Background:

The United States Postal Service’s Northeast Area is comprised of more than 88,000 employees providing customers over 6,000 opportunities to be serviced six days per week. Further, the Northeast Area’s infrastructure includes 32 plants which service 3,200 delivery units that cover approximately 18.8M delivery points. Unique to the Northeast Area is that it can be characterized as the smallest, most densely populated of the seven areas in the nation mainly due to its coverage of the New York / New Jersey metropolitan boroughs and suburbs. The Northeast Area faces unique challenges every day as we strive to serve customers across 115,000 square miles that make up 10 administrative districts spread across eight states, and one off-shore district covering Puerto Rico and the US Virgin Islands.

The picture below illustrates the landscape of the Northeast Area.

- Employees: 88,485
- 10 Districts
- 23 Processing & Distribution Centers/Facilities
- 2 Network Distribution Centers
- 1 International Service Center
- Customer Service Units
  - 4,019 Retail Units
  - 1,116 Delivery Units
  - 2,095 Retail Units with Delivery
  - Possible Deliveries: 18,824,930

This report includes information regarding the Northeast Area’s First-Class service performance during Fiscal Year (FY) 2018 in comparison to the current Fiscal Year 2019, the top contributing root cause opportunities for improvement, and the strategies and countermeasures put in place to address these opportunities.

SECTION I: Evaluation of First-Class Service Performance

The following section provides a synopsis of Northeast Area First-Class Composite service performance relative to opportunities identified in FY 2018 and FY 2019, which are inclusive of market dominant products (Letters – Single Piece and Presort, Post Cards, Flats and International). Specifically, the following information identifies the top root causes of service performance failures, provides an explanation of contribution to the root causes, and the overall impact to the current state of on-time performance in FY 2019.
The top root causes for First-Class Composite are as follows. Root causes are listed in descending order in terms of their percent of overall contribution in the table below.

<table>
<thead>
<tr>
<th>Root Cause</th>
<th>First-Class Composite</th>
<th>Single Piece</th>
<th>Presort</th>
</tr>
</thead>
<tbody>
<tr>
<td>RC 1</td>
<td>Transit 40.55%</td>
<td>Transit 30.54%</td>
<td>Last Mile 32.05%</td>
</tr>
<tr>
<td>RC 2</td>
<td>Last Mile 33.58%</td>
<td>Last Mile 27.56%</td>
<td>Transit 26.95%</td>
</tr>
<tr>
<td>RC 3</td>
<td>Unable to Assign 8.97%</td>
<td>Unable to Assign 12.60%</td>
<td>Unable to Assign 16.27%</td>
</tr>
<tr>
<td>RC 4</td>
<td>First Mile 7.83%</td>
<td>First Mile 8.66%</td>
<td>First Mile 13.89%</td>
</tr>
<tr>
<td>RC 5</td>
<td>Destination Processing 7.06%</td>
<td>Destination Processing 7.33%</td>
<td>Destination 7.56%</td>
</tr>
</tbody>
</table>

**Failures Root Cause #1: Transit**

**Network Trips on Time:**

Transit failure root cause represents 40 percent and 30 percent for FY 2018 and YTD FY 2019, respectively, for the total First-Class Composite product. Trips departing on-time is a key opportunity for the Northeast Area, which continues to improve on the expectation that network trips depart on-time, every day. Specific to network late trips over a 24-hour period of time, the Northeast Area is operating at over a 95 percent on-time, which is in part due to an increased focus of achieving the goal of zero late trips. Accountability is key to minimizing late trips, so as a counter-measure any trips that are categorized as late are required to be individually after-actioned and followed up with Northeast Area leadership. Further, there are internal processes, specifically from an Area level, that help drive timely delivery. The Area has a Networks Operations Team that is involved with analyzing and reviewing delayed trips, trip routing, and efficient routing. The analysis and current reporting tools enable the Northeast Area to make informed decisions on understanding trip delays, when they occur, and building process controls to mitigate late trips. Bi-weekly service reviews are held with each of the local districts to identify any systemic issues with specific pairs and any constraints with contractor performance, either point-to-point or through a surface transfer facility. Near Zero Container and Distribution & Routing Tag (D&R Tag) analysis is followed up, utilizing the National Operations Control Center (NOCC) resources daily and from a continuous improvement portfolio. 18 trips on time projects have been completed across the Northeast Area since 2017.

**Freight House Committed Volumes:**

In addition to surface network trips, the air network is a vital contribution to the transit root cause. Commercial Airline Couriers are a vital component to First-Class Mail volumes arriving throughout the network, particularly for the 3-5 day service standard. The collaboration the Postal Service has with the couriers allows for timely service of these mail volumes; however, there have been some issues identified. One issue in particular was the lack of communication to inform the local destination plant that mail is ready for pick-up. There is limited technology to bridge the carriers and the Postal Service at the local level, so mail has been observed to be either tendered late, picked up late, or processed late, missing the intended day of delivery. Within the last three months, the Northeast Area has held service reviews to understand these process failures, and held meetings with the air carriers to improve the tender process from the couriers to the processing facilities. In addition, the Northeast Area Distribution Network team has conducted reviews on the Commercial Airlines (CAIR) Freight House required delivery time obligations, has validated that the Northeast Area Plants have supporting scheduled transportation in place to clear Freight Houses, and has reviewed all other air network suppliers (UPS and THS operations) for adherence to required delivery times.
**Failures Root Cause # 2: Last Mile /Delivery**

**Last Mile Impact Single-Piece Letter:**

Last Mile root cause represents 33 percent and 27 percent for FY 2018 and YTD FY 2019 respectively for the total First-Class Mail Composite product. The Northeast Area had all districts perform a Kaizen event to address their Last Mile Impacts. The goal was to identify specific issues and replicate processes that would improve the Area’s overall LMI scores. Key process breakdowns identified: 1.) employees rescanning mail delivered the previous day to a delivery receptacle (stale mail scans); 2.) new hires unaware of the sample requests standard work; 3.) delayed mail in the manual operations of Function 4; 4.) (3M) mail returned at the end of the day, sorted in automation, yet missent, missorted, missequenced to the incorrect carrier route; 5.) mail delayed in relay boxes; 6.) curtailed bundles not scanned as curtailed for bundle visibility measurements.

**Failures Root Cause # 3: Unable to Assign**

**Unknown Root Causes:**

The unable to assign root cause represents 9 percent and 12 percent for FY 2018 and YTD FY 2019, respectively, for the total First-Class Composite product. An essential portion of First-Class Mail service is ensuring that all pieces have visibility. In the historic platform for mail volume accountability (WEBMCRS), there is a reliance on the subjectivity of the end user to input daily conditions. To address this the Northeast Area conducts a daily service cadence call each morning with every district, whereby all metrics that measure visibility are discussed with accountable actions for follow up. With the onset of a new platform called Mail Condition Visibility (MCV), there is increased focus on mail conditions and measuring the mail that is classified as on-hand, delayed processing, and delayed inventory at any given snapshot in time. Leveraging this information has uncovered areas of opportunity for improvement, such as the need for improvement in Surface Visibility scanning and the reduction of at-risk indicators across machine platforms. In FY 2019 the Northeast Area has focused on improving mail conditions in MCV and ensuring each piece can be accounted for. In addition, the Northeast Area has put a tremendous focus on Surface Visibility and Origin and Destinating en-route scanning; the goal is to utilize all platforms that bring visibility to the network and movement of products through the entire value stream.

**Failures Root Cause # 4: First Mile/Origin**

**First Mile Impact Single-Piece Letters:**

FY 2018 and currently YTD FY 2019 First Mile Impact represents 13 percent and 14 percent of the total failed pieces. The Area implemented First-Mile discussions with the districts on what was causing delays and how to prevent them. Through Gemba (a continuous improvement term meaning “go and see”) activity in the districts, three root causes were uncovered: 1.) incorrect Mail Transport Equipment Label (MTEL) placards on containers dispatched to the processing plant; 2.) certified letters not dispatched timely; and 3.) errors with the cut-off acceptance times posted in the units versus what is recorded in Facilities Database (FDB).

**Failures Root Cause # 5: Destination Processing**

**Managed Mail Processing by 1500:**

The destination processing root cause represents 7 percent for FY 2018 and YTD FY 2019, respectively, for the total First-Class Composite product. Meeting operating times is critical to a successful processing night. For managed mail processing (MMP), processing facilities have a target goal of clearing their MMP by 1500. The Northeast Area continues to reinforce daily to local sites the importance of meeting this target clearance time in order to allow successful tender to the delivery units. The Northeast Area utilizes USPS analytics.
reporting tools to help identify specific sites and provide recommendations to sustain MMP clearance by 1500 hrs.

The Northeast Area’s on-time performance for First-Class Composite for both FY 2018 and FY 2019 is as follows.

<table>
<thead>
<tr>
<th></th>
<th>First Class Composite</th>
<th>Single Piece</th>
<th>Presort</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Time Performance</td>
<td>87.42</td>
<td>88.04</td>
<td>+0.62</td>
</tr>
</tbody>
</table>

The following chart indicates First-Class Composite performance over time by quarter for FY 2018 and FY 2019. The data shows an improvement in process stability from FY 2018 Q2 to FY 2019 Q2.
The following chart indicates the current trend analysis for First-Class Composite service performance from FY 2018 to FY 2019 and is commensurate with the improvement from FY 2018 to FY 2019.

\[ \text{Linear Trend Model} \]
\[ Y_t = 88.009 + 0.0354\times t \]

<table>
<thead>
<tr>
<th>Variable</th>
<th></th>
<th>Actual</th>
<th>Fits</th>
<th>Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accuracy Measures</td>
<td></td>
<td>MAPE</td>
<td>MAD</td>
<td>MSD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.0192</td>
<td>2.6123</td>
<td>12.8888</td>
</tr>
</tbody>
</table>

SECTION II: First-Class Composite Service Performance Improvement Plan

This section provides the Northeast Area’s detailed plan for improving First-Class Composite service performance.

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.

** Improvement Action # 1: Transit **

Network Trips on Time:

In FY19, the Northeast Area has improved 24 hour Network Trips on Time by 4.1 percent from March to June. With respect to specific actions, the Northeast Area requires an after-action plan for any site that departs any individual late Network trip. The Northeast Area has instructed its processing facilities to meet its operating plans so that trips are not being held. To that point, each site is required to have all available mail on the dock for departure on-time. The Northeast Area Distribution Networks team communicates specific daily reports such as the Red/Yellow/Green Report to monitor dispatch plan compliance with timely dispatching of originating volumes into the Surface Transfer Center (STC) Network, the STC Missed Container Report to monitor the at-risk pieces/containers resulting from poor dispatch discipline, and the 2-Day Point-to-Point Containers Reports which monitors 2-day containers that missed their intended Point-to-Point dispatch and are dispatched via an STC or Queens (non-intended via point). The Northeast Area also keeps track of any unplanned directional dispatching through the use of Informed Visibility (IV) tools to perform analysis, with follow up for corrective measures. Additionally, Near Zero Container and D&R Tag analysis is followed up utilizing the NOCC resources. There is an iterative review of network transportation schedules where any inter
and intra-Area trips are restructured to meet service. The expectation is to reach zero network late trips by the end of quarter 3.

**Freight House Committed Volumes:**

Air network performance improvement strategies resulted in significant reductions in Air Network Delays from 7 percent to 3 percent for FY 2018 to FY 2019, respectively, against the Nation’s delayed network volume for the Northeast Area. In order to continue to improve upon this reduction in delays, the Northeast Area has focused specifically on the Near Zero D&R Tag Report, which has prompted many of the following changes: Commercial Airlines (CAIR) Freight House required delivery time transportation review; validation of plants having the supporting scheduled transportation in place to clear the freight houses; the development of standard work instruction for 3-5 Day pair service performance analysis (both Air & Surface); ramp clerk reporting daily conditions of each air stop; use of MTEL placards at CAIR Freight Houses and THS sites, which provides increased visibility on the arrival of destinating mails from the air network; development of the standard ramp report, which provides structure to validate a supplier's contract compliance with required delivery times; and validation of suppliers’ Attachment B & C compliance through quality container checks. The expectation is to have visibility in all Northeast Area freight houses by the end of quarter 3.

**Improvement Action # 2: Last Mile**

**Last Mile Impact Single-Piece Letter:**

In order to continue to improve scores with respect to last mile indicators, the Area evaluates performance with each district daily and weekly during District Service calls and via audits. Districts provide their findings as a result of the Kaizens performed. Findings are shared Area-wide and abatement plans are replicated. Lastly, the Area has re-issued all Standard Work Instructions (SWIs) for Service Performance Measurement and provided additional training to each district, along with recurring advanced training at the Area for new supervisors (NSP), who learn how to leverage the Informed Visibility tools. Overall LMI scores, comparing QTR to QTR in the Northeast Area, went from a -2.7 percent impact QTR I FY 2018 to a -2.4 percent in FY 2019; likewise, in QTR II FY 2018 the Area had a -2.7 percent score, and in QTR II FY 2019, it improved to -1.9 percent.

**Improvement Action # 3: Unable to Assign**

**Unknown Root Cause:**

In order to continue to improve performance with respect to the unknown root causes, the Northeast Area reviews adherence to the daily operating plan, service, scanning, and overall operating conditions through a service cadence call each morning with every district. All metrics are discussed with accountable actions for follow up. In addition, since FY 2019 Q2, the Area has been involved in site-specific service reviews to ensure adherence to proper operational flows and implementation of USPS best practices. Daily drill downs into Mail Condition Visualization have uncovered several processes where the mail is failing. In QTR 3 the Northeast Area has been able to identify these processes and improve visibility, thus improving service.

**Improvement Action # 4: First Mile/Origin**

**First Mile Impact Single-Piece Letters:**

In order to continue to improve our scores with respect to first mile indicators, the Area reviews Area performance through IV First Mile Diagnostic drills, communicating performance daily and continuing to complete Area audits in “at risk” sites. The Area conducts zero bundle investigations immediately upon discovery of failed pieces, using Informed Visibility data. In May 2018, the Area issued a directive for retail unit lobby signage for Dispatch Of Value (DOV) and Cut-Off times, while also evaluating non express cut-off times for accuracy in FDB. To validate mail received over the retail counter is dispatched timely, all units are required
to scan a barcode label which is visible in the Collection Point Management System (CPMS). For the current FY, Delivery Programs and Marketing increased management oversight on the acceptance of mail at the Contract Postal Units (CPUs). Overall First Mile Impact (FMI) scores, comparing QTR to QTR in the Northeast Area, improved from a -2.7 percent impact QTR I FY 2018 to a -2.1 percent in FY 2019; likewise, in QTR II FY 2018 the Area had a -1.4 percent score, and in QTR II FY 2019, it improved to a -1.3 percent.

**Improvement Action # 5: Destination Processing**

**Managed Mail Processing by 1500:**

In order to improve scores with respect to on-time destinating processing, the metric of MMP by 1500 has been leveraged as a leading indicator to track daily. More specifically, the district specialists along with the NOCC utilize the corporate analytics repository to identify missed or late-arriving mail. Additionally, the Northeast Area ensures local sites are successful with their Run Plan Generator (RPG). RPG is a scheduled operating plan for Operations to use when processing mail. The Northeast Area reviews the RPGs daily and holds local sites accountable to their plan through direct conversation with operations managers and their leadership daily. Within RPG, the Area will validate that sites are sticking to their plan and ensuring they have forecast projected volumes properly, and are using throughputs that are acceptable to meet clearance times. The Area has developed a 1500, 2100 push report that identifies if a facility is not operating to plan, whereby this information is communicated daily for compliance and corrective action.

**Northeast Area Hoshin Plan / Continuous Improvement Projects:**

The Northeast Area leadership is committed to employing the principles and methodologies of continuous improvement; we have developed a Hoshin Plan for the Northeast Area for FY 2019 and the alignment of strategies and resources to drive performance.

Specific to the actions around First-Class Composite performance, the Northeast Area currently has 31 projects in support of improving service.

<table>
<thead>
<tr>
<th>District</th>
<th>First Class Parcels</th>
<th>Project type</th>
<th>1st Class LTRS and Flats</th>
<th>Project type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albany</td>
<td>3 DMAIC</td>
<td>1 BB, 2 GB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greater Boston</td>
<td>4 DMAIC</td>
<td>1 BB, 3 GB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New York</td>
<td>1 DMAIC</td>
<td>GB</td>
<td>4 DMAIC</td>
<td>1 BB 3GB</td>
</tr>
<tr>
<td>Northern New England</td>
<td>1 DMAIC, 2 Kaizens</td>
<td>GB</td>
<td>2 Kaizen 2 DMAIC</td>
<td>3 GB, 1 BB</td>
</tr>
<tr>
<td>Caribbean</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northern New Jersey</td>
<td>1 DMAIC</td>
<td>GB</td>
<td>1 DMAIC</td>
<td>BB</td>
</tr>
<tr>
<td>Long Island</td>
<td>1 DMAIC</td>
<td>BB</td>
<td>2 DMAIC</td>
<td>1 GB 1BB</td>
</tr>
<tr>
<td>Tirboro</td>
<td>2 projects</td>
<td>Kaizens</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connecticut Valley</td>
<td>1 DMAIC</td>
<td>1 GB</td>
<td>2 DMAIC</td>
<td>2 GB</td>
</tr>
<tr>
<td>Network Sites</td>
<td>2 DMAIC</td>
<td>1 BB, 1 GB</td>
<td>1 DMAIC</td>
<td>BB</td>
</tr>
</tbody>
</table>

**Conclusion:**

Striving to provide exceptional service to the Customer is foundational to the leadership across the Northeast Area. Through the culture of continuous improvement, the Area will remain focused on identifying top opportunities, root causes, and counter measures to build sustainable improvement for all First-Class Composite products. The Northeast Area is relentlessly committed to the pursuit of putting the customer first.

**Northeast Area Contact:**

Dane Coleman  
410-347-4314  
dane.a.coleman@usps.gov
APPENDIX: Northeast Area Service Performance Trends

Trend analysis 1st Class Comp Single Piece FY18 FY19
Linear Trend Model
\[ Y_t = 86.27 + 0.0296 \times t \]

Variable
- Actual
- Fits
- Forecasts

Accuracy Measures
- MAPE: 3.8265
- MAD: 3.1855
- MSD: 20.3643

Trend analysis 1st Class Single Piece Letters only FY18 FY19
Linear Trend Model
\[ Y_t = 87.26 + 0.0274 \times t \]

Variable
- Actual
- Fits
- Forecasts

Accuracy Measures
- MAPE: 3.8417
- MAD: 3.2229
- MSD: 21.1645
Trend analysis 1st Class Single Piece Flats only FY18 FY19

Linear Trend Model

\[ Y_t = 70.81 + 0.0828t \]

Variable

Target 96

Accuracy Measures

MAPE 5.1677
MAD 3.7332
MSD 22.3424

Trend analysis 1st Class Composite Presort FY18 FY19

Linear Trend Model

\[ Y_t = 89.404 + 0.0419t \]

Variable

Target 96

Accuracy Measures

MAPE 2.2265
MAD 1.99206
MSD 6.81491
Trend analysis 1st Class Presort Letters FY18 FY19
Linear Trend Model
$Y_t = 89.852 + 0.0406 \times t$

Accuracy Measures
- MAPE: 2.18183
- MAD: 1.96040
- MSD: 6.62442

Trend analysis 1st Class Presort Flats FY18 FY19
Linear Trend Model
$Y_t = 78.12 + 0.0235 \times t$

Accuracy Measures
- MAPE: 4.9778
- MAD: 3.8237
- MSD: 24.4767
Trend analysis 1st Class Composite Overnight FY18 FY19
Linear Trend Model
\[ Y_t = 92.697 + 0.04373 \times t \]

Accuracy Measures
- MAPE: 0.98010
- MAD: 0.91292
- MSD: 1.82216