

**MAILING INDUSTRY FEEDBACK (REVISED):
MTAC Breakout Sessions on Operational Changes
August 18, 2011**

On August 18, 2011, the second day of MTAC's August meeting, industry representatives participated in breakout sessions and provided feedback to the Postal Service on two operational changes topics: (1) effects of service standard and entry time changes, and (2) effects of fewer plants/BMEs. The groups were asked to comment on the potential impact of these changes, specifically:

- Nature and extent of costs incurred
- Perceived benefits and challenges
- How users may change mailing practices or reliance on mail
- Ways to modify the concept to better serve senders and receivers

Two primary concerns were consistently expressed in the general MTAC session and in the breakout groups:

- Given the broad scope and significant implications of the proposed network and service changes, the industry and mailers are concerned about the **Postal Service's ability to effectively make and manage these changes without adversely impacting customers' use of postal services**. Five-day delivery implementation during this period would exacerbate concerns about bottlenecks due to plant closings, particularly during peak periods including the Fall/holiday mailing season.
- There is a **critical need for the Postal Service to be accountable to the industry for the changes proposed and made** during this process, and the impact/potential impact of those changes on the industry. The industry wants **assurance that the Postal Service will dependably provide accurate updates**—especially with respect to service standards and labeling lists—throughout this process.

What follows are comments, concerns and questions captured during the breakout sessions. The six topic categories below are listed in order of how often issues relating to them were mentioned (most to least frequently), and what degree of concern was expressed (starting with those of greatest overall concern), in all sessions combined.

1. Communication

- Will the Postal Service clearly and timely communicate proposed plans on plant and BMEU closings and 5-day delivery to the mailing industry and mail owners? How will this information be communicated? Will the Postal Service have in place an "implementation readiness team"?
- The Postal Service should have a dedicated website where the industry and mail owners can easily find and access information about proposed plant closings, 5-day delivery, and other issues important to the industry. This will facilitate dialog between the Postal Service and the industry, and provide a central collection point for industry feedback and corresponding Postal Service responses.

- Participants would like the Postal Service to establish an MTAC or user group that would meet on a regular, frequent basis (e.g., weekly) to discuss the impact of network and other changes. They want a dialog with the Postal Service, not one-way communication. The way in which FSS information was communicated is a good model.
- The industry needs to see a timeline for these changes. Will they be made gradually, or on an aggressive schedule? Changes made close to or during the fall mailing season—when mailers have little time or attention to devote to evaluating changes—will complicate business.

2. Service Standards

- Plant and BMEU closings, CET changes, and potential 5-day delivery can be expected to negatively impact service standards.
 - Will there be changes to service standards?
 - Have new standards been determined?
 - If so, will there be changes in all classes of mail?
 - Will new standards comply with regulations about time-sensitive banking and insurance mail?
- The major changes proposed by the Postal Service will have a huge impact on the mailing industry. What is the Postal Service doing to ensure that it will maintain—during the transition period as well as after the changes have been made—the level of service mailers expect and currently receive? How is the Postal Service preparing to make this a seamless transition?
- The Postal Service needs to very clearly explain to the industry and mailers just what the total impact of these changes may be, and how much business it could lose.

3. Costs/Rates/Drop Ship

- The industry needs specific, timely information about network and pricing changes. Hard decisions will have to be made, and some impacted customers may move to alternate delivery (e.g., time-sensitive publications, catalogs, direct mail). Detailed information is needed (do more binding lines need to be used? more destinations for printing?).
- Will the NDC, SCF and DDU structure still exist once the plant closings commence? If tiered NCF/SCF rates no longer exist, will the drop ship concept become a zone drop ship? What will be the price structure difference between drop ship and zone ship?
- More of the network may be saturated because of densities for drop ship, more mail deeper into the system, and fewer separations. Will the same separations still be required?

- Will a HUB structure still exist to maintain induction/consolidation for drop shipments?
- How will drop ship times be affected? Will all plants have 24-hour acceptance (or at least those in areas with higher volumes)? Will First-Class Mail be included as a drop ship option? Will there be enough FAST appointments to accommodate drop ships?

4. BMEU/Acceptance

- Some mailers currently use the BMEU for mailing decisions. If a BMEU is closed, mailers can no longer rely on its personnel for support. What resources/level of support can mailers expect to have on mailing acceptance decisions and issues that were previously handled by BMEU personnel?
- The Postal Service could lose a lot more than it anticipates because these changes will affect how customers make their mailings (e.g., if a service provider doesn't have extra binding lines it could lose the work). Does the Postal Service's plan consider all of these issues?
- Critical Acceptance Time (CAT) could be confused with Critical Entry Time (CET) and result in facilities closing their doors. The proposed network changes will require later hours and greater flexibility in acceptance times.

5. Dock Space

- Once the BMEUs and DDUs that remain open start having to deal with larger entry volumes, issues such as dock congestion, staging space and yard space will arise, especially in metro areas. What is the Postal Service's plan to counter the congestion?

6. Periodicals

- Will daily newspapers—accustomed to same-day delivery—lose overnight delivery (“old news is not news”)? Will in-county pricing be lost? Will any overnight delivery of newspapers be possible? This will impact weekly/daily periodical and remittance mailers.