

USPS-T-11

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

SIX-DAY TO FIVE-DAY CARRIER DELIVERY
AND RELATED SERVICE CHANGES, 2010

Docket No. N2010-1

**DIRECT TESTIMONY OF
STEPHEN M. KEARNEY
ON BEHALF OF THE
UNITED STATES POSTAL SERVICE**

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Autobiographical Sketch

My name is Stephen M. Kearney. I have served as Senior Vice President, Customer Relations, at United States Postal Service headquarters since July 2008. I am a member of the Executive Committee, reporting directly to the Postmaster General, and I lead the efforts of Consumer Affairs, Corporate Communications, Customer and Industry Marketing, and Pricing. In this position I also serve as Co-Chairman of the Mailers' Technical Advisory Committee (MTAC).

Prior to this appointment, I served in three other United States Postal Service officer positions: Vice President, Pricing and Classification; Senior Vice President, Corporate and Business Development; and Vice President and Treasurer.

I began my Postal Service career in 1980 as Investment Officer in the Office of Treasurer at United States Postal Service headquarters. Prior to joining the Postal Service, I was a financial economist on the Domestic Finance staff in the Office of the Secretary of the Treasury.

I earned a Bachelor of Arts degree, with First Class Honours, from McGill University in Montreal, Quebec, Canada, where I majored in economics. I received a Master of Business Administration degree in finance and investments, with honors, from the George Washington University in Washington, DC.

I completed the Advanced Management Program at the Harvard University Business School and the Public Finance Institute and Corporate Financial Management programs at the University of Michigan Ross School of Business. I am a Chartered Financial Analyst (CFA).

I. PURPOSE OF TESTIMONY

The purpose of my testimony is to describe the Postal Service's plans for informing our customers and preparing them for the implementation of five-day delivery of mail to street addresses and related service changes. There are no Library References associated with my testimony.

II. IMPORTANCE OF COMMUNICATING WITH ALL CUSTOMERS

The United States Postal Service has provided vital and valued communications and delivery services to bind the nation together for more than two centuries. As necessary, the Postal Service has adapted its operations to serve the changing needs of the American public. Our history of facilitating communications makes us well aware of the need to communicate with our customers about how five-day delivery to street addresses and related service changes would affect them. We are committed to keeping our customers informed as we move forward.

A change to five-day delivery will potentially affect every sender and recipient of mail. The ability of our customers to adjust with minimal inconvenience depends largely upon the steps we take to inform them clearly and effectively so that they can adjust to changes in postal operations. Accordingly, we are developing an integrated and research-based implementation communications plan. The objective of that plan is to provide all stakeholders with timely and clear information in order to maximize their preparedness and their ability to adjust when change occurs.

Implementing changes that affect the entire mailing public is not new to us. We must routinely inform our entire customer base about annual changes in product offerings and prices. We have structures and feedback mechanisms in place that help us communicate with our stakeholders on an ongoing basis. We currently have more than 50 active Customer Advisory Councils, whose membership includes residential and home-based business customers who discuss ideas, concerns, and suggestions from consumers and provide feedback to postal leaders. We regularly reach out to business mailers of all sizes through a network of more than 200 Postal Customer Councils, community groups made up of business owners and local postal managers. We meet quarterly with the Mailers' Technical Advisory Committee, whose membership includes a cross-section of the mailing industry, and communicate with them between meetings by telephone and email. Our annual National Postal Forum (NPF) provides business customers with information and training. We also reach out to business mailers through our nationwide Business Service Network. This Network is dedicated to providing service support to the Postal Service's largest customers for service issues, information, and request needs, and to mailers of all sizes through the Business Mail Entry Unit Message Center. In addition, our RIBBS website contains information and includes links to even more information for mailers.

As we continue to fulfill our obligation to provide prompt, reliable and economical service to each sender and recipient of mail in the nation, we do not underestimate the importance of preparing our customers for a fundamental and

universal service change. Our communications efforts will include multiple strategies and channels designed to reach all customers, before, during, and after the implementation of five-day delivery and related changes.

The testimony of witness Samuel Pulcrano (USPS-T-1) explains that, under our plan, we will continue to deliver Express Mail seven days a week. Otherwise, in general, customers will have five days of street delivery and six days of Post Office access. We will continue to deliver mail to Post Office boxes six days a week, and we will continue to allow boxholders who subscribe to Caller Service, including many remittance processors, to pick up their mail seven days a week. One of our goals is to ensure that household and business customers know that they will continue to have access to postal retail windows and Business Mail Entry Units on Saturdays.¹ In the midst of change, it is important to reinforce to customers what will stay the same.

Beginning in spring of 2010, we provided information to the print and broadcast news media about the potential change to five-day delivery to street addresses and related operational changes. We will continue to provide information to media outlets. It is our expectation that this will raise public awareness and draw the attention of postal customers to a micro-website we

¹ Popular alternative retail channels will continue to be available, including www.usps.com, which is available 24 hours a day, seven days a week for the purchase of postal products and utilization of mail piece information services. Automated Postal Centers in postal retail lobbies open on Saturdays will be accessible. Stamps by mail will still be available. In addition, stamps will be available for purchase at numerous consignment locations, contract postal units, and Approved Shipper locations. The 1-800 ASK-USPS (275-8777) toll-free telephone service will continue.

established to inform members of the public about the potential service changes and how they can adjust.

The micro-website currently contains separate webpages for business and household customers with answers to frequently-asked questions that individual and business mailers will find helpful. We will update the site as more information becomes available and as we move toward the implementation date.² As explained further below, we intend to utilize a multi-channel communications strategy designed to reach our customers and the American people multiple times and achieve a sufficient level of awareness prior to implementation.

III. Customer Outreach

The implementation of five-day delivery to street addresses and related service changes will affect every customer, business partner and employee of the Postal Service. Our implementation group will form a cross-functional team, as it does for every implementation, designed to ensure effective customer communications for a smooth implementation to five-day delivery. Members of the group have experience in implementing changes that affect our customers on a broad basis, from the Forever Stamp, to Priority Mail Flat Rate boxes, to omnibus price increases, to changes in aviation security requirements and hazardous material prohibitions, as well as addressing requirements and the use of ZIP Codes. We know the tactics that have worked for us in the past, and we will use as many channels as possible to communicate with our customers.

² See http://www.usps.com/communications/five-daydelivery/hh_planning.htm.

We have already begun communicating with customers about the potential effect of these operational changes. For example, witness Pulcrano, USPS-T-1, and I held initial customer meetings and webinars as we developed this proposal. Those meetings and subsequent conversations with customers helped to identify common concerns. The market research conducted by witness Elmore-Yalch, USPS-T-8, validated the importance of these concerns to our customers. For further validation, we commissioned a public opinion survey of consumers and small business owners. In addition, we conducted a survey of members of the Mailers' Technical Advisory Committee, a group representing business mailers that was developed to help us resolve business mailer issues. We have used and will continue to use information from all these sources to aid us in our implementation efforts. As implementation draws near, we intend to consult with business customers large and small and provide guidance for dealing with the implications of the service changes.

The key audiences for our implementation efforts include residential customers, small- and home-based business customers and commercial customers. Direct communication by mail retains its power to educate large populations effectively and will serve as a vital component of our strategy to directly inform every household and every business about five-day delivery and related service changes. There are variables beyond the control of the Postal Service that may affect the timing of the execution of elements of our communications plans. Under current law, implementation of five-day delivery cannot occur in fiscal year (FY) 2010 and the Postal Service recognizes that

Congressional action may affect the potential implementation date. Accordingly, flexibility will be an essential element of any plan. The actual content of any communications will have to be developed in close proximity to their dissemination to provide the most up-to-date information possible to our customers.

We anticipate that we will execute at least two mailings to each delivery address. Because we know customers need time to adapt, we will send the first mailing to explain five-day delivery to street addresses near the beginning of the implementation period and no less than four months from the implementation date. The second mailing—a reminder of the change—will be made just prior to the implementation date. We know that mail works when getting a message to a customer, and the market research conducted for this filing by witness Elmore-Yalch, USPS-T-8, reaffirms this conclusion.

Signage in retail facilities, point-of-purchase materials, and signage on collection boxes will deliver our message to customers who visit our retail lobbies and drop mail in blue collection boxes on the street. We will determine the content and deployment of signage and labels as we approach the implementation of service changes.

Postal call center personnel will receive scripts including responses to frequently-asked questions to ensure all customers reaching our call centers are provided prompt and consistent information. We also will develop core language for inquiries received from individual and household mailers and other customers who contact our consumer affairs offices.

We will continue this outreach at the 2010 and 2011 National Postal Forums, through our ongoing communication with the Mailers' Technical Advisory Committee, and through an MTAC workgroup made up of both Postal and industry representatives. We also will convey important information in the publications we produce and send to business customers and Postal Customer Councils, including information on their website, in their publication and in a training package—a “workshop in a box”—that will be provided to local postal managers for use during PCC meetings.

Our communications plan has already begun, and it is designed to ensure every stakeholder has sufficient time to prepare for and adapt to the change.

Last, but not least, we will rely on our dedicated employees who interact with our customers everyday to be effective communicators about the changes. When the time comes, they will receive information that will allow them to communicate effectively and directly to customers.

IV. CONCLUSION

My role, as Senior Vice President of Customer Relations, is to make sure we are as close as possible to all customers--from the smallest to the largest. We receive customer feedback through customer-facing employees, the mail, Post Offices, the Internet, social media, our call centers, and the Business Service Network. We will be listening to what our customers tell us about the planned service changes and we will continue to review, test, and improve our communications efforts as we move forward.