



"Neither rain, nor snow..."

The U.S. Postal Service (USPS) is the largest postal service in the world, handling about 41 percent (630 million pieces a day) of the world's mail volume. The second largest is Japan's, which handles only about 6 percent of the world's mail. The USPS is huge by any standard. It employs over 760,000 workers, making it the largest civilian employer in the United States. It has over 300,000 mail collection boxes, 38,000 post offices, 130 million mail delivery points, more than 300 processing plants to sort and ship mail, and more than 75,000 pieces of mail processing equipment. It handles over 100 billion pieces of first-class mail a year, and ships about 3 billion pounds of mail on commercial airline flights, making it the airlines' largest shipper.

Processing First-Class Mail

The essence of processing the mail is sorting, which means organizing the mail into smaller and smaller subgroups to facilitate its timely delivery. Sorting involves a combination of manual and automatic operations. Much of the mail that is processed is first-class mail.

Most first-class mail is handled using automated equipment. A small portion that cannot be handled by automated equipment must be sorted by hand, just the way it was done in colonial times.

The majority of first-class mail begins at the advanced facer canceling system. This system positions each letter so that it is face up, with the stamp in the upper corner, checks to see if the address is handwritten, and pulls the hand-addressed letters off the line. It also rejects letters that have the stamp covered by tape, have no postage, are third-class mail, or have meter impressions that are too light to read. The rejects are handled manually. The remaining letters are cancelled and date stamped, and then sorted to one of seven stackers.

Next the letters go to the multiline optical character readers, which can handle both printed and pre-bar-coded mail, but not hand-addressed mail. The optical reader sprays a bar code on the mail that hasn't been pre-bar-coded, which represents up to an 11-digit zip code. For hand-addressed mail, a camera focuses on the front of the letter, and the image is displayed on a remote terminal, often in another city, where an operator views the image and provides the information that the optical readers could not determine so that a bar code can be added.

Bar-code readers then sort the mail into one of 96 stackers, doing this at a rate of more than 500 a minute. The mail goes through another sort using manually controlled mechanical equipment. At that point, the mail is separated according to whether it is local or out-of-town mail. The out-of-town mail is placed into appropriate sacks according to its destination, and moved to the outgoing send area where it will be loaded on trucks.

The local mail is moved to another machine that not only sorts the mail into local carrier delivery routes, it sorts it according to delivery walk sequence!

Small parcels, bundles of letters, and bundles of flats are sorted by a bundle-sorting machine.

Productivity

Over the years, the USPS has experienced an ever-increasing volume of mail. Productivity has been an important factor for the USPS in keeping postal rates low and maintaining rapid delivery service. Two key factors in improved productivity have been the increased use of automation and the introduction of zip codes.

Mail processing underwent a major shift to mechanization during the 1950s and 1960s, which led to more rapid processing and higher productivity. In 1978, an expanded zip code was introduced. That was followed in 1983 by a four-digit expansion in zip codes. These changes required new, automated processing equipment, and the use of bar codes and optical readers. All of these changes added greatly to productivity. But even with these improvements, the USPS faced increasing competitive pressures.

Competition

In the late 1980s, the USPS experienced a slowdown in the volume of mail. Some of this was due to a slowing of the economy, but most of it was the result of increasing competition. Delivery giants FedEx and UPS, as well as other companies that offer speedy delivery and package tracking, gave businesses and the general public convenient alternatives for some mail services. At the same time, there was a growing use of fax machines and electronic communications and increased use of alternate forms of advertising such as cable TV, all of which cut into the volume of mail. Early in this century, e-mail and automated bill paying also cut into mail volume.

Strategies and Tactics Used to Make the Postal Service More Competitive

To meet these challenges, the USPS developed several strategies to become more competitive. These included reorganizing, continuing to seek ways to keep costs down, increasing productivity, and emphasizing quality and customer service. Here is an overview of the situation and the strategies and tactics used by the USPS.

The USPS began working more closely with customers to identify better ways to meet their needs and expanded customer conveniences such as stamps on consignment. With the help of business mailers, the USPS continued support for rates reflecting customer work-sharing features, many tied to automation, to give customers more flexibility. At the same time, the USPS began forming Customer Advisory Councils—groups of citizens who volunteered to work with local postal management on postal issues of interest to the community. In 1990, the USPS awarded two contracts to private firms to measure first-class mail service and customer satisfaction. In 1992, the USPS stepped up its quest to become more competitive by reducing bureaucracy and overhead in order to improve service and customer satisfaction, and to reduce the need to increase postage rates.

To help accomplish these goals, the USPS underwent a reorganization. Layers of management were eliminated and overhead positions were cut by about 30,000. Five regions and 73 field divisions were replaced by 10 areas, each with a manager for customer

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