



# What's Going On?

Presented to  
Twin Cities Postal Customer Council

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## What's Going On: United States Postal Service

- State of the USPS
- Legislation Update
- PMG Brennan
- Sarbanes-Oxley
- Who Do You Call?



## USPS: State of the USPS

- Mix of mail continues to change
  - Declining FCM volumes
  - Leveling of Standard Mail volumes
  - Significant growth in parcels
- Network Rationalization
  - Facilities and equipment
  - Routes
  - Employees
- FY 2016: \$5.6 Billion loss  
(includes \$5.8 Billion prefunding)



## USPS: Legislation Update – 114<sup>th</sup> Congress

- 142 Bills or Resolutions focused on USPS
  - 87 Naming post offices
  - 24 Stamp related
  - 31 USPS reform or operational changes
- Two comprehensive reform bills – HR 5714 & S 2051  
No floor votes.
- No Senate vote for USPS Board of Governors nominees (9 vacancies)
- No consensus among “print-mail industry”



## USPS: Legislation Update – 115<sup>th</sup> Congress

- 15 Bills or Resolutions focused on USPS  
(as of 1/29/17)
  - 4 Naming post offices
  - 5 Stamp related
  - 6 USPS reform or operational changes (D & R)
- Rep. Chaffetz retains chair of the House Oversight & Reform Committee
- Sen. Johnson retains chair of the Senate Homeland Security and Governmental Affairs Committee
- Restart process for POTUS to name USPS Board of Governors nominees (9 vacancies)



## USPS: HR 756 – Postal Reform Act of 2017

- Addresses U.S. Postal Service (“USPS”) retiree health benefits funding by automatic enrollment in Medicare Part A and B.
- Cancels the unpaid obligations for future retiree health benefits as required under the Postal Accountability and Enhancement Act of 2006.
- Requires recalculation of USPS payments into the federal retirement funds, and reimburses the USPS for any overpayments into the fund (over 30 years).
- Reduces the Board of Governors from 9 members to 5 members.
- Requires business to move to centralized (e.g., cluster box) delivery and the “voluntary” conversion of residential addresses to centralized delivery if 40% of residents consent to the plan.
- Restores half of the Exigent Rate Case increase (2.15%), making it the new base rate for future increases.
- Directs the Postal Regulatory Commission (“PRC”) to study the rate making system.
- Authorizes the USPS to provide services (including facilities) to federal, state, local and tribal government agencies.
- Reduces the review period on post office closings from 120 days to 60 days.



## USPS: HR 756 – Postal Reform Act of 2017

- Positive
  - Bi-partisan bill  
(Chaffetz, Meadows, Ross, Cummings, Connolly, Lynch)
  - Resolves funding issues, frees up investments dollars
- Negative
  - Medicare is the lynchpin
  - Rank and file from both parties may not support



## USPS: PMG Brennan Era

- Infrastructure
  - Consolidations on hold
  - Union contract negotiations
  - Packages lead the way
- Technology Changes
  - New delivery vehicles (Long Life Vehicles – LLVs)
  - New carrier scanners (“live” updates)
  - Small Package Sorting Systems (SPSS) testing
- Business Mail
  - Mailer Scorecard
  - IMpb requirements



## USPS: Sarbanes-Oxley

- USPS and SOX
  - Requirement of PAEA of 2006
  - Certify internal controls on financial reporting
  - Identified and closed gaps in compliance
  - Annual certification
- USPS Customers and SOX
  - Tighter controls on mail prep and acceptance
  - Closer review of mailing statements
  - Push for IMb and electronic submission



## USPS: 2017 Rate Case

- Rates effective - January 22, 2017
- Shipping Services
- Market Dominant Products
- What Can You Do With An Extra Ounce?



## USPS Rates: First-Class Mail

- Eliminated 3-Digit Sort Level
- Commercial – up to 3.5 ounces
- “Alternate Postage” now “Share Mail”
- Meter single-piece decreases
- Full Service IMb incentive remains



## USPS Rates: USPS Marketing Mail

- Formerly “Standard Mail”
- Rebranding to influence marketers
- 18-month transition planned
- No immediate changes to indicia



## USPS Rates: What Can You Do With An Extra Ounce?

\* Actually 1.5 ounces!

- Additional inserts
- Redesign flats to 6 x 9
- Redesign statements
  - Color (heavier substrates)
  - Pertinent, useful information



## USPS Rates: Success – Today & Tomorrow

- Know Your Mail
  - Content
  - Characteristics
  - Categories and quantity
- Continuous review
  - Weekly
  - Monthly
  - Quarterly
- USPS – Use your local resources



## USPS Contacts: Who You Gonna Call?

- Factors to Consider
  - Where are you located?
    - ZIP Code
    - Point of mail entry
  - What are you trying to accomplish?
    - Mail Piece Design, Rates and Classification
    - Mail Entry
  - What size customer are you?



## Physical Mail: Online Resources

- USPS website - [www.usps.com](http://www.usps.com)
- FAST – <https://fast.usps.com>
- PE Explorer - <http://pe.usps.com>
- PostalPro – <https://postalpro.usps.com>
- Industry Alert - [IndustryAlert@usps.gov](mailto:IndustryAlert@usps.gov)



# Commonly Used Acronyms

- Postal Facilities
  - NDC(Network Distribution Center)
  - ASF (Auxiliary Service Facility)
  - BMEU (Business Mail Entry Unit)
  - BSN (Business Services Network)
  - PDC (Processing & Distribution Center)
  - SCF (Sectional Center Facility)
  - ADC (Area Distribution Center)
  - AADC (Automated Area Distribution Center)
  - DDU (Destination Deliver Unit)
  - AMF (Air Mail Facility)
  - APO (Army Post Office)
  - FPO (Fleet Post Office)
  - MPO (Military Post Office)
- Equipment
  - AFSM 100 (Automated Flat Sorting Machine)
  - UFSM 1000 (Universal Flat Sorting Machine)
  - FSS (Flat Sequencing System)
  - BCS (Barcode Sorter)
  - OCR (Optical Character Reader)
  - MLOCR (Multiline Optical Character Reader)
  - MERLIN (Mail Evaluation Readability Lookup Instrument)
  - APPS (Automated Package Processing System)
  - SPBS (Small Parcel Bundle Sorter)
  - LPSS (Large Parcel Sort System)
  - PBCS (Parcel Barcode Sorting System)
- Address Management
  - CASS (Coding Accuracy Support System)
  - MASS (Multiline Accuracy Support System)
  - PAVE (Presort Accuracy Validation & Evaluation)
  - NCOA<sup>link</sup>® (National Change of Address)
  - LACS<sup>link</sup> (Locatable Address Conversion System)
  - ACS (Address Change Service)
  - FAST<sup>forward</sup>®
  - Move Update
  - UAA (Undeliverable As Addressed)
- Others
  - IBI (Information Based Indicia)
  - IMB (Intelligent Mail Barcode)
  - BPM (Bound Printed Matter)
  - BPRS (Bulk Parcel Return Service)
  - QBRM (Qualified Business Reply Mail)
  - BRM (Business Reply Mail)
  - CRM (Courtesy Reply Mail)
  - MRM (Meter Reply Mail)
  - FIM (Facing Identification Mark)
  - POSTNET Barcode (Postal Numeric Encoding Technique)
  - DPBC (Delivery Point Barcode)
  - OEL (Optional Endorsement Line)
  - PCSC (Pricing & Classification Service Center)
  - NCSC (National Customer Support Center)
  - CSR (Customer Support Rulings)
  - PVDS (Plant Verified Drop Shipment)
  - FAST (Facility Access & Shipment Tracking)
  - REC (Remote Encoding Center)



The Most Common  
but  
Least Valuable  
Manual In Existence:

## ISS Manual



## What's Going On: Trends & Technology

- Color – Color – Color
- Digital Mail: Not Just a Delivery Method
- E3 – E-Mail, E-Pay, & E-Presentment
- Comprehensive Communication Plans
- Sourcing
- Operations Management



## Color and Documents: Traditional

- Pre-printed color on forms
- Highlight color
- Full color
  - Offset Color
  - Digital Color



## Color and Documents: What's Changed

- PowerPoint presentations in color
- Web pages use color
- Printing technology, especially inkjet
- Renewed focus on branding
- Speeds increasing, costs decreasing
- USPS Mailing Promotions



## Color and Documents: What's Happening Now

- Color forms replaced with color printing
- ~~B&W for low-value documents~~  
Mid-volume, low-cost color inkjet
- Added color for messaging on transactional documents
- Fully digital processing for on-demand printing (offset and digital presses)



## Color and Documents: Challenges

- ROI isn't always easy to prove
- Consistency (PMS, screen vs. print)
- Space & facilities requirements
- Post-print applications (inserters)



## Digital Mail: What Is It?

- Scan & Deliver
  - Mail Center
  - Centralized Scanning
  - Business Unit
- Internet/Intranet document delivery



## Digital Mail: Why Implement?

- Faster delivery
- Access for remote staff
- Less expensive storage/retrieval
- Improve business processes



## Digital Mail: Challenges

- Imaging equipment – selecting, installing and training
- Legal constraints
- Non-scannable mail – brochures, magazines
- Multiple electronic document systems
- Integrating with BPM



## Digital Mail: One Tool of Many

- Hard copy will always exist
- Consider gradual adoption
- If you only have a hammer, everything looks like a nail



## Trends: E3 (a)

- E-mail
  - B2B - Documents
  - B2C - Marketing
  - C2C - Correspondence
- E-Pay
  - B2B – EFT (not new)
  - C2B – growing, but doesn't directly correlate to e-presentment
  - Direct pay vs. bank pay



## Trends: E3 (b)

- E-Presentment
  - B2B – Statements, billing
  - B2C – Statements, billing
- Multiple formats
  - PDF
  - HTML page
  - Downloadable data
- 3<sup>rd</sup> Party consolidators – no one yet



## Comprehensive Communication Plans: What is it?

- Multiple media – print, digital, video
- Multiple delivery methods – mail, email, television, internet, intranet, mobile
- **One Message**



## Comprehensive Communication Plans: Challenges

- Different owners, different priorities
- Confusing cost with value
- Content and design conflicts
- Difficult to calculate ROI
- Silver bullets only work against werewolves



## Trends: Sourcing

- Break-ups/Mergers and acquisitions
  - Equipment, software and service providers
  - Opens door to new technologies, services
  - Disruptive to industry (good and bad)
- Service Providers
  - Model changing with decline in mail volumes
  - Aggressive pricing and new services
  - Hybrid outsourcing models





## Trends: Operations Management

- Quality control at center stage
  - Moving beyond inserter controls
  - Complete system integrity – cameras, scanners and QC teams
- Complete workflow management
  - Controls, monitoring of entire system (file creation to USPS acceptance)
  - Mix of in-house, vendor and 3<sup>rd</sup> party systems



## Questions?

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