

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
DOUGLAS F. CARLSON
(DFC/USPS-13-16)

The United States Postal Service hereby provides its responses to the following interrogatories of Douglas F. Carlson: DFC/USPS-13-16, filed on February 7, 2000. Interrogatory DFC/USPS-17 also was included with the set filed on February 7, 2000, but the response to that interrogatory was filed previously.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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February 22, 2000

Response of United States Postal Service
to
Interrogatories of Douglas F. Carlson

DFC/USPS-13.

- (a) For Docket Nos. R94-1, R97-1, and R2000-1, please provide the percentage of the total costs for certified mail, return receipt, and return receipt for merchandise that are attributable to window-service costs.
- (b) Please provide the percentage increase in the window-service costs for certified mail, return receipt, and return receipt for merchandise between Docket Nos. R97-1 and R2000-1.
- (c) Please provide the average length of a window transaction. Please provide this information for Docket Nos. R97-1 and R2000-1.
- (d) Please provide the average length of a window-service transaction for certified mail, return receipt, and return receipt for merchandise. Please provide this information for Docket Nos. R97-1 and R2000-1.

Response:

- (a) The percentages of the total costs for certified mail, return receipt and return receipt for merchandise that are attributable to window-service costs are listed below:

Docket No.	Certified Mail	Return Receipt ¹	Return Receipt For Merchandise ¹
R94-1	15%	27%	22%
R97-1	12%	26%	21%
R2000-1	12%	24%	8%

¹ In R94-1, return receipt and return receipt for merchandise each featured two offerings: (1) showing to whom and date delivered and (2) showing to whom, where, and date delivered. The percentages for each are weighted using the weighting factor discussed in USPS-T-30, p. 12.

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(b) The percentage increases in the window-service costs for certified mail, return receipt, and return receipt for merchandise between Docket Nos. R97-1 and R2000-1 are listed below:

	Certified Mail	Return Receipt	Return Receipt For Merchandise
% Increase from R97-1 to R2000-1	30%	19%	(24)%

(c) Using data from a 1996 window service transaction time study, provided by witness Brehm in Docket No. R97-1 (USPS-T-21), the average length of a time for a single component window service transaction is computed to be 70.6 seconds, and for all transactions, single and multiple, the average is 80.5 seconds. No new transaction studies have been done since 1996, so the figures 70.6 and 80.5 seconds are applicable to both Docket No. R97-1 and Docket No. R2000-1.

(d) The average length (in seconds) of a window-service transaction for certified mail, return receipt, and return receipt for merchandise appears below:

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Docket No.	Certified Mail (seconds)	Return Receipt (seconds)	Return Receipt For Merchandise (seconds)
R97-1	86.65	24.69	111.34
R2000-1	86.65	24.69	86.65

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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DFC/USPS-14

- a. Please describe the "mystery shopper" program and provide relevant documents explaining the program.
- b. Please describe the extent to which this program has been deployed nationally.
- c. Please provide the timetable during which this program has been or will be deployed.
- d. Please provide a copy of the checklist or other rating sheet that the mystery shopper completes after visiting a retail window.
- e. Please confirm that window clerks are encouraged or required to ask customers particular questions during each transaction, such as informing them of the opportunity to pay by credit card or debit card. If you do not confirm, please explain.
- f. Please provide the name of the program that encourages or requires window clerks to ask the questions described in (e).
- g. Please confirm that the program described in (f) may increase the amount of time devoted to a particular window transaction compared to the amount of time that would have been required for that transaction absent the additional questions. If you do not confirm, please explain.
- h. Please provide the additional amount of time that the program described in (f) has added to the typical window transaction for Docket Nos. R97-1 and R2000-1. If this information is not available, please explain why it is not.
- i. Please confirm that the costs associated with the additional time that the program described in (f) has added to the length of the typical window transaction are attributed to the types of transactions in which the customer was engaged (e.g. if the transaction is certified mail, the costs are attributed to certified mail). If you do not confirm, please explain.
- j. Please provide the additional amount of time and cost that the program described in (f) has added to the average window transaction for certified mail, return receipt, and return receipt for merchandise.

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RESPONSE:

- a. The Mystery Shopper program is an independent, contractor conducted evaluation of higher revenue producing retail units. Its purpose is to evaluate and assess a typical customer's experience at a retail unit. Attached are the relevant Mystery Shopper handbook sections, pages 1-5, explaining the program. This handbook is presently being updated.
- b. Mystery Shopper is a national program. At this time 8,300 retail units are evaluated each postal quarter.
- c. FY 99 was the first year of national implementation. The program is in its second fiscal year of operation following implementation.
- d. Attached is a copy of the current standardized evaluation, for postal quarter 2. From time to time the evaluation is updated.
- e. Confirmed. In the performance of their duties, retail clerks are to ask customers when they want the item to arrive, to provide information about the class of mail offered, and to offer special services and/or additional products. The goal is to best match postal products and services with the

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customer's needs and desires. Additionally, clerks are requested to inform customers of the opportunity to pay by credit or debit card.

- f. The Sales Associate training program instructs Postal Service retail clerk trainees on established guidelines for postal retail sales.
- g. Not confirmed. To the contrary, by focusing directly on the customer's needs, inquiring about other services the customer may need and confirming the customer's method of payment transactions can actually be streamlined.
- h. This information is not available. The Postal Service does not aggregate data in this manner.
- i. Partially confirmed. To the extent the interrogatory inquires about any additional costs associated with having retail clerks inquire about the customer's needs and method of payment for special services that are tracked by the Cost and Revenue Analysis (CRA) report (e.g. certified mail), these additional costs are attributed. Since witness Davis (USPS-T-30) bases return receipt for merchandise costs on certified mail costs, any mystery shopper costs or cost savings would be reflected. Cost systems

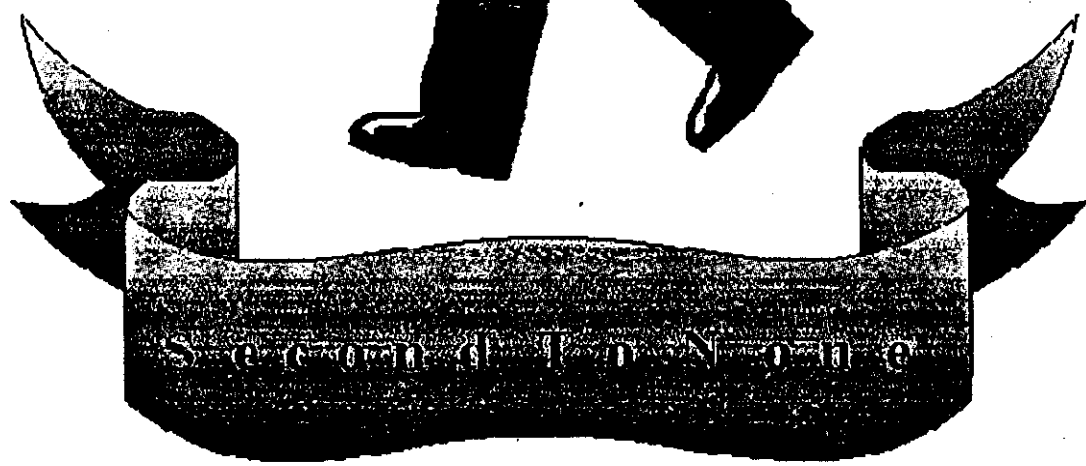
**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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do not isolate the additional transaction time that arises in a given transaction from the various retail programs. For certain special services that are not tracked by the CRA, but rather by special cost studies (e.g. regular return receipt), the additional costs of various retail programs are not reflected, assuming the transaction times were measured prior to the implementation of the retail programs in question.

- j. *The cost systems do not isolate the additional transaction time or cost, if any, that the program described in (f) has added to the average window transaction for certified mail, return receipt, and return receipt for merchandise.*

**United States
Postal Service**

**National Mystery Shopper
Handbook**



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C. AREA COORDINATOR

D. NATIONAL COORDINATOR

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AREA AND DISTRICT COORDINATORS

COMMUNICATION PROCESS FLOWCHART 10

MYSTERY SHOPPER QUESTIONNAIRE

FREQUENTLY ASKED QUESTIONS

1. Mystery Shopper Program

A. DEFINITION AND PURPOSE

The Mystery Shopper Program is a tool for process improvement. It documents a typical customer's experience at a retail unit. The program uses contracted "shoppers," who visit post offices and provide an assessment of the office from the customer's perspective. Based on the shopper's experience, offices are rated on operational efficiency, sales skills and product knowledge, courtesy and professionalism, presentation of products and services, and facility appearance. Each office receives a copy of the questionnaire completed by the shopper. This transition to a single, national program is to ensure consistent processes, questions, and ratings at the national level. Mystery

shopper data will be used for three purposes:

- It will serve as the primary data source to construct the Retail Proficiency Index, an indicator under the Voice of the Employee.
- It will provide information in support of district efforts to meet revenue goals.
- It will give local offices information to drive process management efforts to improve customer satisfaction.

The Mystery Shopper Program tells us what we are doing right. It can also help us identify opportunities to change our customers' perception of our business.

B. NATIONAL CONTRACTOR

Second To None, Inc., one of North America's leading mystery shopping services providers, is the USPS choice for the 1999 fiscal year national mystery shopping program. "This represents a new era of opportunity for the USPS to understand its retail customers' experiences and perceptions better than ever before." says Jeff Hall, President. "Through a consolidated program, the USPS will immediately benefit from a true organizational-wide understanding of customer service quality, along with enhanced reporting capabilities.

C. MYSTERY SHOPPER PROGRAM SPECIFICS

The USPS serves 9 million business customers and 100 million residential customers. Much of our revenue is generated in the retail lobby. About half of our customers organize their time to include a trip to the post office. We have traditionally viewed all of our customers the same. The USPS recognizes that customers have options and they are using them! What do our customers want? They want convenience, technical assistance, extended hours, and supplies provided in a pleasant environment with fast, friendly service staff.

The national Mystery Shopper Program will assist us by providing information that will keep our customers focused on us as the service provider. Mystery shops will be conducted at all units that generate annual walk-in revenue of at least \$500,000 or the top 20% of the highest revenue-producing offices in each district, whichever is greater. Each identified unit will be randomly shopped ~~15~~ times each fiscal year. Mystery shopper scenarios will address typical transactions that take place in a retail unit.

as determined by contract

The results of the mystery shops are identified and shared using the retail unit ZIP Code. Specific employees are not identified on the evaluation. It is important that this program be used as a tool to improve unit operations. It is not used to discipline employees.

D. UNIT EVALUATIONS

Each office will receive its evaluation within 72 hours of the shop. Currently, evaluations are sent to the District Coordinator for distribution to the office. Once the office email address is Internet accessible, the evaluation will be sent directly to the office.

Effective February 27, 1999, reports will be available at the USPS Mystery Shopper web site. The address for the web site is <https://client.second-to-none.com/shopus>. To use the site you must:

1. have computer access to the Internet

2. contact your area coordinator
3. obtain a logon ID and password

To find the name and telephone number of your area coordinator, go to the Retail web site at <http://retail.usps.gov>. At the homepage click on "Programs and Contacts" then scroll down to click on "National Mystery Shopper." At the bottom of the page look for the link titled "Communication Process: Your local representative." A copy of the list is provided in this document at page.....

2. Roles and Responsibilities

Success of Retail equates to a high level of customer satisfaction. Everyone must understand the results of this program, and use the customer's point of view to guide changes we make within the organization. Our communications begin with the survey. Locally we make improvements. At the district and area level we elevate and identify process improvements. Nationally, we measure the results. Each person is linked to this ongoing cycle for improvements.

A. RETAIL UNIT MANAGER

- Ensure that employees are informed and educated about the National Mystery Shopper Program. Discuss results of each mystery shop with unit employees. Use service talks as an opportunity to:
- Share program goals and expectations with employees
- Correct negative observations noted in evaluations
- Celebrate successes

B. DISTRICT COORDINATOR

- Ensure that Retail unit managers and district management are informed about the program.
- Provide reports and feedback about the program to district staff.
- Commit to and document problem resolution at the local level
- Understand and use the communication process to investigate and elevate unresolved issues to the Area Coordinator. (See Communication Process Flowchart attachment.
- Celebrate with success stories. Contact the corporate relations staff for local and area media coverage.

C. AREA COORDINATOR

- Review reports and identify opportunities for improvement at the area level.
- Commit to and document problem resolution at the district level.
- Understand and use the communication process to investigate and elevate unresolved issues and concerns having an impact at the area level to the National Coordinator.
- Celebrate with success stories that have potential for replication.

D. NATIONAL COORDINATOR

- Administer national program.
- Coordinate with Retail managers to identify opportunities for improvement.
- Coordinate program improvements.
- Act as liaison between USPS and vendor.

3. ATTACHMENTS

A. AREA AND DISTRICT COORDINATORS

B. COMMUNICATION PROCESS FLOWCHART

C. FREQUENTLY ASKED QUESTIONS

D. MYSTERY SHOPPER QUESTIONNAIRE

NATIONAL MYSTERY SHOPPER PROGRAM

AREA AND DISTRICT COORDINATORS

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Service Evaluation
Second To None - Sample
100 STN - Test Location

Date 8/18/80 Arrival 9:00 AM
Day Monday
Overall Score 100/100 - 100.00%

Operational Efficiency

- 1 How long was your wait in line? [minutes:seconds] 0
- 2 Was your wait in line 5 minutes or less? Yes 10 /10
- 3 Did the vending machine appear to be in proper working order? Yes 3 /3
- 4 Were all vending machines fully stocked? Yes 2 /2

Operational Efficiency 100.00% 15 /15

Sales Skills and Product Knowledge

- 5 Did the employee inquire when you wanted the item to arrive? Yes 11 /11
- 6 Specify the class(es) of mail offered Global Priority
- 7 Did the employee offer the correct class of mail? Yes
- 8 Did the employee explain any features of the recommended class of mail? Yes 8 /8
- 9 Did the employee offer any special services? Yes 8 /8
- 10 Specify special service(s) offered N/A
- 11 Did the employee suggest an additional item to purchase? Yes 6 /6
- 12 Specify additional items offered N/A
- 13 Did the employee inform you that the USPS accepts credit and debit cards? Yes 4 /4

Sales Skills and Product Knowledge 100.00% 37 /37

Courtesy and Professionalism

- 14 Did the employee greet you pleasantly as soon as you reached the counter? Yes 4 /4
- 15 Did the employee smile and make eye contact? Yes 4 /4
- 16 Did the employee present a clean, professional appearance? Yes 4 /4
- 17 Was the employee wearing the complete uniform? Yes 3 /3
- 18 Did the employee thank you at the end of the transaction? Yes 5 /5

Courtesy and Professionalism 100.00% 20 /20

Retail Products and Services

- 19 Were the 3 forms or free supplies you were instructed to locate in the lobby available? Yes 5 /5
- 20 Which forms or free supplies were not available? N/A
- 21 Were retail packaging supplies displayed and professionally labeled? Yes 5 /5

Retail Products and Services 100.00% 10 /10

Facility

- 22 Was the exterior clean and well maintained? Yes 4 /4
- 23 Was the interior clean and well maintained? Yes 4 /4
- 24 Were all signs professionally lettered and properly posted? Yes 5 /5
- 25 Was the employee's counter clean and well maintained? Yes 5 /5

Facility 100.00% 18 /18

Evaluation Information

- 26 USPS Scenario ID B1
- 27 Evaluator ID 00000
- 28 Amount of sale from receipt \$0.00
- 29 Revenue loss (based on correct class of mail) \$0.00
- 30 Post office information on receipt
No information provided.
- 31 Evaluation Sequence: FY00 Q1 - Shop 1

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DFC/USPS-15 Please describe the extent to which the Postal Service has deployed a program nationwide to provide window service in five minutes or less.

Response:

The extent to which the Postal Service has deployed a program nationwide to provide window service in five minutes or less is described and detailed in Publication 224, Market Basket Resources, Support Tools, dated February 1999 (copy of relevant pages attached). The program is also described in the USPS handbook PO-208, Retail Operations-Focus on Retail, dated 1999, under chapter 7, Lobby Management, and section 713 (copy of relevant page attached).

1301



MARKET BASKET

Resources. Support. Tools.

SERVICE

IN

5

PUBLICATION 224 FEBRUARY, 1999

ATTACHMENT 1
DTC/NOAS-15
PAGE 1 OF 2

Install TV/VCRs to promote our products and services utilizing the Postal Lobby Video Network (PLVN).

4. Other Ideas

- Install buzzer system to summon additional clerk to retail counter or to signal need for lobby director.
- Send letters to bulk business mailers and postage meter customers suggesting optimum (off-peak) times to visit post offices to conduct their business. They may also wish to become part of the on-site meter setting program.
- Verify that offices are using current Notice 32 B & C, *P. O. Box Fee Due*. This allows customers to mail in their box rent rather than coming to the window.
- Vacation Hold Mail - Advise customers as they submit PS Form 8076, *Authorization to Hold Mail*, that they have the option of requesting their carrier deliver all mail held on the date they specify to resume delivery.
- Move work area (desk/table, etc.) for support activities as "nixie" desk, vacation hold mail, preparation of second notices, etc.

SERVICE IN 5

SUMMARY OF ACTION ITEMS AND STRATEGIES IMPLEMENTED OR SUGGESTED TO ACHIEVE SERVICE IN FIVE MINUTE OR LESS

1. Staffing and Service Hours

- Review/adjust scheduling of clerk hours to provide maximum (optimum) staffing during peak periods.
- Consider expanding/adjusting service hours, as warranted, to accommodate A.M., P.M., or lunchtime peaks.
- Provide for peak time back-up using a distribution clerk with assigned accountability.
- Increase involvement of postmasters and supervisors in monitoring peak period lobby and window activities, as well as giving weekly service talks to clerks.

2. Window Activities and Customer Service

- Based on local need, consider establishment of special window(s) for government services and other time consuming transactions (e.g. passports and meter settings).

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7 Lobby Management

71 Retail Image

711 Introduction

Everyone should be familiar with the information in this chapter and can use the two checklists provided at the end of this chapter on daily inspection tours of the retail unit. Charts are also provided at the end of this chapter to help retailers to standardize lobby appearance. The charts list the products available for maintaining correct interior finishes for postal stores and new facilities. These items are also available for offices that are being upgraded. For help ordering, contact your district Administrative Services office. For detailed information on purchasing maintenance supplies, contact Administrative Services. Cleaning supplies need to be in compliance with OSHA standards, as well as manufacturers' suggested care instructions so we do not void warranties.

712 Lobby

For the U.S. Postal Service to project a professional business image to postal customers and employees, we must focus on our retail lobbies and other customer service areas. Every lobby must be safe, well organized, well maintained, neat, and clean. The post office lobby is one of the most visible images customers have of the Postal Service. It is everyone's responsibility to ensure that we provide a clean and safe environment for our customers and employees.

713 Service in 5 Minutes or Less

It is not economically possible to provide instantaneous service to each customer entering the lobby. Instead, our goal is to provide a level of service that produces a waiting time of less than 5 minutes. Postmasters achieve this goal through the following:

- a. Providing proper training and staff scheduling.
- b. Using the Retail Analysis Program (RAP).
- c. Encouraging proper placement and maintenance of self-service vending equipment.
- d. Using the Lobby Director Program.

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DFC/USPS-16.

The following questions refer to PC Postage, the computerized systems marketed by Stamps.com and E-Stamp to allow customers to print postage from their computers.

- (a) Please provide an estimate of the cost to the Postal Service of developing and approving these systems.
- (b) To which classes or types of services have these costs been attributed?
- (c) Please confirm that every time a customer prints postage on an envelope using PC Postage, a record is created indicating the date and address to which the customer, or meter-license holder, addressed his envelope.
- (d) Who maintains this record?
- (e) Does the Postal Service have access to this record?
- (f) Under which circumstances can Postal Service employees access this record? Please provide citations to or copies of all relevant regulations, directives, and procedures.
- (g) Please provide citations to or copies of all notices that the Postal Service has issued, or actions that the Postal Service has taken, to ensure that any records described in (c) are maintained and accessible in a manner with the Privacy Act.
- (h) Please provide citations to or copies of all notices that the Postal Service issues to PC Postage customers to advise them of the maintenance of records of the addresses to which they have sent mail.

RESPONSE:

- (a) The Postal Service does not develop PC Postage products but serves as a regulator of the private companies that develop products. The

**RESPONSE OF UNITED STATES POSTAL SERVICE
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DFC/USPS-16 (cont'd)

Postal Service's role consists of defining the procedures used by companies to submit products to the Postal Service for approval – the Postage Evidencing Product Submission Procedures, latest version dated July 23, 1999, and establishing the performance criteria the products must meet – Performance Criteria for Information-Based Indicia and Security Architecture for Open IBI Postage Evidencing Systems (PCIBI-O), latest version dated June 25, 1999.

These regulatory functions are performed by the Postage Technology Management (PTM) group within the Postal Service. PTM is responsible for the administration of all postage evidencing systems which includes systems such as PC Postage that produce an Information Based Indicia as well as traditional postage metering systems that produce a meter imprint. The costs associated with these administrative functions are not tracked by specific systems but are part of the overall budget of the group. Therefore, we are unable to provide the specific information requested.

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DFC/USPS-16 (cont'd)

- (b) The Postage Technology Management (PTM) program is an overhead cost. It is treated as an institutional cost and, therefore, is not attributed to a specific class or type of service.
- (c) PCIBI-O, *Section C.3.2.6.1.3 Indicia Creation Log File Entry*, states an entry shall be made to the log file to record each indicium created. The log file entry includes the date of mailing and the Destination Delivery Point or ZIP+4 but does not include the address to which the customer addressed his envelope.
- Future versions of the PCIBI-O will modify this requirement to include only the five-digit ZIP Code instead of the Destination Delivery Point or ZIP+4.
- (d) The records are maintained by the product service provider and periodically submitted to the Postal Service in accordance with *Section C.3.2.6.2, Log File Management and Review*, of the PCIBI-O.
- (e) Yes, see response to item (d) above.

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DFC/USPS-16 (cont'd)

- (f) Postal Service employees can access this record when needed for the performance of official duties in accordance with the purpose and routine uses identified in the Notice of amended system of records, published in the Federal Register, Vol. 65, pages 142-143, January 3, 2000, and prior notices concerning the system that were published at 54 FR 43701 and 62 FR 25980-81.

- (g) See Federal Register notices referenced in response to part (f) above.

- (h) Since the collection of information is performed electronically with PC Postage, the Privacy Act Notice is also provided electronically to customers. The customer views the Privacy Act Notice as part of the licensing process incorporated into the software of the product service providers. The electronic notice is the same that is used on the hard copy license application -- the 3601A, Application or Update for a License to Lease and Use Postage Meters. This application is currently being updated based on the Notice of Amended System of Records published in the Federal Register on January 3, 2000.

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DFC/USPS-16 (cont'd)

In addition to the Privacy Act Notice, the Postal Service maintains a privacy policy on its IBIP website, www.usps.com/ibip. Each authorized PC Postage product service provider is required to link to our privacy policy as well as maintain a privacy policy of their own.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



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