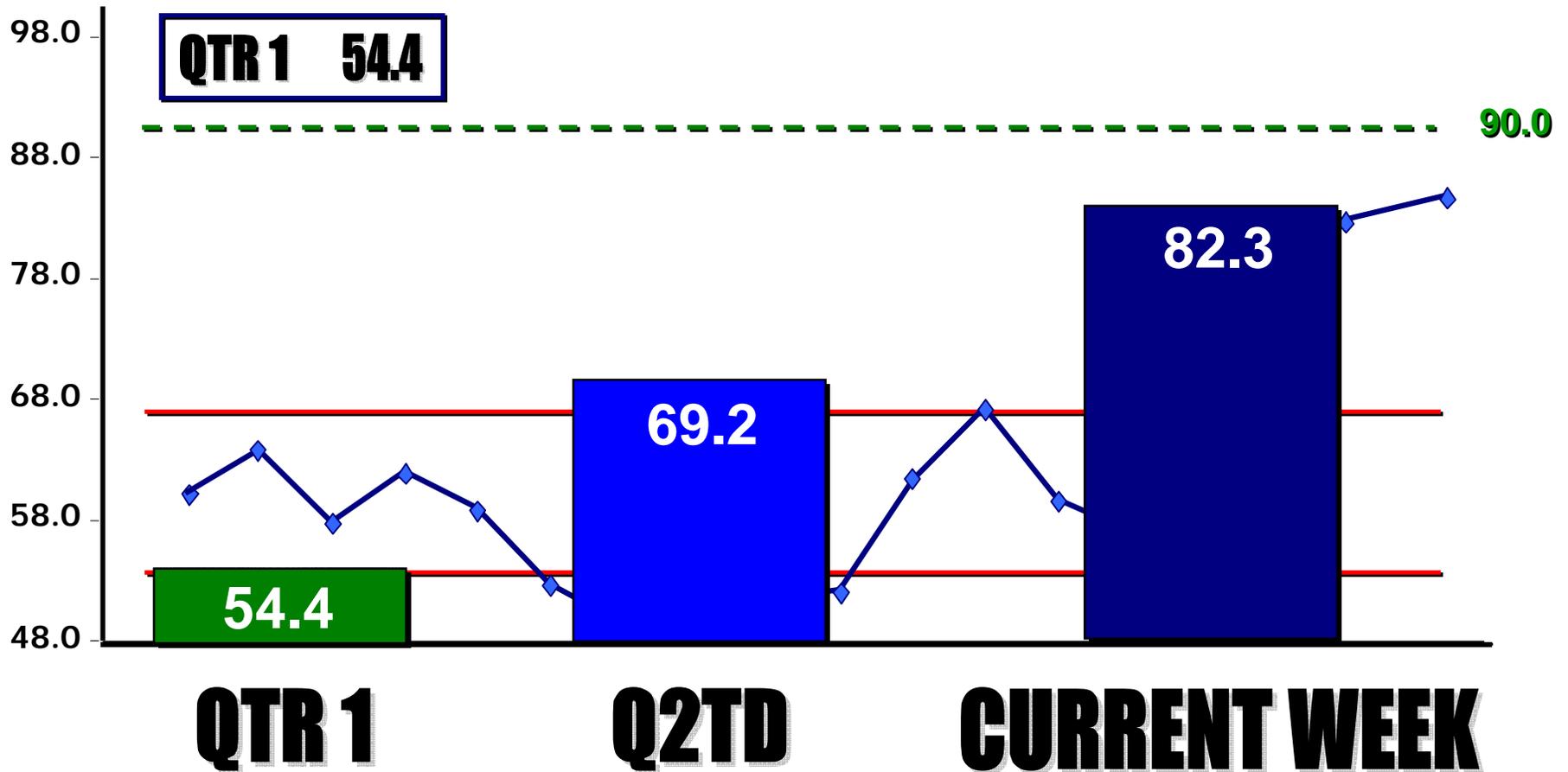
- Focus on Day Zero Processing
- FIFO – Process to Service Standards



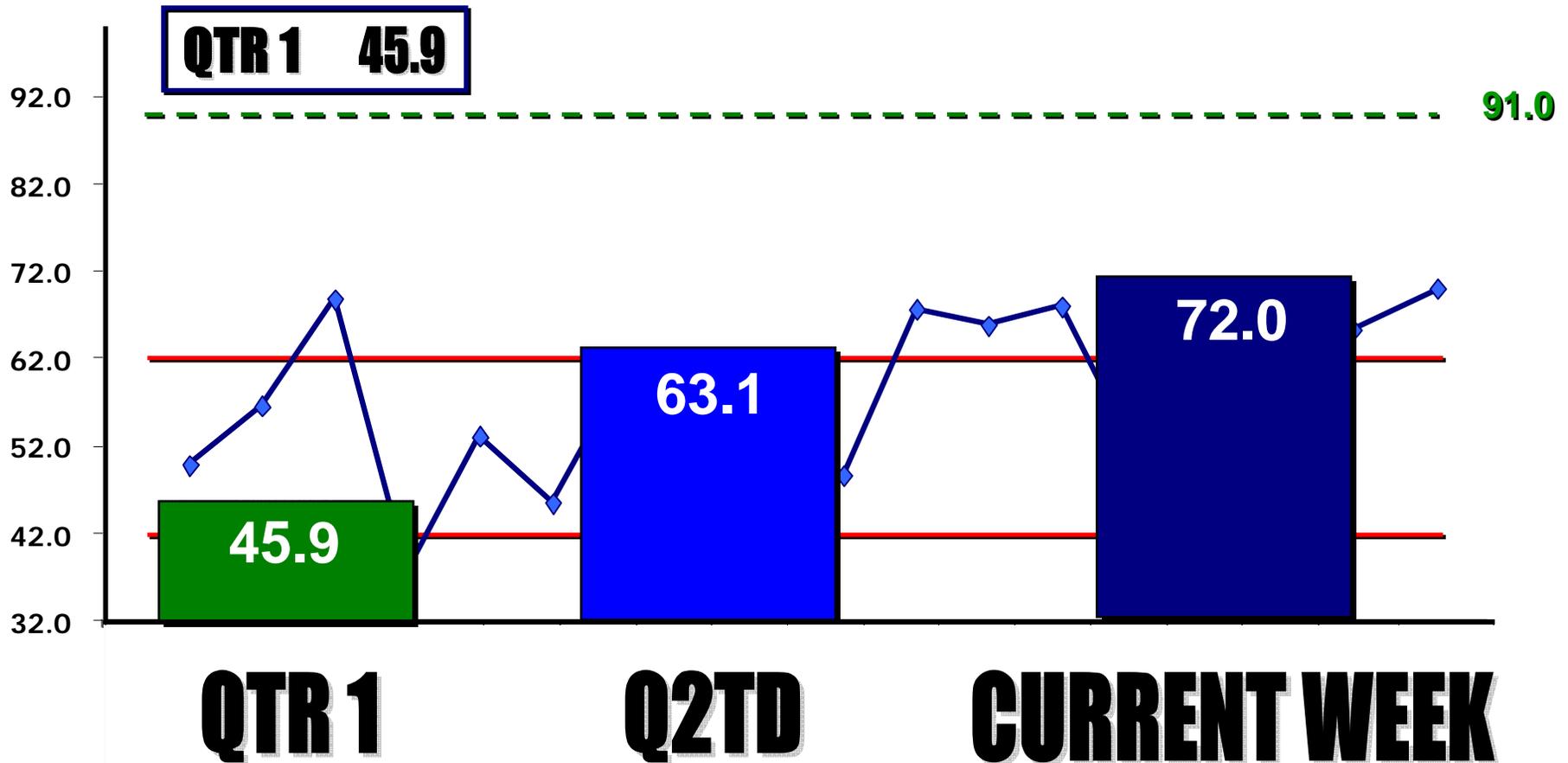
- Focus on Day Zero Processing (advance mail)
- Focus on Processing to Capacity



- Reduce Cycle Time at NDC (WIP)
- Utilize Service Performance Diagnostic Tool (SPD)



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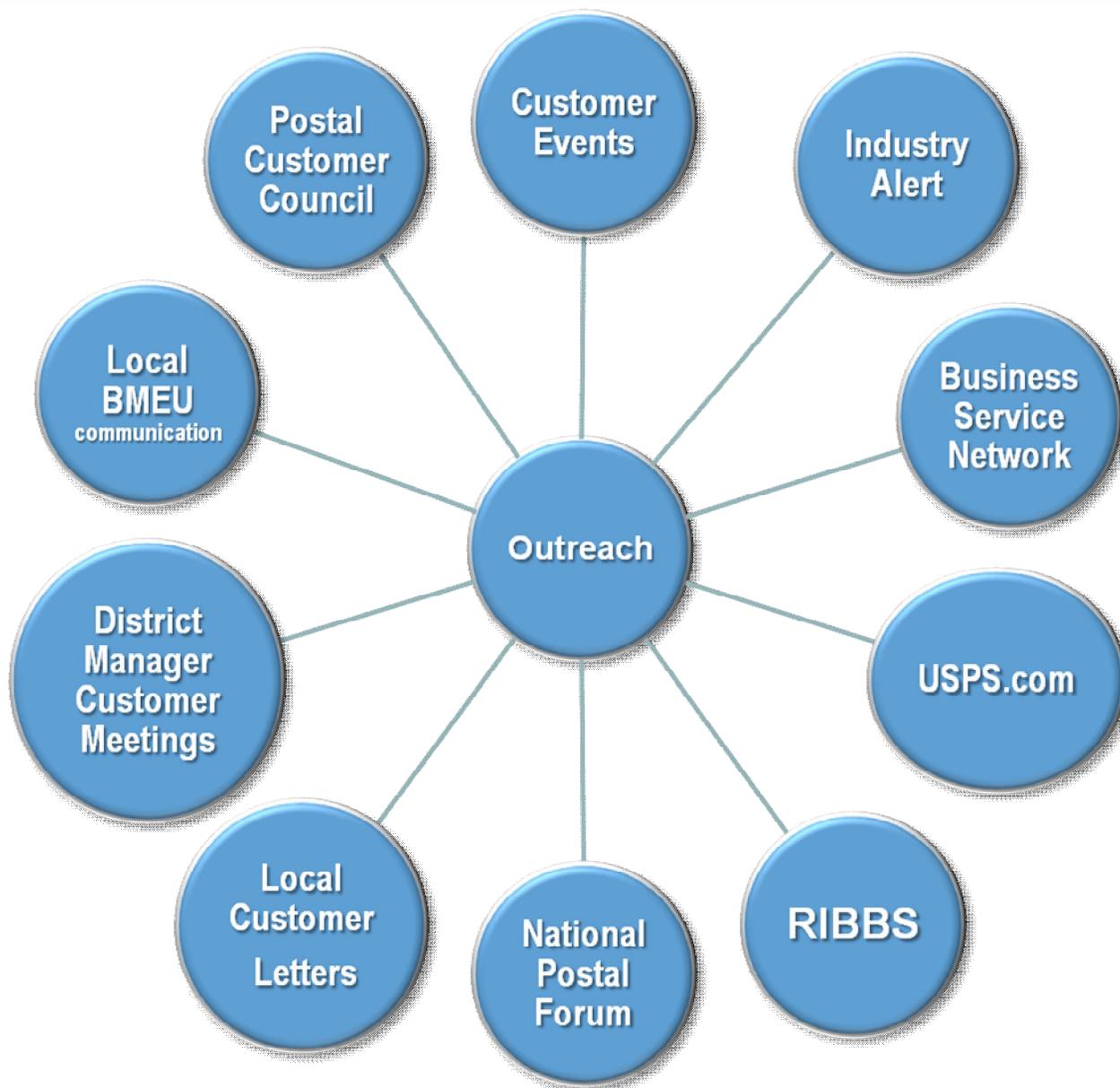
Continuous Improvement Initiatives

- ❑ **Manage Inventories**
- ❑ **Network Management**
- ❑ **Reduce Variation**
- ❑ **Quality Focus**
- ❑ **Service Diagnostics**

Customer Outreach

Closing the Gaps

- Ongoing**  **Re-establish the Service Improvement Team (SIT)**
- Team Established to identify and Resolve Systemic Issues*
 - Partnership With Operations to Drive Service Performance*
- Ongoing**  **Establish Area Focus Groups**
- Venue for Area Leadership and mailer Reviews – Service Focus*
 - Will Have Postal and Industry Chair Plus Area Postal Coordinators*
 - Will Meet Bi-annually by Area*
- Ongoing**  **Ensure Clear Path for Escalating & Resolving Issues**
- District Own Resolution and Escalate to Area When Out of Local Scope*
 - Leverage Cross-functional Customer Support Team Members*
- Ongoing**  **Conducting Ongoing Customer Outreach**
- Committed to Keeping You Informed – Locally and Nationally*
 - Will Continue to Leverage Various Communication Channels*
 - Collectively Develop Industry Solutions and Allow for Planning*



❑ **Aggressively Manage Inventories**

- Reduce Cycle Time – Focus on Day Zero Processing
- Zero Out Delayed Volumes

❑ **Continue FSS Efficiency Momentum**

- Equipment Stability
- Key Performance Metrics
- Quality

❑ **Drive Comprehensive Service Excellence**

- Predictable Service
- Manage Standard and Periodicals Similar to First Class
- Effective Use of Diagnostic Tools to Drive Continuous Improvement

❑ **Industry Engagement**

- Develop Solutions - Success Requires Collective Effort
- Commitment to Open Communications & Stakeholder Engagement

Questions