



UNITED STATES
POSTAL SERVICE®

January 10, 2014

DSCF STANDARD MAIL LOAD LEVELING



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Agenda

OPENING COMMENTS

PATRICK R. DONAHOE

Postmaster General and CEO

LOAD LEVELING BACKGROUND

MEGAN J. BRENNAN

Chief Operating Officer & Executive VP

SOUTH JERSEY TEST AND RESULTS

DAVID WILLIAMS

Vice President, Network Operations

TIMELINE OF EVENTS / NEXT STEPS

MEGAN J. BRENNAN

Chief Operating Officer & Executive VP

QUESTIONS / ANSWERS

DAVID WILLIAMS

Vice President, Network Operations

CLOSING COMMENTS

MEGAN J. BRENNAN

Chief Operating Officer & Executive VP



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Business Imperative for Change

- ❑ **Disproportionate amount of Standard Mail is scheduled for delivery on Monday resulting in:**
 - **Service Variability**
 - **Operational Inefficiencies**
 - **Increased Cost**



SCOPE OF LIMITED CHANGE

DELIVERY DAYS MEETING SERVICE STANDARD		
	Current	Proposed
DSCF Standard Mail** Dropped Before 4pm * on		
Thursday	Friday, Saturday, Monday	Friday, Saturday, Monday
Friday	Saturday, Monday	Saturday, Monday, Tuesday
Saturday	Monday, Tuesday	Monday, Tuesday, Wednesday
Sunday	Monday, Tuesday, Wednesday	Monday, Tuesday, Wednesday

*The current Critical Entry Time (CET) for Standard mail is 4 pm

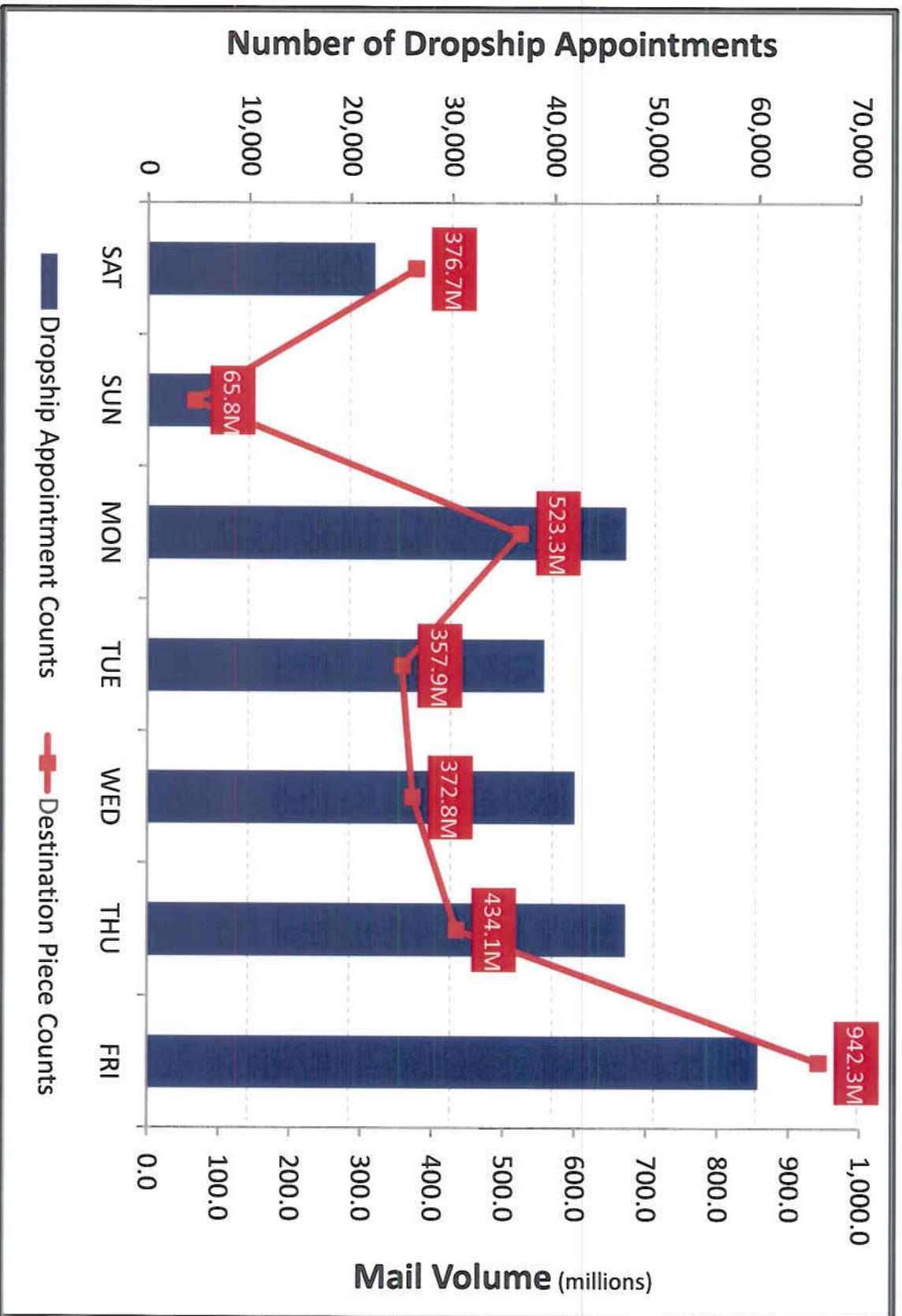
**For delivery in the continental United States

WHAT DOESN'T CHANGE

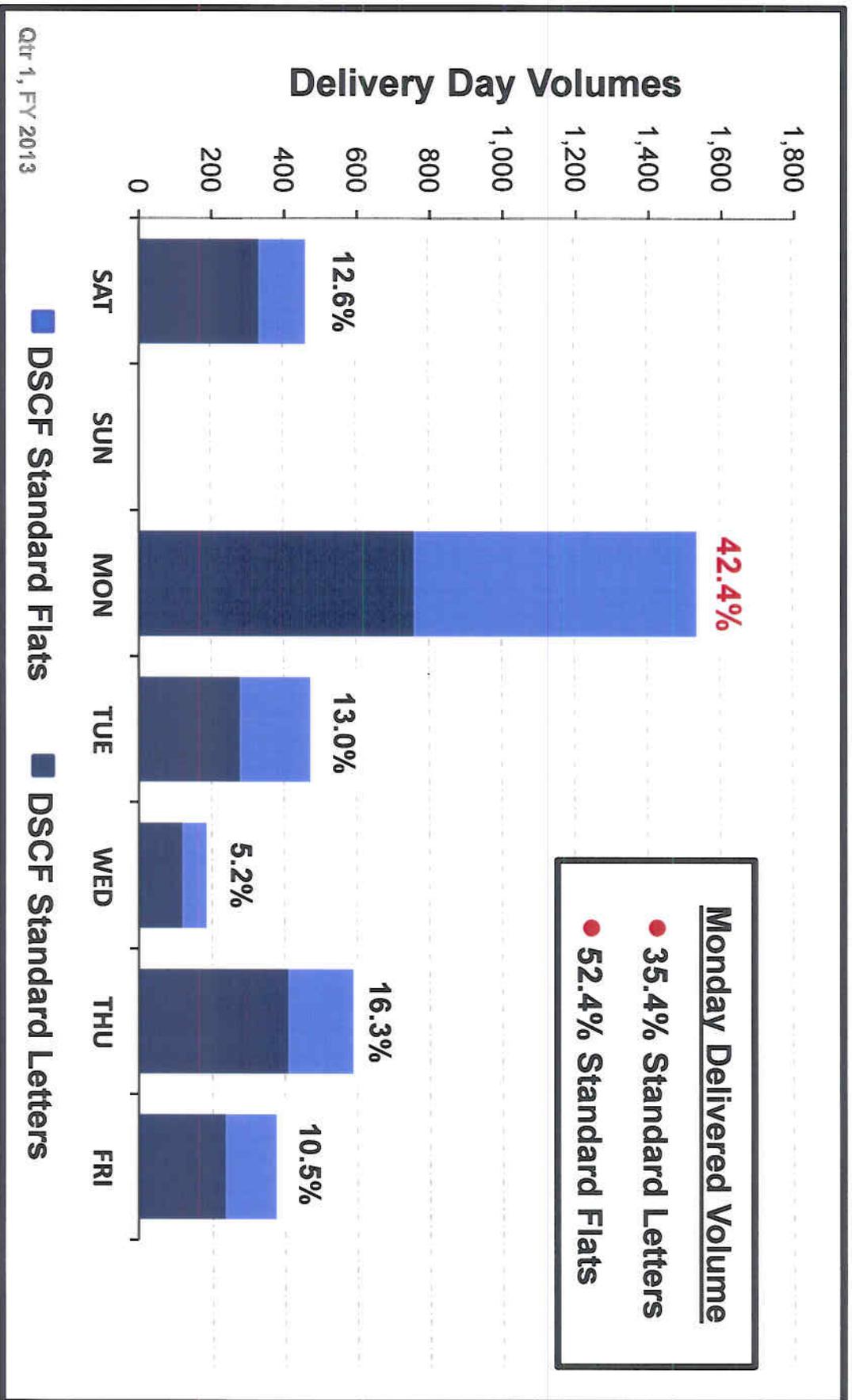
- Standard mail dropped at a DDU does not change
- Standard mail dropped at a NDC does not change
- EDDM Retail - does not change
- Periodical/Newspaper processing does not change
- First-Class does not change
- Priority does not change



FY13 Qtr 1 All Dropship Appointments / Vol for Full Service IMb Standard Mail



Impact on Delivery – Average % of Standard Mail Delivered by Day



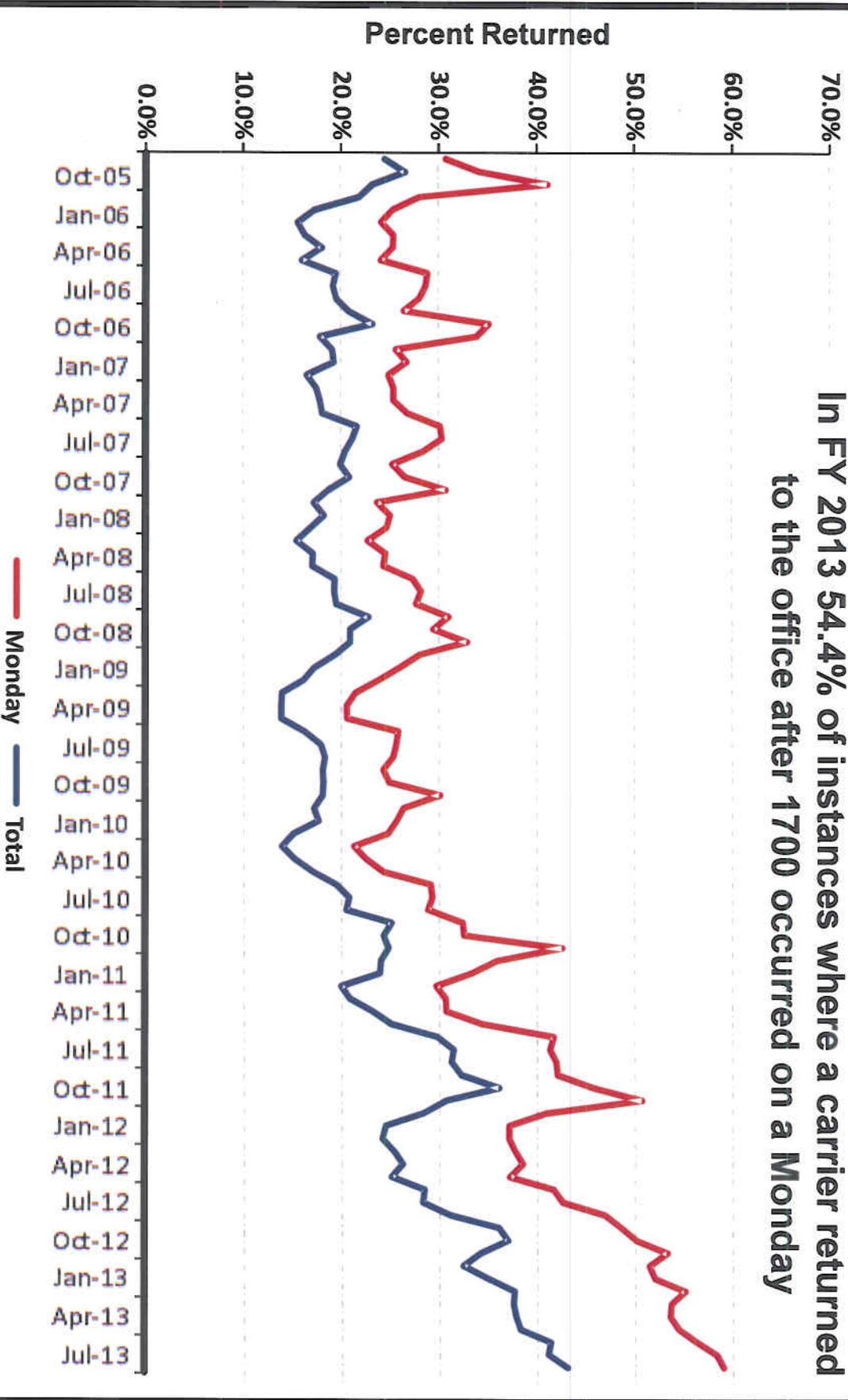


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Current State Impact

Percentage of City Carriers Returning After 1700

In FY 2013 54.4% of instances where a carrier returned to the office after 1700 occurred on a Monday



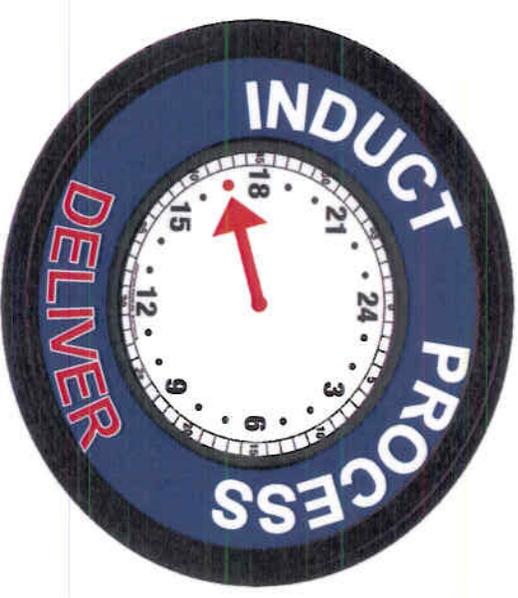


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24 Hour Clock Impact

Disproportionate Monday workload not only results in late delivery and added costs, it also impedes our ability to meet critical 24 hour clock parameters resulting in:

- ❑ Late processing
- ❑ Late / missed transportation
- ❑ Additional processing / transportation costs
- ❑ Service failure





USPS - Industry Workgroup #157

- ❑ Develop strategies that will facilitate the load leveling of volumes across the days of a week
- ❑ Evaluate strategies for potential adoption and implementation

Industry Participation

- Bank of America
- Brown Printing Co
- Calmark Group
- Conde Nast
- Data-Mail Inc.
- Farrington
- Grayhair Software
- Harte Hanks
- Intelisent
- Mystic Logistics
- Our Sunday Visitor
- Parcel Shippers
- Pitney Bowes Presort Services
- Publisher's Clearing House
- Quad Graphics
- RR Donnelley
- Valassis
- World Marketing Inc



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Collaborative Effort - Outcome

- ❑ Options Identified/Evaluated
 - Eliminate Sunday as a day of measurement
 - Change Critical Entry Times for selected day of week
 - Add an additional day to service standard for mail entered on Thursday after 1600 CET, Friday or Saturday
 - Commissioned a two week operational study



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Load Leveling Standard Mail Test

SOUTH JERSEY LOAD LEVELING TEST



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South Jersey Test

Scope: Evaluate the impact of load leveling the Standard Mail volumes received at the South Jersey P&DC across the days of the week.



Test Location – South Jersey P&DC
(First Lean Mail Processing Plant)

Test Period – Sep 12th through Sep 26th, 2013

Delivery Zones Participating: 110

Delivery Routes Participating: 1,190

Standard Mail Volume in Evaluation: 5.3M pieces



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Load Leveling Standard Mail Test

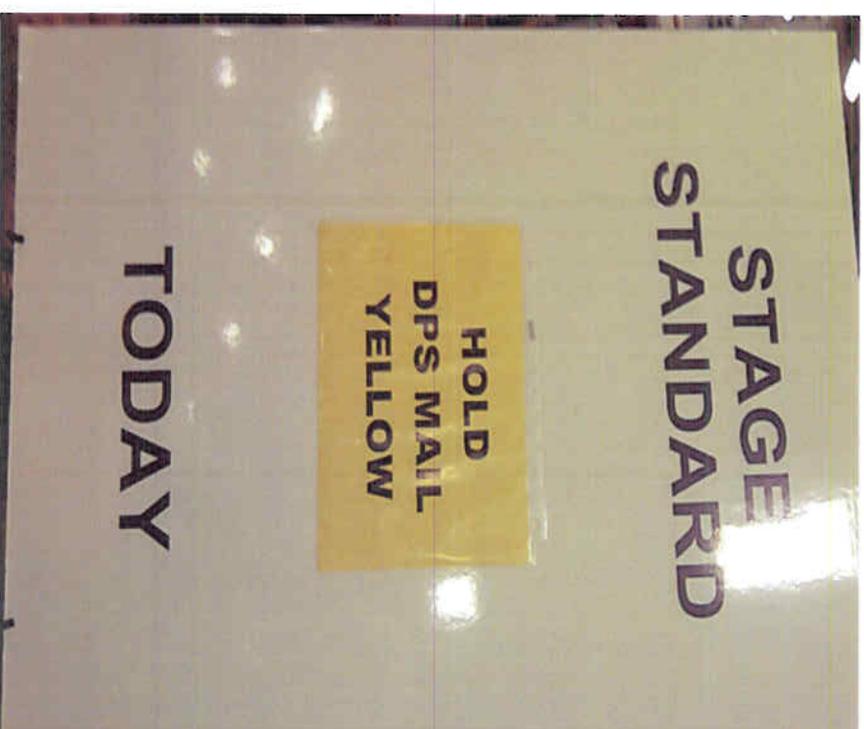
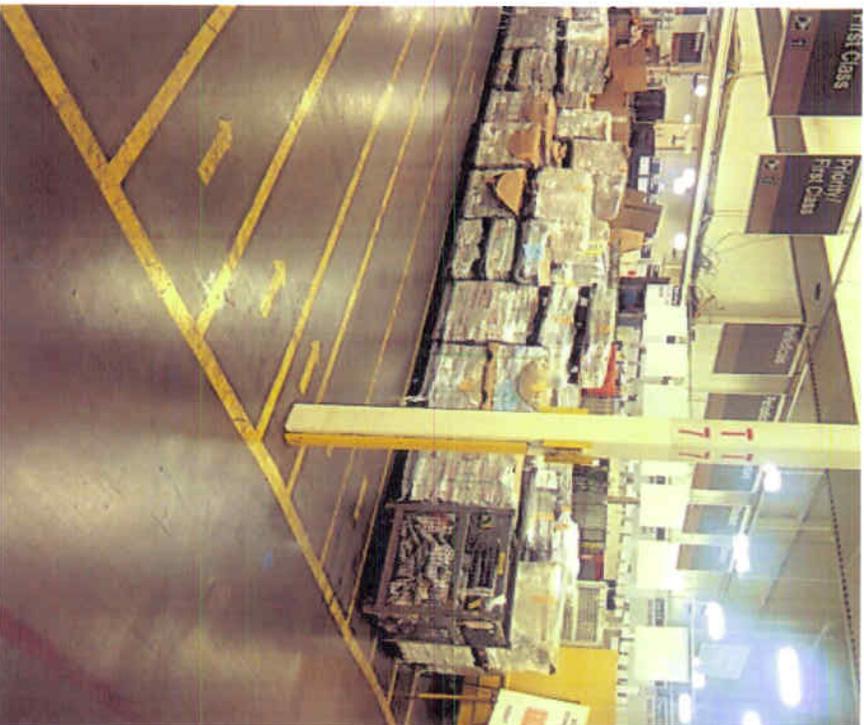
DAY OF RECEIPT	COLOR CODE APPLIED	THREE DAY DELIVERY
SUN	GREEN	WED
MON	GREEN	WED
TUE	VOLET	THU
WED	YELLOW	THU
THU	PINK	FRI
FRI	BLUE	SAT
	ORANGE	MON
		TUE

- Trained Expeditors, Mail Handlers on new color code matrix
- Changed all Signage
- Developed comprehensive plan with local site to segregate mail by color code, stage at plant
- Strict adherence to machine schedules allowed us to control what mail was advanced by sort program



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Load Leveling Standard Mail Test



- Mail was staged on the floor and in trailers
- Used signage and caution tape to inhibit accidental induction of the standard on the wrong day



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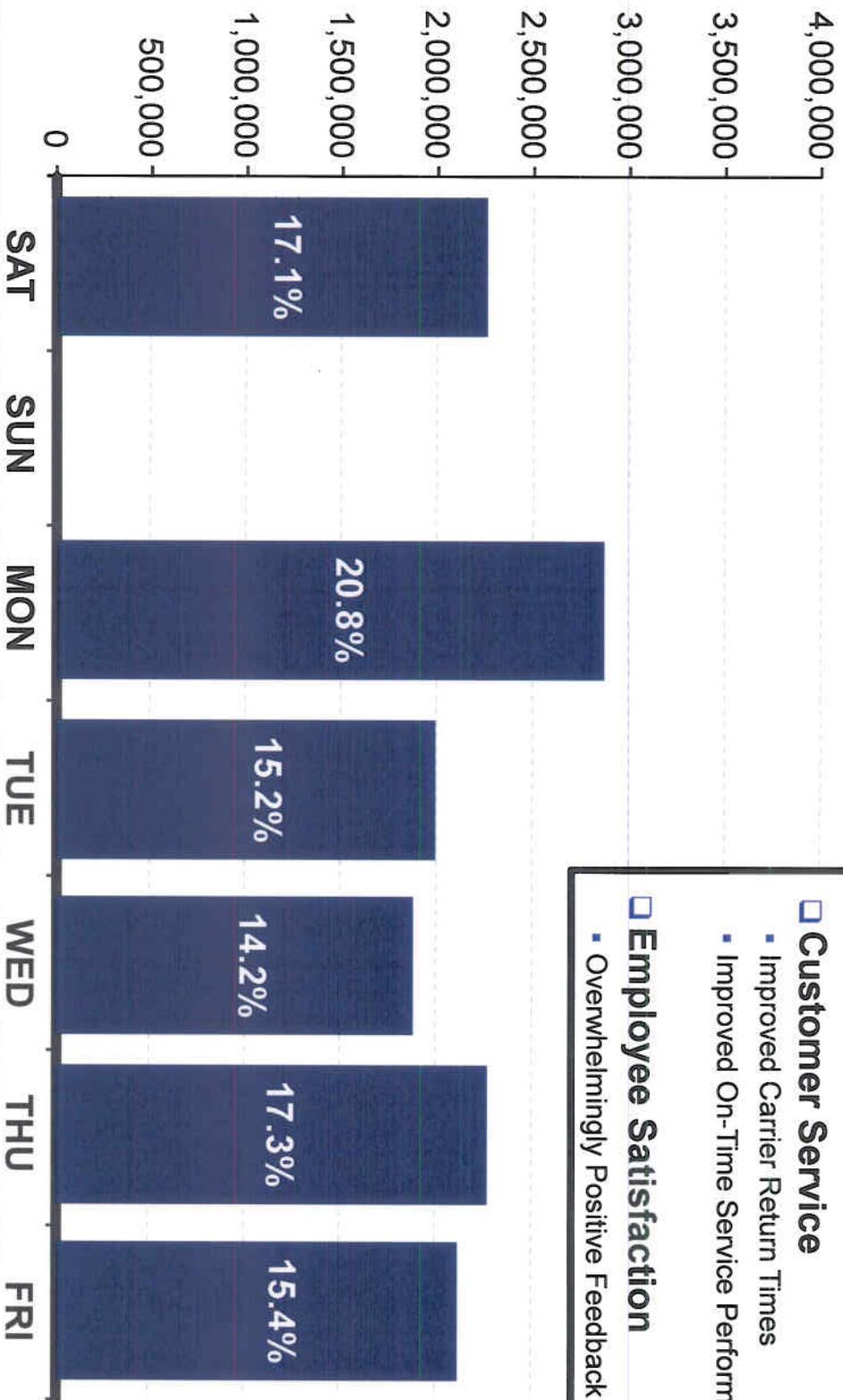
Load Leveling Standard Mail Test

SOUTH JERSEY LOAD LEVELING TEST OPERATIONAL TEST RESULTS



South Jersey P&DC Sep 14th – 20th

Test Week – Avg Delivered Volume by Day



- **Efficiency**
 - Reduced Total Weekly Carrier Work Hours
 - Reduced Carrier OT and Penalty OT
- **Customer Service**
 - Improved Carrier Return Times
 - Improved On-Time Service Performance
- **Employee Satisfaction**
 - Overwhelmingly Positive Feedback



□ Efficiency

- Reduced Total Weekly City Carrier Work Hours
 - 4.9% reduction vs Baseline Period
- Reduced Carrier Overtime and Penalty Overtime Usage
 - 35.1% reduction vs Baseline Period

□ Customer Service

- Improved Carrier Return Times
 - 74% reduction in Monday's carriers returning after 1700
- Improved On-Time Service Performance
 - 96.00% on-time performance achieved

□ Employee Satisfaction

- Overwhelmingly positive feedback
 - Management and Craft



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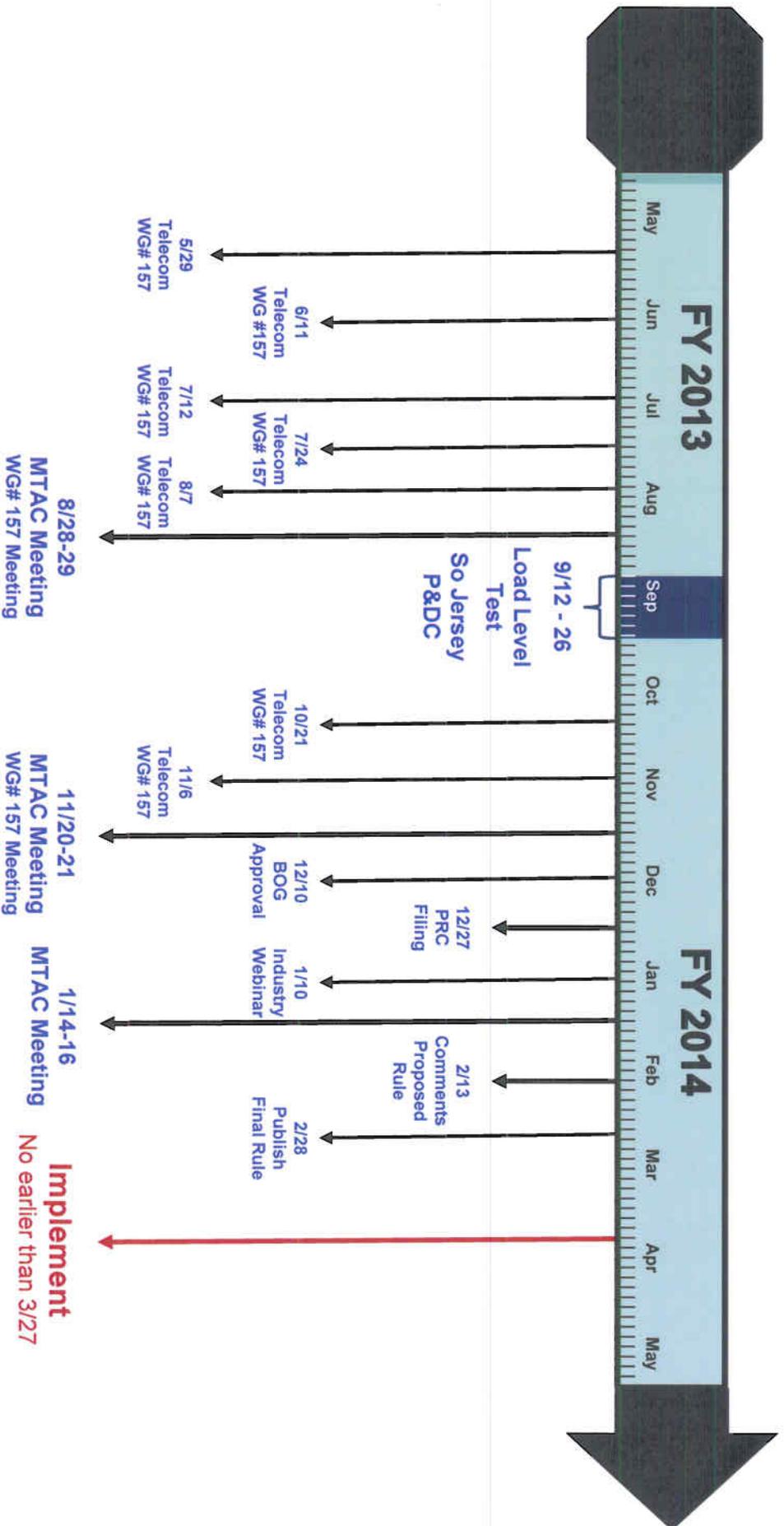
DSCF Load Leveling

TIMELINE OF EVENTS AND NEXT STEPS



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Load Leveling Initiative Timeline of Events

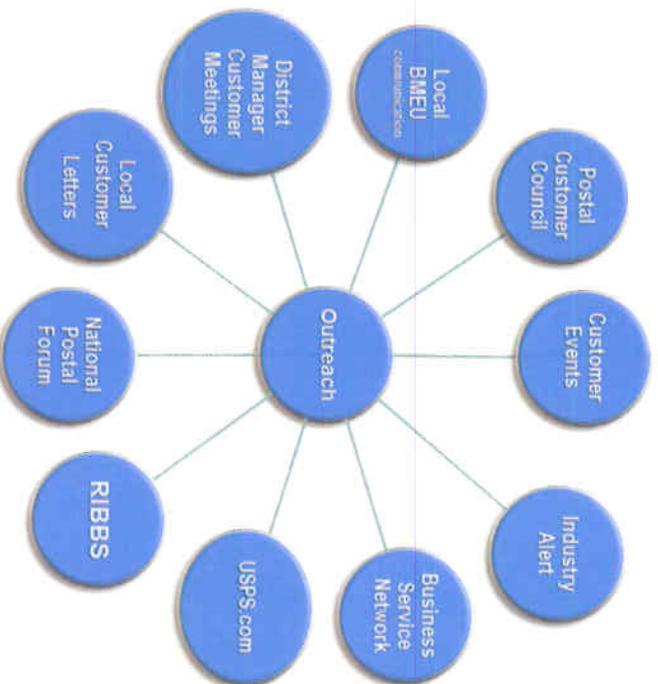




- Continue Stakeholder Engagement
- Add Additional Sites to Test Implementation Approach
- Review Comments to Proposed Rule – Feb 13, 2014
- Publish Final Rule: February 28, 2014
- Receive PRC Advisory Opinion
- Implement Change no Earlier Than March 27, 2014



USPS - INDUSTRY COLLABORATION



Commitment to Communicate

- Provide Easy Access to Information and FAQs Updated Weekly on RIBBS

industryfeedback@usps.com

- Committed to Collaboration/Communication

SUCCESS REQUIRES COLLECTIVE EFFORT



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Closing Remarks

Expected Long Term Benefits

- Predictable Service
- Customer Satisfaction
- Cost Containment



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DSCF Load Leveling

QUESTIONS / ANSWERS



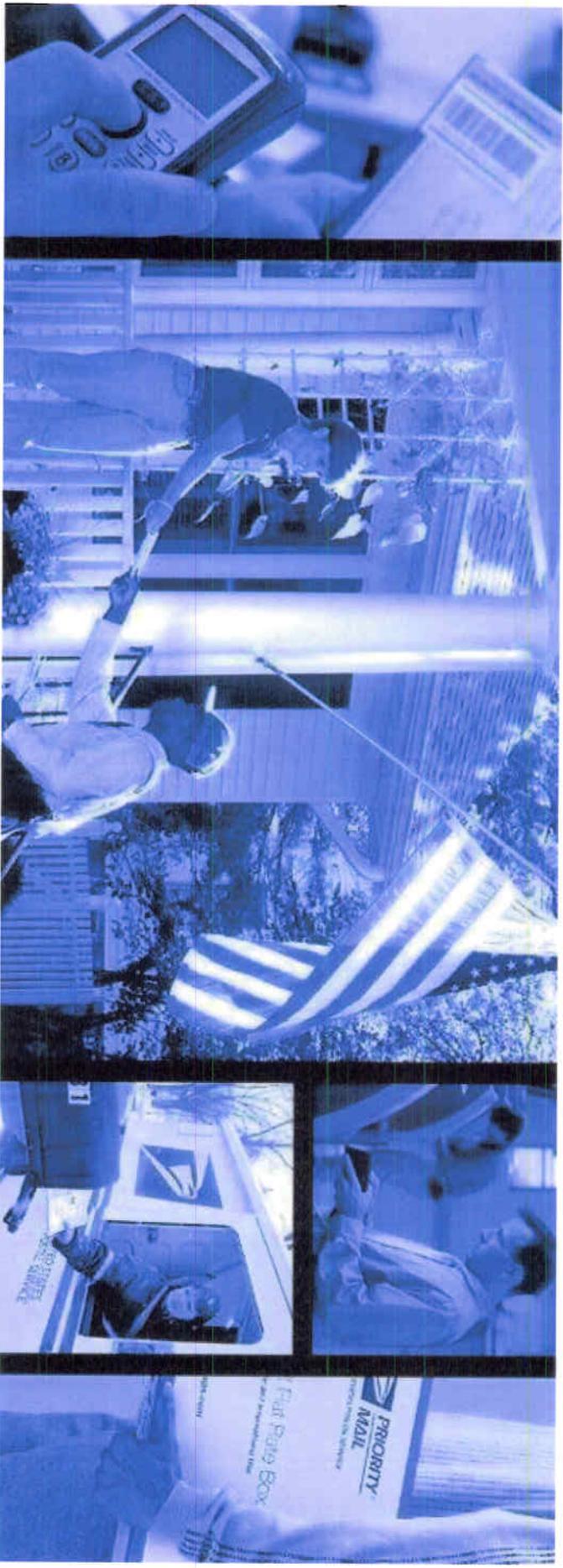
Frequently Asked Questions / Concerns

- ❑ Anticipated level of costs savings
- ❑ “Early delivery” of mail entered on Thu/Fri/Sat
- ❑ Predictability of mail delivery
- ❑ 5 Day Delivery implications
- ❑ Staging of mail in trailers



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Thank You

If you have additional questions please

submit to: industryfeedback@usps.com