

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Annual Compliance Report, 2016

Docket No. ACR2016

PUBLIC REPRESENTATIVE INITIAL COMMENTS ON THE
FY 2016 PERFORMANCE REPORT AND FY 2017 PERFORMANCE PLAN

(February 8, 2017)

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I. INTRODUCTION

In response to the Commission's Notice, the Public Representative hereby provides comments concerning the Postal Service's FY 2016/17 Report & Plan.¹ The Postal Service prepared and filed its FY 2016/17 Report & Plan pursuant to 39 U.S.C. §§ 2804 and 2803. As required by 39 U.S.C. § 3653(d), the Commission must then evaluate whether the Postal Service has met the goals established under 39 U.S.C. §§ 2803 and 2804.

In its Notice, the Commission asks commenters to consider:

- If the Postal Service met the established performance goals;
- If the FY 2016/17 Report & Plan meet statutory requirements, including 39 U.S.C. §§ 2803 and 2804;
- The recommendations or observations the Commission should make concerning the Postal Service's strategic initiatives;
- The recommendations the Commission should provide to the Postal Service in relation to protecting or promoting public policy objectives under 39 U.S.C. § 3653(d); and
- Other matters relevant to the Commission's analysis of the FY 2016/17 Report & Plan under 39 U.S.C. § 3653(d).

Notice at 2-3.

II. LEGAL REQUIREMENTS

Pursuant to 39 U.S.C. § 3652(g), the Postal Service filed the FY 2016/17 Report & Plan with the Commission along with its FY 2016 Annual Compliance Report. The Commission is required to evaluate "whether the Postal Service has met the goals

¹ Notice and Order Regarding the Postal Service FY 2016 Annual Performance Report and FY 2017 Annual Performance Plan, January 3, 2017 (Notice). The Performance Report and Plan is a part of the Postal Service's 2016 Annual Report to Congress. See Library Reference USPS-FY16-17, December 29, 2016, United States Postal Service Annual Report to Congress at 11-29 (FY 2016/17 Report & Plan).

established under sections 2803 and 2804, and may provide recommendations to the Postal Service related to the protection or promotion of public policy objectives set out in [title 39].” 39 U.S.C. § 3653(d).

As set forth in 39 U.S.C. § 2803 governing the Postal Service’s performance plans, each annual performance plan shall:

- Establish performance goals to define the level of performance to be achieved by a program activity (see 39 U.S.C. § 2803(a)(1));
- Express the goals in an objective, quantifiable and measureable form (see 39 U.S.C. § 2803(a)(2));²
- Include a brief description of operational processes and resources required to meet the performance goals (see 39 U.S.C. § 2803(a)(3));
- Establish performance indicators for measuring or assessing the relevant outputs, service levels, and outcomes of each project activity (see 39 U.S.C. § 2803(a)(4));
- Provide a basis for comparing actual program results with the performance goals (see 39 U.S.C. § 2803(a)(5)); and
- Describe the means for verification and validation of measured values (see 39 U.S.C. § 2803(a)(6)).

As set forth in 39 U.S.C. § 2804 governing program performance reports, each report shall:

- Set forth the performance indicators established in the performance plan, along with the actual program performance achieved compared with the performance goals for that fiscal year (see 39 U.S.C. § 2804(b)(1));
- If the performance goals are specified by descriptive statements of a minimally effective program activity and a successful program activity, the results of such program shall be described in relation to those categories

² This is required unless the Postal Service decides to use an alternative form as prescribed in 39 U.S.C. § 2803(b).

and whether the performance failed to meet the criteria of either category (see 39 U.S.C. § 2804(b)(2));

- Include actual results for three preceding fiscal years (see 39 U.S.C. § 2804(c));
- Review the success of achieving the performance goal (see 39 U.S.C. § 2804(d)(1));
- Evaluate the current performance plan relative to the performance achieved in that fiscal year covered by the report (see 39 U.S.C. § 2804(d)(2));
- Explain, where applicable, why the goal was not met and describe the plans and schedules for achieving the established performance goal or why it may not be achievable and what action would be recommended (see 39 U.S.C. § 2804(d)(3)); and
- Include the summary findings of the program evaluations for the fiscal year covered in the report (see 39 U.S.C. § 2804(d)(4)).

III. COMMENTS ON THE PERFORMANCE REPORT AND PLAN

A. The Postal Service Falls Short in Meeting the Established Goals

The FY 2016/17 Report and Plan focuses on the following four goals:

- Deliver High-Quality Service (Service, % On-Time);
- Provide Excellent Customer Experiences (Customer Experience);
- Ensure a Safe Workplace and Engaged Workforce (Workplace Environment); and
- Sustain Controllable Income.

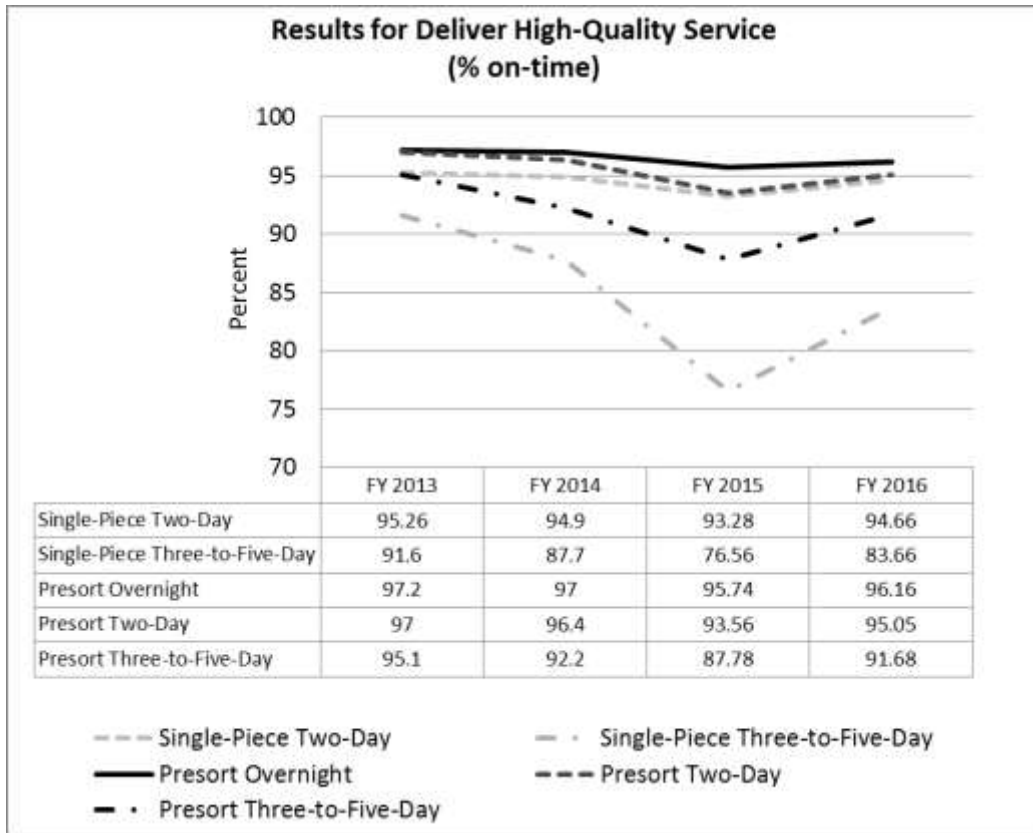
FY 2016/17 Report and Plan at 13-21.

Based on an analysis of the FY 2016/17 Report and Plan, and for the reasons described below, the Public Representative concludes that the Postal Service either only partially met or totally failed to meet its established performance goals.

1. Deliver High-Quality Service (% On-Time)

The Postal Service uses % On-Time delivery to measure its performance for its Deliver High-Quality Service goal. FY 2016/17 Report & Plan at 16. As Figure 1 on the next page illustrates, after two years of deteriorating service, the Postal Service's performance improved in every category. The improvements are sizeable, especially for the Single-Piece and Presort 3-to-5-Day categories.

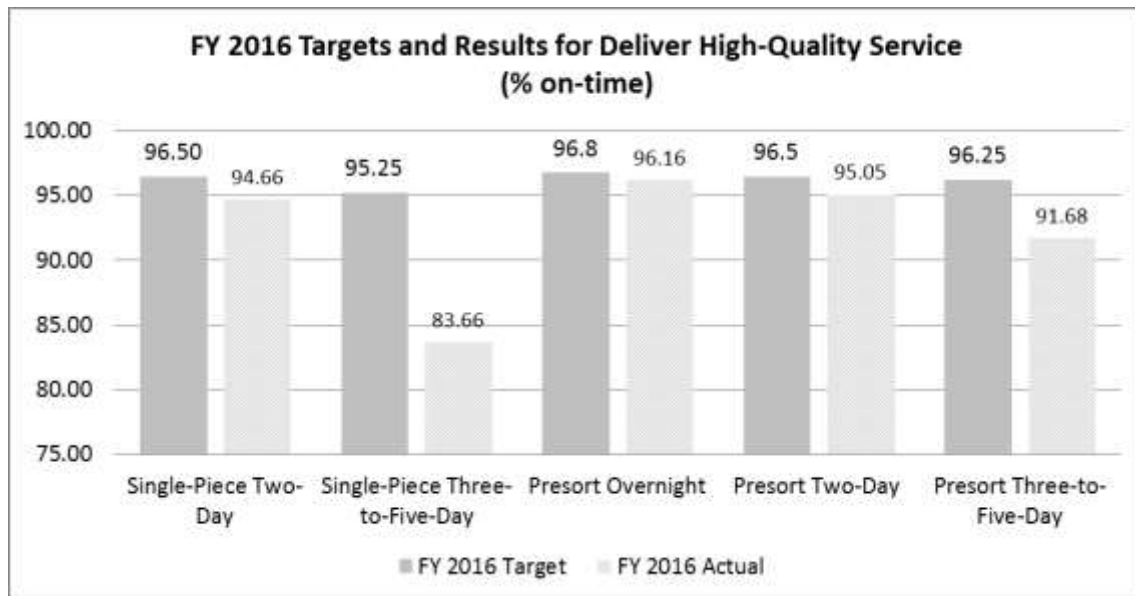
Figure 1



Source: FY 2016/17 Report & Plan at 14.

Despite the substantial increase in service performance, the Postal Service failed to meet all its targets in FY 2016. FY 2016/17 Report & Plan at 15. As Figure 2 shows, the highest gaps between actual service and the applicable targets are observed for the Three-to-Five-Day delivery standard for Single-Piece First-Class Mail (11.59 percentage point differential) and the Three-to-Five-Day delivery standard for Presort First-Class Mail (4.57 percentage point differential).

Figure 2



Source: FY 2016/17 Report & Plan at 15.

In the FY 2016/17 Report & Plan, the Postal Service highlights the gains in On-Time scores, but it fails to provide an explanation for missing its % On-Time targets. *Id.* The report also lacks an explanation of what the Postal Service will do to achieve the goals in FY 2017. *See id.* at 16.

The Public Representative reiterates the comments of previous Public Representatives that the Postal Service sets unrealistic targets in its Performance Plan.³ It appears that for some categories, the Postal Service's capability to meet the established targets will likely be problematic. Even though there was improvement in the Postal Service's scores, the scores for some categories would have to increase by more than the substantial increase in FY 2016 to meet the FY 2017 % On-Time targets.

³ See Docket No. ACR2014, Public Representative Initial Comments on the FY 2014 Performance Report and FY 2015 Performance Plan, February 25, 2015, at 5; see *also* Docket No. ACR2015, Public Representative Initial Comments on the FY 2015 Performance Report and FY 2016 Performance Plan, February 26, 2016, at 6.

2. Provide Excellent Customer Experiences

The Postal Service measures customer experience with the Customer Insights measurement system, which includes four subcomponents of the composite metrics (each representing a particular customer survey). FY 2016/17 Report & Plan at 23. In FY 2016, the actual composite score for Customer Experience exceeded the target. *Id.* at 15. The score for Business Service Network carried the rest of the category, as the scores for the other components fell below that of the composite. *Id.* Nonetheless, the Public Representative concludes that in FY 2016, the Postal Service met its Provide Excellent Customer Experiences performance goal.

The Public Representative suggests some changes to some of the surveys in this category. *See infra* section V.

3. Ensure a Safe Workplace and Engaged Workforce

In its evaluation of a safe workplace and engaged workforce, the Postal Service uses two performance indicators – OSHA Illness and Injury (I&I) rate and the Postal Pulse survey. FY 2016/17 Report & Plan at 20-21.

The OSHA I&I rate, for FY 2016 is 6.25. *Id.* at 15. It is both an increase from the FY 2015 rate and above the goal set for FY 2016. *Id.* Initially, the Public Representative had concerns with the Postal Service's reporting, however the Postal Service's responses to Chairman's Information Request No. 7 has alleviated her concerns.⁴ Nonetheless, the Public Representative notes that frequent changes to the metrics used to evaluate safety in the workplace, impedes the Postal Service's ability to analyze trends.

The Public Representative encourages the Postal Service to set targets for engagement scores. After having some time series data, it should be able to set reasonable targets to measure the effectiveness of the Postal Service's actions in this area. Additional suggestions are discussed in section V.

⁴ Responses of the United States Postal Service to Questions 1-4 of Chairman's Information Request No. 7, January 25, 2017 (Responses to CHIR No. 7).

4. Sustain Controllable Income

To track financial performance results, the Postal Service uses two metrics – Deliveries per Total Work Hours (as a percent of the same period last year) and Controllable Income. FY 2016/17 Report & Plan at 15. In FY 2016, the actual net controllable income was \$610 million. *Id.* at 4. The target, of \$100 million was met. *Id.* at 15. In FY 2016, Deliveries per Total Work Hours (DPTWH), which replaced Deliveries per Hour, did not meet the FY 2016 target of 1.2 percent. *Id.* Actual DPTWH was significantly lower at 0.1 percent. *Id.* at 22. The Postal Service attributed the shortfall growth in work hours, specifically “a delay in plant consolidations, not capturing all of Network Rationalization phase 2 savings, utilization of additional work hours to improve service and additional hours from hiring, training and turnover rates for the non-career workforce.” *Id.*

In the FY 2016/17 Report & Plan, the Postal Service failed to provide comparable results for DPTWH for fiscal years 2013, 2014, and 2015. However, the Postal Service provided this information in its response to Chairman's Information Request No. 7, question 2.a. Based on that information, the Public Representative finds the target set for FY 2017 reasonable.

Taking into account that the Postal Service did meet the DPTWH target, the Public Representative finds that the Postal Service partially met its Sustain Controllable Income goal. The Postal Service's explanation for the shortfall is sufficient.

B. Compliance with the Requirements of 39 U.S.C. §§ 2803 and 2804

The Public Representative finds that with the Postal Service satisfies the requirements of U.S.C. §§ 2803 and 2804.

1. The Performance Plan – Provisions of 39 U.S.C. § 2803

The Public Representative concludes that the Performance Plan meets the requirements of section 2803 of title 39.

The Postal Service sets four performance goals, which meet the requirements of 39 U.S.C. § 2803(a)(2), except the Ensure a Safe Workplace and Engaged Workforce goal. 39 U.S.C. § 2803(a)(2) required goals to be “objective, quantifiable, and measurable.” The Ensure a Safe Workplace and Engaged Workforce goal has two performance indicators, and only one of those indicators (Total Accidents Rate) measures or accesses “the relevant outputs, service levels, and outcomes of each program activity” as required by 39 U.S.C. § 2803(a)(2).

The second performance indicator is the Postal Pulse survey, and, as discussed above, the Postal Service does not set any measurable target. In accordance with 39 U.S.C. § 2803(b), however, “[i]f the Postal Service determines that it is not feasible to express the performance goals for a particular program activity in an objective, quantifiable, and measurable form, the Postal Service may use an alternative form.” The Public Representative believes that once the Postal Service has a few years of data, it should be able to set reasonable goals. Therefore, in the future, 39 U.S.C. § 2803(b) will not be applicable for this indicator.

As required by 39 U.S.C. § 2804(d)(2), the performance report must “[e]valuate the current performance plan relative to the performance achieved in that fiscal year covered by the report.” Although the Postal Service failed to report all the required information in the FY 2016/17 Report & Plan, the Postal Service provided the omitted information in its response to Chairman's Information Request No. 7. CHIR No. 7, questions 1-4.

IV. STRATEGIC INITIATIVES

In the Notice, the Commission also invited public comment on recommendations or observations that the Commission should make regarding the Postal Service's strategic initiatives. Notice at 2.

In its FY 2016/17 Report & Plan, the Postal Service provides the list of the strategic initiatives as a part of the FY 2016 Comprehensive Statement on Postal Operations. FY 2016/17 Report & Plan at 70-71. The Postal Service briefly discusses

its strategic initiatives and includes a table comparing the FY 2015 and FY 2016 initiatives, and linking them to the corporate goals and relevant strategies. *Id.* Using symbols, the Postal Service indicates the changes from FY 2015 to any particular initiative (*i.e.*, if the initiative is new, refined, continued, combined or closed).⁵ The Postal Service did not follow the Commission's recommendation that in the table provided in the report, the Postal Service include the initiatives not only for the prior years, but also for the upcoming year.⁶ The Public Representative encourages the Postal Service to implement the Commission's recommendation in its next annual performance report.

V. MEASURING DIVERSITY TO MEET GOALS

A. Introduction

The Postal Service sends a powerful message by demonstrating a commitment to diversity and inclusion. As the employer of more than half a million workers, the Postal Service's influence on the culture, the values and beliefs of other organizations cannot be overstated. The Postal Service's success with embracing diversity has ripple effects, setting the standard for employers around the country.

The Postal Service understands the critical role of diversity in achieving "maximum corporate success."⁷ Under Postmaster General Brennan's leadership, in FY 2015, the Postal Service issued its Diversity Statement. *Id.* The following is an excerpt from that statement:

It is the policy of the U.S. Postal Service to promote
the diversity and inclusion of our employees, the customers

⁵ FY 2016/17 Report & Plan at 64-65; see *also* Responses of the United States Postal Service to Questions 1-6 of Chairman's Information Request No. 9, February 11, 2016, question 5.

⁶ *Id.*; see *also* Docket No. ACR2014, United States Postal Service Response to Question 28 of Chairman's Information Request No. 13, March 30, 2015, question 28.b.

⁷ United States Postal Service, United States Postal Service Diversity and Inclusion Statement, April 16, 2015, <https://about.usps.com/postal-bulletin/2015/pb22413/html/dlinks/diversity.txt> (Diversity Statement).

we serve, and the suppliers we do business with so that we might achieve a competitive advantage in the global marketplace.

Diversity and Inclusion in the Postal Service means that we will build an inclusive environment that respects the uniqueness of every individual and encourages the contributions of people from different backgrounds, experiences, and perspectives.

Diversity and Inclusion is key to our corporate success because it affects every aspect of the organization—employees, customers, and the business. Our investment in a strong diversity program creates a positive work environment that recognizes the contributions of all our employees, and it provides us with a strategic advantage.

Id.

The full statement also includes specific areas of focus. *Id.* It also encourages Postal Service employees to value cultural differences and embrace diversity. *Id.*

In this section, the Public Representative discusses three areas of diversity: diversity of employees, diversity of suppliers, and diversity of customers. The Public Representative recommends developing new metrics to measure outcomes and that the Postal Service set goals in certain critical areas.

B. Diversity of Employees

The finest ideas often emerge in a diverse environment. Including women and minorities in the decision-making process is a sound strategic tactic for finding novel solutions to the Postal Service's financial challenges. Thus, safeguards against invisible barriers that prevent women and minorities from rising to the highest rungs are essential.

There is a body of research that suggests that diversity in corporate governance improves business outcomes when firms have an innovation-focused strategy.⁸

⁸ See, e.g., Cristian L. Dezső and David Gaddis Ross, *Does female representation in top management improve firm performance? A panel data investigation*, *Strategic Management Journal* 33, No. 9 (2012); and Alireza Vafaei et al., *Board Diversity and Financial Performance in the Top 500 Australian Firms*, *Australian Accounting Review*, Vol. 25, Issue 4, 413–427 (2015).

Research also suggests that diversity at the top levels of management may not enough to achieve a positive result.⁹ To achieve a positive business outcome, the research indicates that women and minorities have to have influence on firm decisions. Orlando paper at 119-122. This implies additional challenges to reaping the benefits of diversity, as it has been well documented that women and minorities face barriers to influence. *Id.*

The Postal Service has several initiatives that aim to promote diversity and to provide women and minorities opportunities for advancement. During FY 2016, the Postal Service continued with its Diversity and Inclusion program. FY 2016/17 Report & Plan at 45. It implemented a Lunch and Learn series and Multicultural Awareness Day. *Id.* Additionally, the Executive Diversity Council (EDC) which uses demographic information to develop areas of focus, established a platform for area and district Diversity and Inclusion professionals. *Id.* The Postal Service's most notable initiative is its training program which, among other things, addresses unconscious bias and generation, gender and cultural sensitivity. *Id.* Such training significantly improves the level of cross-cultural communication and benefits not only the Postal Service but the community at large.¹⁰

The Public Representative supports these initiatives. However, the Public Representative recommends that the Postal Service use metrics to monitor outcomes to ensure that well-intentioned initiatives do not have perverse effects, upholding and disguising inequalities. Because the Postal Service does not provide any metrics on employee diversity, the Public Representative is unable to fully analyze the effectiveness of the Postal Service's initiatives. Recent publicly-available data on diversity at the Postal Service is sparse. However, from the Postal Service's FY 2016/17 Report & Plan and its 2015/16 Report & Plan the Public Representative was

⁹ Orlando Richard et al., *Employing an Innovation Strategy in Racially Diverse Workforces: Effects on Firm Performance*, Group & Organization Management, Vol. 28, No. 1 (March 2003), <http://journals.sagepub.com/doi/pdf/10.1177/1059601102250022> (Orlando paper)

¹⁰ Kirwan Institute for the Study of Race and Ethnicity, *State of the Science: Implicit Bias Review 2014*, <http://kirwaninstitute.osu.edu/wp-content/uploads/2014/03/2014-implicit-bias.pdf>.

able to garner some information about diversity at the very top levels of the Postal Service.

Megan J. Brennan, who served at the Postal Service for three decades, became the first woman to “break the glass ceiling” and rise to the highest position at the Postal Service.¹¹ On February 1, 2015, she became the 74th Postmaster General of the United States, the Chief Executive Officer, and a member of the Board of Governors. *Id.*

The Executive Leadership Team (ELT) has 8 members, including the Postmaster General. FY 2016/17 Report & Plan at 8. Its members serve in an advisory role to the Postmaster General, and set the strategic agenda for the Postal Service. *Id.* Currently, the ELT has two members that are women, including the Postmaster General, an increase from FY 2015,¹² when the board had only one female member.¹³ The “other officers” category includes 30 employees. FY 2016/17 Report & Plan at 9. In FY 2015, 13 out of the 30 were women. FY 2015/16 Report & Plan at 9. In FY 2016, that number dropped to 10, representing a decrease in representation from 43 to 33 percent. FY 2016/17 Report & Plan at 9.

The Public Representative does not have up-to-date information on the remaining workforce. However, she is confident that the Postal Service has diversity data on the remaining employees. The Postal Service was able to provide diversity data to the Government Accountability Office (GAO). Between 1999 and 2008, the GAO released 6 reports on workforce diversity at the Postal Service.¹⁴

¹¹ Postalreporter.com, *Megan Brennan 74th Postmaster General of the United States: First Woman PMG Pledges to Invest in the Future of the Postal Service*, February. 2, 2015, <http://www.postal-reporter.com/blog/megan-brennan-74th-postmaster-general-united-states/>.

¹² FY 2015 Performance Report and FY 2016 Performance Plan, December 29, 2015, at 6. (2015/16 Report & Plan)

¹³ *Id.* at 8; FY 2015/16 Report & Plan at 8. The Public Representative does not have enough information to comment on ethnic diversity in the ELT.

¹⁴ U.S. Gov’t Accountability Office, GAO-08-609T, *Human Capital: Diversity in the Federal SES and Senior Levels of the U.S. Postal Service and Processes for Selecting New Executives* (2008), <http://www.gao.gov/assets/120/119520.pdf> (GAO 2008 Report); U.S. Gov’t Accountability Office, GAO-07-838T, *Human Capital: Diversity in the Federal SES and the Senior Levels of the U.S. Postal Service*, (2007), <http://www.gao.gov/assets/120/116621.pdf>; U.S. Gen. Accounting Office, GAO-03-745R, *U.S. Postal Service: Data on Career Employee Diversity* (2003),

The GAO 2008 Report presents data on race, ethnicity, and gender obtained from the Postal Service. The report provides data for the Postal Service's Postal Career Executive Service (PCES), which includes postal officers and executives and certain levels of the Service's Executive and Administrative Schedule (EAS), from which potential successors could come. GAO 2008 Report at 11-13. It also provides a comparison of the representation of women and minorities in the PCES and EAS as of the end of fiscal year 2007 with data from 1999. *Id.* The report also includes representation data for the Postal Service's Corporate Succession Planning (CSP) program. *Id.* The goal of the CSP program is to identify employees and cultivate their skills so they can successfully assume PCES positions when they become vacant. *Id.*

The Postal Service was also able to provide diversity data to Congress. The Postal Accountability and Enhancement Act, enacted in 2006, expressed Congress' interest in cultivating diversity at the Postal Service.¹⁵ Section 706 of the PAEA required the Postal Service Board of Governors to report on the representation of women and minorities in the Postal Service's workforce. It also required reporting on women and minorities in supervisory and management positions. Section 706 provides:

**GREATER DIVERSITY IN POSTAL SERVICE EXECUTIVE
AND ADMINISTRATIVE SCHEDULE MANAGEMENT
POSITIONS.**

(a) In general.-- The Board of Governors shall study and, within 1 year after the date of the enactment of this Act, submit to the President and Congress a report concerning the extent to which women and minorities are represented in supervisory and management positions within the United

<https://www.gpo.gov/fdsys/pkg/GAOREPORTS-GAO-03-745R/pdf/GAOREPORTS-GAO-03-745R.pdf>; U.S. Gen. Accounting Office, GGD-00-142, U.S. Postal Service: Diversity in District Management-Level Positions (2000), <http://www.gao.gov/assets/230/229223.pdf>; U.S. Gen. Accounting Office, GGD-00-76, U.S. Postal Service: Diversity in the Postal Career Executive Service (2000), <http://www.gao.gov/assets/230/228890.pdf>; U.S. Gen. Accounting Office, GGD-99-26, U.S. Postal Service: Diversity in High-Level EAS Positions (1999), <https://www.gpo.gov/fdsys/pkg/GAOREPORTS-GGD-99-26/pdf/GAOREPORTS-GGD-99-26.pdf>.

¹⁵ Postal Accountability and Enhancement Act (PAEA), Pub. L. 109-435, 120 Stat. 3198 (2006).

States Postal Service. Any data included in the report shall be presented in the aggregate and by pay level.

(b) Performance Evaluations.--The United States Postal Service shall, as soon as is practicable, take such measures as may be necessary to incorporate the affirmative action and equal opportunity criteria contained in 4313(5) of title 5, United States Code, into the performance appraisals of senior supervisory or managerial employees.

In 2007, the Postal Service Board of Governors submitted the required report.¹⁶ In that report, the Postal Services used metrics to evaluate diversity in the organization. Postal Service 2007 Report. The report included information on the proportion of minorities and women at different levels of the Postal Service. *Id.*

The Postal Service alludes to similar demographic information in its FY 2016/17 Report & Plan. See FY 2016/17 Report & Plan at 45. The Postal Service states that subcommittees analyzed “extensive demographic data” to develop “target areas” for the EDC to focus on in FY2017. *Id.* The Public Representative suggests that this demographic data not only be used to develop target areas, but to track results and set quantifiable goals.

The Postal Service can also use the Postal Pulse survey to determine whether there are differences in engagement among different ethnic and gender groups. The Public Representative recommends adding demographic questions to the survey and breaking out engagement scores by gender and ethnicity. This would create transparency as well as give the Postal Service a more comprehensive tool for identifying issues regarding employee engagement, especially those of minorities and women. The survey questions touch on key issues such as encouragement of development, opportunities to learn and grow and praise and recognition. Differences in responses by gender and ethnicity could be indicative of problems that the Postal Service is yet to uncover.

¹⁶ Report on Diversity, December 2007 (Postal Service 2007 Report), <https://about.usps.com/strategic-planning/stp2007/reg-003.htm>

As the Postal Service recognized in its Diversity Statement, diversity has a positive effect on business outcomes. Diversity Statement at 1. Ensuring diversity at the highest levels of the Postal Service can increase the Postal Service's corporate success, especially given its focus on innovation. See Orlando Paper. As noted, before, women and minorities should have an active role in decision-making processes, to ensure that all the benefits of diversity are realized. Using metrics to track diversity at all levels of the Postal Service allows the Postal Service to find the bottlenecks in its hierarchy with regard to the advancement of minorities and women and to target specific areas for improvement.

C. Diversity of Suppliers

Forward-thinking companies, nonprofits and government agencies are leading the way in a multicultural marketplace by ensuring supplier diversity. Supplier diversity, the process of sourcing supplies from minority and women-owned businesses is recognized as an opportunity for fostering a long-term competitive advantage.¹⁷ By being a leader in fostering strong relationships with minority and women business owners, the Postal Service serves as a model for adapting to a changing multicultural business economy.

The Postal Service reports that in FY 2016, their "contract commitments exceeded \$2.9 billion with small businesses, \$379 million with minority businesses and \$651 million with women-owned businesses." FY 2016/17 Report & Plan at 55. The Public Representative was unable to find comparable information for other organizations, therefore she was unable to compare the Postal Service's contract commitments with those of other organizations. However, the Public Representative notes that in 2015¹⁸, the Postal Service received first place in the "Top Government

¹⁷ See Gwendolyn Whitfield, *Supplier Diversity and Competitive Advantage: New Opportunities in Emerging Domestic Markets, 6 Strategies for Partnering with Key Minority Stakeholders*, Graziadio Business Journal, Volume 11, Issue 3 (2008), <https://gbr.pepperdine.edu/2010/08/supplier-diversity-and-competitive-advantage-new-opportunities-in-emerging-domestic-markets/>.

¹⁸ 2016 winners have not yet been announced.

Agency for Offering Opportunities to Diverse Businesses” category and received a DiversityBusiness.com Award.¹⁹ DiversityBusiness.com is a multicultural business website. The winners were determined based on an online poll of 1.5 million business owners. *Id.* The Postal Service has topped the government agencies category for several years. *Id.* The Postal Service has also received accolades from FederalNewsRadio.com, the Presidents’ Roundtable, the PRT Reach Foundation, and the U.S. Hispanic Chamber of Commerce. FY 2016/17 Report & Plan at 55.

Given the Postal Service’s achievements in this area, the Public Representative does not see a pressing need for developing metrics for supplier diversity at this time. Nonetheless, the Postal Service, if it does not already, should track the percentage of contract commitments with minority and woman-owned business.

D. Diversity of Customers

Recognizing the diversity of customers is equally important. In many areas, the Postal Service is the most prominent federal government presence. Consequently, the Postal Service’s interactions with the public can affect the public’s perception of public-sector employees. As a government agency, it must ensure that its employees show the same regard to all customers regardless of their race, gender or cultural background. Demographic trends show that our country is become more diverse.²⁰ Thus, the Postal Service’s diversity efforts are essential to ensuring that the Postal Service is reflective of and ready to serve the needs of its customers.

The Public Representative recommends that demographic questions be added to the Point of Sale and Customer Care Center surveys. By collecting demographic information, the Postal Service can track the satisfaction of customers of different ethnic backgrounds. The Postal Service has indicated its commitment to serving all its

¹⁹ DiversityBusiness.com, *America’s Top 25 Government Agencies for Multicultural Business Announced*, January 14, 2016, <http://www.diversitybusiness.com/news/supplierdiversity/45201602.asp>.

²⁰ See U.S. Census Bureau, P25-1143, *Projections of the Size and Composition of the U.S. Population: 2014 to 2060* (March 2015), <https://www.census.gov/content/dam/Census/library/publications/2015/demo/p25-1143.pdf>.

customers equitably. Diversity Statement at 1. However, without tracking customer satisfaction separately for minority groups, the Postal Service can miss inequities that could be solved by providing additional training for Postal Service employees and ensuring accountability.

The Public Representative recommends not only that the Postal Service collect this information, but that it set achievable targets to ensure that customers of all backgrounds receive comparable service. There are two important analyses that should be pursued. First, the Postal Service should compare customer satisfaction scores for different ethnic groups with each other. This would give the Postal Service insight into how well they serve different ethnic groups. By identifying problem areas, the Postal Service can act swiftly in addressing any shortcomings. Second, the Postal Service should track the scores for each ethnic group over time to monitor trends in customer satisfaction.

The Postal Service can set targets for customer satisfaction scores for different ethnic groups. Alternatively, it can set targets for the differential between customer groups. The Public Representative recognizes that customer satisfaction is a subjective measure and that satisfaction depends on customer expectations, which may differ among ethnic groups. Therefore, the Public Representative recommends that instead of a specific percentage, the Postal Service set a range as its target. If the Postal Service finds that customer satisfaction scores are acceptable across the board, it may set remaining within a range as its target, in order to avoid a satisfaction gap in the future. For reporting purposes, the Public Representative does not find it necessary to report the actual scores by ethnic group, only that it report whether the score fell within the target range.

VI. CONCLUSION

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

Respectfully submitted,

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