

# MEMO to MAILERS

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## PMG SETS FOCUS

### POTTER: WE'LL TAKE THE RIGHT ROAD

**T**he U.S. Postal Service must focus on developing people, improving service, managing costs, growing revenue and pursuing reform, says Postmaster General John E. Potter. This, he says, will ensure a more efficient and responsive USPS positioned to prosper and fulfill its mandate of universal service for the American people.

On June 4 Potter became the first person to take the PMG's oath in the 21st century. "We are at a crossroads," he said. "Competition and new technology are forcing us to reexamine everything — everything — we are doing."

Among the issues that must be kept front and center, "service is the heart of the postal brand," says Potter. "That's what we promise and that's what we have to deliver." Potter says the Postal Service must show customers it's doing

"What is our top priority? There's no question. It's **service, service, service.**"

**John E. Potter**  
PMG and CEO

everything possible to hold down postal costs — and theirs. The effort to grow revenue begins with the \$68 billion core business, he says. "We'll improve service and continue building our systems, working to provide you with the best value we can," he says.

In these complex and challenging times, Potter says there are problems but there are also opportunities. He pledged to take the "right road and make the United States Postal Service an even better place tomorrow than it is today." ■

# Periodicals Mail streamlining

**P**eriodicals are the anchor of the mailbox. The Postal Service is committed to this industry and recognizes that the

future lies with automation to bring maximum efficiency to the processing of this mail. This includes streamlining of flats into two mailstreams, industry mailers were told at the 2nd National Periodicals Focus Groups Conference in Chicago.

The big challenge, according to Postmaster General John E. Potter, is long term — "Where will we be 5 to 10 years out?"

He says a goal is to reduce the number of mailstreams for Periodicals or flats to two streams like letter mail — automated and manual.

This would eliminate carrier route presort, oversized and mechanized categories. Potter also supports standardization — such as location of the delivery address — and altering preparation requirements to reduce costs.

"The strength of Periodicals is that people want them and they generate more mail," says Potter, who spoke at the conference just two days before assuming the Postal Service's top job. It was his last public appearance as chief operating officer. "We want to build a system that has a service commitment in which the industry has confidence. We need to work together. When there are problems, we need

The goal is to reduce the number of mailstreams for Periodicals or flats to only two.

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# Getting a better handle on FLATS

“Heads up” for changes in the way mailers prepare some presorted and automated flat-size mail for handling and processing by the Postal Service. The goal is to align mail preparation more closely with the way USPS transports and processes flats. It will mean better service for mailers and reduced mail-processing costs for the Postal Service.

**Effective Sept. 1, 2001, mailers will be required to co-tray First-Class Mail Presorted rate flats and automation rate flats that are part of the same mailing job.**

Effective Sept. 1, 2001, mailers will be required to put into the same tray First-Class Mail Presorted rate flats and automation rate flats that are part of the same mailing job and reported on the same postage statement. Similarly, mailers will be required to put into the same sack packages of Standard Mail Presorted rate flats and automation rate flats that are part of the same mailing job and reported on the same postage statement.

In addition, mailers who presort their flats by Standard Mail Enhanced Carrier Route or Bound Printed Matter Carrier Route must either sack or palletize their mailings using USPS labeling list L001. This list, published in the *Domestic Mail Manual (DMM)*, is the 5-digit scheme sort list for flats destined for multiple 5-digit ZIP Codes served by a single delivery unit.

The September implementation date for these changes allows presort software vendors time to update and distribute software to their customers. It also gives time for installation and testing of the software.

The co-traying requirements for First-Class Mail flats and the co-sacking requirements for Standard Mail flats will result in fewer less-than-full trays and sacks and an overall reduction in the number of trays and

sacks prepared by mailers and processed by the Postal Service. For Presorted rate Standard Mail, with sack-based rates, this requirement also will result in lower postage rates for some mail. Requiring the use of labeling list L001 for sacked carrier route Standard Mail and Bound Printed Matter flats also will result in fewer sacks prepared by mailers. For mail on pallets, use of L001 will create more 5-digit level pallets, resulting in fewer package handlings for the Postal Service.

Postal employees will begin working with customers to make them aware of these changes. Additional questions can be directed to the district manager of business mail entry.

Information on the changes also appeared in the June 14 *Postal Bulletin*, which is available online at <http://www.usps.com/cpim/ftp/bulletin/pb.htm>. A reminder about these changes will be published in the *Postal Bulletin* in August. ■

## PERIODICALS

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customers to tell us what's going on.”

“Our commitment to the highest level of service at the lowest possible costs combined with increased productivity equals value for our customers,” says Potter.

More than 400 people attended the conference, which provides a forum for members of the Periodicals industry and the Postal Service to discuss and see solutions for service issues, share information and ideas, and provide opportunities to meet with industry and postal management.

The Periodicals industry is a \$99 billion business, employing 1.6 million people — not counting the 800,000 employees of the Postal Service, says John Ward, vice president, Core Business Marketing. While this mail class provides only 3 to 4 percent of USPS revenue, it generates more mail, such as mail orders and bills — about \$6 billion, he says.

“Mail begets mail,” Jim O'Brien, director of Distribution and Postal Affairs for Time Warner Inc., told the conference. “One magazine subscription produces 90 pieces of mail.” O'Brien told the conference that both the industry and the Postal Service must engage in less talk and more action. ■



**DID YOU KNOW?**  
Broken bundles of flats in the mail cost the Postal Service and the industry more than \$70 million per year.

# A healthy solution

## THE CHALLENGE

Aetna provides health care and related benefits to more than 44 million Americans. That also means it handles millions of benefit claims and its delivery needs are critical. When Aetna made a decision to consolidate its claims processing from Allentown, PA, to El Paso, TX, company officials turned to the Postal Service for solutions. Aetna required next-day delivery to process provider claims on a timely basis.

## THE SOLUTION

Michael V. Migliore, manager of national customers operations for Aetna US Health Care, discussed the company's needs with USPS National Account Manager Laurie Kaplan. She

then contacted USPS Industry Sales Specialist Sam Turchin, a member of the National Accounts–Financial Services team. Their solution? Use of Custom Design Express Mail to reship mail from several Post Office boxes.

## THE RESULT

With operational and logistical support from postal facilities in Lehigh Valley, PA; Philadelphia, PA; Phoenix, AZ; and El Paso, TX, a proposal became reality. Migliore agreed to test six post office boxes. Arrangements were made to capture the mail at Lehigh Valley, thereby saving additional processing time to meet critical dispatch requirements. The test proved successful and to date, 41 additional post office box sites have been added.

“Tasked with an enormous project, the U.S. Postal Service Express Mail reship program has enabled us to successfully complete approximately 75 percent of this national program



**Greg Drummond, project manager, Aetna National Customer Operations, says it's all about teamwork.**

objective so far,” says Greg Drummond, project manager, Aetna National Customer Operations. “This outcome is a result of real teamwork achieved with the Postal

Service and should be considered a business partnership model for all.”

For the Postal Service, a healthy relationship is what it's all about. ■

## MAILING INDUSTRY TASK FORCE:

# Report to be released at Fall Postal Forum

Look for an initial report from the Mailing Industry Task Force at the next National Postal Forum (NPF), which will be held in October in Denver, CO. The task force, led by Deputy Postmaster General John Nolan and Pitney Bowes Chairman and CEO Michael J. Critelli, was first announced at the spring NPF in Orlando, FL. It brings together mailing industry leaders to analyze the state of the industry and identify opportunities for growth.

Members of the steering committee were announced last month. “I am gratified that such accomplished business leaders recognize the importance of the task force's mission and are willing to devote their time to it,” says Nolan. “Their commitment shows the mailing industry's support for this effort to define our future.”

“The task force's efforts will have significant bearing on the future of the mailing industry,” says Critelli. “The level and caliber of the executives who have committed their time and resources to the task force underline its significance and bode well for the future. Given the broad range of organizations represented, I am confident that we will be able to produce ideas and action items that will help drive new business in the mailing sector.” ■

## Members of the steering committee are

- CHARLES MORGAN, company leader, Acxiom
- GARY MULLOY, chairman and CEO, ADVO, Inc.
- JONATHAN LINEN, vice chairman, American Express
- MICHAEL SHERMAN, president, Fingerhut
- IRVINE HOCKADAY, president and CEO, Hallmark
- DAVID SABLE, president and CEO, Wunderman
- WILLIAM DAVIS, chairman, president and CEO, R. R. Donnelley & Sons Co.
- THOMAS SIEBEL, chairman and CEO, Siebel Systems, Inc.
- DR. JEROME SWARTZ, chairman and chief scientist, Symbol Technologies, Inc.

# 2001 Quality Supplier Awards

The U.S. Postal Service recognized nine companies that are considered “the best of the best” when it comes to supplying USPS employees with the equipment, tools and material they need to maintain their commitment as the gateway to the American household.



Chip Greene, GTI's director of North American Sales, speaking at the awards ceremony. A yellow bicycle jersey representing the USPS Pro Cycling Team's Tour de France victories is draped over the podium.

## Here are the 2001 Quality Supplier Award winners:

HIGH COUNTRY CHEMICAL SUPPLIES, INC.

Denver, CO  
*(Custodial Supplies)*

GENERAL TECHNOLOGY, INC.

Newport Beach, CA  
*(Computer Software and Support)*

BONEAL, INC.

Means, KY  
*(Manufacturer of Parts and Accessories for Mail Processing Equipment)*

LIGHT CORPORATION

Grand Haven, MI  
*(Manufacturer of Light Fixtures)*

ROADWAY EXPRESS, INC.

Akron, OH  
*(Transportation of Postal Goods)*

TRANSPORT INTERNATIONAL POOL, INC.

Devon, PA  
*(Lease Trailer Supplier)*

PRC INC., A LOGICON/NORTHROP GRUMMAN COMPANY

McLean, VA  
*(Technical Support Services)*

ACCU-SORT SYSTEMS, INC.

Telford, PA  
*(Large-Scale Mail Sorting Equipment)*

COMPAQ COMPUTER CORPORATION

Greenbelt, MD  
*(Provider of PCs, Hardware, Software and Technical Support)*

## FYI

### Presort Priority Mail Experiment

**A** two-year experiment of Presorted Priority Mail rate categories and corresponding discounts begins July 15.

The experimental rates include discounts for three presortation options: ADC (area distribution center — a mail processing facility that serves a state or a large

portion of a state), 3-digit ZIP Code prefixes and 5-digit ZIP Code sorts.

To receive the discounts, mailers must meet certain containerization, preparation, minimum quantity, and data collection requirements. The containerization and preparation require-

ments may vary by mailer location.

The purpose of the experiment is to measure the costs associated with mailer presortation and to determine if incentives provided by the discount structure are attractive and beneficial to the mailing community.

# Recognize this mail

The Postal Service received funding approval for upgrades to existing letter mail recognition equipment. These enhancements are expected to increase “read” rates for letter mail to 93 percent over the next three years by allowing Optical Character Reader (OCR) and Remote Computer Reader (RCR) equipment to sort a greater percentage of handwritten and machine-printed addresses.

This program is the latest in a series of address recognition improvement efforts that began in 1996. Savings from this program are expected to exceed \$92.5 million annually when fully implemented by 2004.

Mail that cannot be sorted by high-speed automation has tra-

ditionally been sorted through expensive manual sorting — at a cost of more than \$55 to sort 1,000 letters that compares to the approximately \$5 it costs to sort the same amount through automation.

Vice President of Engineering Thomas Day says the improvements will enhance handwritten and machine-printed address recognition technology used in existing OCR and RCR equipment, including 875 Multiline OCRs, 211 Delivery Bar Code Sorters with Input and Output Subsystems, and 255 RCRs. The program is expected to result in an eight-percentage-point improvement in the system read rate and an error rate reduction of up to 50 percent. ■



Delivery Bar Code Sorters help speed mail through the system.

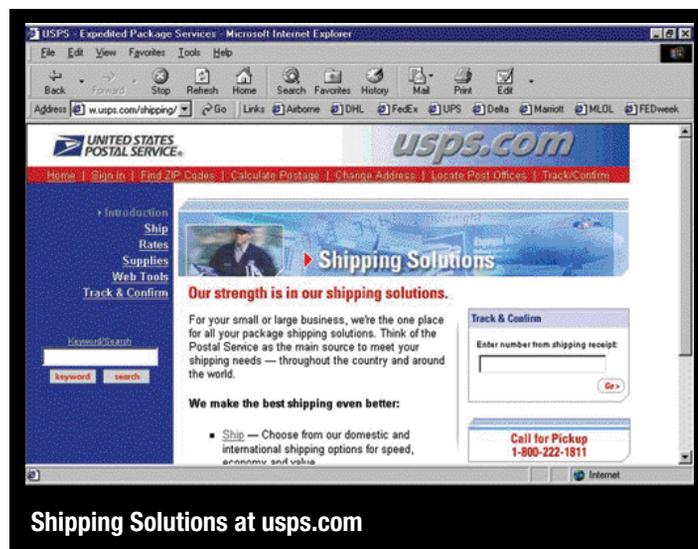
## USPS provides solid solutions for e-shippers

The Postal Service’s commitment to customer convenience shows in the launch of the “Shipping Solutions” webpage. The site teems with information for e-shippers and is now available at [www.usps.com](http://www.usps.com).

“The Postal Service has been at the forefront of web tool development,” says John Kelly, president of USPS’s Expedited/Package Services unit. “We pioneered electronic merchandise return and were among the first to provide an electronic delivery confirmation service. And now with the new ‘Solutions’ pages, we’re moving toward a shipping web presence that’s second to none in user friendliness.”

The “Shipping Solutions” pages offer everything package customers might need in one convenient site, according to Kelly. They make shipping decisions easier by offering domestic and international shipping options, links to the rate calculator, directions on how to order shipping supplies online, and a list of web tools designed to help customers ship merchandise more efficiently. In addition, “Shipping Solutions” enumerates service commitments for all postal products such as Priority Mail, Parcel Post and Parcel Select.

Customers can track Express Mail and Global Express



Shipping Solutions at [usps.com](http://usps.com)

Guaranteed Mail, and check the status of Delivery Confirmation and Signature Confirmation items. They can also find out how to schedule a pickup.

The “Shipping Solutions” website can be found by clicking on “Shipping” in the left blue

navigation bar on the [usps.com](http://usps.com) home page. Future enhancements such as the ability to print mailing labels and an address book function — just to name a couple — will be made available in the near future. ■

## DIRECT MAIL SEMINARS FOR PCCS

PCCs should consider sponsoring a seminar offered by Gary Infante of the Postal Service's Core Business Marketing group and the PCC program management. The seminar, called Making Direct Mail Easy, is aimed at educating small- and mid-market business mailers on how to build their business with direct mail. The half-day seminar features nationally known speaker and direct marketing consultant Jerry Heisler. Local mailers and postal managers also participate. Sponsoring a seminar is an excellent way for a PCC, working with its district office, to provide valuable education, networking and communications benefits to local businesses — and attract new members to the PCC. For more information, contact your local postal co-chair or Bob Belmont, national PCC program manager. You can log on to <http://www.usps.com/direct-mail/seminars/> to see scheduled seminars.

## NEW AND EXCITING PCC education session at NPF Denver

In Orlando, attendees at the PCC business sessions suggested that all PCC sessions be offered on one day — preferably Sunday, instead of Monday through Wednesday. Great idea! Ask and ye shall receive!

As the first step in what promises to become a familiar NPF event, a half-day PCC education session is being planned at the NPF in Denver for Sunday, October 14, 2001, for all PCC members. PCC co-chairs, executive/advisory board members

and USPS district managers are especially encouraged to attend. While about 60 percent of all NPF attendees are PCC members, the meeting is being planned with 300 to 400 members in mind. NPF registration forms will be amended to include this meeting. Currently the plan calls for information on how to strengthen, leverage and expand your PCC through presentations and interactive sessions. So don't delay — fill out and mail that registration form. Attendance will be first-come, first-served.

## NEW PCC WEBSITE LINK

Want to know more about direct mail and how it can help your business grow? Go to the PCC website — [www.national.pcc.usps.com](http://www.national.pcc.usps.com) — and click on “Learn to grow your business with direct mail.” It will bring you straight to the Postal Service's direct mail site, which offers ideas and solutions to make mail work better for you — no matter what size mailer you are.

## AROUND THE PCC WORLD:

**Ft. Wayne PCC** is scheduling free “[www.usps.com](http://www.usps.com)” seminars. They offer to show attendees how easy it is to navigate through the site and find needed information. Sessions will help you navigate through the site and provide answers to make it easier to do business with USPS.

**Cleveland PCC** has created a Hall of Distinction. Akin to a Hall of Fame, the PCC enshrines long-serving, active and effective members in a hall of honor. It's a great way to recognize achievement and say “thank you” for the legacy of excellence they have created.

**Ft. Wayne and South Bend PCCs** have “bring the boss to lunch” meetings. Bosses get to

see just what the PCC member does, how effective the PCC can be and how their money is being spent. Wonderful way to build awareness, respect and appreci-

ation of the complex mail issues you handle. Also, it is a great way to introduce your bosses to their peers in industry and the Postal Service.

## NY “PONY RIDE” FOR WARGO



**John Wargo (center), USPS vice president, Strategic Marketing, receives PONY award from Nick Caprola (left), team leader, USPS Account Management, and Vincent DeAngelis (right) manager, USPS New York Sales Center.**

The Postal Customer Council of New York honored John Wargo, vice president of USPS Strategic Marketing, with its PONY Award. This award — the highest honor from the New York PCC — goes to the person who goes “above and beyond” in support of the PCC's activities. Wargo is credited with his role in launching a number of strategic initiatives for PCCs, including a Multicultural Pilot Program in the New York Metro Area.

Wargo received the award during the PCC's annual seminar and luncheon last month in New York City. Vincent DeAngelis, manager, USPS New York Sales Center, and Nick Caprola, team leader, USPS Account Management, pre-

sented the award to him. “John was not only a partner but a true friend of the New York PCC and all of its customers,” says DeAngelis.

Wargo spoke to luncheon attendees about the relationship between the Internet and direct mail. The 500 participants also heard from Heisman Trophy winner and former Oakland Raiders quarterback Jim Plunkett on the value of teamwork.

In addition, Jim Cochrane, associate vice president of marketing for USPS Expedited/Package Services, led a panel discussion of top executives from DHL Worldwide Express, Airborne, Parcel Direct and R.R. Donnelly Logistics.

# POSTAL NEWS BRIEFS

## IT'S A RECORD

The 8th Annual National Association of Letter Carriers (NALC) Food Drive collected 70.1 million pounds of food donations, a record for the effort.

The food drive, during which letter carriers pick up donations along their delivery routes, is the largest single-day food drive in the United States. Donations go to local food banks and pantries.

This year's effort, which took place on May 12, was sponsored in part by USPS's Expedited Package Services, Priority Mail unit.

## MORE PLACES FOR 'SURE MONEY'

The Postal Service is expanding Dinero Seguro availability.

This international funds transfer service — which means “sure money” — from the United States to Mexico was first tested in 870 offices in California, Texas and Illinois.

USPS will add 2,000 sites in an additional 34 states and the District of Columbia.

## KMART ADVERTISES ON POSTAL VEHICLES IN PUERTO RICO

Kmart Corporation is the first company to advertise on

U.S. Postal Service delivery vehicles in Puerto Rico. Spanish-language signage featuring the Kmart MasterCard™ appeared on 350 vehicles in the San Juan metropolitan area.

Advertising on USPS vehicles is offered as part of the Postal Ad Network, which makes a variety of assets available to advertisers, including collection boxes, Priority Mail and Express Mail packaging, stamp booklets and websites.

**¡Solicítela Ahora!**



**1-800-GO-KMART**

**Kmart ads featured credit card on postal vehicles in Puerto Rico.**



**Members of the USPS Pro Cycling Team paid an impressive visit to the nation's capital in June. We're sure they'll be just as impressive racing in the Tour de France.**

## MEMO to MAILERS

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# GO TO THE Head of the Class

**“This educational tool allows the Postal Service to reach the industry leaders of tomorrow.”**

John Ward  
Vice President, Core Business  
Marketing

**A**dvertising majors in colleges and universities across the country are learning about the power of direct mail through the efforts of the Postal Service.

Keeping its eye on the direct mail market of the future, USPS Core Business Marketing developed a package of materials intended for university professors and graduate students who teach in the areas of advertising, marketing, promotions and communications. The information in the kit emphasizes the importance of teaching direct mail as an advertising medium.

“This educational tool allows the Postal Service to reach the industry leaders of tomorrow,” says John Ward, vice president, Core Business Marketing. “Through it, the Postal Service demonstrates the inherent and continued value of mail as a communications vehicle.”

The kit, containing two videos and a CD-ROM, includes case studies that demonstrate the importance of direct mail advertising in building market share. There’s also information on how to develop and execute a winning direct mail campaign. A survey also is included to provide feedback to the Postal Service about the effectiveness of the information.

The direct mail education kits have been distributed to hundreds of educators. If you’d like more information about this effort, or would like to receive one of the kits, please contact Tom Higgins at 703-292-3855.

Today’s students are tomorrow’s direct mailers. ■



**Direct mail education kits are distributed to universities.**