

**EASTERN AREA REPORT TO THE POSTAL REGULATORY COMMISSION
 SERVICE PERFORMANCE IMPROVEMENT FOR FIRST-CLASS MAIL**

Service Area

The Eastern Area (“Area”) is made up of ten districts spanning two time zones. The Area maintains 8,810 postal facilities with 96,334 employees with an operating budget of over \$7.5 billion. Distribution operations are performed in 35 Processing and Distribution Centers (P&DC) and four Network Distribution Centers (NDC). The Eastern Area is responsible for the processing and distribution of various mail classes for delivery operations within fourteen states: Arkansas, Delaware, Georgia, Indiana, Kentucky, Louisiana, Mississippi, New Jersey, New York, Ohio, Pennsylvania, Tennessee, Virginia, and West Virginia.

Service Performance by Category

As reported by the U.S. Postal Service Internal Service Performance Measurement (SPM) system, below are the on-time combined letter and flat service scores for Single-piece First Class Mail (SPFCM), Presorted First-Class Mail (PFCM), and Composite First-Class Mail. The scores are calculated based upon all measured volume that originates and/or destinates within the Eastern Area. The FY 2018 scores are a full-year measurement, while the FY 2019 scores are based upon the current fiscal year-to-date (FYTD) data that were available through June 18, 2019.

SPFCM FY 2018	Overall Score	SPFCM FY 2019	Overall Score
	91.14		89.67
PFCM FY 2018	Overall Score	PFCM FY 2019	Overall Score
	92.70		92.54
FCM Composite FY 2018	Overall Score	FCM Composite FY 2019	Overall Score
	92.01		91.32

Data Source: USPS Informed Visibility End-to-End Performance Report

Top Root Cause Failure Opportunities and Evaluation of 2019 Efforts

The following Eastern Area-level analysis results identify the ranking of root cause failure opportunities for FY 2018 and FY 2019 YTD based upon their relative share of all failures. The top two root causes of Transit and Last Mile shrunk by 2.91 and 7.68 percentage points, respectively. While the relative share of failures in the First Mile (+1.06), Destination Processing (+2.08), and Origin Processing (+0.79) categories increased slightly, the Unknown category increased by 6.64 percentage points, surpassing First Mile and Destination Processing in the rank.

First-Class Mail Root Causes FY 2018

Time Period	Root Cause	Rank	Relative Percent of Failures
FY18	Transit	1	40.77%
FY18	Last Mile	2	33.82%
FY18	First Mile	3	9.04%
FY18	Destination Processing	4	6.10%
FY18	Unknown	5	5.80%
FY18	Origin Processing	6	4.48%

First-Class Mail Root Causes FY 2019

Time Period	Root Cause	Rank	Relative Percent of Failures
FY19 YTD	Transit	1	37.86%
FY19 YTD	Last Mile	2	26.14%
FY19 YTD	Unknown	3	12.44%
FY19 YTD	First Mile	4	10.10%
FY19 YTD	Destination Processing	5	8.18%
FY19 YTD	Origin Processing	6	5.27%

Data Source: USPS Informed Visibility End-to-End Mail Diagnostics Report

The following represents an evaluation of the efficacy of FY 2019 efforts to improve First-Class Mail service performance based upon projects, initiatives, and strategies to reduce root cause impacts.

1. Transit Failures

As cited previously, transit failures saw nearly a three percentage point reduction in terms of the contributing share of failures. The improvement may be most attributed to the expanded use of the Network Operations Control Center (NOCC) to assist the field units in mitigating transportation challenges daily. The NOCC operation performs real-time data analysis and communicates with plants on issues related to transportation, operational clearance, and mail processing equipment performance.

Late in FY 2018, the Area Distribution Networks department began an exercise to realign transportation lanes between underperforming originating and destinating plant pairs. During this exercise, the Area worked with the district transportation teams to evaluate the service responsiveness of virtually all surface transportation.

Another opportunity was identified at commercial airline destinating freight houses, where a lack of communication resulted in mail not being tendered timely to processing centers. Use of USPS liaisons and all-clear messaging saw a dramatic decrease in the volume of mail missing final tender from air couriers.

2. Last Mile Impact (LMI)

In FY 2018, the LMI represented the second greatest Area-level opportunity. Improvements in LMI resulted in a 7.68 percentage point impact reduction. This was the single largest decrease in relative share, demonstrating that efforts to reduce the impact were successful. Various mail processing projects and initiatives involving mail processing equipment sortation quality improvement, increases in out-of-sort

program mail recovery, and operational start-up and clearance time improvements were implemented during FY 2019. Early in FY 2019, the Eastern Area Manager, Operations Support (MOS), and Delivery Programs department conducted field delivery operations educational symposiums that were instrumental in teaching field managers better methods of managing delivery unit efficiency performance, operational clearance, and improving letter carrier departure times, all in support of the reduction of the LMI.

3. First Mile Impact (FMI)

The FMI is primarily applicable to the SPFCM shape categories. In FY 2018 within the Eastern Area, the FMI represented the third greatest Area-level opportunity. While there has been a slight increase in the relative share of failures, it declined by one place in the overall ranking of root cause impacts. Leading into FY 2019, there was a great deal of training necessary to better understand the Internal Service Performance Measurement System (SPM), how the FMI was calculated, and compliance with individual elements of the mail collection process. The Area began to monitor these components and develop strategies around compliance to the individual processes. As cited previously, the Area MOS included these strategies within the educational symposiums provided to the field. The Area also led an effort to utilize various USPS scanning and tracking tools to identify failures incurred in the daily collection mail processes. This effort will be more reflective of future improvement in reducing the FMI impact.

4. Destination Processing

While the relative point impact of this failure category increased by only 2.08 percent, it represents an opportunity the Area is addressing with recently implemented strategies for improvement. The primary opportunity exists in terms of setting expectations for destinating operational clearance within the mail processing operations, including timely clearance of mail destined for final Delivery Point Sequence (DPS) distribution to the delivery units. This effort will be more reflective of future improvement in reducing failures.

5. Origin Processing

It is not surprising that Origin Processing represents the lowest opportunity in terms of the impact to the Mail Processing score. For many years, the Eastern Area has aggressively pursued performance improvement of outgoing operations to meet operating plan clearance times through a variety of projects, initiatives, and strategies. Despite that success, the Area continued to pursue the reduction in failures associated with this root cause failure category. Perhaps the single greatest effort involved driving the field in the use of and compliance with the Run Plan Generator (RPG) tool. Another strategy in play is the requirement to process all mail volumes based upon availability of the mail on hand, the throughput capacity of the mail processing equipment, and the maximization of distribution windows of operation. The local and area In-Plant Support departments developed numerous reporting and tracking systems relative to this strategy. Each facility has implemented systems to monitor hourly outgoing performance to plan across virtually all sortation and distribution platforms within the P&DCs and NDCs.

Failure Improvement Initiatives and Plans

Note: While the Area expects continuous improvement once these actions are implemented, a definitive date for completion of the various actions and expected improvements cannot be determined at this time. Depending on results, these actions may continue for the foreseeable future as best practices.

1. Transit

Several initiatives were recently put into place or will be started prior to the close of FY 2019. To address the FCM performance within a 3 to 5-day service standard, the Managers, Operation Support in each area have led a nationwide effort to address underperforming plant-to-plant service pairs. The initiative involved the identification of ten vital pairs that had the greatest impact on the national-level service performance. A concerted effort was made to evaluate and monitor outgoing operational clearance, timely dispatch, transportation responsiveness, destination plant receipt, and the clearance of all destinating FCM. Formal communication “pitch and catch” messaging was conducted between the origin and destination plants and all Area NOCCs. Shortly after performance improvement began to be realized, an additional ten highest impact plant-to-plant pairs were added to the process.

Timeline and anticipated outcome: In progress and will continue. Immediate impacts anticipated at each site.

In May of 2019, a zero tolerance was established in all plants for network transportation failing to launch as scheduled. Any mail failing to meet programmed transportation was identified and operational-level projects to eliminate future recurrence of this failure-type were established. The Area continues to enforce this trips-on-time policy.

Timeline and anticipated outcome: In progress and will continue. Anticipate significant reduction improvement in the Transit and Origin Processing root cause categories.

2. Last Mile Impact

The Area utilizes Informed Visibility (IV) tools to identify the highest opportunity district, office, route, and mail category. The goal is to determine the root cause and prevent service failures associated with the customer delivery segment of the last mile. This is done by participating in weekly telecoms with the district, validating the processes put in place to improve service, and possible replication of best practices. The Area also requires district leadership to visit the delivery units showing the most failures and to conduct a review of the current process and identify where and why mail is failing within the Last Mile. The Area requires retraining of all employees with the Service Performance Measurement (SPM) process to ensure carriers and clerks understand the process and do not contribute to “false” service failures by scanning mail pieces that spend more than one day in the delivery unit. This situation could occur when mail is actually available for on-time delivery but, as examples, is on hold at the request of a customer, is scheduled for delivery on a day the business is closed, or is sorted to a Post Office Box and not yet picked up by the customer. The

investigation is not exclusive to the delivery unit. District analysis must include plant operations to ensure the delivery unit is, in fact, receiving mail timely after final distribution is completed in the plant. Finally, an action plan is developed based on the findings of the review and the daily performance of the unit is tracked. Once the unit shows sustained improvement, the Area moves on to another high opportunity site and repeats the investigative process. The expectation is a reduction in the LMI.

Timeline and anticipated outcome: In progress and will continue. Immediate impacts anticipated at each site.

3. First Mile Impact

To address reductions in the FMI, which is exclusive to the SPFCM category of letters, post cards, and flats, the Eastern Area has recently re-initiated the concept of "Zero Bundle Investigations" associated with scans from failed pieces deposited in collection boxes. Once notified of a First Mile failure, the Area office immediately initiates an investigation with district leadership involved. The investigation first determines if the failure was a delivery unit or a mail processing failure. Both delivery and plant operations work together to gather the data to determine the root cause of the failure. Data collected consists of, but is not limited to: collection box collection times; collecting employee statements; Global Positioning (GPS) location of collector at time of the Collection Point Management System (CPMS) scan; time of the carrier return; and time of dispatch from the delivery unit to the plant. If the investigation determines a sound flow of the mail through delivery, the investigation proceeds to potential failures in transportation to the plant and ultimately, potential operating plan failures within the plant. Once the root cause of the failure is identified, measures are put in place to prevent this failure type in the future. Best practices are also replicated throughout the district.

Timeline and anticipated outcome: In progress and ongoing as potential collection process failures are identified. Implementation of this investigative process is expected to have immediate impacts.

4. Destination Processing

The Eastern Area has made a renewed commitment to timely clearance of destinating FCM distribution. Strategies have been put into play including expectations for all available destinating managed mail to be clear by 1500 daily. This strategy sets the stage for both earlier availability of mail volumes for final Delivery Point Sequence (DPS) distribution and mail processing equipment availability for an earlier outgoing distribution operational window. To that end, DPS letter sort program start times are also being monitored with expectations of maximizing the letter mail volume being entered into initial DPS sort programs by 1300 daily. Reporting systems have been put into place measuring hourly processed volumes versus volumes that have been identified as available via platforms such as the Mail History Tracking System (MHTS). These have been made available through various Workload Performance reports within IV. Additionally, all plants have been trained in the use of Mail Condition Visualization (MCV) tools available in IV. These are being used throughout the day to identify the availability of on-hand mail and potentially delayed inventory. As with most other

performance tracking mechanisms used by the Area support operations and NOCC, results are being monitored using trend analysis and visual heat maps.

Timeline and anticipated outcome: In progress and will continue. Anticipate reduction improvement in the Destination and Origin Processing root cause categories.

5. Origin Processing

As cited, the Eastern Area has had great success in driving down FCM root cause failures associated with piece-level origin outgoing distribution operation clearance. Similarly, the Area has set expectations that subsequent tray handling operations are advancing available volumes and clearing the operations as prescribed by the facility operating plan. Through daily trend report analysis and NOCC monitoring, emphasis has been placed on clearance of operations such as tray-sorters, robotic tray handling systems, and flight assignment operations. Additionally, the Area will continue to drive compliance with all requirements of Surface Visibility (SV) scanning. SV scanning has proven to be invaluable in identifying performance gaps in plant flows and network anomalies contributing to failures in several root cause categories.

Timeline and anticipated outcome: In progress and will continue. Anticipate reduction improvement in the Origin Processing root cause category.

Summary

The Eastern Area is committed to the continuous improvement process through Lean Six Sigma utilization. Ongoing improvement initiatives at every level and in every function in the Area drive process improvements that generate results for a positive customer experience end-to-end in their interaction with the Area. Through the use of its Informed Visibility platform the Area continues to expand its scope of consideration in driving world-class service. Every product line and every touch point for every customer must be exceptional every day. The opportunity to serve its customer, to achieve world-class service performance through efficient work methods and processes remains the Area's standard. The Eastern Area is relentless in pursuing excellence and will continue to listen and work to exceed our customers' expectations.

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