

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

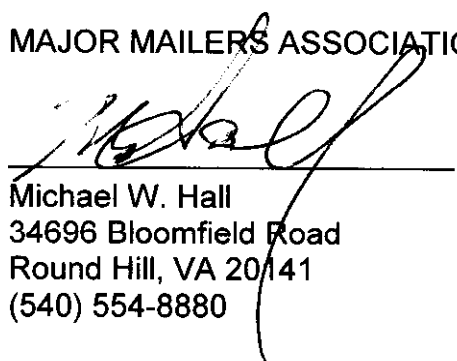
Docket No. R2000-1

**RESPONSE OF MAJOR MAILERS ASSOCIATION WITNESS HARRISON  
TO INTERROGATORY OF DOUGLAS F. CARLSON**

Major Mailers Association hereby provides the response of its witness Sharon Harrison to the following interrogatory of Douglas F. Carlson: **DFC/MMA-T2-1**, filed on June 7, 2000. The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

MAJOR MAILERS ASSOCIATION



Michael W. Hall  
34696 Bloomfield Road  
Round Hill, VA 20141  
(540) 554-8880

Counsel For  
Major Mailers Association

Dated: Round Hill, Virginia  
June 21, 2000

**CERTIFICATE OF SERVICE**

I hereby certify that I have served the following interrogatory responses upon the United States Postal Service, Ted P. Gerarden, the Designated Officer of the Commission, and participants who requested service of all discovery documents, in accordance with Rule 12 of the Rules Of Practice.

Dated this 21st day of June 2000.



Michael W. Hall

**DFC/MMA-T2-1.** Please refer to your testimony at page 15, lines 12–28. Please provide the USPS/Pacific Bell Quality Improvement Team's recommendations for specific corrective actions and any correspondence received from the Postal Service explaining why the Postal Service has not implemented the recommendations nationally.

**RESPONSE:**

With respect to your request for the USPS/Pacific Bell Quality Improvement Team's recommendations for specific corrective actions, attached as Attachment A are slides used in several presentations made in the August-November, 1995 timeframe for the purpose of reporting the results of the joint study, increasing awareness of problem areas, and seeking support for implementation of corrective actions. Specifically, these materials were used in several meetings with USPS where we were seeking further input from USPS officials regarding information the Postal Service had on other mailers' studies of UAA problems and remediation efforts, in order to further validate our study results and recommendations for improvements. At that time, we were informed that there was no such information. At these meetings with USPS representatives we also sought commitments from the Postal Service to implement the recommendations for improvement in postal operation and processes. USPS officials informed us that they would be reporting the results of the joint study and our discussions at the meetings with management teams inside the Postal Service.

Attached hereto as Attachment B is the USPS/Pacific Bell Quality Improvement Team's Communication Matrix and related materials. The Matrix document provides further details regarding the nature and extent of the meetings described above, as well as details regarding the contacts made with Postal Service personnel on the local, regional, and national level.

Implementation of these recommendations by the Postal Service was also discussed at an October 1996 meeting of the USPS/Pacific Bell Quality Improvement Team. At that meeting, Pacific Bell reported the results of its efforts to implement the Team's recommendations for the Company and the results of a follow up test. The Team inquired about the status of the USPS' implementation of the Team's

recommendations. The local USPS then developed a plan to determine what recommendations could be implemented in the Sacramento District and throughout the Pacific Area. The minutes of that meeting are attached as Attachment C. A summary of the results of the referenced USPS study is attached as Attachment D. Please note that I have redacted specific customer information to maintain customers' confidentiality.

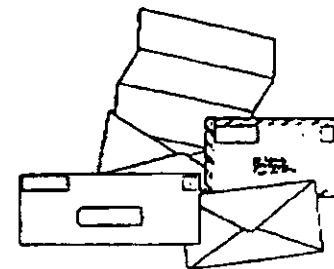
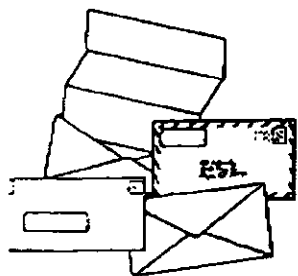
Attachment E consists of articles about the USPS/Pacific Bell Quality Improvement Team's study that were published in various industry and mass media publications.

Attachment F consists of slides used at the presentations of Pacific Bell's Quality Teamwork Award to the USPS/Pacific Bell Quality Improvement Team.

Your interrogatory also requests copies of any correspondence received from the Postal Service explaining why the Postal Service has not implemented the recommendations nationally. We have never received any written explanation why the USPS/Pacific Bell Quality Improvement Team's recommendations have not been implemented nationally.

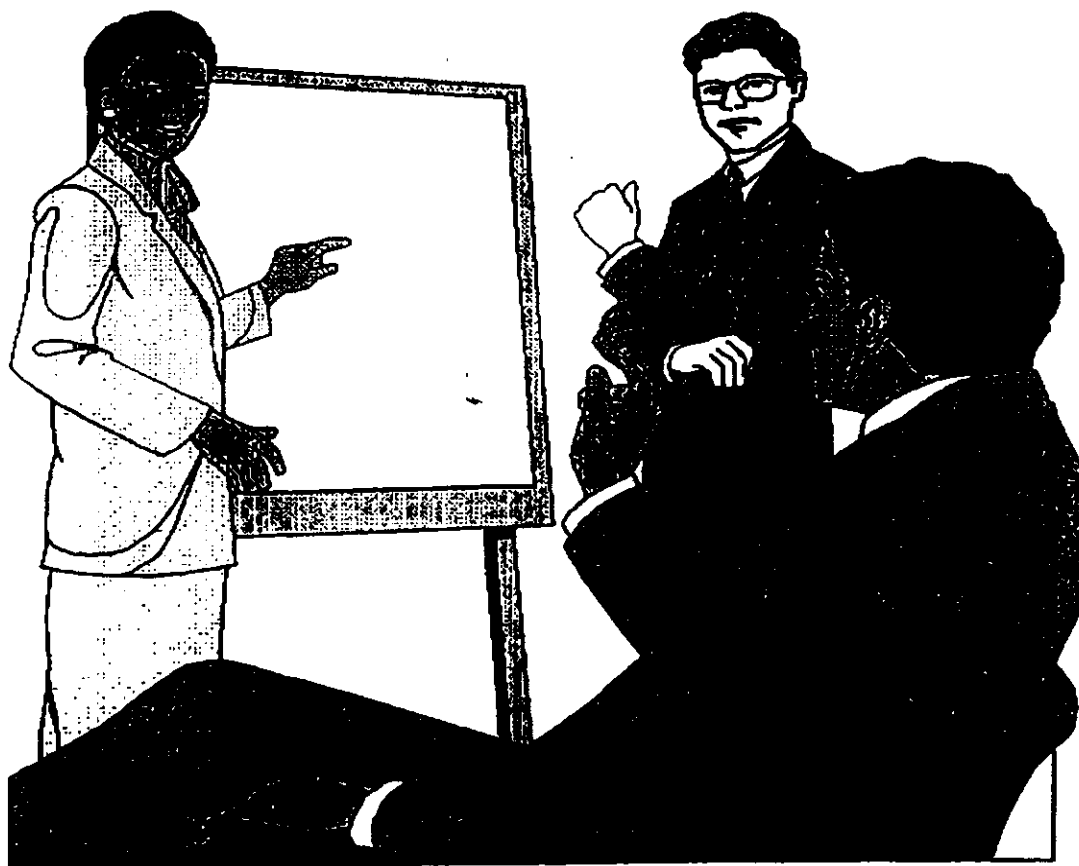
**Response Of MMA Witness Sharon Harrison To Interrogatory  
DFC/MMA-T2-1**

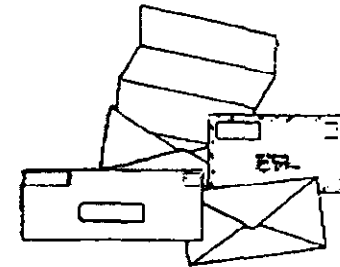
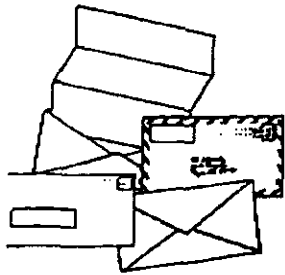
**Attachment A**



# USPS/Pacific Bell Quality Improvement Team

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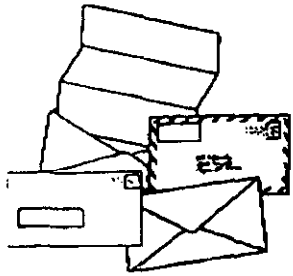


# **USPS/Pacific Bell Quality Improvement Team**

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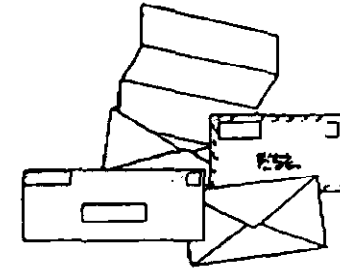
## **Team Process:**

- > United States Postal Service (USPS)/  
Pacific Bell Partnership**
- > Identified Mutual Improvement Areas**
- > Improvement Selected - Returned Mail**
- > Experts Selected from the Field**
- > Reviewed Returned Mail Processes**
- > Analyzed Returned Mail to Identify Problems**
- > Team Recommendations Developed**
- > Developed Communication Plan**

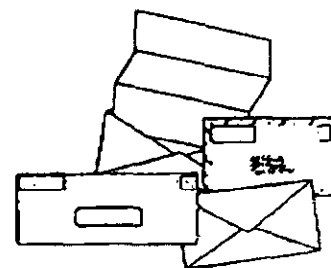
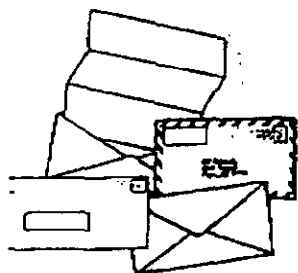


# **“Returned Mail” Team Objectives**

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- > Reduce Returned Mail**
- > Increase Customer Satisfaction**
- > Reduce Delivery Service Delays**
- > Reduce Operating Cost**
- > Increase Awareness of Returned Mail Problems  
(Pacific Bell/USPS)**
- > Make Team Recommendations**
- > Follow Plan/Do/Check/Act (PDCA)**



# **Cost of Returned Mail**

## **USPS/Pacific Bell Combined**

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- > Pacific Bell receives approximately 80 thousand pieces of returned mail per month (billing media)  
= 960,000 pieces annually

### Rework Cost Per Piece

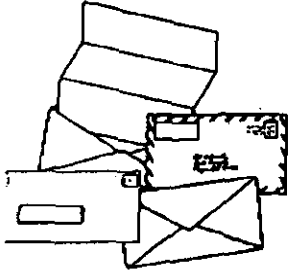
- > USPS rework per piece \$0.63 \* = \$ 604,800 annual cost
- > Pacific Bell rework per piece \$2.00 \*\* = \$1,920,000 annual cost

**TOTAL REWORK COSTS = \$2,524,800 ANNUALLY**

\* USPS - Based on Price Waterhouse cost study 1995

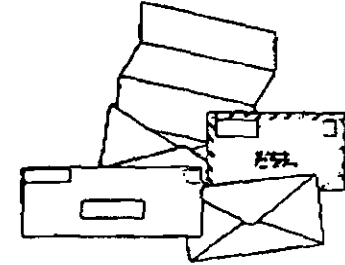
\*\* Pacific Bell - Based on 1995 volumes and projected cost



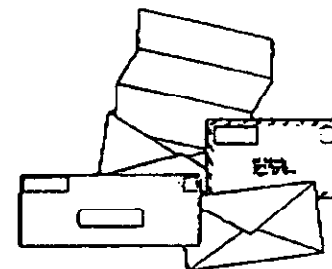
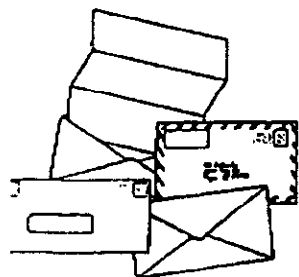


# **USPS/Pacific Bell Returned Mail Study**

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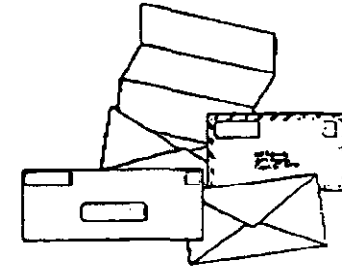
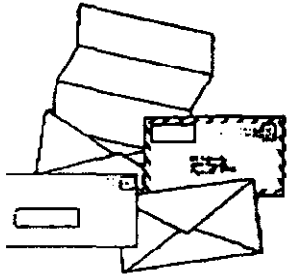
- > Selected four geographic areas to analyze;  
Sacramento, San Jose, Santa Ana and San Diego**
- > 200 piece random samples from each location**
- > Completed two separate studies of 100 pieces  
per area**
- > Total mail volume sampled = 800 pieces**



# **Returned Mail Investigative Process**

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- > Site visits to Pacific Bell and USPS**
- > Selected sample types and locations**
- > Collected returned mail samples**
- > Validated address using Coding Accuracy Systems Support (CASS) Product and customer interaction (Pacific Bell)**
- > Verified accuracy of endorsement and process followed with carriers (USPS)**
- > Identified errors - reverified issues with customers/Pacific Bell/USPS as needed**
- > Identified causes of returned mail**

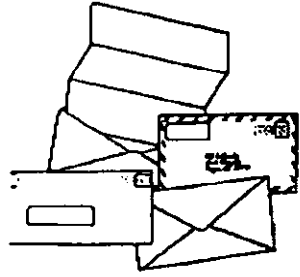


# **Current Situation:**

## **United States Postal Service (USPS)**

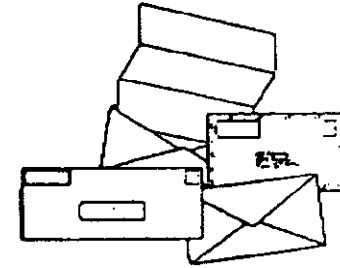
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- > **“Good As Addressed” mail returned in error**
- > **Incorrect or outdated USPS endorsements used**
- > **Carrier delivers by address, customer name and personal knowledge**
- > **Standard Operating Procedures not consistent**
- > **Statewide issues identified (California)**
- > **Nationwide issues not surveyed - presumed systemic**

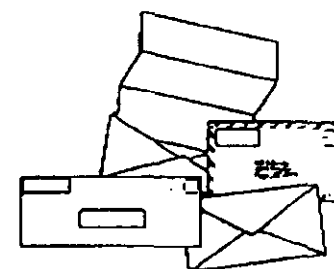
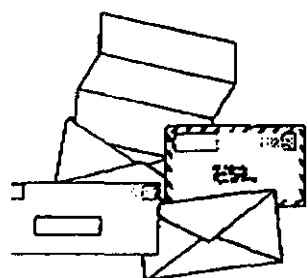


# **Current Situation: Pacific Bell**

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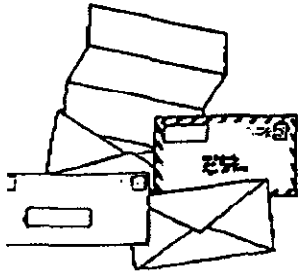
- > **CASS Product =CODE1 PLUS verifies billing address (post customer contact)**
- > **PREMIS database has inaccurate delivery address and limits addressing capabilities**
- > **CODE1 PLUS monthly updates not timely (currently 3 month intervals)**
- > **CODE1 PLUS error reports not currently provided**
- > **Billing Address Correction Center (BACC)est. 8/93. Staffed with 35 employees.**
- > **Receiving improperly returned mail**



# Returned Mail Total Study Analysis

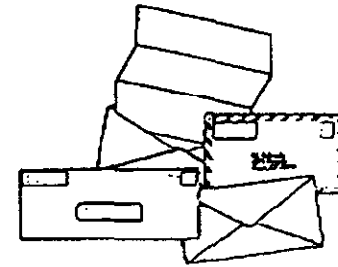
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	Sac	San Jose	San Diego	Santa Ana	<u>Total</u>	<u>%</u>
JSPS Errors	19	58	59	39	175	22%
Pacific Bell Errors	11	16	15	17	59	7%
Customer Errors	10	0	2	5	17	2%
Properly Returned	160	126	124	139	549	69%
Total Sampled	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>	<b>800</b>	<u>100%</u>



# Reasons for Properly Returned Mail

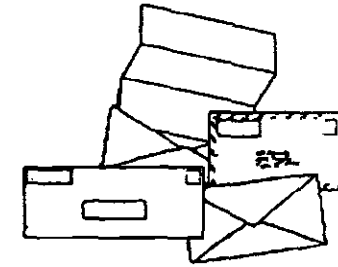
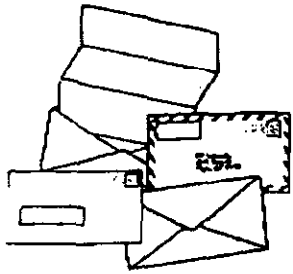
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**Properly Returned = 549 = 69%**

**Most Common Reasons: (Customer Generated)**

- > Moved Left No Address (MLNA)**
- > Forwarding Order Expired (FOE)**
- > Attempted Not Known (ANK)**
- > No Mail Receptacle (NMR)**
- > Deceased**
- > Refused Mail**
- > Unclaimed Mail**



# USPS Error Definition

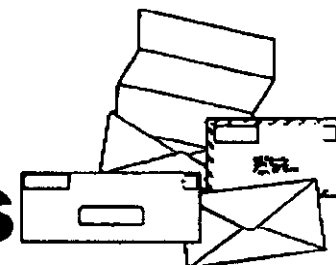
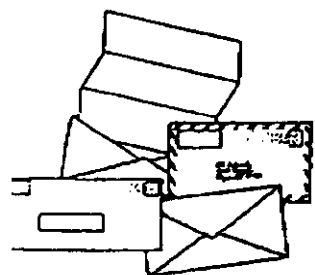
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**Good as Addressed = Should have been delivered as addressed**

**Good Forward on File = Piece should have been forwarded to the customers new address**

**\* Properly Returned - Incorrectly Endorsed = Piece should have been returned to sender with correct reason for return**

**\* NOTE: No projected cost savings associated with incorrectly endorsed mail.**

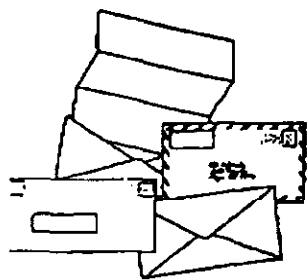


# Returned Mail Analysis (USPS Errors)

800 Samples (175 errors) = 22%

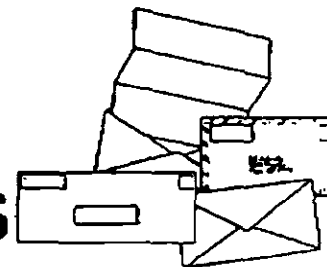
	Sac	San Jose	San Diego	Santa Ana	Total	%
Good As Addressed	4	25	22	12	63	8%
Good Forward on File	4	5	19	5	33	4%
Properly Returned- Incorrectly Endorsed	11	28	18	22	79	10%
<b>TOTALS</b>	<b>19</b>	<b>58</b>	<b>59</b>	<b>39</b>	<b>175</b>	<b>22%</b>





# Returned Mail Analysis

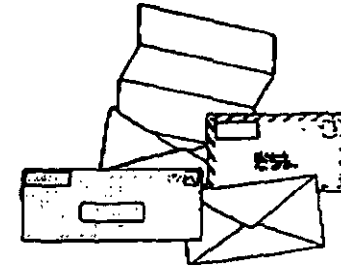
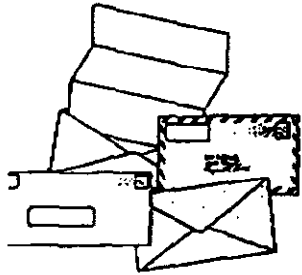
## (Pacific Bell Errors)



**800 Samples (59 errors) = 7%**

	Sac	San Jose	San Diego	Santa Ana	Totals
Wrong City Name	3	2	-	2	7
Missing Apartment #	1	3	2	8	14
Data Entry Errors	5	6	5	5	21
Wrong ZIP Code	2	1	1	-	4
Missing Street Address	-	4	6	2	12
Address for PO Box Only	-	-	1	-	1
<b>TOTALS</b>	<b>11</b>	<b>16</b>	<b>15</b>	<b>17</b>	<b>59</b>

**NOTE: All errors generated through initial customer contact process**



# Returned Mail Potential Savings Impact

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Based on 960,000 (estimated) pieces returned annually and 800 pieces sampled

## Financial Impact for Pacific Bell

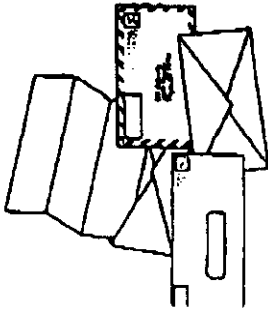
> 7% of 960K = 67,200 @ \$2.00 ea	\$134,400	(Pacific Bell Errors)
> 12% of 960K = 115,200 @ \$2.00 ea	<u>\$230,400</u>	(USPS Errors)
Subtotal	\$364,800	

## Financial Impact for USPS

> 7% of 960K = 67,200 @ \$0.63 ea	\$ 42,336	(Pacific Bell Errors)
> 8% of 960K = 76,800 @ \$0.63 ea	\$ 48,384	(Good as Addressed)
> 4% of 960K = 38,400 @ \$0.40 ea	<u>\$ 15,360*</u>	(Good Forward on File)
Subtotal	\$106,080	

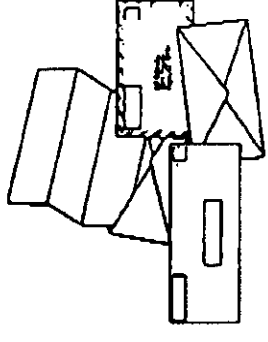
**Projected Annual Savings for Pacific Bell and USPS: \$470,880.**

(\*Note: Expense reduced by \$0.23 per piece, average forwarding cost)

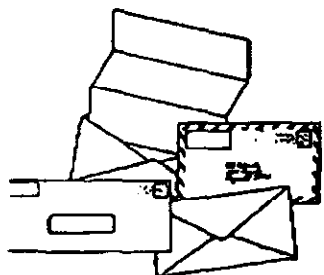


# Recommendations for Pacific Bell

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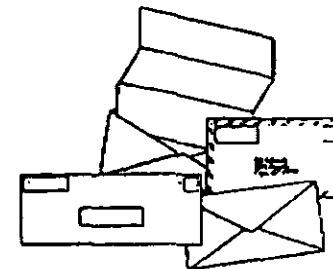


- > Establish front-end process during customer contact
  - Verify address using CASS Product
  - Format address following USPS standards
- > Remove PREMIS database from up-front mailing address process
- > Update current CODE1 PLUS Database consistently
  - Establish product owner to manage monthly
- > Generate CODE1 PLUS error reports
  - Analyze statistical data on address errors to make further recommendations

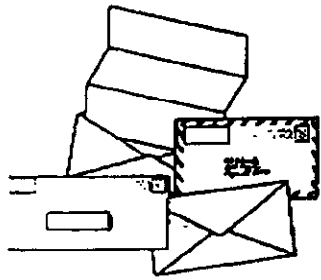


# **Recommendations for Pacific Bell**

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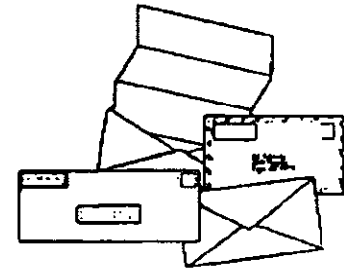


- > **Review/Update billing address Methods and Procedures to meet USPS addressing standards**
  - **Establish questioning criteria for Service Representative to obtain correct address**
- > **New and future system development needs to ensure CASS products are incorporated in up-front customer contact processing**
- > **Customer notification in formatted whitespace of USPS mail forwarding procedures (how/when to complete Change of Address - COA notification to USPS)**

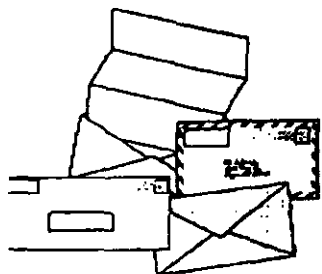


# Pacific Bell Benefits

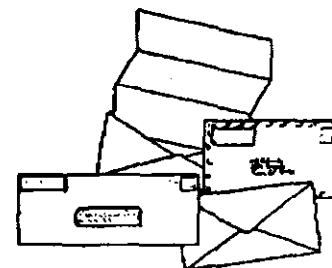
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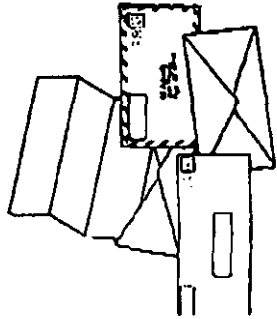
- > **Reduce returned mail and delivery delays by 7%**
- > **Reduce operating cost by approximately \$135,000 annually**
- > **Potential reduction of net bad debt and increased cash flow**
- > **Increase customer satisfaction by reducing late payment charges and duplicate bill requests, thereby decreasing customer appeals and enhancing corporate image**
- > **Potential reduction of postage expense on initial outgoing mail with greater match to CASS product**



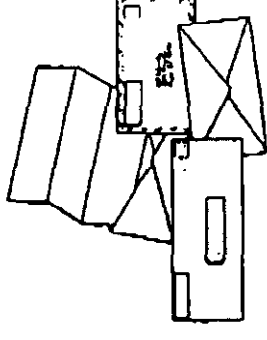
# Recommendations for USPS



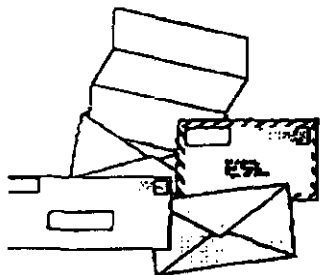
- > Enhance/Improve training for handling of Undeliverable-As-Addressed (UAA) mail**
  - Include in new hire orientation training (career & non-career) as well as Initial Lead Supervisor Training (ILST)**
  - Implement reviews (annual requirement) on proper procedures for handling UAA mail and include service/cost impacts**
  - Stress proper handling for ALL mail - "If not sure deliver as addressed."**



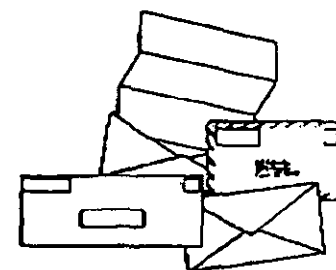
# Recommendations for USPS



- 
- > **Standardization of Operating Procedures (SOP) on UAA**
    - **Standardize Return to Sender (RTS) endorsement stamps/labels (Area responsibility)**
    - **Create SOP on handling UAA mail (Area responsibility)**
    - **Re-issue instructions on standardization of throwback case layout**
    - **Implement procedure for carriers & box clerks to have active Change of Address (COA) listings**



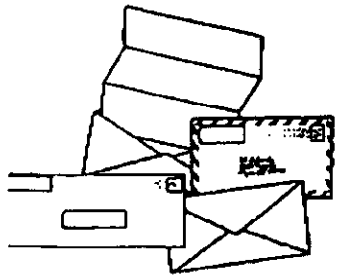
# Recommendations for USPS



## > Quality

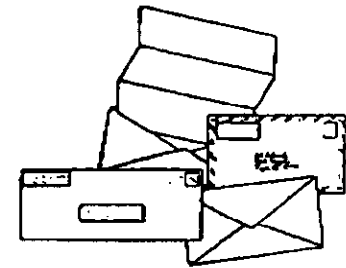
- Re-issue instructions on Manager/Supervisor requirement to perform case checks and throwback case checks to include quality control log
- Manager Operations Program Support (MOPS) should establish quality audit process
- Re-issue instructions for quality checks of "No Record Mail" (No Change Of Address (COA) on file)



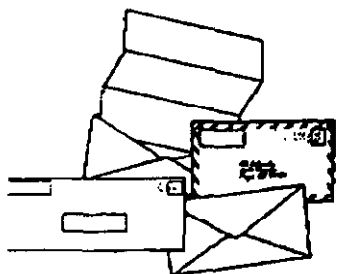


# USPS Benefits

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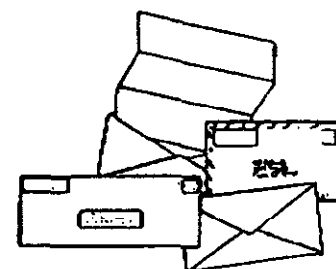


- > **Improve customer service by timely & accurate handling**
- > **Reduce operating costs of \$64K annually by properly processing Pacific Bell mail. Potential additional savings by properly processing ALL mail for EVERY Customer**
- > **Reduce customer complaints and enhance corporate image**
- > **Standardization of policies & procedures**
- > **Improve employee morale through increased training & job proficiency**

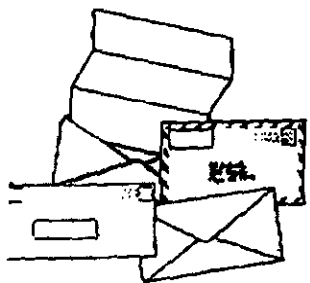


# Returned Mail Path Forward

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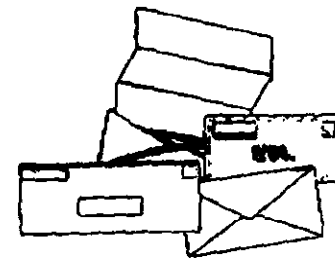


- > **Socialize USPS/Pacific Bell team recommendations for stewardship and support (communication plan)**
- > **Quality Improvement Team available through change process**
- > **Continue to review process to make further recommendations (USPS/Pacific Bell)**
- > **Follow-up study to be completed 6 months following major upgrades to processes (PDCA)**



# **USPS/Pacific Bell Quality Improvement Team Members**

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## **PACIFIC BELL**

**Kris Britt, System Manager Billing Support**

**Sharon Harrison, Staff Manager Billing Projects**

**Tom Lane, Postal Support CMDSM**

**Mary Matza, Supervisor Billing Address Correction Center**

## **USPS**

**Jon Blaise, Computer Forwarding System Supervisor**

**Lee Jordan, Manager Distribution Operations**

**Pat Maldonado, Supervisor Distribution Operations**

**George Valine, Manager Customer Service**

**Grace Tolentino, National Account Manager**

**Response Of MMA Witness Sharon Harrison To Interrogatory  
DFC/MMA-T2-1**

**Attachment B**

# USPS/Pacific Bell Improvement Team Communication Matrix

Audience	Message	Use/Benefits	Timing	Media	Responsible	Status
<b>Pacific Bell</b>						
<b>Statewide Bill Processing 3/2 Team - Dan Hammalian &amp; Direct Reports</b>	<ul style="list-style-type: none"> <li>o project status</li> <li>o team analysis</li> <li>o identify issues</li> <li>o continued support for team leadership</li> </ul>	<ul style="list-style-type: none"> <li>o commitment to deliverables</li> <li>o input to path forward</li> <li>o increase awareness of problems</li> </ul>	8/16 mtg	presentation <ul style="list-style-type: none"> <li>- background</li> <li>- analysis</li> <li>- recommendations</li> </ul>	*Sharon, Tom, Kris, Mary/ USPS: Lee, George	Complete
<b>Billing Operations Directs - Fred Schaub &amp; Direct Reports</b>	<ul style="list-style-type: none"> <li>o project recommendations</li> <li>o identify issues</li> <li>o help to facilitate recommendations</li> </ul>	<ul style="list-style-type: none"> <li>o commitment to recommendations</li> <li>o increase awareness of problems</li> </ul>	October	presentation <ul style="list-style-type: none"> <li>- backgroundx</li> <li>- analysis</li> <li>- recommendations</li> <li>- sponsor</li> </ul>	*Sharon	Complete
<b>SBP Personnel (Mgmt &amp; Non-salaried)</b>	<ul style="list-style-type: none"> <li>o project recommendations and status</li> </ul>	<ul style="list-style-type: none"> <li>o increase awareness of problems</li> </ul>	October	<ul style="list-style-type: none"> <li>- written Flash" article (District newsletter)</li> </ul>	*Mary, USPS: Grace	Complete
<b>BPPF Team (Billing Project, Planning &amp; Finance) - Sharon Harrison's Direct Reports</b>	<ul style="list-style-type: none"> <li>o project status</li> <li>o team analysis &amp; recommendations</li> <li>o path forward</li> </ul>	<ul style="list-style-type: none"> <li>o increase awareness of problems</li> <li>o recognition for continued support on team</li> </ul>	Aug/Sept	presentation <ul style="list-style-type: none"> <li>- staff mtg item</li> </ul>	*Sharon, Mary	Complete
<b>ROC Team - Mike Story's Direct Reports</b>	<ul style="list-style-type: none"> <li>o project status</li> <li>o team analysis &amp; recommendations</li> <li>o path forward</li> </ul>	<ul style="list-style-type: none"> <li>o increase awareness of problems</li> <li>o recognition for continued support on team</li> </ul>	August	presentation <ul style="list-style-type: none"> <li>- staff mtg item</li> </ul>	*Kris, Tom	Complete

<b>Audience</b>	<b>Message</b>	<b>Use/Benefits</b>	<b>Timing</b>	<b>Media</b>	<b>Responsible</b>	<b>Status</b>
<b>BARC Team</b> - Paula Murray's Direct Reports	o project status o team analysis & recommendations o path forward	o increase awareness of problems o recognition for continued support on team	October	presentation - staff mtg item	*Kris	
<b>BACC Team</b> - Mary Matza's Direct Reports	o project status o team analysis & recommendations	o increase awareness of problems	September	presentation	*Mary, Sharon	Complete
<b>MMA</b> Major Mailer's Assn.	o project status o team analysis & recommendations o path forward	o increase awareness of problems o look for other opportunities to study/resolve returned mail	October	presentation	Sharon, Linda, Grace	Complete
<b>Pacific Bell Regional Leaders</b>	o project status o team analysis & recommendations o continued funding support for recommended items o additional assistance to support	o commitment/ understanding of recommendations o increase awareness of problems	October	letter with attachments	*Sharon, Mary	In progress
<b>Pacific Bell Resource Staff</b> M&P group and CFO	o project status o team analysis & recommendations	o commitment/ understanding of recommendations o increase awareness of problem	October	letter with attachments	Sharon, Mary	Complete

<b>Audience</b>	<b>Message</b>	<b>Use/Benefits</b>	<b>Timing</b>	<b>Media</b>	<b>Responsible</b>	<b>Status</b>
<b>Group 1/Code 1 Mgmt -Calif.</b>	o project status o team analysis & recommendations o FYI	o increase awareness of problem	October	letter with attachments	Sharon	Complete
<b>Pacific Bell Code 1 Users</b>	o project status o team analysis & recomendations o FYI	o Increase awareness of problem o solicit support of recommendations	October	Letter with attachments	Sharon	Complete
<b>(New System) Customer Care Mgmt - Mike Golden - Bob Cowgill - John Dolby - Betty Olsen</b>	o project status w/team analysis & recommendations o support for Code 1 up-front	o increase awareness of problems o supporting data to move Code 1 up-front	October	letter with attachments	Sharon, Mary	
<b>SECOE Mgmt - Lucibello - Dolby - Stretton - Ryan - Vera Campbell</b>	o project status w/team analysis & recommendations o support for Code 1 up-front o support for CASS verification monthly o support for continued analysis & data	o increase awareness of problems o supporting data to move Code 1 up-front	October	letter with attachments	Sharon, Mary	Complete
<b>Billing Services VP Diana Whitehead</b>	o project status w/team analysis & recommendations	o increase awareness of problems	September	letter with attachments	Sharon, Mary	Complete

## USPS

<b>Audience</b>	<b>Message</b>	<b>Use/Benefits</b>	<b>Timing</b>	<b>Media</b>	<b>Responsible</b>	<b>Status</b>
<b>Sacramento Performance Cluster</b> - Art Montoya - Bob Williamson & selected representatives	o project status o team analysis o identify issues o support for team partnership	o commitment to deliverables o input to path forward o increase awareness of problem	9/26 mtg	presentation - background - analysis - recommendations	Lee, Sharon, George, Mary, Grace, Jon, Pat, Kris	Complete
<b>Area VP District Managers (Gene Howard &amp; Direct Reports &amp; District Mgrs. Pacific Area)</b> - Tony Mendocino - Bill Good	o project status o team analysis o identify issues o support for team partnership	o commitment to deliverables o input to path forward o increase awareness of problem	November	presentation - background - analysis - recommendations  Advanced copies sent	Lee, Sharon, George, Grace	
<b>Other Plant &amp; District Managers, Customer Service</b>	o project status o team analysis o identify issues o support for team partnership	o commitment to deliverables o input to path forward o increase awareness of problem	October	letter with attachments   Advanced copies sent	Lee, George	Complete
<b>Plant &amp; District Mgr Direct Reports (MPOO's, MDO's, Net &amp; Transportation Mgr., etc.)</b> cc: Peter Alan Rick Porter-Butterfield Darryl Dietz	o project status o team analysis o identify issues o support for team partnership	o commitment to deliverables o input to path forward o increase awareness of problems	Sept. 26	presentation - background - analysis - recommendations	Sharon, Mary Kris/ USPS: Lee, George, Jon, Pat, Grace	Complete



<b>Audience</b>	<b>Message</b>	<b>Use/Benefits</b>	<b>Timing</b>	<b>Media</b>	<b>Responsible</b>	<b>Status</b>
<b>Postmasters &amp; Station Mgrs.</b>	o project status o team analysis o communicate & implement new process	o commitment to deliverables o increase awareness of problems	October	staff meeting	Lee/Sharon MPOO's Postmaster (city)	
<b>CFS Supervisor Window Supervisor</b>	o project status o communicate proper procedures	o commitment to deliverables o increase awareness of problems	November	staff meeting	Postmaster Station Mgrs.	
<b>Carriers, CFS Clerks, Box Unit Clerks</b>	o use proper processes for undeliverable	o commitment to deliverables o increase awareness of problems	November	stand-up talks	Customer Service Supervisors Postmaster	
<b>VP Marketing - John Ward &amp; Direct Reports</b>	o project status o support for issues	o increase awareness of problem o identify issues to reclass	27-Sep	presentation	Sharon, Grace	Complete

\*\*\*Area communication plan  
to be developed following  
Area V.P. presentations

NAM for B of A  
MTAC  
NPF Anaheim  
Sacramento PCC (Fall Forum)

**Other USPS/P & B  
information Shared with:**

**Mike McBride  
Tony Mendocino  
Dennis Oliver  
Rich Knowles  
Bob Reisner  
Anita Busoto  
Hank Clepci  
Dewitt Crawford  
Mike Murphy  
Bob Krause  
Wayne Orbke  
Paul Bakshi  
Linda Waddell**

**Others:**

**Mury Salls  
Yvonne Reigel**

SUBJECT: Pacific Bell/USPS Improvement Team 10/03 Mtg Notes  
TO: USPS/Pacific Bell Improvement Team  
FROM: Sharon J. Harrison  
DATE: Friday, October 6, 1995

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10/03 MEETING  
NOTES

Grace Tolentino was unable to make the meeting today due to a family emergency. Debbie Ditmire is replacing Grace in her absence, however, was unable to make today's meeting.

The team reviewed the status of communication on the QIT recommendations and upgraded the communication matrix to include several other areas. Please see attached revised communication matrix. Several meetings are planned to continue the communication effort of the team. It was determined in a meeting with Bob Williamson and Art Montoya that Lee and George will draft the USPS SOPs needing upgrades and provide the Area with the Sacramento plan to address the USPS issues. Sharon has a meeting scheduled with P\*B's VP Billing Customer Quality to obtain sponsorship.

---

NEW RETURN MAIL  
PROBLEM IDENTIFIED

Mary provided George with examples of another problem identified last week in the Return Mail Center. Mail is being returned (statewide) without being forwarded to the customer. George will investigate with the USPS Quality Team.

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PACIFIC BELL  
QUALITY TEAM-  
WORK AWARD

The team discussed the Pacific Bell Quality Teamwork Award process and determined we would be interested in submitting for this award at the completion of the project. The award packages will be due in May 1996. Sharon is looking for the quality software to use and will prepare a draft submission. The "Returned Mail" team members will then meet to review and make appropriate upgrades.

---

Continued

NEXT IMPROVE-  
MENT TEAM TOPIC

The team discussed the next opportunity for improvement and agreed to work on the Reclassification/Re-Engineering/Consolidation plan for Pacific Bell. We also reviewed the meeting with John Ward and Hank Cleffi. Those who were in attendance thought it was very helpful in moving the USPS and Pacific Bell forward in piloting and developing new solutions for the future. A meeting will be held on October 20th at Pacific Bell to review with the entire team where Pacific Bell is headed in developing a state-of-the-art mailing environment. (Please see attached agenda)

The following members were recommended for membership of the core USPS Team: Lee Jordan, Mike McBride, Grace Tolentino, Karen Adachi, and George Valine. The Pacific Bell membership will be; Kris Britt and Sharon Harrison. Sharon will investigate adding Mick Mocettini and Ruth Cousins to the team as well.

MISC. TO DO'S

- o Lee schedule mtg with Art/Bob to attend 10/20 meeting at P\*B
- o Lee check with J. Long on PCC Fall Forum
- o Sharon ask Debbie W. to check into next NPF for Return Mail Presentation
- o George to work with the USPS Quality team to identify why mail not forwarded when a good (new) forward is established and will provide status to Pacific Bell.
- o Current team members to enlist new team member support as needed

NEXT MEETINGS

Friday, October 20, 1995 (9:00 AM - 12:15 PM)

Where: Pacific Bell  
2700 Watt Ave, Sacramento  
Room 1123

## USPS/PACIFIC BELL IMPROVEMENT TEAM MEMBERS

NAME	ADDRESS	TELEPHONES
Karen Adachi	3775 Industrial Blvd	(W)
	West Sacramento, CA	(P)
	95799-9920	(H)
Kris Britt	2700 Watt Ave, Room 1105	(W)
Pacific Bell	PO BOX 15038	(P)
	Sacramento, CA 95851-0038	(H)
Sharon Harrison	2700 Watt Ave, Room 1461	(W)
Pacific Bell	PO BOX 15038	(P)
	Sacramento, CA 95851-0038	(H)
Lee Jordan	3775 Industrial Blvd	(W)
USPS	West Sacramento, CA	(P)
	95799-9920	(H)
Mike McBride	3775 Industrial Blvd Rm 2018	(W)
USPS	West Sacramento, CA	(P)
	95799-9920	(H)
Mick Mocettini	2700 Watt Ave, Room 1388	(W)
Pacific Bell	PO BOX 15038	(P)
	Sacramento, CA 95851-0038	(H)
George Valine	2000 Royal Oaks Drive	(W)
USPS	Sacramento, CA 95813-9998	(P)
Grace Tolentino	STE 130	(W)
USPS National	395 Oyster Point Blvd,	(P)
Account Manager	South San Francisco, CA	
	94080-1929	

as of 10/05/95

**Response Of MMA Witness Sharon Harrison To Interrogatory  
DFC/MMA-T2-1**

**Attachment C**

## USPS/PACIFIC BELL

Date: October 31, 1996

Subject: USPS/Pacific Bell Return Mail Meeting, 10/25/96

### In Attendance:

Sharon Harrison, Pacific Bell  
John Jensen, Postmaster, Sacramento  
Jon Blaise, USPS Sacramento  
Vicki Soto, USPS, Pacific Area  
George Valine, USPS Sacramento  
Mary Matza, Pacific Bell  
Sharon Dal Porto, USPS Sacramento  
Anthy Lightner, Pacific Bell  
Dale Richter, USPS Sacramento  
Chuck Randall, USPS Sacramento  
Sheila Bright-Jones, Pacific Bell  
Grace Tolentino, USPS, Pacific Area

### Minutes:

The meeting began at 10:10 a.m. at the Royal Oaks Post Office. Introductions were made and Rich Knowles shared the background; reason for this meeting and expectations from the District Manager. Ms. Regan has designated John Jensen, Postmaster, Sacramento to be the lead for the Sacramento Performance Cluster.

Sharon Harrison shared how the Quality Improvement Team (QIT) was established and the process the team used to decrease the amount of unnecessary returned mail. All members were involved in analyzing, selecting the test sites, making recommendations and communicating plans for improvement.

Two studies of 100 samples each were taken in February & March, 1995. The study results were similar, approximately 7% were returned improperly due to Pacific Bell error and 22% returned improperly due to USPS errors. It was recommended that another test be conducted in 1996 to determine and measure the results of both company's efforts to reduce unnecessary returned mail.

Sharon and Mary shared that Pacific Bell has made many changes to their process (i.e., Monthly Updates of CASS, Review of Code1 Reports, USPS Address Training) based on the team's recommendations. Pacific Bell has achieved very good results from these improvements.

Although there were no obvious improvements in the test studies for the Postal Service, John Blaise shared that the efforts of Classification Reform, Address Correction & Fast Forward are expected to improve returned mail. He also explained Vicki Soto's current focus to improve the computer forwarding system and handling change of address mail. Also, efforts are being reviewed at the headquarters level to simplify the reasons for return.

11/2  
Copies to:  
Dan, Steve, Mike, Tony,  
Mick, Kim, Cindy,  
Wanted to share the minutes from  
a recent meeting reviewing  
returned mail progress.  
Any questions please let  
me know.  
Thank-  
Sharon

Mary presented the test results of the recent study for Pacific Bell and John presented the Postal Service results. Pacific Bell's results were improved by 4% based on their efforts.

John Jensen explained that the financial impact and savings were low, however, the service being provided to Pacific Bell was unacceptable. John would like to proceed by presenting the survey results and the problem statement to the Performance Cluster on Tuesday, 10/29/96. John requested 200 samples for mail returned by the 956-960 ZIP code and will have his team conduct an individual survey. Mary will provide the samples.

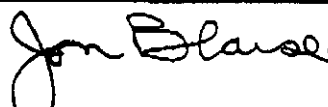
John will select a process management team to determine what recommendations can be implemented in the Sacramento District and projects to expand implementation throughout the Pacific Area.

Vicki requested a copy of the test results to look at the worst areas. John will notify Sharon when improvements have been implemented and a determination will be made if future studies are needed to improve postal service handling of return mail.



**Response Of MMA Witness Sharon Harrison To Interrogatory  
DFC/MMA-T2-1**

**Attachment D**

U. S. Postal Service ROUTING SLIP		Dept., Office or Room No.	<input type="checkbox"/> Approval <input type="checkbox"/> Signature <input type="checkbox"/> Comment <input type="checkbox"/> See Me
To: Grace Tollentino National Accounts Manager (USPS) 1675 7th Street Room #125M Oakland, CA 94615-9621			
Sharon Hamison 9080 Shady Hollow Way Fair Oaks, CA 95628-8161			<input type="checkbox"/> As Requested <input type="checkbox"/> Information
2			
3			<input type="checkbox"/> Read/Return <input type="checkbox"/> Read/File
4			<input type="checkbox"/> Action <input type="checkbox"/> Investigate
5			<input type="checkbox"/> Recommend <input type="checkbox"/> Prepare Reply
From: Jon Blaise General Supervisor CFS			
Date: March 23, 1997			
<b>Subject: Mail Survey - Sacramento Area</b>  <p>I previously sent you some information regarding the outcome of Return Mail received by Pacific Bell from the Sacramento District during October-1996. I recently reviewed the results and found many discrepancies with the initial survey results. The survey was initially analyzed by Sacramento CFS unit employees. The bulk of the discrepancies occurred when the employees reviewing the mail did not take the "lag" period of time into account. The "lag" period is the time period between the actual mailing (majority of pieces were mailed in October-1996) and time of the response from the postal delivery unit involved (generally January and February-1997). The attached survey results required a great deal of time to finalize. John C. Jensen (Postmaster-Sacramento) has received a copy of the attached results and was instrumental in validating the information.</p> <p>If you have any questions or concerns please do not hesitate to contact me at (916) 263-7223. I will not be available until March 31, 1997.</p> <p>I wanted to ensure that you both had the attached information prior to participating in the Mail Conference during April-1997.</p>			

Sacramento CFS

PACIFIC BELL / USPS Partnership

Return Mail Project

During October - 1996, a random sampling of return mail was collected by the Pacific Bell Return Mail Center (San Francisco, CA). The random sampling included mail pieces that had been originally mailed to Pacific Bell customers in the 956—, 957—, 958—, and 959— ZIP code areas. A total of 265 mail pieces were randomly selected. The random sampling was then sent to the Sacramento Computerized Forwarding System (CFS) unit for further analysis. Sacramento CFS unit employees conducted follow-up research with appropriate delivery unit assistance and analysis of the current CFS data base. Of the total sample of 265 mail pieces, a response was received on 260 pieces (98.1%). The following is a summary of the results:

Correct handlings:	-correct labels on mail pieces.....	109 (41.9%)
	-correct "return" endorsements.....	93 (35.8%)
	-illegible endorsements.....	<u>19 (07.3%)</u>
	Total:	221 (85.0%)
Improper handlings:	-resulting in proper disposition.....	9 (03.5%)
	-resulting in improper disposition...	<u>30 (11.5%)</u>
		39 (15.0%)
Grand Total:		260 (100.0%)

Analysis of the 30 improper handlings resulting in improper disposition:

Good As Addressed	25 (83.4%)
Valid Forwarding Address on File	4 (13.3%)
Miscellaneous	<u>1 (03.3%)</u>
	30(100.0%)

Note: Analysis of the remaining 5 pieces in the sample survey was inconclusive. Questionnaires sent to local delivery units were not returned in order to provide the current status of the customer in question.

Completed: 03/17/97

Jon W. Blaise - Manager, CFS

**USPS / PACIFIC BELL  
SURVEY OF IMPROPERLY HANDLED MAIL PIECES**

#	ZIP Code	Mailing Date (if known)	Customer Name	Original Mailing Address	Postal Handling	Verified Handling	New Delivery Address	USPS Error Result: Improper Mail Dispos
1	95814	10/17/96			UAA	Good As addressed	n/a	YES
2	95816	10/28/96			ANK	UAA (FOE)	n/a	No
3	95819	10/21/96			UAA	Temp order expired-Good as addressed	n/a	YES
4	95823	10/22/96			INSUF	ANK	n/a	No
5	95841	10/8/96			MLNA (stamped)	Good as addressed	(MLNA dated 10/28/96)	YES
6	95833	10/22/96			FOE	Good as addressed	n/a	YES
7	95833	Unknown			ANK	Good as addressed	n/a	YES
8	95873	10/18/96			Unknown at Temp forward to AZ	Unknown in Arizona	Customer error on original forward (transposed numbers)	No
9	95814	10/8/96			UNCL	Good order on file dated 6/16/96		YES
10	95608	10/24/96			ANK	Good as addressed	n/a	YES
11	95628	Unknown			Forwarded Incorrectly	Good as addressed	No order for customer	YES
12	95870	Unknown			ANK	10-day hold period	MLNA dated 10/24/96 (filed after mailing)	No
13	95887	Unknown			ANK	10-day hold period	MLNA dated 10/15/96 (filed after mailing)	No

**USPS / PACIFIC BELL  
SURVEY OF IMPROPERLY HANDLED MAIL PIECES**

#	ZIP Code	Mailing Date (if known)	Customer Name	Original Mailing Address	Postal Handling	Verified Handling	New Delivery Address	USPS Error Result/ Improper Mail Dispo
14	95709	Unknown			MLNA	Good as addressed	n/a	YES
15	95967	10/25/96			ANK	Good order dated 1/18/96		YES
16	95602	Unknown			ANK	10-day hold period		YES
17	95926	9/17/96			Addressee Unknown at new address	Good as addressed	Forwarded to wrong individual	YES
18	95630	10/9/96			UAA	Good order on file 8/1/96		YES
19	95945	10/17/96			MLNA	Good as addressed	n/a	YES
20	95670	10/28/96			MLNA	Good order on file dated 10/11/96		YES
21	95991	10/25/96			ANK	Good as addressed		YES
22	95991	10/25/96			UAA	10-day hold period	MLNA dated 10/30/96 (filed after mailing)	No
23	95827	10/28/96			ANK	Good as addressed	10/28/96 (mail error handling)	YES
24	95822	10/18/96			INSUF (by Concord)	Missing Apt #33		No
25	95816	10/22/96			ANK	Good as addressed		YES
26	95815	10/15/96			FOE	Good as addressed	MLNA dated 11/25/96 (filed after mailing)	YES

**USPS / PACIFIC BELL  
SURVEY OF IMPROPERLY HANDLED MAIL PIECES**

#	ZIP Code	Mailing Date (if known)	Customer Name	Original Mailing Address	Postal Handling	Verified Handling	New Delivery Address	USPS Error Result/ Improper Mail Dispos
27	95814	10/21/96			ANK	Good as addressed	MLNA dated 11/15/96 (filed after mailing)	YES
28	95608	10/29/96			ANK	Good as addressed	n/a	YES
29	95616	10/29/96			ANK	Good as addressed	MLNA dated 2/7/97 (filed after mailing)	YES
30	95628	10/16/96			MLNA (stamped)	No order on file	n/a	No
31	95632	10/21/96			MLNA (endorsed)	Good as addressed	MLNA dated 1/1/97 (filed after mailing)	YES
32	95660	10/21/96			FOE	Good as addressed	n/a	YES
33	95670	10/21/96			ANK	Good Delivery @ Apt 20	n/a	YES
34	95670	Unknown			No Record/ Returned	Good as addressed	n/a	YES
35	95695	10/21/96			UAA	Good as addressed	n/a	YES
36	95926	10/18/96			Unclaimed	GD Expired 11/18/96 MLNA	MLNA dated 11/29/96 (filed after mailing)	No
37	95982	10/17/96			ANK	Good as addressed	MLNA dated 2/06/97 (filed after mailing)	YES
38	95991	10/24/96			UAA	Good as addressed	n/a	YES
39	95641	10/21/96			Customer forward to Olivehurst	Good as addressed	COA on file	YES

**Response Of MMA Witness Sharon Harrison To Interrogatory  
DFC/MMA-T2-1**

**Attachment E**

4 / JULY 1, 1996

## CONNECTIONS

## Pacific Bell and the Postal Service Tackle Return Mail

BY BETSY BROWN

Elvis Presley moped about finding a few love letters in his mailbox marked "Return to Sender." Compared to Pacific Bell, Elvis had nothing to complain about.

A visit to the company's Return Mail Center at 666 Folsom St. in San Francisco reveals that, for Pacific Bell, "Return to Sender" is more than just a heart-

less problem worth solving.

Last year, employees from Pacific Bell's Statewide Bill Processing and the Bill Address Correction Center (also known as the Return Mail Center) got together with U.S. Postal Service employees to improve teamwork between the two organizations on a variety of issues, not just return mail.

"On both sides, the frustration had been building

check mailing addresses was not current and couldn't generate the kind of reports we needed to do good analysis."

## Please, Mr. Postman

A shocking visit to the Return Mail Center convinced Postal Service employees that they shared responsibility for Pacific Bell's return mail overload. In fact, 22 percent of Pacific Bell's returned mail was found to be the result of post office error, compared to only 7 percent due to Pacific Bell's mistakes. (Most of the remaining 71 percent was properly returned.)

Center manager Mary Matza, who hosted the visit, recalls the gasps as postal representatives sorted through flats of "undeliverable" letters and found how many had been returned in error.

"Each returned letter is stamped with an 'endorsement' stating the reason for return," she said, "and they found that some post offices were using endorsements that hadn't been in effect for 10 years."

Visiting the post office, Pacific Bell employees gained a deeper understanding of what postal employees contend with: lack of training in jobs with high turnover; lack of consistency between branches; and procedures for forwarding mail that require postal employees to have the mythical memory of a pachyderm.

"They truly want to do the right thing, but sometimes their hands are tied by bureaucracy," Harrison said. The post office has plans to conduct more quality audits and update letter forwarding procedures.

## Putting Processes in Place

Pacific Bell has begun to put resources in place to reduce the company's contribution to return mail. "We've already cut our totals by 4 percent just by updating our address verification system," said Harrison.

Customer service representatives are starting to get additional training on post office requirements to correct faulty addresses before they start. And plans are being developed to ensure that future provisioning systems enable service reps to verify an address while the customer is on the phone. The joint quality team plans to revisit the return mail problem later this year to see if changes on both sides are producing results.

Harrison hopes the team's efforts will have an impact at the national level.

"Pacific Bell was the first local telephone company to bring this problem to the Postal Service's attention, but this is by no means a 'California' problem," she said.

Meanwhile, Mary Matza and her team of 35 at the Return Mail Center continue to process undeliverables at the average rate of 120 pieces per person per shift. Patience is key.

"We've learned that you can't move a mountain in a day," she said.



About 80,000 returned "undeliverable" pieces of mail are processed at Pacific Bell's Return Mail Center in San Francisco each month.

break song. Of the 12 million to 14 million statements the company mails to customers each month, some 6,000 find their way back to the center.

Processing mail the Post Office returns as "undeliverable" costs Pacific Bell approximately \$2 million very year — about \$2 per item. Add the more than 600,000 it costs the Post Office to handle the same mail, and you have a hefty price tag — and a prob-

lem worth solving. "We didn't understand their requirements and they didn't understand ours."

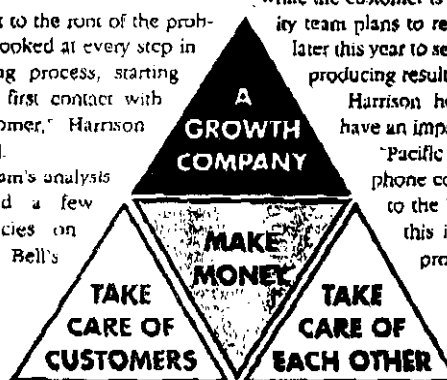
Using Pacific Bell's Total Quality Management process, the two groups formed a Quality Improvement Team and settled on return mail as the first issue to tackle.

"To get to the root of the problem, we looked at every step in our billing process, starting with our first contact with the customer," Harrison explained.

The team's analysis uncovered a few inefficiencies on Pacific Bell's part.

"We needed a way to verify

an address while we still have the customer on the line," Harrison said. "And the database we used to



## CONSIDERING RETIREMENT?

FREE

RETIREMENT PLANNING  
PENSION CALCULATIONS

COMPARATIVE ANALYSIS: PENSION VS. CASHOUT

Take income from your IRA before 59½ without IRA penalty.

How to rollover PTSP and ESOP to your IRA.

Retirement Portfolios

ACCELERATED TRANSITION BENEFIT ANALYSIS

ERB

WE HAVE ASSISTED HUNDREDS OF PACIFIC BELL  
EMPLOYEES WITH

What You Can Do to



## 6 • Postal World

to apply the appropriate delivery point barcode and FIM to the response piece.

In the case of courtesy reply, this is the first time USPS will mandate conformance with barcode automation requirements on a piece for which there is no discount benefit on the piece itself.

That's just one of the key points in the final proposed reclassification regs. The proposal takes up scores of pages in the 12/22/95 edition of the Federal Register. You have until 1/22/96 to comment on this final version of what USPS reg mavens want.

Here are some other salient items:

✓ All Address Information Service (AIS) product updates would go on a 45-day cycle, this effectively tightens compliance with the latest CRIS tape data for carrier-route mailers to 90-days max. However, if there is a glitch or delay in the availability of CRIS data USPS will allow a bail out waiver.

✓ Address Element Correction for lists smaller than 10,000 is available through NCSC, call (800) 238-3150.

✓ Mailers will not be required to apply ACT Tags, as was proposed previously.

✓ The list of 5-digits that will not qualify for automation carrier route discounts is included in the proposal. This list won't be published in the DMM but will be posted in the City/State file and in the Postal Bulletin.

✓ First class automation discount mailers who wish to rely on inhouse means of address correction will still have to apply the endorsement -- Address Correction Requested. However, USPS is considering standards for certifying such ops and may lift that requirement.

If you don't get the Federal Register check your local library or contact your mailer association.

For further information, contact: Leo F. Raymond - (202) 268-5199

Written comments to: Manager, Customer Mail Preparation, USPS HQ, 475 L'Enfant Plz SW Rm 6830, Washington, DC 20260-2405.

address quality

Determined effort makes steady progress against UAAs

Undeliverable bills are unpaid bills. Pacific Bell, Sacramento, CA, has taken aim at paring down UAAs to an absolute minimum, says Sharon J. Harrison, mgr., statewide billing. Estimates are that if PacBell and USPS can eliminate avoidable errors (estimated at 12% for USPS and 7% for the utility) on some 960,000 UAAs/year that PacBell could have a \$364,000 cost benefit.

**One key move already taken:** More consistent application of the latest Code 1 address cleanup tapes from Group 1 Software. This has cut UAAs by about 4%, says Harrison. Further PacBell efforts planned or in the works:

Elimination of... of data between... where bills should be delivered. This... commission and...

PacBell is working closely with local USPS officials, such as Grace Tolentino, mgr., national accounts. Joint return mail sample analysis have been conducted to spot mail returned in error by USPS, with 4% of an 81'0 piece sample found to have a good forward on file and 8% having a deliverable address. USPS is stressing lettercarrier training, up to date COA listings, and the concept of "If not sure, deliver as addressed."

lawsuit settled

**USPS pays off on Postal Buddy**

Last week, settled a \$1.3 billion suit by Sid Goodman, pres. of the defunct Postal Buddy corp, with \$50 million. USPS terminated the Postal Buddy kiosk contract 19 months ago. At best, the payment is a wash, says Goodman. Postal Buddy was once touted by USPS as an inexpensive way to provide COA, label, and postage sales. USPS claimed it terminated the deal because of slow sales, not a fault with the equipment or concept. Indeed, USPS is spending a great deal of time and effort developing its own kiosk system from scratch.

ARTICLE IN POSTAL WEEKLY SHARON

### **Pacific Bell/SBC teams up with the USPS to solve problems.**

**Sharon Harrison**  
Technical Director,  
Billing Solutions Technology  
Pacific Bell/SBC

**Mick Mocettini**  
Technical Manager,  
Billing Solutions Technology  
Pacific Bell/SBC

**Sue Jones**  
USPS National Account Manager

**The Challenge** was to be able to work through problems more quickly in order to reduce costs and improve delivery service.

**The Solution** was to form a joint Quality Improvement Team and establish strict rules of conduct to approach business issues affecting both organizations. The Team first trained under Pacific Bell/SBC Quality Training, and then incorporated Blanchard Dimensions of Behavior Personal Assessment guidelines to identify strengths within the group.

**The Result** is a reduction in the time it takes to solve problems, and the Team has been tapped to participate in national projects bringing their skills to improve service and cut costs.

### **For Norwest Financial, it pays to read the fine print.**

**Gail Morse**  
Presort Supervisor,  
Norwest Financial Information  
Services Group

**Chris Adams**  
USPS Account Manager

**The Challenge** was to streamline procedures and simplify the process of sending out 1.5 to 2.5 million marketing letters, four times a year.

**The Solution** was to create a new air/surface listing using only surface codes, so the size of the printing used on the banders could be substantially increased, enhancing their legibility and eliminating the resulting delays. In addition, each loaded pallet is given a corresponding log-in sheet listing pallet details, a copy of which is provided to the USPS rep with forms 3600 and 8125 to speed up verification. And finally, air pallets are flagged with brightly colored markers, making them immediately identifiable to handlers and drivers.

**The Result** is the elimination of unnecessary delays as well as reduced stress levels at mailing time.

### **Kalmbach Publishing Company goes Postalsoft.™**

**Dave Cunningham**  
Supervisor,  
Operations & Distribution  
Kalmbach Publishing Company

**Martha Jane Batson**  
USPS Account Manager

**The Challenge** was to reduce overall costs for shipping 450,000 bagged periodicals a year, while at the same time increase productivity among employees.

**The Solution** was to run subscriber lists through Postalsoft™ only three times a week instead of five, increasing the number of periodicals that qualify for discount rates and reducing the number of employee hours needed to complete the task, saving money and increasing efficiency two ways.

**The Result** is an overall increase in productivity for the company, cost savings in materials and postage, and a much happier bunch of employees, no doubt.

## USPS and PACBELL partner for addressing solutions

**P**acific Bell has a problem. Each month more than 80,000 pieces of its mail are being returned, and this is costing the company nearly \$2 million a year as well as the goodwill of its customers.

To solve the problem, Pacific Bell and the Postal Service in Sacramento organized a Quality Improvement Team.

"Our main criteria in setting up the team was to do what was in the best interest of both companies," said Lee Jordan, manager, Distribution Operations, in Sacramento.

"We want to take a total quality approach to our problems," explained Sharon Harrison, Pacific Bell manager of Statewide Bill Processing. "We learned we had to break up the old culture and change the bad feelings that had previously existed between the two organizations."

They also have learned that a sense of humor and a spirit of cooperation are necessary if they are going to work together harmoniously. They created a fund to which participants had to contribute a dime every time they said anything derogatory. One of the members once slapped a five-dollar bill down on the table and said, "Here's five-dollars. I've got a lot to get off my chest today."

The major objective of this team is to create a working partnership between the Postal Service and Pacific Bell to help solve not only the returned mail problem, but also a number of other problems.

The team set up a schedule of meetings with specific goals and invited experts from various fields to participate. "We like to hold our meetings off site," said Jordan. "It helps to promote teaming within our group."

One of the first problems tackled by the team was Pacific Bell's returned mail. Members investigated why the mail was being returned, identified root causes, and developed recommendations for a solution. Some of the steps the team took included:

- Selecting four geographical areas to analyze: Sacramento, San Jose, Santa



Gilbert Petty, processor/sorter for PACBELL, is nearly overwhelmed by returned mail.

Ana and San Diego.

- Selecting 200 piece random samples from each location.
- Conducting site visits to both USPS and Pacific Bell.
- Collecting returned mail samples.
- Validating addresses and verifying endorsement accuracy.
- Identifying causes of returned mail.
- Identifying errors and assigning responsibility for those errors.
- Developing step-by-step recommendations for improving the systems and processes involved.

Harrison hopes the Quality Improvement Team's recommendations will deliver results. The team projects an annual savings in reduced "returned mail" costs of \$470,000, plus increased customer satisfaction, thereby enhancing both corporate images.

The two companies agree, however, that the most important benefit of their work is that they have put together a partnership that will help them solve problems in the future. For Jordan and Harrison and the other members of the Pacific Bell/USPS Quality Improvement Team, the creation of a relationship built on trust will be the team's lasting legacy.

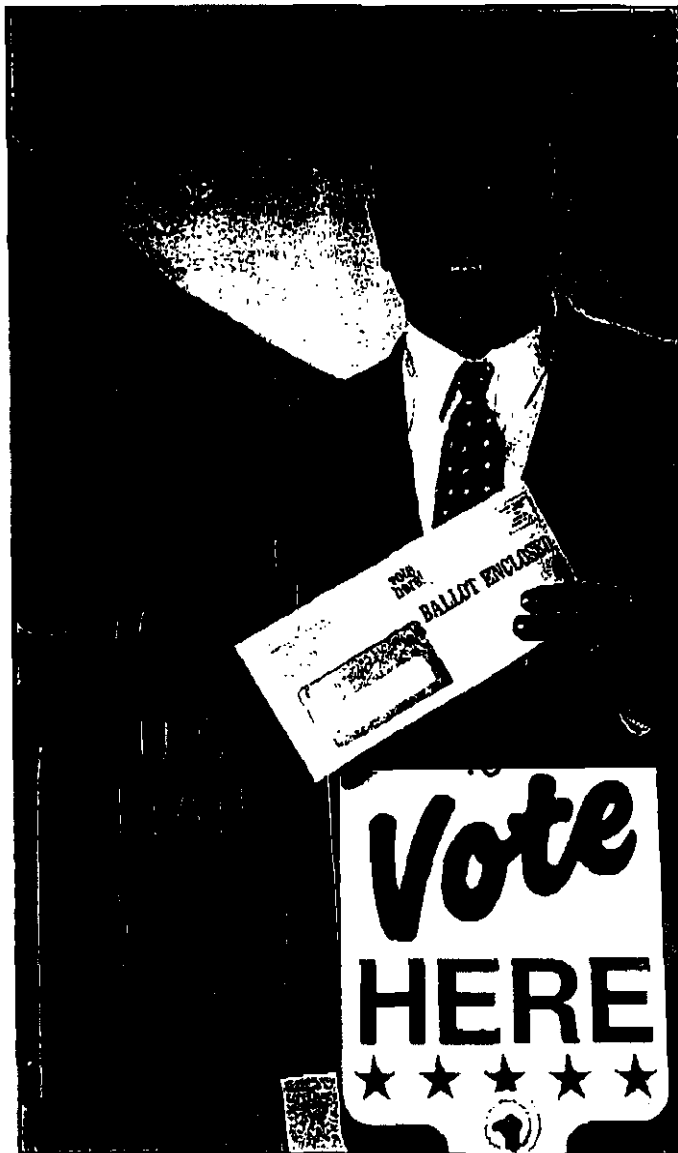
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The Journal of Communication Distribution

V. 2 N. 2

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\$6.00



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*Cover Photo: For fifteen years, the State of Oregon has experimented with vote-by-mail to boost declining voter turnout. In December, the State held the first federal election via the post. The result? Sixty-five percent of the citizens cast their ballot, up from 45%. Developing the unique program was Al Davidson, Marion County Clerk. His work is having profound impacts on American democracy, not to mention proving the versatility of mail communications. (Page 28)*

## CASE STUDY

### Pacific Bell & USPS Investigate Return Mail Problem

**Telecom Giant Sees 80,000 Mail Pieces Returned Each Month; Eyes \$470,000 Savings**

SACRAMENTO, CA — Returned mail is more than a nuisance for Pacific Bell: it carries a financial impact to the tune of nearly \$2 million annually.

The California telecommunications giant is now teaming with the U.S. Postal Service to understand and resolve the return mail issues, and what they are uncovering could signal a nationwide problem.

The nature of its business insures that Pacific Bell has a relatively clean mailing list. Yet of the 13 million customer statements mailed each month, 80,000 came back to the company. More signif-

icant, once they started studying why mail was coming back, Pacific Bell found the U.S. Postal Service shouldered part of the blame.

"We have several thousand service reps throughout the state, and for several years the returned statements went back to these offices for processing, so we were not fully aware of the amount of mail coming back," said Sharon Harrison, manager in Statewide Bill Processing. "However, when we found returned mail was only worked by these offices during down time, we decided to consolidate all this work into one processing center."

For Harrison, who inherited the return mail operation in 1994, the shock felt after seeing the amount of mail was doubled when she sorted through a pile of

returned statements that didn't need to be reworked — *mail returned incorrectly by the Postal Service.*

This finding led Pacific Bell to partner with the Postal Service in developing a Quality Improvement Team and focusing their cooperative attention on the returned mail problem. By achieving their objective of reducing the amount of returned mail, Pacific Bell and the Postal Service hope to: Increase customer satisfaction by not having Pacific Bell reps call and question address information; Reduce the overhead and postage cost accompanying this rework; Reduce delivery delays by getting mail delivered right the first time.

Pacific Bell receives approximately 960,000 pieces statewide of returned mail annually, costing the company and

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## CASE STUDY



The Pacific Bell/USPS Quality Improvement Team for Returned Mail (l to r): Mary Matza, Pacific Bell; Jon Blaise, Grace Tolentino, USPS; Sharon Harrison, Kris Britt, Pacific Bell; and, George Valline, USPS. Not shown are Tom Bell, Lee Jordan and Pat Maldonado.

the Postal Service a combined \$2.5 million for rework; so reducing the number of returned pieces holds financial rewards for both. Each piece requiring rework costs the Postal Service approximately 63 cents (\$604,800 annually),

while this rework costs Pacific Bell \$2 per piece (\$1.92 million annually).

To fully identify why mail was being returned, the team traced each step taken in producing a piece of mail. "We looked at the entire process to see if anything we

were doing was causing the problem," said Harrison. "We studied from how we collect and input the customer addresses, through to how mail is printed and generated, right down to interviewing the carriers who deliver the statements."

### The Study

Following an internal review, Pacific Bell joined the Postal Service in conducting a hands-on analysis of the mail returned in four geographic areas: Sacramento, San Jose, Santa Ana, and San Diego. The team completed two separate studies of 100 pieces in each geographic area, for a total mail volume sample of 800 pieces.

In analyzing these 800 pieces, they determined that 22% (175 pieces) were returned as a result of Postal Service error, 7% (59 pieces) were returned as a result of Pacific Bell error, 2% (17 pieces) were returned as a result of customer error, and 69% (549 pieces) were properly returned — most because people moved and left no

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## CASE STUDY

### Pacific Bell & USPS Investigate Return Mail Problem

CONTINUED FROM PAGE 95  
forwarding address.

Among the 22% incorrectly returned due to USPS error: 8% were good as addressed and should have been delivered, 4% should have been forwarded to the new address, and 10% were properly returned with an incorrect endorsement.

"Although this 10% would have come back anyway, the improper endorsement caused us to spend unnecessary time to research the reason for the return and impacted customer relations," Harrison explained. "For example, if the endorsement said 'Attempted Not Known' we would call the customer, and they would say, 'you're wrong, I have not moved.'"

For the Postal Service, the team recommended corrective actions tied mainly to the training of carriers and supervisors

on the handling of undeliverable-as-addressed (UAA) mail. Some of the recommendations, include:

**Stress Proper Handling for All Mail** — If not sure, deliver as addressed. That is the motto being stressed to carriers. "Instead of following the address on the envelope, we found carriers were delivering by customer name and personal knowledge, and sometimes this knowledge was wrong," explained Harrison.

**Standardize Return to Sender (RTS) Endorsements** — Vendors utilized by the USPS do not have a standard format for endorsement stamps. The team suggested standardizing the endorsement ordering procedures and ensuring delivery units have correct endorsement stamps available.

**Implement Procedure for Carriers & Box Clerks to Have Active Change of Address (COA) listings** — Postal Service policy dictates that change of address information related to a carrier's route be posted for six months. However, this

mail is forwarded for up to one year, meaning the carrier is expected to remember these updates for another six months.

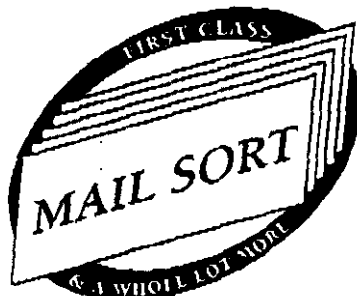
This is a problem, especially when one considers the Postal Service delivers 6 days a week but carriers only work 5 days, meaning a replacement delivers that route at least once a week. "The team recommended the posting of active Change of Address lists for one year," Harrison said.

#### Correcting Pacific Bell Problems

For Pacific Bell, the majority of address errors occurred during initial data entry of the customer's information.

"We use a Coding Accuracy Support System (CASS) Certified product to verify billing addresses, but we do this post customer contact, not while we are on the phone with the customer," explained Harrison. "The team has recommended verifying the address on-line during the customer contact using a CASS product

96



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## CASE STUDY

and formatting the address following USPS standards," Harrison explained.

The team also found one of the systems used to obtain billing address information was based on service location and not the customers mailing/delivery address, so they recommended removing the tie-in of this system.

For Pacific Bell, the majority of address errors occurred during initial data entry of the customer's information.

To further improve its addressing procedures, Pacific Bell is also taking steps to:

— Ensure the Cass Certified database is updated monthly and address error

reports are analyzed;

— Educate customers on "change of address" procedures;  
— Improve questioning criteria for Pacific Bell Customer Service representatives to obtain correct addresses.

### Potential Results Of Team Effort

Pacific Bell and the Postal Service are still in the process of taking these corrective actions, but once improvements are made, the Pacific Bell/USPS team anticipates this program will:

- 1) Reduce returned mail by approximately 19 percent;
- 2) Reduce Pacific Bell operating cost by approximately \$364,000 annually and the USPS operating cost by \$106,000 annually;
- 3) Improve cash flow for Pacific Bell through accurate and timely delivery of bills to customers;
- 4) Increase customer satisfaction and enhance corporate image for both organizations.

"You've got to assume this problem with return mail stretches beyond Pacific Bell and beyond California. If the Postal Service takes some of these corrective steps nationwide, and other organizations follow the steps Pacific Bell is taking, the savings can stretch into the high millions," said Harrison.

"Our efforts could generate a combined annual savings for Pacific Bell and the Postal Service of \$470,000. That is one state, and one customer."

MARCH 1996

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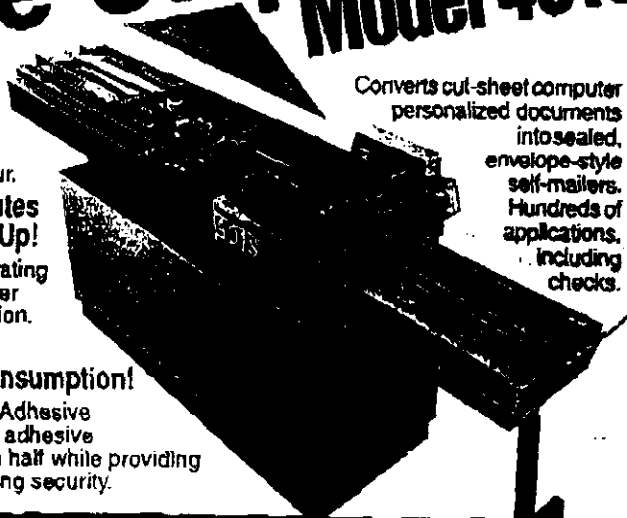
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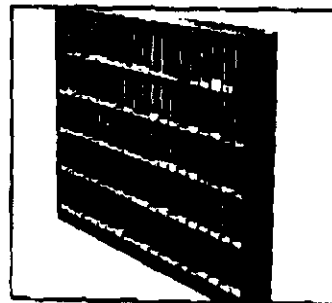
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## **USPS and Pacific Bell form an award winning partnership**

**A** Quality Improvement Team (QIT) developed by the Postal Service and Pacific Bell to resolve customer problems has won a 1997 Quality Teamwork Award. The award was recently presented by Pacific Bell to Sacramento PC employees and Pacific Bell employees.

The partnership, formed in 1994, began when both companies were looking for ways to resolve problems and improve customer service. A Quality Improvement Team, QIT, was established to identify mutual improvement areas. The team attended QIT training, brainstormed more than 25 ideas, voted, reviewed customer requirements, and identified returned mail as the area they wanted to investigate and improve.

At the time, Pacific Bell was receiving about 960,000 pieces of customer returned mail annually, which cost them about \$1,920,000 a year and cost the Postal Service \$604,800 a year. The team set out to reduce the customer billing returned mail to improve customer delivery service and reduce rework cost for both companies. The team selected experts from the field, held site visits, collected returned mail samples, validated addressing with customers, verified accuracy with USPS carriers, identified errors, re-verified issues with customers,

and identified causes of returned mail. After investigating the causes of the problem, the team determined that 95 percent of the returned mail was due to customer billing. They also found that 69 percent of the returned pieces were handled properly, so both Pacific Bell and the USPS had to examine why these errors were occurring and what they needed to do to reduce them. The team analyzed the errors and recommended improvements for both companies. Several recommendations were implemented and a follow-up study was completed. As a result, Pacific Bell reduced 5 percent of billing returned mail and reduced Pacific Bell's error rate by nearly 50 percent. USPS investigated where it was making errors and implemented countermeasures. The improvements not only saved Pacific Bell and USPS money but improved delivery service to more than 47,000 customers.

To foster teamwork, the group met at employees' homes and had potlucks to celebrate the team's progress. The team continues to work on joint problems, but they now have a foundation of cooperation and trust to help them solve those problems more quickly.

### **Clerk's daughter "Pedals for the Cure" to breast cancer**

Julie Madden rode the ride of her life— for her life and the lives of women all across America. On October 31 she left San Diego with 25 other women in the first annual Pedal for the Cure, a cross-country, 2,600-mile bicycle ride benefiting the Susan G. Komen Breast Cancer Research Foundation, the largest organization worldwide raising funds for the fight against breast cancer.

Madden, who is the daughter of Barney Madden, a clerk at the Oak Park Station in Sacramento, averaged about 80-110 miles per day and arrived at her destination, Jacksonville, FL, in early December. She rode in honor of a cousin who died of breast cancer, and her mother, her aunt, and another cousin, all of whom are breast cancer survivors.

## Teaming up with quality saves big money



**SACRAMENTO, CA** — Postal Service officials here are partnering with a major customer to save big money using quality management techniques.

- California utility company Pacific Bell was losing more than \$1.9 million annually in undeliverable mail.
- Joint quality management teams from the Sacramento Performance Cluster and Pacific Bell worked to identify root causes of the problem and agreed to improve systems, processes, communication and quality control.
- It's estimated the quality teams will save the partnering companies a combined \$470,800 this year.

## Maintenance program boosts accuracy

**DENVER, CO** — The Postal Service's Western Area has reaped considerable benefits with the introduction of the Maintenance Assistance Program (MAP).

- Through MAP, the Denver Purchasing and Materials Service Center Material Management Team provides wall-to-wall (WTW) physical inventory assistance in maintenance stockrooms. Process is completed in less than 4-1/2 days.
- As a result, inventory accuracy rates have climbed substantially. Latest data reports that 14 sites recorded 99.3 percent or better in both location and inventory accuracy and 13 others exceeded national standards.

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The National  
Postal Forum in  
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## USPS and Pacific Bell: Working together for quality

It started over a year ago when Pacific Bell and the Postal Service faced a shared problem—80,000 pieces of returned mail each month that was costing Pac Bell nearly \$2 million a year, as well as the goodwill of its customers.

To solve the problem, Pac Bell and the Postal Service in

Postal Service partnership with Pacific Bell leads to West Sacramento, CA, becoming hub of billing operation

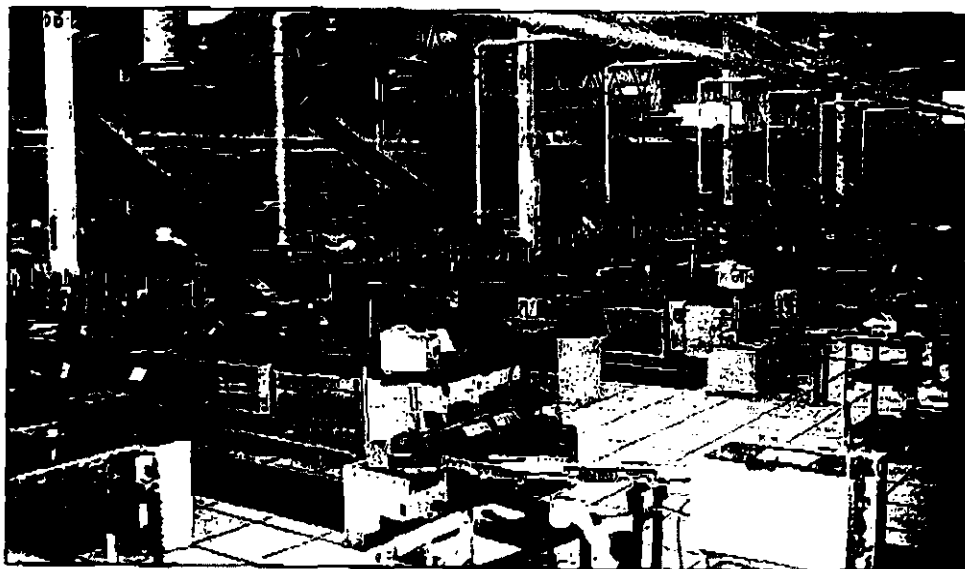
operation in West Sacramento and leading the way for a variety of mass mailing giants who realized the strategic

represents the largest single-client, mass-mailing operation in California. Operations in Sacramento and Anaheim have

Customer Billing, Quality and Operations at Pacific Bell. "This way, the Postal Service, Pacific Bell and our customers all come out ahead."

With its Postal Service partner in proximity and the new facility's ability to simultaneously prepare mass mailings on seven separate outgoing loading docks, Pacific Bell expects tremendous cost savings and productivity gains. A pilot program is currently underway to allow production of bills to be timed in conjunction with postal service pickups for destinations as diverse as San Francisco and San Diego.

Speaking of USPS's California operations, John Ward, vice president, Marketing Systems, Postal Service headquarters, Washington, DC said, "It's not just postal employees that make this area one of our brightest success stories. It's some of the finest mailers in the business, and some of the best customers anywhere. The Sacramento example shows clearly how vision and partnership can deliver a brighter future, both for mailers and the Postal Service."



Pac Bell's new Billing Solutions Technology Center in West Sacramento, CA

Sacramento organized a Quality Improvement Team. The development of step-by-step recommendations for improving the systems and processes eventually led to Pac Bell consolidating its billing

importance of relocating close to the Postal Service's Mail Processing and Distribution Center on Industrial Boulevard.

The new center consolidates Pacific Bell's billing operations under a single roof and

been combined in the new West Sacramento building.

"By getting as close to them as possible, we can better tailor our mailings to their delivery needs," said Fred Schaub, vice president of

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**Response Of MMA Witness Sharon Harrison To Interrogatory  
DFC/MMA-T2-1**

**Attachment F**



**Pacific**  **Bell**



**Partnership to resolve  
customer problems**



**U. S. POSTAL SERVICE / PACIFIC BELL  
QUALITY IMPROVEMENT TEAM  
CUSTOMER BILLING - RETURNED MAIL**

***1997 QUALITY TEAMWORK AWARD***

# US Postal Service / Pacific Bell Quality Improvement Team

## 1. Reason for Improvement

- Team attended QIT training
- Brainstormed 25+ ideas
- ID customer requirements
- Multi-voted
- Identified joint customer/business problem

Pacific Bell received approx. 80,000 pieces of customer returned mail monthly= 960,000 yearly

<u>COST OF REWORK</u>	<u>PER PIECE</u>	<u>ANNUAL</u>
PACIFIC BELL	\$ 2.00	\$ 1,920,000
USPS	\$ .63	\$ 604,800
		<b>\$ 2,524,800</b>

- 95% of Pacific Bell's returned mail was **BILLING PRODUCTS** = 920,000 annually
- The team agreed to investigate customer billing returned mail

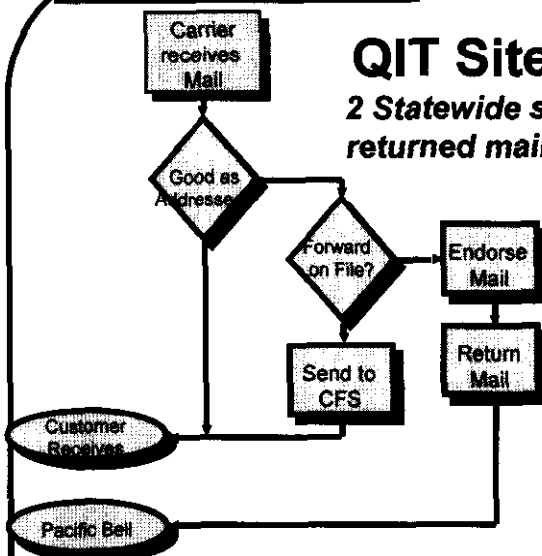
### Theme

**Reduce billing returned mail, thereby increasing customer satisfaction, reducing delivery delays and operating costs.**

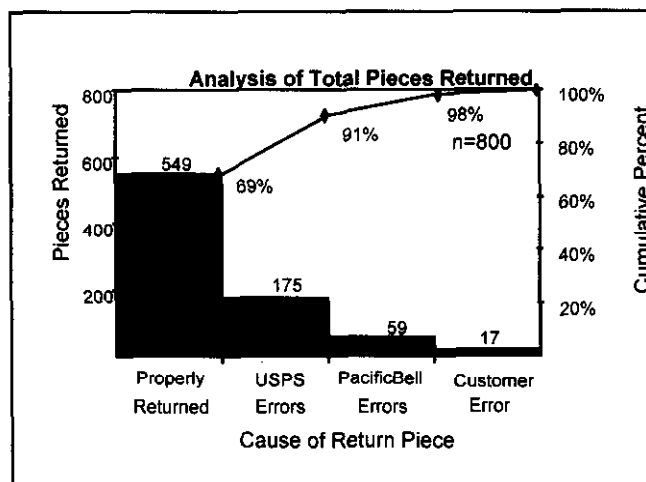
## 2. Current Situation

### QIT Site Visits to Pacific Bell and USPS

2 Statewide studies were conducted to determine reasons for returned mail - study areas: Sacramento, San Jose, Santa Ana, and San Diego



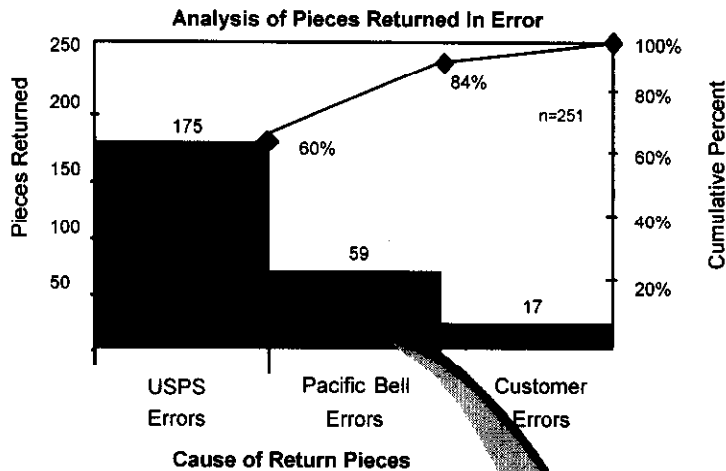
- Validated address deliverability with customers
- Verified returned mail w/USPS Delivery Carriers
- Flowcharted USPS/Pacific Bell Process



**69% of the returned pieces were handled properly**

Moved, left no address  
Forward order expired  
Attempted, not known  
Refused mail  
Unclaimed mail  
Deceased

## 2. Current Situation - Pacific Bell



**The team examined Pacific Bell errors which caused mail to be returned -**

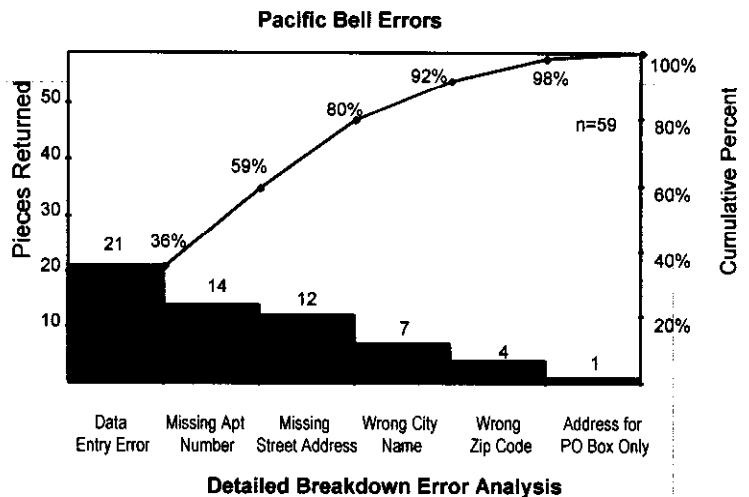
**Requirements were validated w/customers to ensure accurate and timely bill deliverability**

### Problem Statement

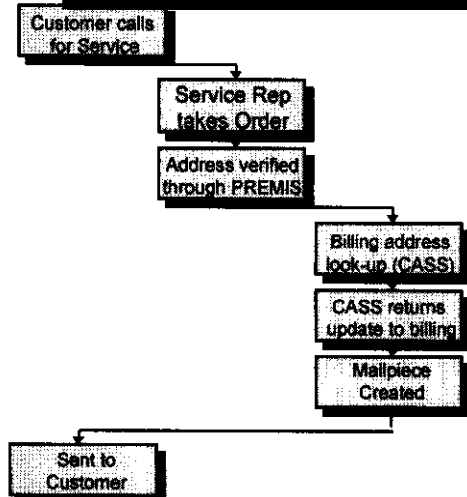
**7% of Pacific Bell returned mail due to data entry and addressing errors**

### Target

**Reduce customer billing returned mail 3.5%  
= 50% Pacific Bell error reduction**



## 3. Analysis - Pacific Bell



**Several steps were performed to identify/validate root causes:**

- Analysis of Step 2 Process Map
- Analysis of Pareto Chart study results
- Reviewed Training and Methods & Procedures
- Interviewed Impacted Work Groups and Experts in the field
- Fishbone used to identify root causes (Attachment A)

#### 4. Countermeasures - Pacific Bell

Determined from Root Cause Analysis:

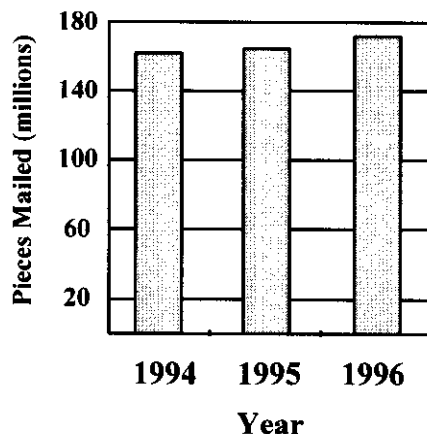
- **Update CASS (Coding Accuracy Support Systems) monthly and establish product owner to manage/monitor** (Implemented 1995)
- **Generate CASS reports for statistical/error analysis** (Implemented 1995)
- **Update P\*B bill address M&P to USPS standards** (Implemented 1996)

(See Attachments B, C, & D)

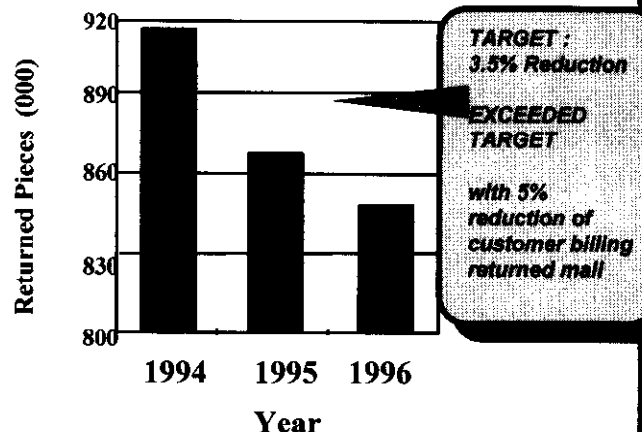
**Team selected and implemented countermeasures within their control with support from other Pacific Bell organizations**  
(See Attachment E)

#### 5. Results - Pacific Bell

Annual Billing Outgoing Mail



Annual Billing Returned Mail



**Outgoing mail volumes increase by the millions, while returned mail volumes significantly decrease and exceed team target.**

#### Results Summary

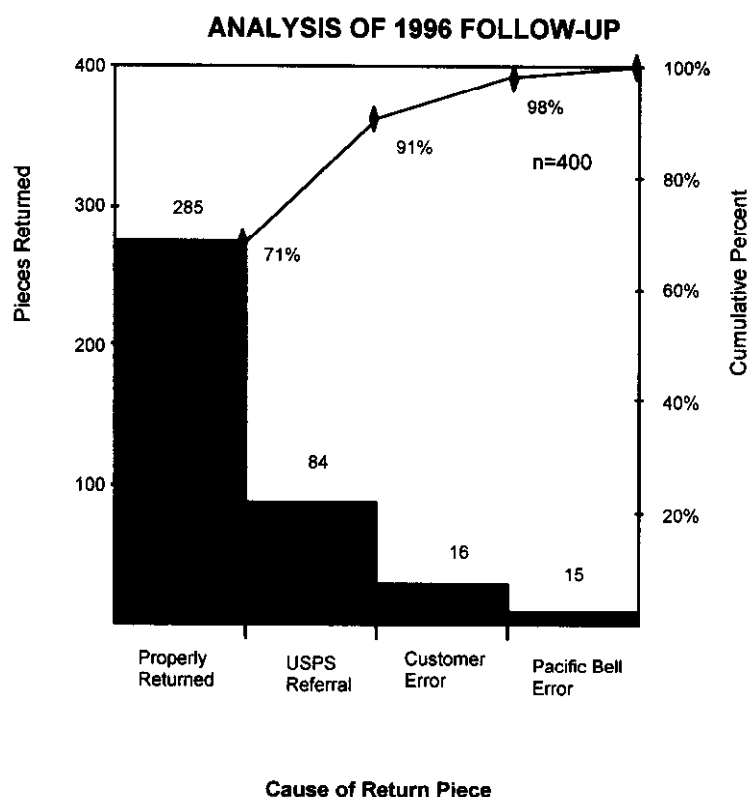
**Pacific Bell's countermeasures resulted in:**

- **Reduced billing returned mail from 76,200 to 72,300 overall 5% improvement (Exceeded 3.5% target)**
- **Reduced Pacific Bell errors by 50% (Follow-up Study)**
- **Improved customer satisfaction to 47,000 customers with timely and accurate billing mail delivery**
- **Reduced Pacific Bell rework cost by approx. \$100,000 and USPS cost by \$29,500 = \$ 129,500 annual on-going savings**



## 6. Standardization - Pacific Bell

TO ASSURE INTEGRATION OF COUNTERMEASURES INTO DAILY WORK, THE QIT CONDUCTED A FOLLOW-UP STUDY TO ASSESS PACIFIC BELL COUNTERMEASURES



## FINDINGS

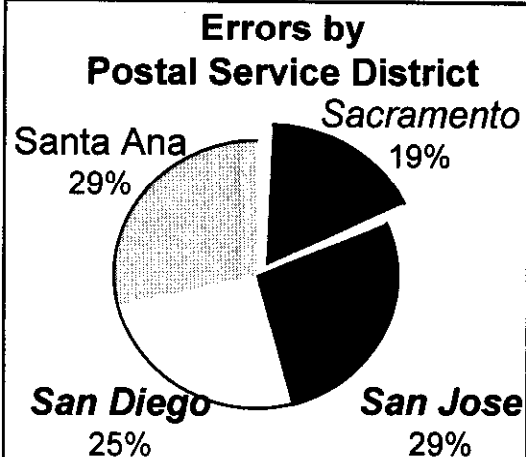
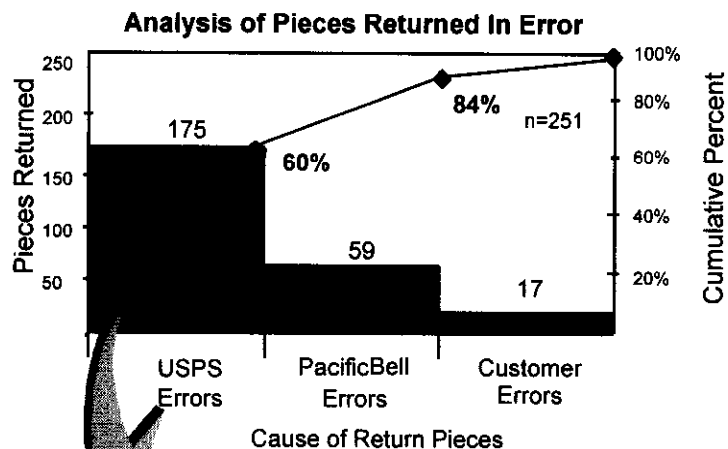
**FOLLOW-UP STUDY  
CONFIRMS:**

**Pacific Bell error rate  
reduced 50%**

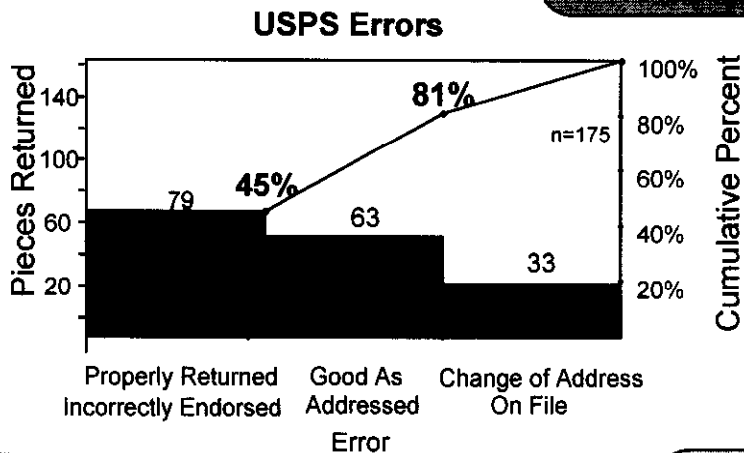
**SACRAMENTO USPS  
team working to  
complete additional  
follow-up studies**

- ☐ **CASS monthly program updates automated statewide**
- ☐ **CASS statistical reports reviewed monthly by Mgmt Team**
- ☐ **CASS Product Owner monitors process/people**
- ☐ **P\*B Service Reps trained on USPS address standards**
- ☐ **Outgoing vs returned mail volumes tracked monthly**
- ☐ **Follow-up Study to measure improvements completed**
- ☐ **On-going assessment of returned mail impacts continues**
- ☐ **Returned Mail QIT educated additional team members/  
mgmt of billing address process**

## 2. Current Situation - USPS



**The team examined mail returned in error by the USPS**



### Problem Statement

**Reasons for return in error = inconsistent return mail processes in delivery units**

The team surveyed the USPS Delivery Carriers to determine the reasons for the returned mail.

(Example - Attachment F)

### 3. Analysis - USPS

#### **THE TEAM PERFORMED THE FOLLOWING STEPS TO IDENTIFY ROOT CAUSES:**

- Analysis of Step 2 Process Map
- Analysis of Pareto Chart results
- Reviewed Delivery Carrier Training
- Interviewed Impacted Work Groups and Experts in the Field

**Examination of the processes for handling of Undeliverable-As-Addressed Mail determined:**

- **Many USPS Delivery Carriers deliver mail by personal knowledge**
- **Carriers not following proper procedures for handling Undeliverable-As-Addressed mail**
- **No quality checks on undeliverable mail**
- **USPS Delivery Units not using standard endorsements**
- **No standard layout for throwback cases**

### 3. Additional USPS Root Cause Analysis

**USPS Management chartered a team in Sacramento to continue examination of the return mail process:**

- **Involve Letter Carriers**
- **Examine why Good as Addressed mail is returned**
- **Use Quality Tools to determine Root Causes**

### 4. Countermeasures - USPS

- **Standardize throwback cases** (Implemented - Sacto 5/97)
- **Standardize Return to Sender endorsements** (Implemented - Sacto 5/97)
- **Standardize training for clerks and carriers** (Implemented - Sacto 5/97) **on proper return processes**
- **Implement Quality Control audit process** (Implemented Sacto - 5/97)



**UNITED STATES  
POSTAL SERVICE**

**Pacific**  **Bell**

#### **5. Results / 6. Standardization - USPS**

- *Implemented countermeasures in Sacramento*
- *Follow-up study to measure results to be performed*

#### **Benefit Analysis - USPS**

- *Improved customer satisfaction and service by reducing USPS errors and cost to Pacific Bell*
- *Improved service for other USPS customers*
- *Potential to save USPS \$64,000 by the proper handling of Pacific Bell's mail, and save Pacific Bell an additional \$200,000 + annually*

#### **7. Future Plans - QIT TEAM - Path Forward**

***To assure continued effectiveness the QIT continues with the following:***



- *National leadership in address issues*
- *Ongoing communication of returned mail and addressing issues with follow-up study support*
- *Action plans w/ management support*
- *Continue on-going monthly meetings on partnership issues*
- *Replicate Sacramento countermeasures statewide/nationally*
- *Work to establish front-end CASS verification*

***Continued USPS/Pacific Bell Partnership***



**Pacific  Bell**



Pacific  Bell

## **USPS / PACIFIC BELL - RETURNED MAIL QIT - GLOSSARY**

<b>BACC</b>	<b>Bill Address Correction Center - statewide Pacific Bell returned mail center</b>
<b>CASS</b>	<b>Coding Accuracy Support Systems - vendor provided software that updates bill address information with USPS deliverable address information</b>
<b>CFS</b>	<b>Centralized Forwarding Systems - USPS unit where all forwarded mail is processed</b>
<b>M&amp;P</b>	<b>Methods and Procedures</b>
<b>SME</b>	<b>Subject Matter Expert</b>
<b>SORD</b>	<b>Service Order Retrieval Database - Pacific Bell order entry system</b>
<b>P*B</b>	<b>Pacific Bell</b>
<b>PREMIS</b>	<b>PREMIS System maintains the exact location of telephone facilities</b>
<b>UAA</b>	<b>Undeliverable-As-Addressed</b>
<b>USPS</b>	<b>United States Postal Service</b>

**DECLARATION**

I, Sharon Harrison, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.

  
Sharon Harrison

Dated: June 21, 2000