

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

**Service Standards and  
Performance Measurement  
For Market Dominant Products**

**Docket No. PI2007-1**

**Initial Comments Of Major Mailers Association**

In accordance with the procedures established in Order No. 21,<sup>1</sup> Major Mailers Association (MMA) hereby submits its initial comments on service standards and performance measurement for First-Class products.

Although the Postal Service has established First-Class delivery standards, MMA was pleased that the Postal Accountability and Enhancement Act (PAEA) mandated that a measurement system be used to monitor service performance. MMA appreciates the Commission's request for comments so that it can better fulfill its role in this critical matter.

MMA's membership is comprised of some of the largest companies in the brokerage, cable, financial services, healthcare, insurance, telecom, and utility industries. These companies rely on the Postal Service to transport, process, and deliver millions of statements, invoices and checks every day. The financial lifeblood of MMA's members can be directly impacted by the speed and consistency of First-Class mail delivery.

The Postal Service's External First-Class (EXFC) measurement system does not provide a universal proxy for service measurement of all First-Class mail. The EXFC system tracks individual mail pieces collected, processed, transported and delivered by the Postal Service. In contrast, bulk First-Class mail bypasses many postal operations and is inducted into later processing operations. In some cases the Postal Service does not touch bulk mail until it reaches the destination facility. Also, remittance mail is different from the EXFC mail as it is normally picked up by the recipient. Consequently,

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<sup>1</sup> *Service Standards and Performance Measurement for Market Dominant Products*, Docket No. PI2007-1, issued June 13, 2007.

the new measurement system must account for these crucial differences. In the case of remittance mail, service performance for the industry is measured in hours, not days.

**I Enhance the value of postal service to both sender and recipients**

Most First-Class transactional mail now has electronic alternatives. Bills and statements can be conveniently viewed online. Payments can be scheduled in advance to be paid on the due date with confidence that the payment won't be delayed. First-Class mail must demonstrate a similar level of performance or in other words, confidence that a payment dropped in the mail for a two day delivery actually is delivered in two days.

Publicizing the service standards and performance results provides the greatest opportunity for the Postal Service to defend its First-Class offerings. This may include posting the service standards and performance at the local post office so that consumers know how long it will take for delivery. Confidence is built over time by consistent performance within the committed standards.

**II Preserve regular and effective access to postal services in all communities, including those in rural areas or where post offices are not self-sustaining**

Universal service and the existing standards for First-Class mail must be maintained. Consumers and business should be able to rely on the Postal Service regardless of location. Also, continued Saturday delivery and mail acceptance is critical to all communities and businesses.

MMA recognizes that the Postal Service must control costs and be competitive in pricing to retain First-Class volumes. However, there are alternatives that may enable products to be available without unprofitable infrastructure. For example the Postal Service has extended its reach to consumers and small businesses through the use of innovative products such as "Click-N-Ship". Expanding products that are available on-line or through the carrier can help to preserve service in more rural areas.

**III Reasonably assure Postal Service customers delivery reliability, speed and frequency consistent with reasonable rates and best business practices**

Thanks to the efforts of Postmaster General Potter and the employees of the Postal Service, billions of dollars of costs have been removed from its operations. In order to continue to improve performance and drive out costs the Postal Service can no longer afford to do without comprehensive measurement systems. MMA members' mailing factories are under similar pressures to the Postal Service. The best quality and lean manufacturing practices have been employed. In turn, mail quality, throughput and product offerings have increased as overall costs per unit have decreased.

The Postal Service is building, what MMA believes, the backbone that can be used to measure transportation and processing. The Intelligent Mail program, if properly deployed, can be used to improve many aspects of the Postal Service cost structure and, at the same time, improve performance.

An external measurement system will still be needed to capture delivery data for mail that bypasses processing operations, or other mail streams that may not have tracking identification. For example, information about remittance mail can be captured at the origin postal facility, but, thereafter, such mail is placed in a tray, transported to its destination and presented to the mailer without further processing at the destination. Consequently, no tracking data would be available after the origin facility processed the mail.

As part of the quality practices employed by MMA members, quality failures and other exceptions are tracked and measured. Exception reporting highlights these quality control problems and permits mailers to implement appropriate remedial measures in a timely fashion. Turnaround or throughput is an example of one measure. The Postal Service's existing EXFC measure only provides "on-time" reporting. MMA believes that best practices demand reporting of all the mail. Reliability and consistency are judged not only by what percentage of the mail will be delivered on-time, but also how much longer it takes the rest of the mail to be delivered.

**IV Provide a system of objective external performance measurements for each market dominant product as a basis for measurement of Postal Service performance**

The Postal Service is requiring mailers to replace the Postnet barcode with the Intelligent Mail Barcode (IMB) by 2009. This new barcode will uniquely identify each mail piece. In addition, the Postal Service has the new Intelligent Mail Tray Label and Intelligent Container Label, which uniquely identify mail trays and containers. Coupled together these identifiers will enable the Postal Service to track and measure the movement of each mail piece. MMA believes that the resulting data will provide one objective measure of performance for a relatively low cost. The Postal Service already embarked on testing the process through MTAC workgroups.

In the past the Postal Service has been reluctant to aggregate data from Confirm participants in order to report on performance. Admittedly, there were problems with the “start of the clock” (or in other words, when the mail was accepted). However, with the mandatory use of the IMB in 2009 the Postal Service should have more than adequate volumes and “start of clock” issues resolved. MMA recommends regular reporting on the delivery performance using the aggregate data. Furthermore, the performance should be available between 3-digit delivery pairs. This would facilitate identification and resolution of delivery issues. For example, Sacramento two day delivery performance may be 90%. Drilling down to the 3-digit pairs would help mailers and the Postal Service see that mail from Sacramento (956) to San Diego (920) is arriving on time 65% of the time while most other pairs are performing at 95% on time.

As previously stated, there is still a need for some external measurements to adequately sample the complete mailing cycle. MMA suggests that development of a useful external measurement system can be simplified by leveraging information available from the existing Intelligent Mail system.

MMA looks forward to the deployment of the measurement system. Also, we applaud the Commission for its decision regarding the Confirm pricing structure. MMA believes that it will encourage more users. Higher volumes will provide more representative data covering more delivery points. Our members have already started transitioning to the new IMB and actively participate in the MTAC workgroups for

Service Measurement and Seamless Acceptance. Using the Confirm data, many members will have internal systems in place within the next year to measure the Postal Service's delivery performance. MMA would encourage the Commission and the Postal Service to move quickly in defining and publishing the standards and performance measurement systems. Many MMA members would like to ensure that their internal delivery performance measurement systems incorporate similar standards and systems.

Respectfully submitted,

**Major Mailers Association**

By:

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Mury L. Salls  
President, Major Mailers Association  
C/o DST Mailing Service  
Mailstop 3000  
1100 Investment Blvd  
El Dorado Hills, CA 95732

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