

PARCEL SHIPPERS ASSOCIATION

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JAMES PIERCE MYERS
EXECUTIVE VICE PRESIDENT

August 24, 2000

John Kelly
President, Packages
United States Postal Service
200 East Mansell Court, Ste. 300
Roswell, GA 30076-1110

Dear John,

I want to thank you and Larry for taking the time to meet with us on the 28th here in Washington. As always, we appreciate your openness and willingness to discuss our mutual concerns. Since the 28th we have been caucusing informally, and I want to share with you where we hope you and the Postal Service will focus in the future. As you know, competitive package services from the Postal Service are very important to PSA members. And, our members are very concerned with the inability of the Postal Service to grow its package business, particularly in the Parcel Select area.

Delivery Standards, Performance Goals, and Measurement Systems

First, we remain concerned that the Postal Service is not adequately communicating its service standards for package delivery to its customers. We understand the standards are 3-2-1 from BMC-SCF-DDU respectively. We also understand that at this time these are just goals, not guarantees. But, where are they published or otherwise communicated to customers? Second, do you have performance goals, e.g. 97 percent 1-day delivery for DDU, by which you will judge performance of Postal Service managers? Will performance be a factor in your compensation program, i.e., in determining bonuses? Third, how will you measure delivery performance? Through delivery confirmation or some other mechanism? Finally, will you publicly report your results?

Improving Delivery Unit Performance

Our members experience and their work through the Mailers Technical Advisory Committee raises concern about the ability of DDUs to handle increased parcel volumes should the Postal Service be able to grow its package business. Indeed, our members are

aware of many ZIPs today where packages often sit for more than one day, or where efforts to complete delivery are less than determined. What programs are underway or planned to increase awareness at the DDU of the importance of the package business, and to address facility or equipment needs to effectively handle increased package volume?

Affordable, user-friendly delivery confirmation is critical

We know you agree with us that in an ideal world delivery confirmation would be standard and available without charge. We will continue to work with you toward that goal. But there are other aspects of this value-added service that should be addressed.

PSA members are convinced further development is needed on the delivery confirmation product. Shippers know the product needs to be more user-friendly. The customer service divisions of these firms are requesting more of what we call value added services which, in the case of delivery confirmation, means more accessible data. We suggest a joint effort between industry and the Postal Service to find ways to provide these value-added services.

Perhaps delivery confirmation data could be available on an "as needed" basis. Today's program requires you to pay \$0.25 on every package to make sure the data is available when needed. The market response is the cost is too high and as a result little confirmation is being collected. We would like to explore the development of a pay as you use program. This program would require every package to be scanned by the Postal Service to meet the as needed requirement. The customer would pay a set fee for every package for which delivery confirmation data is requested. We should determine what the cost would be for such a pay as you use program. Ancillary benefits to such a program would be higher scan rates (hopefully close to 100 percent), availability of ample data for delivery performance measurement, and data for management purposes to address problem areas and implement corrective action.

We want to continue to work with you. How do you suggest we proceed? Should we charter a working group separate from MTAC or keep under auspices of MTAC, or some other means? And how, on the tactical side for this fall season, do we get an effective, forceful message to field (DDUs) that diligent, determined deliveries (the three Ds) are essential to parcel volume growth? The message should be that nothing should languish in the delivery unit. If recipients aren't responding, be proactive and get the product delivered or picked up.

Sincerely,



James Pierce Myers

cc: Clarence E. Lewis Jr.

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