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**Eastern Area Focus Group Meeting**

July 12, 2012

- ➔ **Service Performance**
- ➔ **Network Rationalization Update**
- ➔ **MTE Update**



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# Service Performance

## ❑ Service Performance Diagnostics

- Query drill down to facility, shape, what failed
- Day of week trend analysis
- Root cause failure analysis
- Supports customer inquiries

## ❑ Work in Process (WIP) tool to drive reduced cycle time

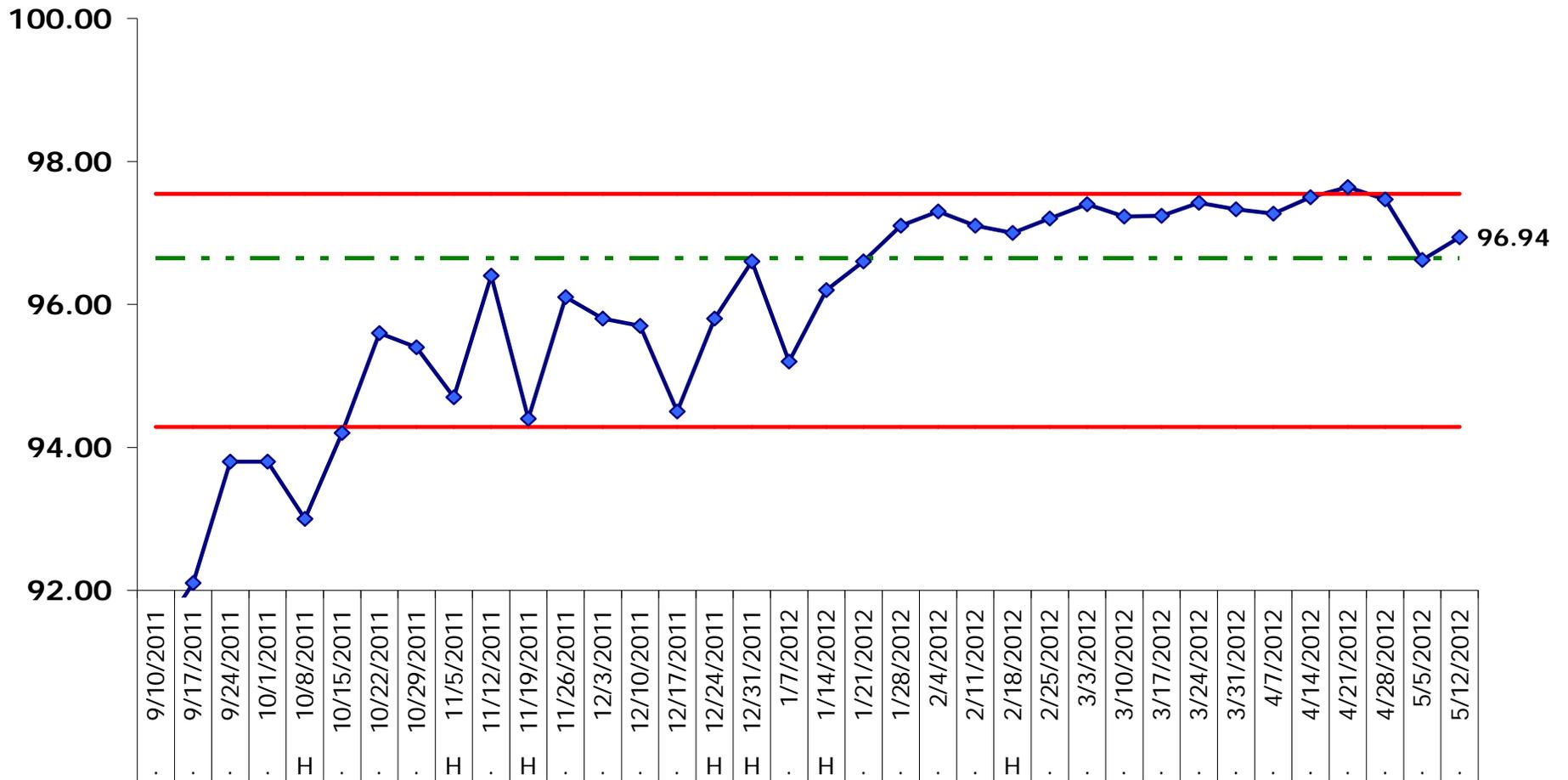
- Focus on vital few sites by mail type and impact mailer
- Provide consistent reliable process each day
- Identify the failure in process flow end to end

## ❑ Daily Push Reports

- “Container At Risk” report by facility and mailer

## FCM Commercial O/N

Service Trend Control Chart

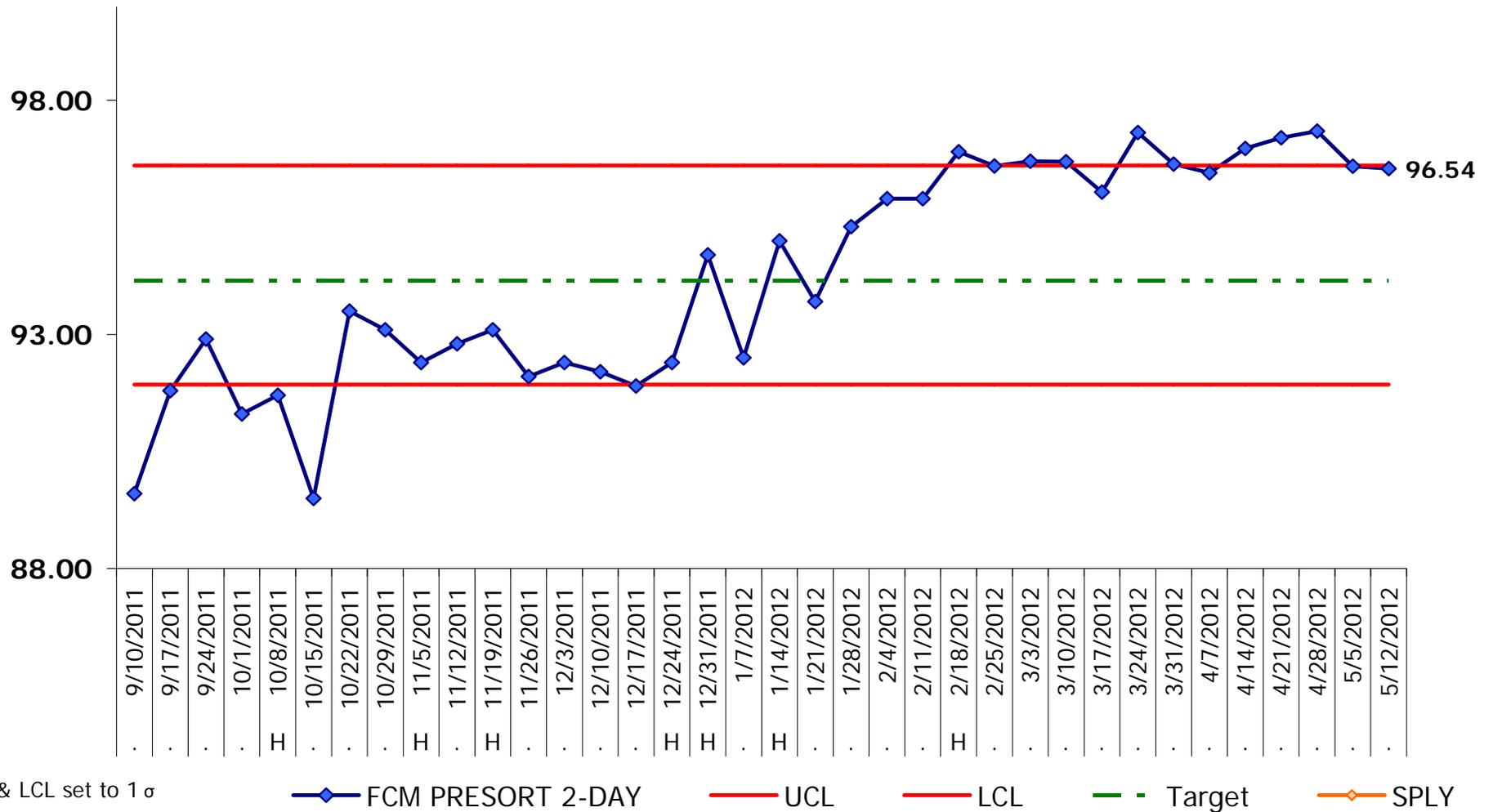


UCL & LCL set to 1  $\sigma$

◆ FCM PRESORT O/N    
 — UCL    
 — LCL    
 - - - Target    
 ◆ SPLY

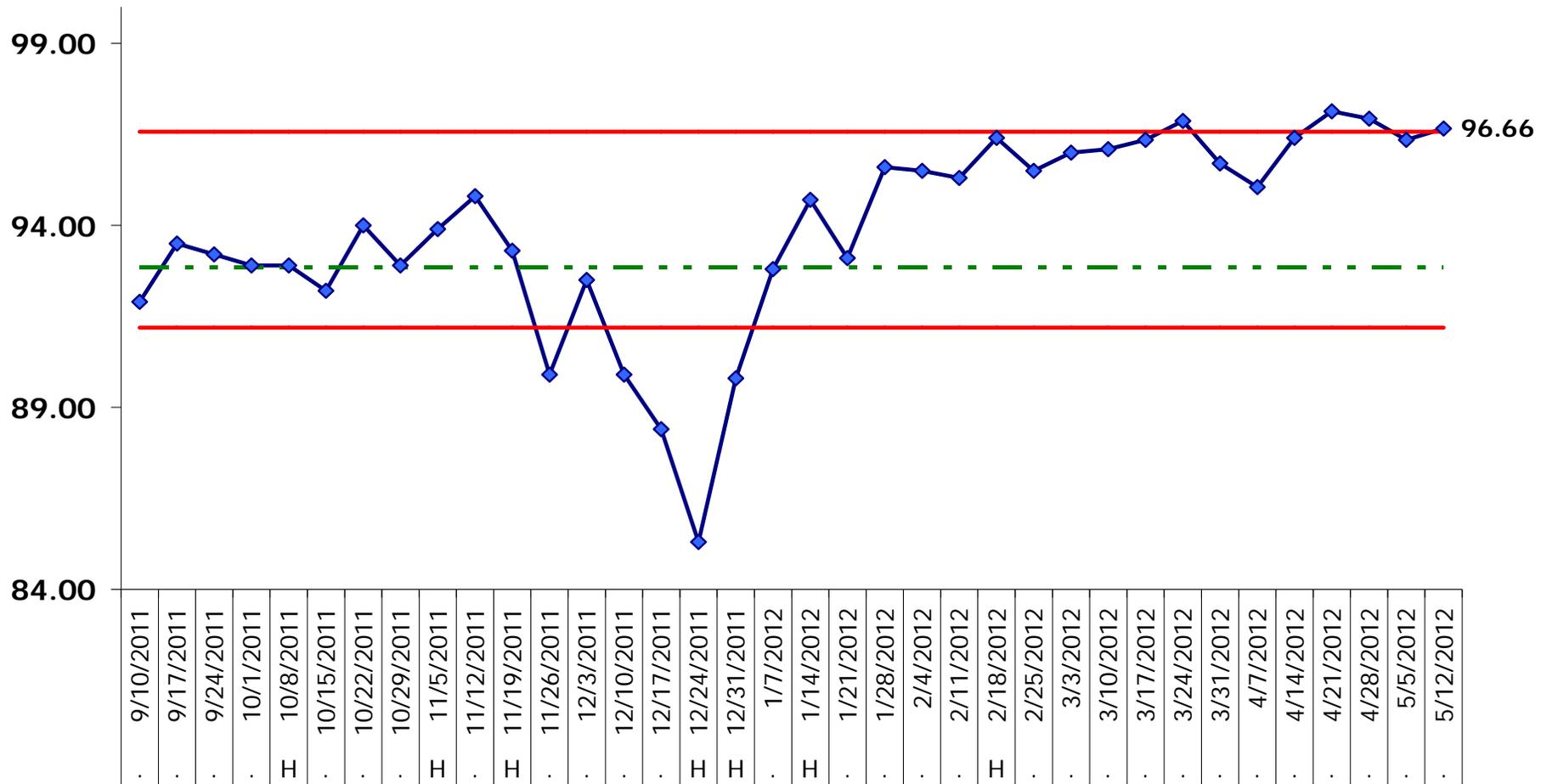
Source: IMAPS (Adjusted last Mile - ALM)

## FCM Commercial 2-Day Service Trend Control Chart



## FCM Commercial 3-5 Day

Service Trend Control Chart

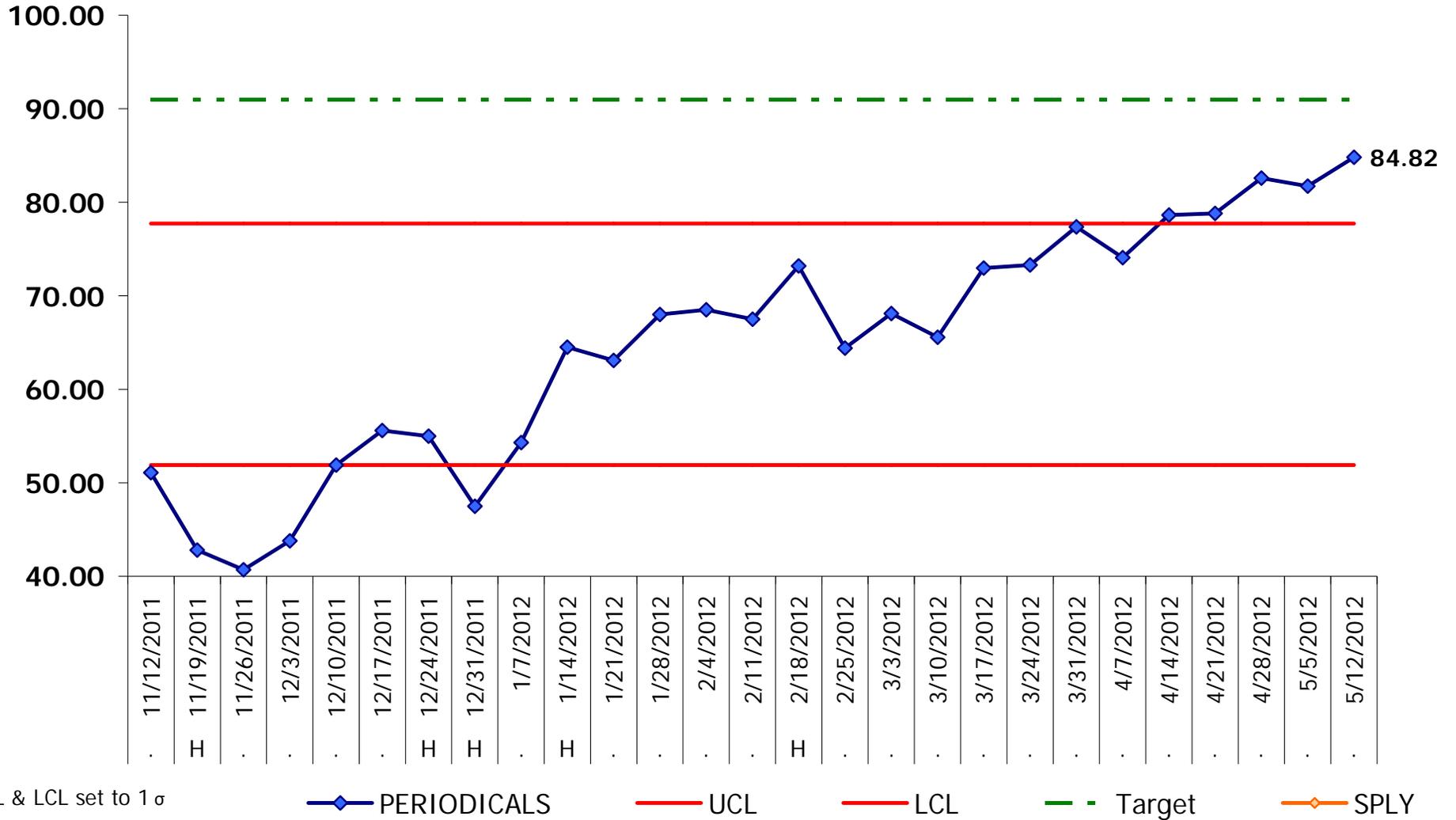


UCL & LCL set to 1  $\sigma$

◆ FCM PRESORT 3-5 DAY    
 — UCL    
 — LCL    
 - - Target    
 ◆ SPLY

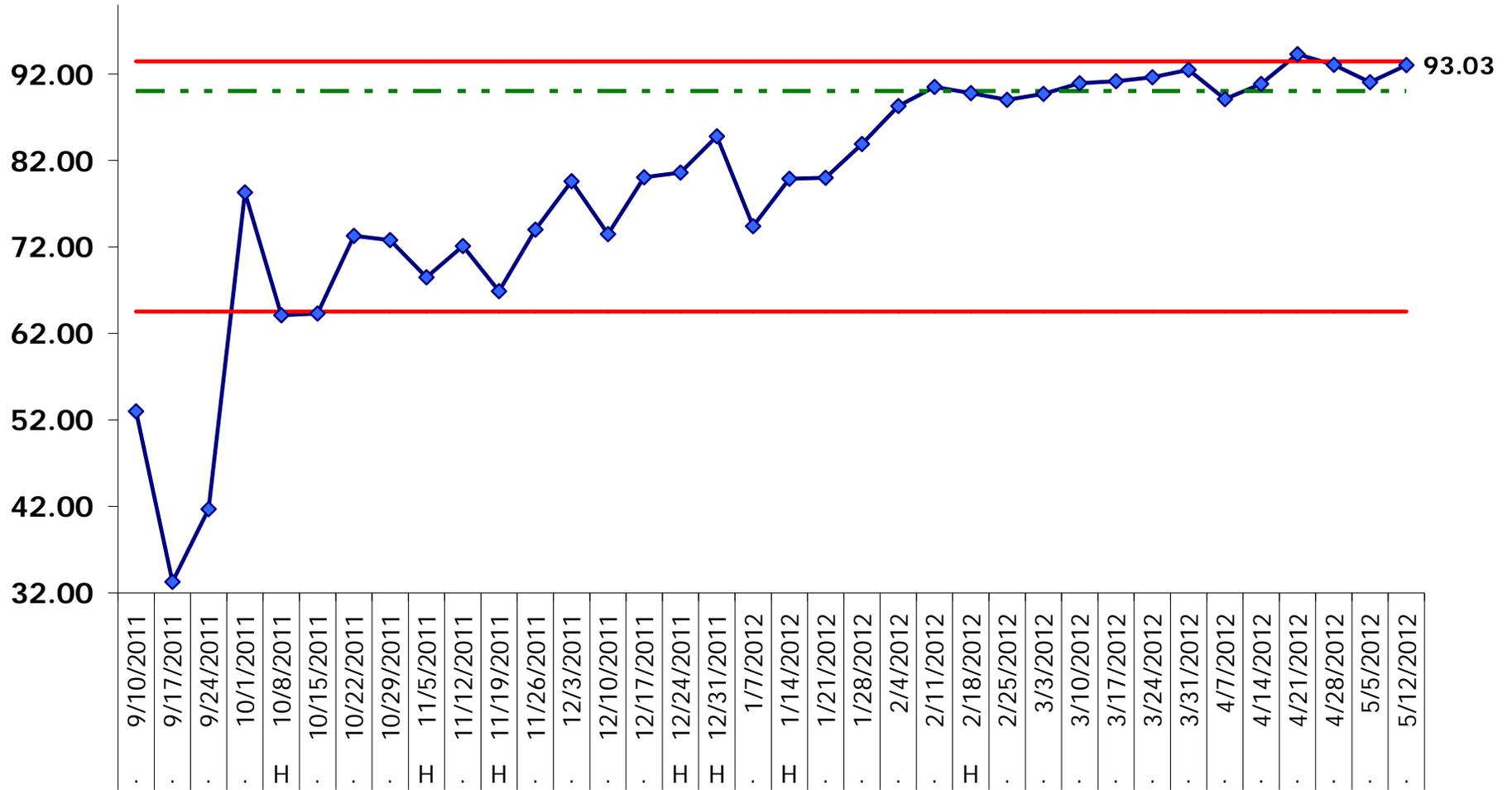
Source: IMAPS (Adjusted last Mile - ALM)

## PERIODICALS Service Trend Control Chart



## STANDARD SCF LETTERS

Service Trend Control Chart



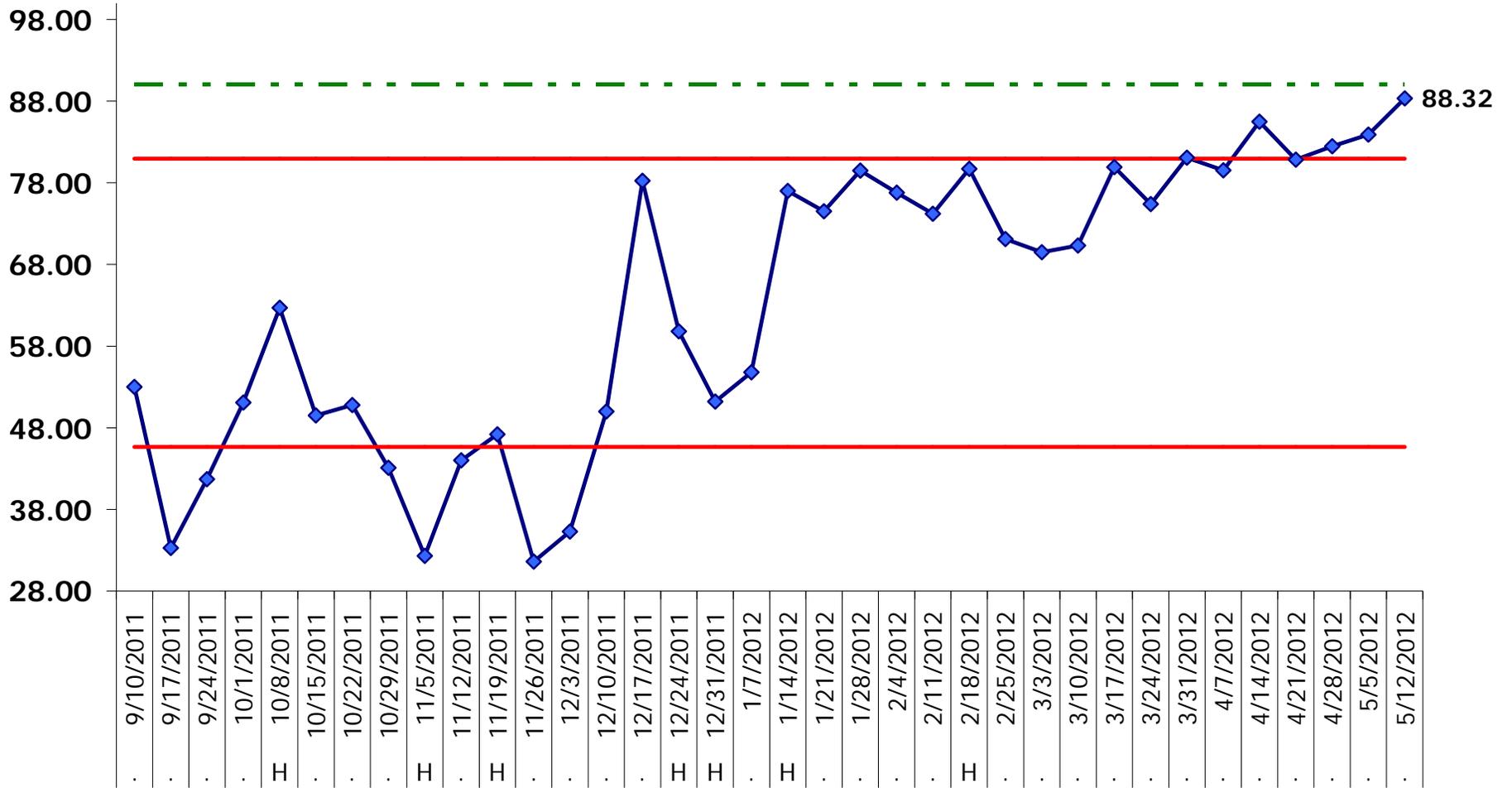
UCL & LCL set to 1  $\sigma$

◆ STANDARD SCF LETTERS    
 — UCL    
 — LCL    
 - - Target    
 ◆ SPLY

Source: IMAPS (Adjusted last Mile - ALM)

## STANDARD SCF FLATS

Service Trend Control Chart



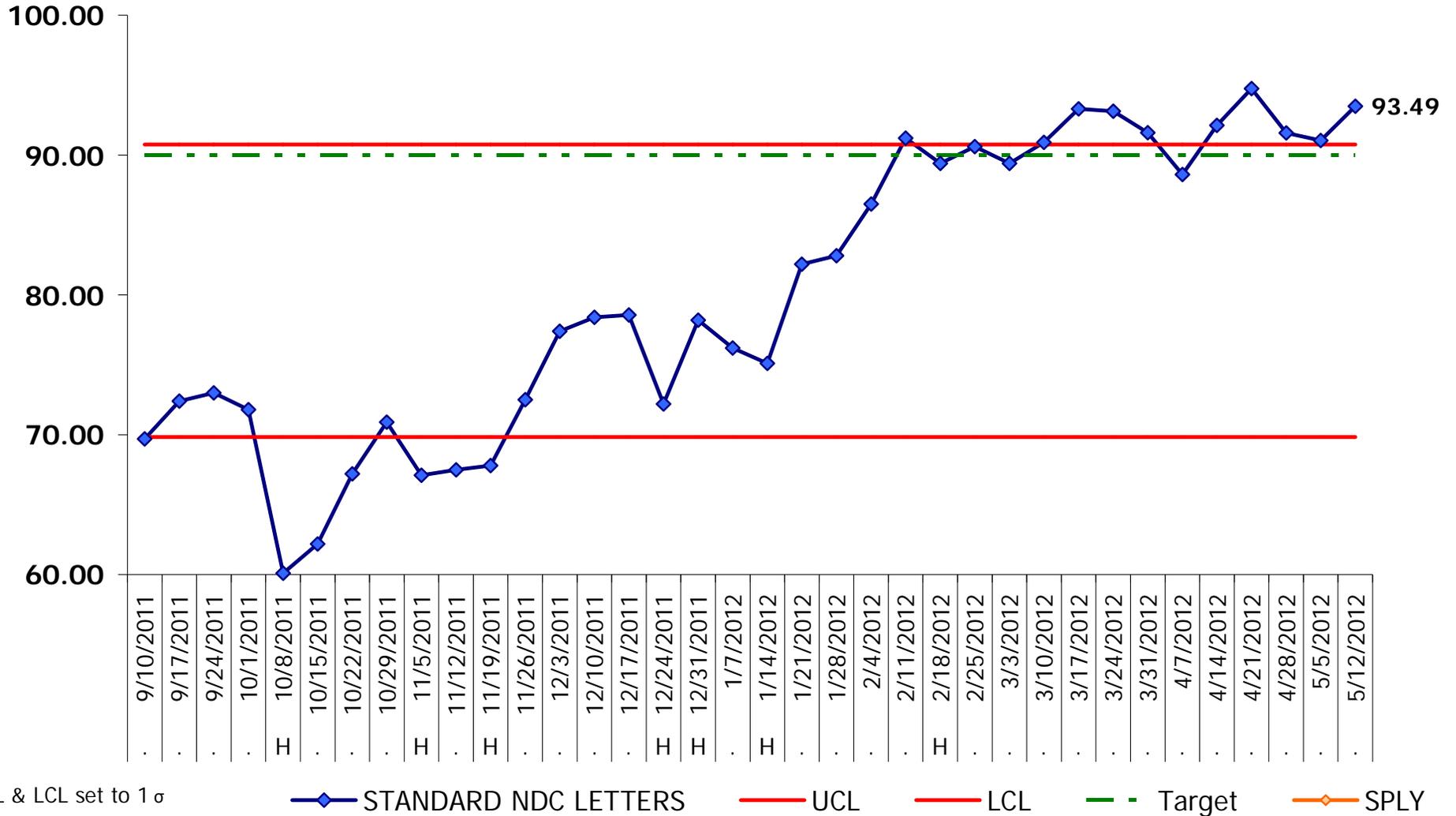
UCL & LCL set to 1  $\sigma$

◆ STANDARD SCF FLATS    
 — UCL    
 — LCL    
 - - Target    
 ◆ SPLY

Source: IMAPS (Adjusted last Mile - ALM)

## STANDARD NDC LETTERS

Service Trend Control Chart



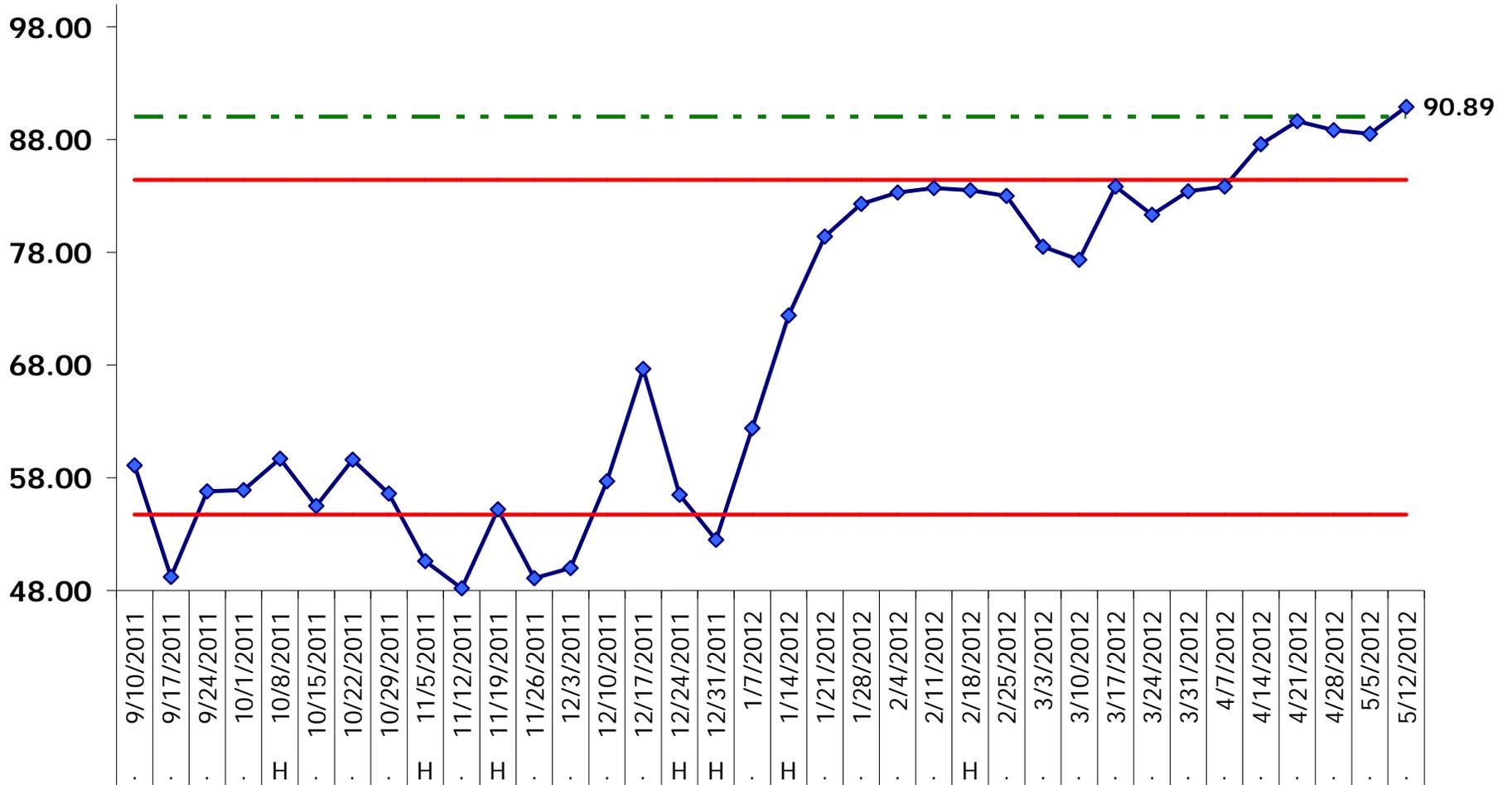
UCL & LCL set to 1  $\sigma$

◆ STANDARD NDC LETTERS    
 — UCL    
 — LCL    
 - - Target    
 ◆ SPLY

Source: IMAPS (last Mile Adjusted - LMA)

## STANDARD NDC FLATS

Service Trend Control Chart

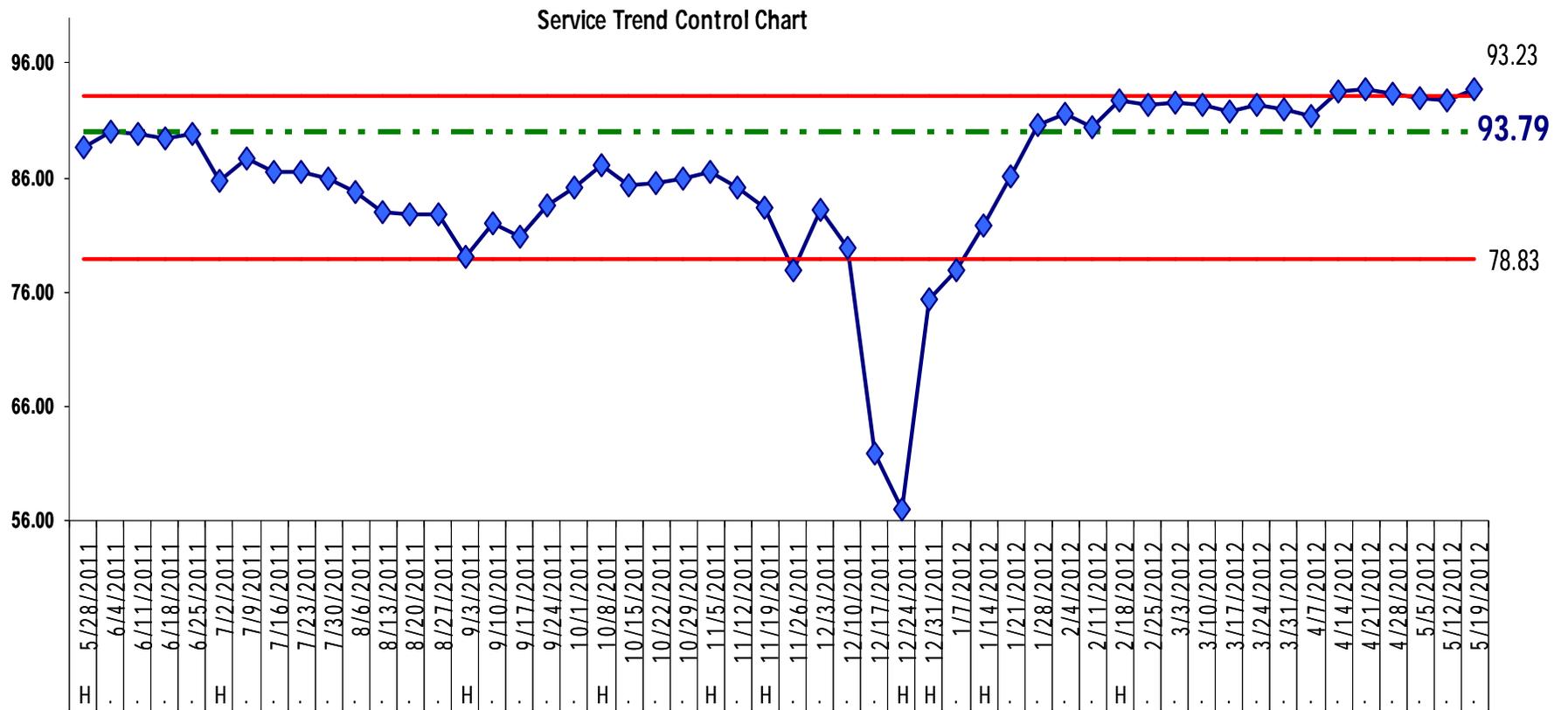


UCL & LCL set to 1σ

◆ STANDARD NDC FLATS    
 — UCL    
 — LCL    
 - - Target    
 ◆ SPLY

Source: IMAPS (Adjusted last Mile - ALM)

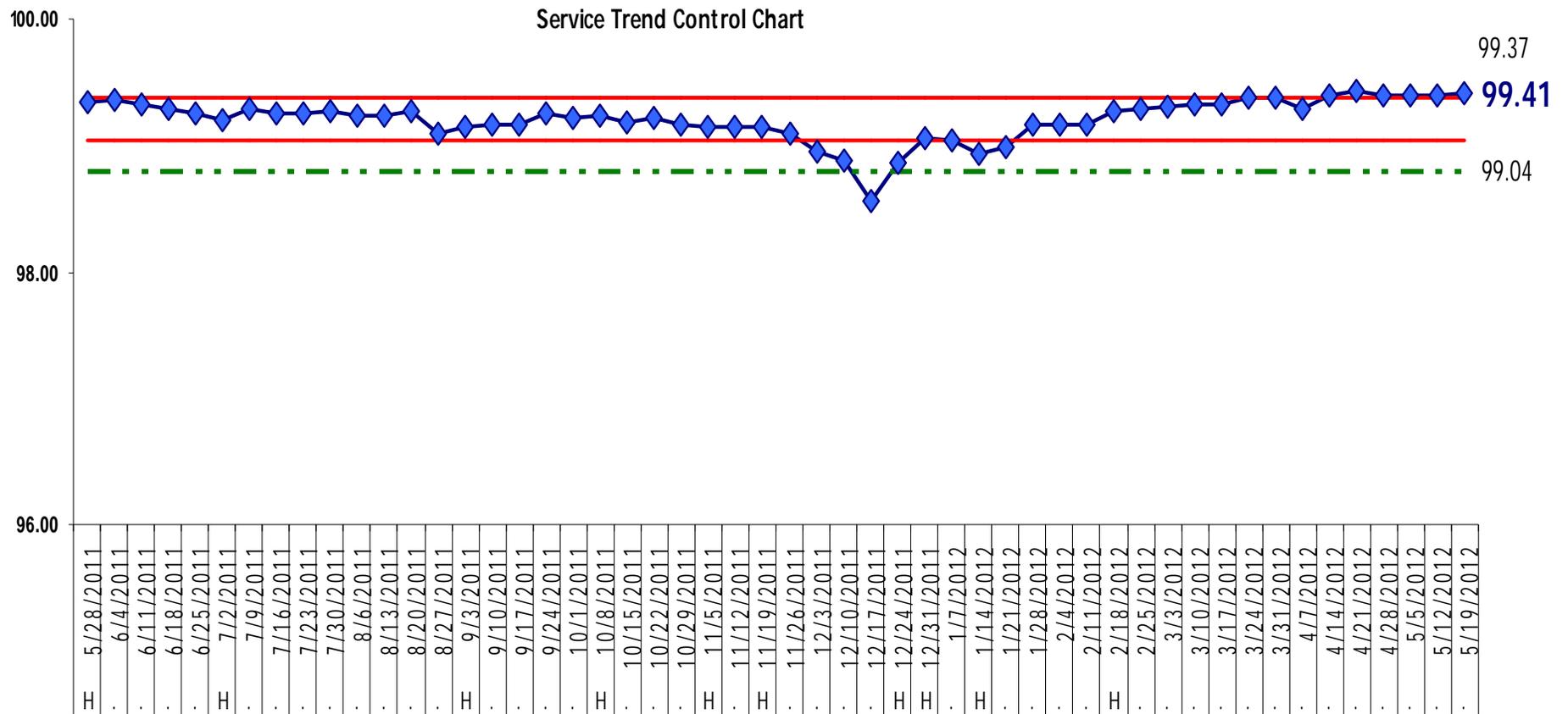
## PACKAGE SERVICES CONTIGUOUS



UCL & LCL set to 1 $\sigma$

◆ PACKAGE SERVICES CONTIGUOUS     
 — UCL     
 — LCL     
 - - - Target

## Parcel Select



UCL & LCL set to  $1\sigma$

◆ PARCEL SELECT

— UCL

— LCL

- - - Target

[Presentation Index](#)



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# Network Rationalization Update



**PHASED NETWORK  
CONSOLIDATION**

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**MODIFIED SERVICE  
STANDARD CHANGE**

## INTERIM SERVICE STANDARD CHANGE

- ➔ Final Rule published in Federal Register

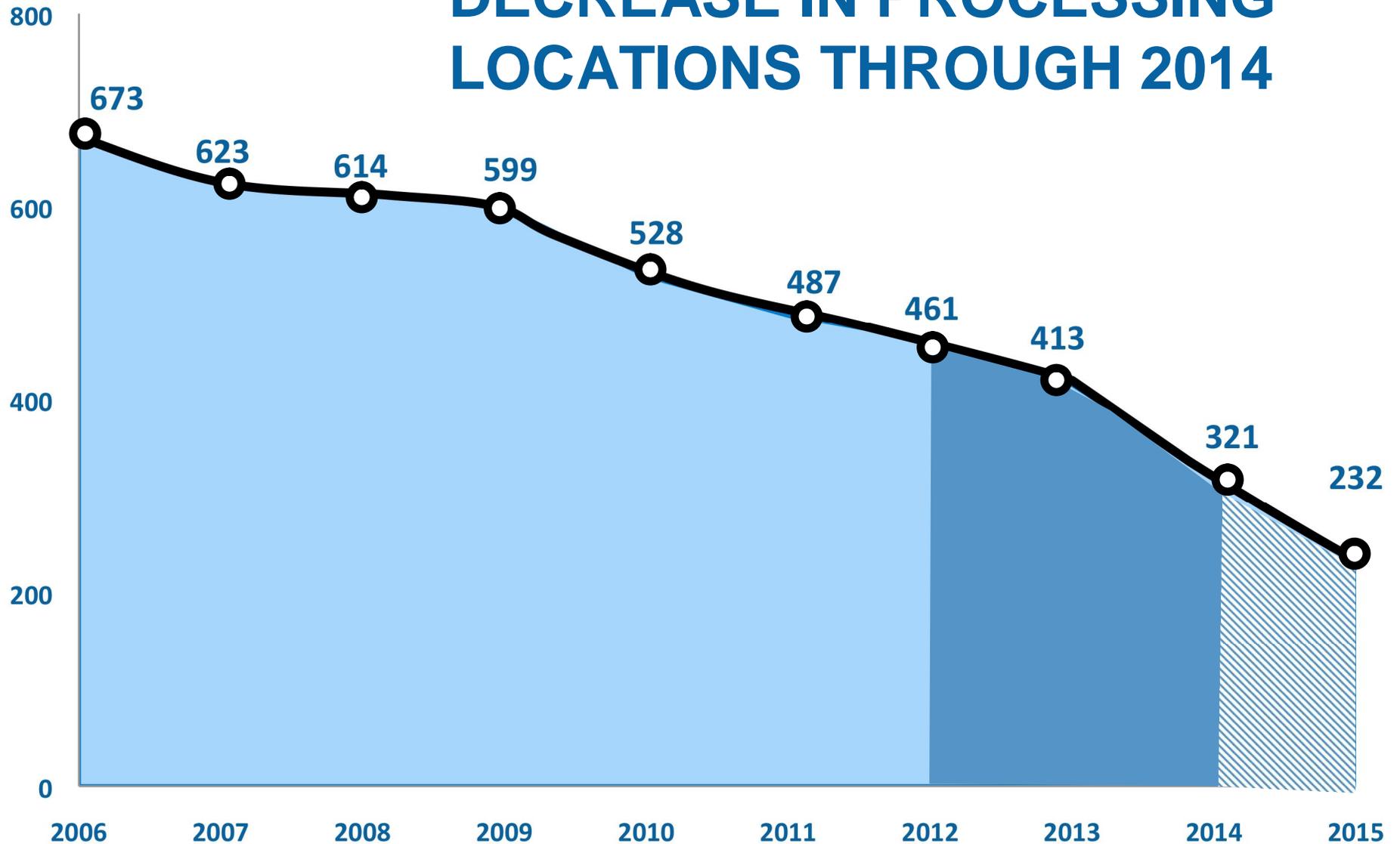
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- ➔ Maintains overnight service for areas served by local mail processing facility

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- ➔ Preserves 80% of overnight delivery volume

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- ➔ Enables consolidating activity at 140 facilities

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- ➔ Post-2014: Revised entry times for overnight

## DECREASE IN PROCESSING LOCATIONS THROUGH 2014



# PROCEEDING WITH CONSOLIDATIONS OVER A LONGER TIME SPAN

**Summer  
2012:  
Phase 1  
Begins**

Consolidating  
activity at 48  
locations within  
schedule  
constraints



**Spring  
2013:  
Phase 1  
Concludes**

Consolidating  
activity at 140  
locations; \$1.2B  
in annual  
savings

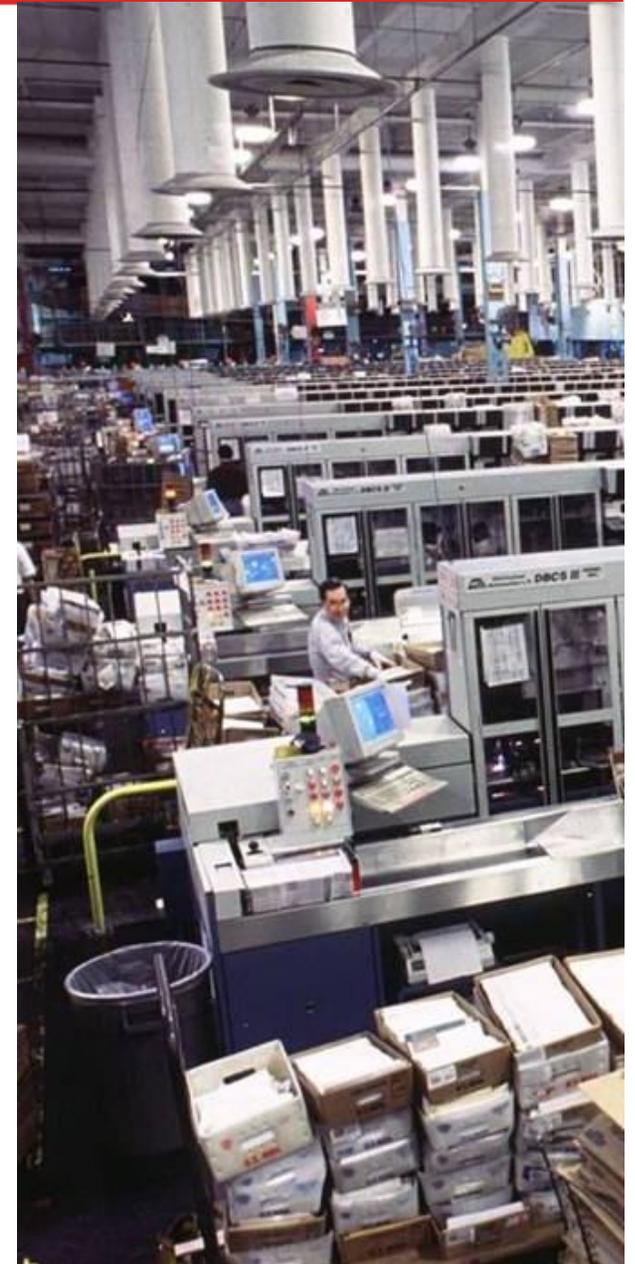


**Spring  
2014:  
Phase 2**

Consolidating  
activity at 89  
locations;  
\$2.1B  
combined  
savings

## LIMITED ACTIVITY THIS SUMMER

- ➔ Consolidation activity at 48 locations
- ➔ Equipment and employee moves to larger “gaining” sites
- ➔ Realigned transportation model eliminates multiple overnight trips
- ➔ 5,000 employees to receive notifications next week



## OUR COMMITMENT TO EMPLOYEES

- ➔ Methodical, measured transition
- ➔ Options available for staying with the Postal Service
- ➔ Intention to provide rolling incentives
- ➔ Reducing 28,000 positions, 158,000 employees retirement eligible
- ➔ Proven track record of avoiding lay-offs; success through attrition







**Implement label list updates**



**Reassess MTE requirements**

- **Reforecast need**
- **Consider reduced network**



**Provide feedback via “CustomerFirst”**

- **Strawman proposal being developed**
- **Indicators will provide early warning signals**
- **Daily summary sent to Operations**
- **Operations will input close out / resolution**



**Customer / Supplier Agreement engagement**

- ➔ **As National Rationalization progresses, we will continue:**
  - **Industry Alerts**
  - **Industry and Managed Account webinars and presentations**
  
- ➔ **Managed Account messaging:**
  - **From Headquarters Business Customer Support & Service**
  - **From Area and District BSNs**
  
- ➔ **BME messaging to affected customers**
  
- ➔ **Weekly posting of planned operational moves on RIBBS**
  
- ➔ **Structured release cycle for labeling list / mail directional file changes**

## **NEW APPROACH BASED ON:**

### **Extended Timeline**

Providing customers and employees adequate time to plan and adapt to new footprint

### **Responsible Cost Reduction**

Meeting cost reduction goals while maintaining excellent service performance

### **Schedule Constraints**

Modest implementation summer 2012 due to compressed window



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# MTE Update

USPS Expense FY11

\$48M

USPS Plan FY12

\$120M

DESCRIPTION	FY11	FY12
	Purchased Quantity	Purchased Quantity
MM Trays	10,960,000	22,480,000
EMM Trays	686,400	5,100,000
Half Trays	0	1,144,000
MM Sleeves	776,250	7,722,936
EMM Sleeves	308,000	4,471,212
Half Sleeves	0	823,000
Sacks	4,300,000	10,100,000
Flats Tubs	1,386,000	3,282,280
Plastic Pallets	1,343,250	1,200,000
Presswood Pallets	1,181,680	500,000
Wood Pallets	0	1,380,000
<b>Total Pallets</b>	<b>2,524,930</b>	<b>3,080,000</b>

## Developing a System to Track MTE End-to-End

- ❑ Funding and approval for MTEOR development
- ❑ Phase 1 Launch September 1
  - Access via Business Customer Gateway
  - Online ordering of MTE
  - Visibility to order status
  - Mailers supplied MTE via MTEESC
- ❑ Phase 2 Early 2013



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# Questions