

USPS-T-43

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

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POSTAL RATE AND FEE CHANGES, 2006

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Docket No. R2006-1

DIRECT TESTIMONY OF  
FREDERICK J. HINTENACH, III  
ON BEHALF OF THE  
UNITED STATES POSTAL SERVICE

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5  
6  
7  
8

TABLE OF CONTENTS

AUTOBIOGRAPHICAL SKETCH . . . . . ii

PURPOSE AND SCOPE . . . . . 1

RETAIL OPERATIONS IN THE 1980s . . . . . 1

CHANGES IN RETAIL OPERATIONS DURING THE 1990's . . . . . 2

RECENT CHANGES IN RETAIL OPERATIONS . . . . . 4

CONCLUSION . . . . . 4

1  
2  
3  
4  
5  
6  
7

**Direct Testimony  
Of  
Frederick J. Hintenach, III  
AUTOBIOGRAPHICAL SKETCH**

8           My name is Frederick J. Hintenach, III. I began working for the Postal Service in  
9 1965 as a Christmas casual and worked part time during holidays and summers until  
10 graduating from college and entering the military in 1969.

11           I re-joined the Postal Service after graduate school in 1973 in Human Resources  
12 at Headquarters in Washington, DC. From 1973 to 1983 I held various positions in both  
13 Human Resources and Operations. In 1983 I assumed my first executive position in the  
14 Postal Service as the Manager, Organizational Design where I was responsible for  
15 structuring, staffing, and job evaluation of positions for the Postal Service. I held this  
16 position until 1990 when I became the Manager, Retail Operations. Since that time I've  
17 held various positions related to post office operations for our 34,000 Post Offices and  
18 Stations and Branches. In 2002, I became the Manager, Customer Service Operations,  
19 responsible for all the operational programs and policies that impact the day to day  
20 operations of our post offices, from counter operations to back office operations.

21           I received my Masters of Business Administration degree from Gannon  
22 University in Erie, Pennsylvania, and my Bachelor of Science in Business Administration  
23 from John Carroll University in Cleveland, Ohio.

24           This is my first appearance before the Postal Rate Commission.

1 **PURPOSE AND SCOPE OF TESTIMONY**  
2

3           The purpose of this testimony is to provide background operational information in  
4 support of the Postal Service Request in this docket regarding post office operations  
5 from the 1980's through to the present.

6           This testimony relates to no library references. Moreover, its qualitative nature  
7 means that no data provided by other witnesses are incorporated below and this  
8 testimony does not provide quantified data for use by other witnesses.

9  
10 **RETAIL OPERATIONS IN THE 1980's**  
11

12           Retail Operations have changed significantly since the mid 1980's.  
13 Technological advancements have changed the way we interact with our customers and  
14 have provided us with data that help us serve our customers more effectively and  
15 efficiently. In the 1980's we had an Integrated Retail Terminal (IRT) which was our first  
16 major use of technology at the retail counter—moving us from manual scales,  
17 calculators, and extensive manual look-up of ZIP Codes, to electronic scales,  
18 identification of type of service (Express, Priority, etc.), and calculation of rates based  
19 on the service purchased. Despite these advancements, however, there was still a  
20 need to refer to manuals to determine certain rules and regulations such as customs  
21 forms, etc. Our offices were still predominately designed to be served by a postal clerk.

22           In the late 1980's we began to take a closer look at how we served our  
23 customers. There was a trend in industry to move towards more self-service and self-  
24 selection of merchandise, and to that end, we designed newer, high-traffic offices to  
25 have self-service as you entered, followed by self-selection opportunities, and then the

1 full service counters. In many locations this helped reduce wait-time in line and allowed  
2 the customers to decide how they wanted to be served. Many of these offices also  
3 offered scales and postage through vending so that we could serve customers after  
4 normal business hours.

5

## 6 **CHANGES IN RETAIL OPERATIONS DURING THE 1990's**

7

8 The next major change began in the late 1990's, as more sophisticated  
9 technology, namely, the Point-Of-Service ONE (POS ONE) system, became available.  
10 In 1997 the Postal Service began deploying Point-of-Service units to replace the IRTs.  
11 While the IRT in the mid 80's was a big step, the deployment of POS ONE was a giant  
12 step. In 2005, we completed the deployment of over 60,000 POS ONE units to over  
13 15,000 locations. These locations account for approximately 90 percent of revenue  
14 generated at post offices. POS ONE enables the Postal Service to achieve key  
15 business objectives. POS ONE does the following:

16

17 ♦ Lays the groundwork to help the Postal Service eliminate paper and  
18 reengineer business processes.

19

20 ♦ Supports new products and services, enabling the Postal Service to  
21 generate additional revenue.

22

23 ♦ Provides accurate and up-to-date information to retail clerks and  
24 customers.

25

26 ♦ Captures detailed transaction data and transmits the information to  
27 support sales and marketing efforts, as well as improve operations.

28

29 ♦ Allows the Postal Service to more easily refine its processes and  
30 procedures to help it better meet customer needs.

31

- 1       ♦ Has expanded functionality such as mailing rules, restriction guidance,  
2       and ZIP Code look up.
- 3
- 4       ♦ Uses hardware and software technology to reduce transaction processing  
5       time.
- 6

7       POS ONE allows the Postal Service to effectively deliver the right information to  
8       the right place at the right time.

9               This technology enabled changes to be made via download rather than through  
10       floppy disc. Much of the information previously contained only in manuals were now  
11       placed on the system for quick reference and updating. POS ONE significantly  
12       improved our ability to explain our variety of products and services by providing a  
13       uniform/standardized explanation of each product and service., This, in turn, allowed  
14       customers to make more informed decisions on the products or services they needed to  
15       meet their needs.

16              POS ONE also provides more detailed information on transactions by office,  
17       employee, and time of day, enabling us to know customer traffic and needs at each  
18       location, and the resources necessary to support those needs. Integrated time factors  
19       for POS ONE transactions give us the ability to create scheduling and staffing tools, as  
20       well as manage efficient operations. As the volume of single-piece First-Class Mail  
21       decreases, the simple window transactions that were associated with single-piece First-  
22       Class Mail, are being replaced with more complex, and time-consuming transactions,  
23       making data on integrated time factors critical.

24              We also have POS ONE messaging, which gives us the ability to immediately  
25       communicate with 70,000 Sales and Service Associates (SSAs) on product and service  
26       updates, as well as other related topics.

1 **RECENT CHANGES IN RETAIL OPERATIONS**

2

3           During the past few years the Postal Service has introduced 2,500 Automated  
4 Postal Centers (APCs) into our lobbies. APCs permit a customer to mail letter flat and  
5 parcel shaped mailpieces without interacting with postal employees. They allow 24/7  
6 access in most locations and the capability to conduct transactions for 80 percent of the  
7 most common transactions.

8

9 **CONCLUSION**

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11           By capitalizing upon opportunities presented by technology, customer access to  
12 postal products and services has improved tremendously in the last two decades. From  
13 essentially manual operations, through IRTs, to today's POS ONE units, APCs, and the  
14 internet, customer access to the mail is efficient, effective and the best it has ever been.  
15 The Postal Service plans to continue improving access to prompt, reliable and efficient  
16 services, and by doing so, to bind the Nation together through the personal,  
17 educational, literary and business correspondence of all its customers.