

IN THIS ISSUE...

AUG. 20, 2001

Mail ops mgmt:
*Use Express Mail reship to build efficiency with centralization.....*2

Automation:
*Fixing Flats - analysis of the USPS plan to automate flats.....*3

Upgrade idea:
*Think like a marketer when it comes to selling mail op improvements.....*4

Reg Update:
*Ad rule eased for certain nonprofit renewal effort letters.....*4

Special Report:
*Building org respect for you, your mail op and your staff.....*5

Mail ops mgmt:
*Alternative staffing idea for savings & service.....*6

Stumped by a mail issue?

Call our "Ask-Marcus" Hotline and get answers you need from 20-year industry veteran and Postal World Publisher Marcus J. Smith. Call: **301-287-2204**

New automated business mail entry machines to be more forgiving

Following a rollout of USPS' new business mail entry evaluation machines that rejected one out of every four postnet barcodes in the southeast, postal officials announced Thursday that they will alter the machines so barcodes that previously passed will continue to pass.

The new **Mailing Evaluation Readability Lookup INSTRUMENT** units will be given new software as they are installed nationwide so the imaging systems that scan the barcodes are more forgiving. Many of the barcodes that were rejected in Florida and Georgia were acceptable under the previous **Automated Barcode Evaluator** unit or **ABE**.

ABE has recorded a 3% barcode error rate, while **MERLIN** has found a 24% barcode error. After the fix is made in late September, your mail should pass MERLIN if it passed ABE. Even so, USPS will not begin enforcing barcode quality under MERLIN until 60 days later to give mailers enough time to make corrections.

MERLIN was also designed to enforce sequencing standards. However, that too has been put on hold pending a proposed reg that would allow the 5% error rate in your sequencing to be spread out over an entire mailing, instead of just a single carrier route (*PW 8/6/01*). **MERLIN will continue to be used as a verification check for all other points.**

USPS also says it will evaluate mailers' barcode quality and investigate why 29 of 39 flats mailings tested through MERLIN in a recent week had significant barcode readability problems. Mailers will get feedback from USPS on how to correct for barcode errors. ✉

Co-packaging deal for flats could power savings

You should benefit from reduced postage and production costs under an upcoming proposed change in presort prep rules for automated flats.

Here's how it would work: Say you needed two pieces to fill out a package of automated rate Standard Mail flats to move that grouping up from basic to 3/5 digit. Under the upcoming proposal, you could add in two pieces of non-ZIP+4 barcoded presort flats going to the same presort destination.

This concept is called **co-packaging**. With the technique you reduce total packages which cuts your mail labor content, plus the deal can potentially reduce postage as well. For instance, the change

(Continued Page 2)

Now, barcodes on recipient boxes

By Oct. 1st, USPS expects to have its new **Managed Service Points** program installed in 60% of the delivery units with 10 or more lettercarriers, according to Mike Spates, USPS delivery chief.

The program involves recipients who are willing to have special barcodes applied to their mail receptacles. A lettercarrier uses the standard barcode reading device used for recording Delivery Confirmation to read barcodes applied to recipient mail receptacles at the beginning and end of routes and when he/she breaks for lunch.

The barcodes are applied only to receptacles of those who agree to have them added. The idea is to create an accurate recording system of carrier route times to make recipient time of delivery more consistent, says Spates. ☒

USPS could save millions on fuel

According to the USPS Office of the Inspector General, the Postal Service is spending too much for fuel. It could save \$15 million over five years if it became its own distributor of diesel fuel, says the OIG.

The OIG has issued a report that urged dropping bulk-fuel storage deals with private contractors and recommending taking the operation "in-house," eliminating the middleman in the current USPS diesel fuel network. ☒

could save **3.9¢/piece** when upgrading Standard Mail automation flats from basic to 3/5 digit, that's **\$39/1,000** on pieces affected by the upgrade.

The coming proposal modifies requirements in DMM 56 M910. For pieces to qualify for better rates, the various automation and regular presort prep rules must be met. The upgraded level rate would apply auto and non-auto depending on the piece and the appropriate presort prep applied.

The proposed requirements include the following:

- ✓ All pieces must be barcoded, even those with only a 5-digit ZIP. This is to facilitate ops since all co-packaged flats will be in the automation stream.
- ✓ Within a package, all pieces must meet FSM 881 or all pieces must meet FSM 1000 standards. You cannot mix the two.
- ✓ The entire co-packaged mailing job must be reported on the same mailing statement.
- ✓ The co-packaging deal is not available for 1st-Class flats if the mailing is prepared using the tray-based option.

Look for USPS to propose the new reg in the Federal Register later this month with a 30-day comment period. The change should take effect in early 2002. The lag is due to giving time to software developers to make the needed alterations. ☒

Use reship to propel consolidation savings

If you have set your sites on cutting down multiple processing locations you can apply Express Mail Reship to ease the transition while slashing PO Box fees and boosting service.

Example: Aetna US Health, Blue Bell, PA is saving \$24,000/year on PO Box fees and boosting services for clients by converting 41 incoming claims processing sites around the country down to two, says **Greg Drummond, dept. head of Aetna US Health mail ops.**

As the dispersed processing centers were closed and two centralized contracted centers opened, Aetna created a network of daily Express Mail reship points based on the locations of the original 41 destinations.

This allowed the reduction of over 500 PO Boxes and Caller Service Numbers down to approximately 100 thus slashing rental fees. Even more important, says Drummond, since the Express Mail reship service speeds the daily incoming 70,000 pieces overnight to centralized and highly automated processing points, Aetna is able to access and handle claims 24 hours sooner vs. the dispersed and more manual system. This leads to higher customer satisfaction since they get their benefits faster in reply. ☒

Special Report

Flats automation will push big prep changes

USPS must make the final push toward full flats automation in order to restrain costs and thus remain a viable delivery service, that's the consensus of mailers and top Postal Service insiders. As a result, mailers should expect some of the same major shocks and impact that hit when letters went through the same transition in recent years.

Key near-term change: Expect the traditional 6- and 10-piece packaging for flats to go the way of the dinosaur. When the next rate case is filed, likely by the end of the year, you should see the beginnings of containerization, revamped pallet make up and/or other means of getting beyond packages, says **Nick Barranca, VP, USPS Operations Planning and Processing**. It's his group that created the seminal **Corporate Flats Strategy** enclosed with this issue, and they along with engineering are the major players.

Many mailers, like **Charles Howard, VP, Harte-Hanks, Baltimore, MD**, praise the move toward package reduction, calling it long overdue. He points to the cost to mailers to create packages as well as the cost to USPS to unmake them, or deal with those that break in transit. He hopes for a nestable open-sided container with internal dividers, minimal wasted space and can be used with existing USPS ergo carts.

The coming changes in make-up requirements are aimed at extracting costs from the system and taking advantage of the new equipment already being installed, especially the **AFSM 100** units which have superior piece handling and sorting capabilities, doing sorts that previously required costly manual ops especially at the final mailstream stages. **Mailers should benefit from either moderating overall flats rates, or better discounts for specific categories.**

The package conundrum: Current packaging rules may enhance verification at the point of entry and sorting in transit, but ultimately they create costs because they must eventually be undone. Finding the right combination of pieces per sort level and container will be a matter of bench testing, live trial and feedback from the field and mailers.

Key long-term change: Delivery point barcodes may be required for automation rates at some point in 2004 or beyond to facilitate delivery point sequencing equivalent to letters. However, there may be a catch to that, says **Charles Pace, mail consultant and Mailers Technical Advisory Committee rep. for the Agricultural Publishers Assn.** He worries that the introduction of Delivery Point Sequencing could force critical entry times to move up by an hour or more because of extra processing. This would be impractical from a service standpoint for time-sensitive dailies and weeklies.

The single delivery point package is the ultimate goal. The focus of the **Corporate Flats Strategy** is the creation of a fully automated method of creating mixed flat-letter delivery point packages. The hope is to present lettercarriers with one pile of sequenced units at the start of the day that slashes in-office and street time, allowing more mail to be delivered in less time to more points. ☒

Service changes cause row out west

The general mailing public is discovering the 1st-Class service downgrades USPS has been making for the last couple of quarters and they don't care for them.

Many of the changes took effect in the west and the **Reno-Gazette Journal** reports that consumers and many businesses outside the usual major mailing community are discovering the deleterious impact of 2-day service converted to 3-day.

"You mail something on to Vegas (from Reno) on Thursday and with the weekend they won't get it until Monday," says Kerri Garcia, a spokesperson for Harrah's Reno."

USPS again lays the blame on changes in airline service and reliability. ☒

FOR YOU...

Postal World is here to help our subscribers. Here's how you can reach us.

EDITORIAL:

Need us to solve a mailing riddle? Help you find the right postal contact? Or express your opinion? Call the publisher, **Marcus J. Smith** at: 301-287-2204.

SUBSCRIPTIONS:

Direct questions about delivery and subscriptions to: 1-888-287-2223
Fax: 201-287-2945 or
E-mail: customer@ucg.com

ADDRESS:

Postal World
11300 Rockville Pike Ste 1100
Rockville, MD 20852-3030

Removing a space can help make ZIP+4 hit

Despite USPS efforts to standardize addresses nationally, there are special situations you need to keep an eye out for if you find that addresses that should get a ZIP+4 match do not. For instance, check out the address below:

El Al Israel Airlines
BLDG83 Cargo Plz Ste A
Jamaica NY 11430-1767

The BLDG83 is very unconventional and you may be tempted to junk the BLDG prefix -- don't, it will prevent a ZIP+4 match. Further, if you find that you cannot make a ZIP+4 match even with the BLDG in place, make sure there isn't a space between the BLDG and the number. Having the space can also prevent a match since your CASS software may not recognize the address as a result. ☒

Online discounts for international service

USPS now offers rate discounts to mailers who prepare and pay for their Global Express Guaranteed shipments online.

The discounts are volume based and calculated on three levels: 5, 12, and 20 or more pieces per week. Discounts also vary by destination.

Example: The typical entry level user shipping fewer than 5 piece per week will see a discount of 5% off the standard retail rates. USPS can offer these rates because international rates and service are not under the purview of the Postal Rate Commission. See: www.usps.com for more, or call: Malcolm E. Hunt, 770-360-1104. ☒

Marketing twist helps get equipment upgrade

Use the flash of marketing data plus rally multiple voices on your side to help push your need for leading edge equipment. That concept was applied successfully by **Karen Cornelius, mgr., automated and digital mail for Pepperdine University, Malibu, CA.**

She checked with several marketing agencies and found that closed-face personalized mail out-pulled regular bulk DM by up to 90%. Cornelius added that figure into her analysis to management that showed that producing matched personalized pieces in-house on a Pitney Bowes Documatch costs 15¢/piece vs. outside at more than 2.5 times that price. Plus she demonstrated the automated in-house operation could generate a mailing with a far more rapid turn around compared to outside without extra staff.

Further, she shared her findings with various client department heads who would benefit from the lower costs and higher impact of solicitations. When the dean in charge got their positive feedback, plus unsolicited support from a high-powered alumnus, the installation of the \$1,600/month machine was a slam dunk. ☒

Official Reg Update

The following is a regular feature of Postal World to help keep you on top of key Federal Register Notices, Customer Support Rulings and other USPS announcements.

Membership Benefits – Labor Unions and Similar Organizations (Permissible References)

Under this new Customer Support Ruling (PS-304), nonprofit organizations that do not renew membership by direct mail, such as labor organizations that collect dues and maintain contact by means of a newsletter or other publication, should find it easier to discuss the benefits of membership without violating advertising restrictions, says **Ed Schmidt, MTAC rep for the International Labor Communications Assn.** USPS has modified the DMM E670.5.7 “separate document exception.” Now, such nonprofit organizations may, “... solicit membership renewal by a full-page reproduction in such newsletter of a facsimile or a letter of solicitation, consisting of the usual elements of a letter (letterhead with name of the organization, date, salutation, signature block and title of officer) following the guidelines set forth...for a direct mail solicitation of membership or renewal of membership.” The separate document exception was previously most available to those who created a stand-alone DM renewal.

Determining the Classification of Mail: Host Piece Test

This CSR (PS-303) re-affirms the methods for determining the host piece when combining classes in a single mail piece. The primary issue relates to Bound Printed Matter because the rules affecting BPM are the most liberal and diverse in terms of permissible items. The bottomline, USPS says, **is that total weight of BPM and packaging still counts.** Which means, for instance, the total weight of BPM material must be greater than the other permissible classes of pieces enclosed. If it's the other way around, the entire piece has to travel as another all-inclusive class, such as Parcel Post. ☒

Special Report

5 moves to gain respect from your org

Watch for increased mailings within your organization because you're likely to have the best solutions to get the job out faster, cheaper and maybe even make it more effective. Result: you and your department will get the recognition you deserve. If you see an increase in volume or frequency by a department, ask the manager:

- ✓ How often will you do this mailing?
- ✓ How many pieces will be mailed?
- ✓ What are you trying to accomplish with the mailing?
- ✓ What are you asking the recipient to do?

The answers will help you determine whether you can offer any recommendations early in the process. For instance, **Walter M. Brown, coordinator, communications support for Sarasota County, FL** and his staff spotted a growing number of 500-2,000 1C letters mailed from the county's planning and development department informing neighborhoods of upcoming hearings.

Instead, Brown suggested they send postcards, which saves the county 13¢/piece. Hearings are also better attended because residents can save the postcards on a bulletin board or kitchen refrigerator, and are less likely to forget about it. More tips:

1) Limit the people who regularly answer the phone for the mail center to just a few, those with the best phone manners, who ask good questions, listen well and take good notes, **says Jacqueline McPeak, CMDSM, and president of Mail Management, Inc., New London, PA, (mailmgt@aol.com)**. Your phone people don't have to have all the answers right at that moment, but calls for help have to be returned and issues resolved to the best of your shop's power.

2) When you take advantage of every opportunity to upgrade your mail center environment you help build inside excellence which leads to outside respect as **Gwen Blackwell, mgr., mail processing center for the City of Philadelphia** found. She had the serendipity of a serious space upgrade when the city's space authority moved her department from one building to another. Blackwell didn't stop there. She requested the center get a new pale blue paint job that promotes a brighter air. Further, she tapped into her discretionary fund for lab-coat style uniforms – white for managers, light blue for supervisors and navy for staff persons. The coats are provided for free to employees and helps them avoid dirt on their street clothes. Cost is very low, no more than a few dollars per person per month for rental and laundry. Staff people look neater and have a keener attitude which builds respect for them among other city staff, Blackwell reports.

3) Get professional credentials and make others aware you have them, says **Robert J. Castillo, CMDSM, mgr., mail services TXU/CRC Group, Inc., Dallas, TX**. There are only about 200 Certified Mail & Distribution Systems Managers he says and it's proof of his experience, knowledge and skill which helps when dealing with mail user clients. For more about becoming CMDSM, see: www.msmanational.org

4) Build your ops rep by holding regular mail user meetings as **Dan Stouffer, Jr., mgr., mail services for the Michigan Dept. of State, Lansing** does. He holds the meetings two or more times per year, inviting the heads of other departments to send reps and usually gets a turn out of 20-30 persons. The meeting lasts 1½ hours and covers mailing policy and issues affecting clients. Hosting the meetings helps drive home the concept of how professional the mail op is and an integral part of Dept. of State functions such as delivering license renewals & more. ☒

Action Items:

- 1) Watch for increases in mail volume and/or frequency. Check with client, ascertain their goals and suggest better, cheaper alternatives.
- 2) Boost customer service with your most well-mannered phone people.
- 3) Give your staff the best working environment possible.
- 4) Get recognized business mailer credentials. They provide proof of your knowledge and standing.
- 5) Maximize your outreach with regular mail user meetings, demonstrate what you and your staff know and can do. ☒

Ask Marcus

A question
of translation

Question: Must a mailer provide an English translation of non-English Periodical Rate publications upon entry of each issue?

Answer: No, according to **Ed Schmidt, MTAC rep for the International Labor Communications Assn.**

He points to DMM 56, E213.1.8 which states, "If a publication is printed in a foreign language, a brief translation of the contents of the copies (e.g., a synopsis of each article and advertisement) must accompany the **(Periodical Rate) application.**" Not each issue.

The question came to the fore when the July issue of *Mailers' Companion*, a USPS publication, implied that each non-English Periodical Rate publication submitted for mailing must have an accompanying English translation.

USPS will publish a clarification in the September issue.

Marcus J. Smith, Publisher

PS: Send your mailing-related questions and problems to: msmith@ucg.com, or call: 301-287-2204.

Co-sourcing - lower-cost alternative to standard mail center staffing

There's a third choice to staffing called co-sourcing that you should explore before sticking with in-house staff, or going with pure outsourcing. One proponent of the concept reports saving 10%, over pure in-house staff, plus reducing absenteeism to near nil.

At **Marsh & McLennan Companies Inc., New York, NY**, absenteeism in the mail center ran to 3.4 people per day out of a staff of 40 in mail ops when all personnel were in house, says **Peter Ferdinandson, CMDSM, mgr., mail/distribution services.** Mail service is a critical business for MMC and something had to be done. The knee-jerk solution was straight outsourcing, but that's not part of the MMC corporate culture. Further, a total switch to outsourcing is often disruptive.

As an alternative, Ferdinandson approached his upper management with the idea of co-sourcing, making a deal with an outsourcing firm willing to provide mail ops trained staff, but not a total take over. Millennium Group, Piscataway, NJ, (www.tmg4mail.com) was willing to give the idea whirl, starting with two staff persons to fill open positions. Now, years later, out of a the total mail ops staff, over half are Millennium Group personnel, including the top sergeant under Ferdinandson. The version was made gradually taking advantage of retirements and attrition. Benefits of the deal according to Ferdinandson:

- 1) If any staff persons are absent Millennium provides an immediate fill in from a pool of pre-instructed clerks.
- 2) Training is shouldered by Millennium at its HQ and at the MMC site so the burden of keeping staff up to speed is shared.
- 3) Millennium staff work on a straight 40-hour week, not 35 as MMC support staff do, which saves overtime. Overall, Millennium staff save MMC about \$1,500 per person/year, says Ferdinandson, or approximate \$33,000/year.

There are two keys to making the deal work according to Ferdinandson and **Tim Kerner, VP at Millennium Group.** First, the source of staff must be more than a temp "body shop," the staff source must supply skilled mail operatives, and on-site technical advice/leadership as the need arises. Second, the client must fully integrate the outside staff, taking the extra time to put them in the know about the particular needs on the site served. Ferdinandson spends approximately 1.5 hours/week providing these insights in small group sessions with Millennium and MMC staff. ☒

WARNING: Copyright violations will be prosecuted. POSTAL WORLD shares 50% of the net proceeds of settlements or jury awards with individuals who provide essential evidence of illegal photocopying or electronic redistribution. **To report violations, contact:** Roger Klein, Esq., Howery & Simon, 1299 Pennsylvania Ave NW, Washington, DC 20004-2402. **Confidential line: (202) 383-6846.** POSTAL WORLD is published biweekly by United Communications Group, 11300 Rockville Pike Ste 1100, Rockville, MD 20852-3030. Copyright 2001. Subscriptions: \$387/one year, \$744/two years. Phone: (301) 287-2700; Editorial: x2204; Circulation: x2223; Fax: (301) 816-8945. Marcus J. Smith, publisher. Dennis Sullivan, group publisher. Bruce Levenson, Edwin Peskowitz, chief executive officers. For photocopy/electronic redistribution permission, call (800) 929-4824 x2333 and ask about our copyright waiver, bulk-subscription and site license programs! Or e-mail: cust_svc@ucg.com.