

MEMO to MAILERS

Presidential
commission
on USPS future
Story on
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Industry, USPS concur:

Confirm launches the intelligent mail future

At a Mailing Industry Task Force meeting Nov. 21 in Stamford, CT, Pitney Bowes CEO Michael Critelli and United States Postal Service Chief Technology Officer Charles Bravo endorsed Confirm, USPS's new track-and-report service for letters and flats, as an important first step in the development of "intelligent mail."

Confirm, officially launched last September, is already used by nearly 100 business mailers. Focus groups conducted last October in Chicago and other cities indicate that both large and small mailers see significant value and potential in the Confirm service. "What we are hearing," said Critelli, who has chaired both the task force and its committee on intelligent mail since the group's inception in the spring of 2001, "is that Confirm will deliver benefits for customers in marketing, in fulfillment, and in financial services."

"The task force is convinced," Critelli told members of the committee on intelligent mail, "that this service is a major step forward towards achieving the task force recommendation that intelligent mail products be developed in order to make mail more valuable to its customers and more competitive with other communications channels."

Confirm is a mail tracking service that provides valuable electronic information to USPS customers about their First-Class Mail, Standard Mail and Periodicals, letter-size and flat-size mail. Confirm provides advance delivery

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FORMULAS for mailing success

Want to know what the Postal Service is doing to position mail as a key communications and customer relationship tool? Ever heard of *Simple Formulas*? It's a collection of idea starters, tips, tricks and trade secrets designed to use the mail to grow business. Developed by the Postal Service for use primarily by small- to mid-sized business customers, *Simple Formulas* provides a response to the growth and value-based strategy in the USPS Transformation Plan.

The 18 easy-to-read brochures help businesses of any size acquire and retain customers

by using the mail in creative and effective ways. From "12 ways to drive traffic to your store" to "Turn a good customer into a loyal customer in 7 steps," these proven best practices have been receiving rave reviews. "*Simple Formulas* is a great way to speak 'in plain English' to our customers about ways mail can help them achieve their business objectives," says Nick Barranca, vice president of USPS Product Development.

A recent survey of 3,000 businesses across the nation provided significant feedback on the usefulness of *Simple Formulas*. An amaz-

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Formulas for mailing success

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ing 81 percent of those reading these brochures indicated that they are now likely to increase advertising through the mail. More than 83 percent were so impressed with the kit that they shared the information with colleagues. And as for "staying power," more than 91 percent plan to keep the *Simple Formulas* kit on hand for future reference. Not surprisingly, 90 percent of those surveyed indicated that they want to receive more *Simple Formulas* publications to help them grow their business! That's good news for the Postal Service and good news for the mailing industry.

Simple Formulas' "no postal jargon" ideas for the small- and medium-sized business customer have immense appeal. Postmasters, small business specialists, business service network managers, account managers, customer

relations coordinators and postal customer councils are requesting *Simple Formulas* at a record pace. The brochures are used for trade shows, training programs, open houses, presentations and as sales support material to assist businesses grow their business.

Requests for these business tools have also come from universities, vendors and notably from Hattie Bryant, creator of Small Business School, the weekly series on PBS stations. "We made *Simple Formulas* available from our exhibit at the Association of Small Business Development Centers Conference," says Bryant. "Attendees were so excited about

the content they asked for more copies. These men and women spend all of their time working with small business owners, and they recognized the teaching power in the materials. They are anxious to pass the information on to their clients."

The response has been so enthusiastic that more than 100,000 businesses have requested *Simple Formulas*.

Gene A. Del Polito, president of the Association for Postal Commerce, noted in the November issue of *Direct* magazine that *Simple Formulas* contains simply written pieces that convey the "Get

'em to nibble at the bait ... then hook 'em and reel 'em in" kind of approach.

If *Simple Formulas* has the "nibble at the bait" approach, the next series, *Simple Formulas II*, is the "hook 'em and reel 'em in" series. *Simple Formulas II* will supply businesses with transactional and call-to-action information on using the mail to acquire new customers, increase sales and create customer loyalty.

Also, in the works are *Simple Formulas* editions for Package Services, a Spanish version of the original 18 brochures and new direct marketing services, such as Confirm, Friend-to-Friend Mail, Micropayments and Repositionable Notes. Stay tuned!

To order your copy of our *Simple Formulas* kit call 1-800-THE-USPS (1-800-843-8777), ext. AD4433. ■



Industry, USPS concur: Confirm launches the intelligent mail future

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information about both incoming hard-copy reply mail ("Origin Confirm" in service terms) and outbound mail ("Destination Confirm"). Currently 98 percent of letter mail is successfully scanned for Confirm reporting. The scan rate for flats is somewhat less than letters because half of the flats entering the system bypass the flat-sorting machines where the barcodes are scanned. USPS is planning to address that situation by putting barcodes on bundles so flats can be tracked even if the individual pieces don't go through a machine.

"We're very pleased that the Mailing Industry Task Force shares our view that Confirm has tremendous potential and customer value,"

noted USPS Senior Vice President Charles Bravo. "We're using Confirm information ourselves to improve service. In fact, the Postal Service is applying PLANET Codes to much of the mail it generates, such as pay checks and change of address notifications."

Confirm uses a combination of the POSTNET Code and PLANET Code to track a customer's piece of mail. As the mailpiece progresses to its destination, the mail is scanned at the different USPS processing facilities it passes through. These scans are sent to a centralized network service, which collects the scan data and packages it for use by customers. These files are then electronically transferred from the centralized network and

are available as both raw data and in reports shared by customers and the Postal Service.

Confirm customers can view their data by either accessing the PLANET Codes site or by having the files sent to them electronically.

USPS Vice President of Product Development Nick Barranca said one customer indicated "Confirm is like getting time in a bottle, because we know who is responding to our clients' direct mail campaigns and how. We can start on the next finely tuned campaign, instead of waiting for the actual response pieces from the first one to arrive. We can also be more proactive in fulfilling customer requests through the

mail by not having to wait for the hard-copy reply device.

"Mailers now receive near real-time information from the mail stream," added Barranca, "and that brings tremendous value to our customers. By integrating Confirm into their business processes, customers can improve order fulfillment, customer support staffing, cash management and their ability to measure the effectiveness of advertising campaigns."

"Confirm is a powerful tool," said task force chairman Critelli. "Our job will be to raise awareness about it and how it can help our industry grow and prosper." ■

Address quality improvements underway

USPS launches ACS code initiative to broaden mailpiece placement options

Less than two months after the Postal Service and the Mailing Industry Task Force announced support of new address quality initiatives, USPS officials introduced expanded options for mailers who preprint address correction service (ACS) participant codes on mailpieces.

opportunities to improve both the address quality of industry and Postal Service databases, and the ways in which the databases are used," says Deputy Postmaster General John Nolan, co-chairman of the task force.

"The new option provides mailers with the opportunity to

that more mailers will be able to participate in the ACS program and reduce their fees when receiving change-of-address information as a result of the ACS participant code initiative."

"We're continuing to use the input from our customers to make changes that add value for both mailers and ourselves," says USPS Chief Technology Officer Charles Bravo, the Postal Service's task force representative on address quality. "At its core, this is what transformation is about."

The optional location is authorized for both letter-size machine-ready pieces and flat mail, as long both types meet the following requirements:

- The ACS participant code must be printed directly below the ancillary service endorsement, left justified, when the endorsement is placed directly above the address block.

- If mailer keyline information is used, it must be the top line of the address block. (Bar codes must not be printed above the mailer keyline.)

- If a window envelope is used, the clearance between the top line (mailer keyline) of the address block and the top edge of the address window must be at least 1/25 inch. This clearance must be maintained during the range of movement of the insert in the envelope.

- If an address label is used, the clearance between the top line (mailer keyline) of the address block and the top edge of the address label must be at least 1/25 inch.

- The ACS participant code and ancillary service endorsement must be printed in a non-narrow variant of Helvetica or Arial sans serif font in the range of 10 to 12 points.

The new ACS participant code requirements were first published in *Postal Bulletin* 22086, Oct. 3, 2002. For more information, please call the Address Change Service Department at the National Customer Support Center at 800-331-5746. ■



Mailers and the task force had concluded that restricting the participant code to the address block was both confining and costly. The new initiative, launched Oct. 3, allows an ACS code to be placed on the mailpiece or an address label, with or without a barcode, as long as certain requirements are met. The *Domestic Mail Manual* M013 has been updated to reflect the change.

"Working with our customers, we continue to find

opportunities to improve customer service by maintaining accurate and current address files, while having the potential to save time and effort in re-programming address print files" adds Charles Morgan, Company Leader of Acxiom and co-chair of the task force's subcommittee on address quality.

"Address quality is a key element of our core products," says USPS Vice President of Product Development Nick Barranca, "and the Postal Service anticipates

FYI

The Aviation Mail Security and Hazardous Materials Programs represent the Postal Service's commitment to provide a safe environment for customers, employees and the traveling public. Visit the website at www.usps.com/aviationsecurity.

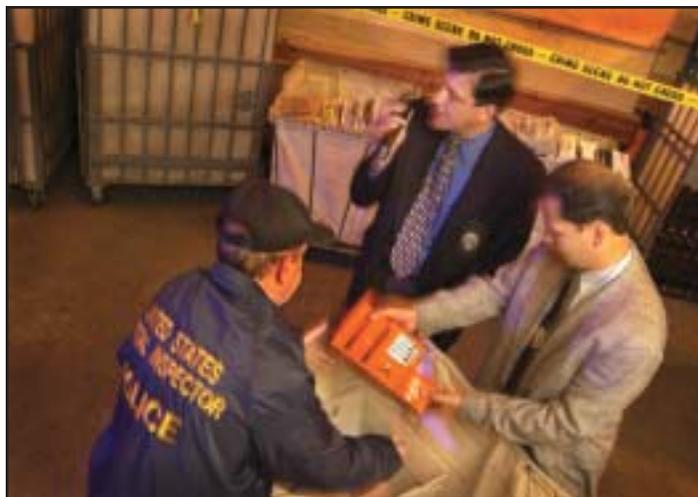


Postal inspectors: *Fraud investigations help protect mailers*

A four-year investigation by postal inspectors of American Presort Inc. (API), the largest mail preparation company in the New York area, concluded this past year with the criminal sentencing of three former owners, four managers and five supervisors.

A former postal supervisor was convicted of accepting bribes. He cooperated with the investigation and testified at trial against API and its management. He was sentenced to probation.

API's customers were some of New York City's largest and most prominent banks, insurance companies, brokerage houses, utilities and corporations. API submitted more than 50 postage statements and about 2 million pieces of mail to the Postal Service every day. Its mail was dispatched directly from API's Manhattan facility to the Postal Service's Morgan Processing and Distribution Center as well as to other nearby processing and distribution centers, the



API cheated the Postal Service out of \$3 million in metered postage alone. Inspectors recovered a "hot" meter API employees attempted to hide when the search began.

Bronx Hub and Spoke Program, the Amtrak Train Station, and LaGuardia, JFK and Newark airports.

Inspectors estimated that API defrauded the Postal Service of over \$25 million in postage through a variety of postage schemes, including meter tampering and

claiming workshare discounts not earned. API also defrauded its clients by inflating invoices.

Two of the former owners received prison sentences of 42 and 50 months and signed forfeiture agreements for \$5 million each. A third owner was sentenced to 60 months in prison. He refused

to sign a forfeiture agreement and is liable for a \$20.7 million judgment. Four managers involved in the scheme received prison sentences ranging from 30 to 37 months and each was ordered to pay restitution of \$17 million.

"Protecting the Postal Service is one of our primary missions, but postage fraud investigations like the API case help protect not just the Postal Service, but all mailers," remarked Chief Postal Inspector Lee R. Heath. "API was driving out legitimate businesses. Its competitors couldn't keep up. During the two-and-a-half year period we documented the scheme, the three API owners collectively pocketed \$15 million in salary and bonuses. Plus, they got \$25 million for the sale of the company. They got that money because they cheated us, not because they ran a highly efficient operation. When we go after crooks like this, it keeps the playing field level, and when the Postal Service gets the money it's due, rates are kept stable." ■

Postal Inspectors warn, 'Tis the season to be careful



According to an ancient proverb, it is better to give than to receive — that is, unless you are giving to a con artist, warns Chief Postal Inspector Lee Heath.

"Swindlers know that people tend to be in a more giving mood during the holidays," says Heath. "So among the solicitations you receive this year from legitimate charities, expect to find some that are misrepresentations, or outright fraud."

To guard against falling prey to a phony charity, Heath offers these suggestions:

- If you are unfamiliar with the charity asking for donations, request its annual report and financial statement.
- Check out unfamiliar organizations by contacting the Better Business Bureau.
- Make checks payable to an organization, not an individual.
- Be suspicious about requests for assistance that accept cash donations only.

Individuals who wish to do a more extensive background check of a charitable organization may also contact the Wise Giving Alliance, Council of Better Business Bureaus, 4200 Wilson Blvd., Arlington, VA 22203, or visit its website at <http://www.give.org>. To learn more, or to report fraud online, visit the U.S. Postal Inspection Service website at <http://www.usps.com/postalinspectors>.

High-tech cash register *speeds service*

The Postal Service will soon complete the national roll-out of a state-of-the-art cash register expected to reduce by about 10 percent the amount of time customers spend waiting at the counter. POS (point of service) ONE is a fully integrated network that provides an accounting, marketing, payroll and sales office on a small counter space.

The Postal Service's Board of Governors approved funding to complete installation of POS ONE retail terminals among post offices that bring in more than 90 percent of retail revenue. Once deployment is completed in mid-2005, there will be more than 63,000 POS ONE terminals at about 15,000 post offices.

"POS ONE plays a major role in reaching our goals of improving customer service and ensuring that our employees have the tools they need to efficiently and easily provide postal services to our customers," explained Henry

Pankey, vice president, Delivery and Retail.

POS ONE replaces current integrated retail terminals with state-of-the-art hardware and soft-

ware with a fully networked system that extends many of the benefits of information technology to post office counters. POS ONE began replacing outdated inte-



A USPS sales and services associate uses a POS ONE terminal to provide speedier service.

grated retail terminals in 1998. Today, more than 10,000 post offices use this technology to account for 74 percent of walk-in revenue. POS ONE cuts transac-

tion time by nearly 10 percent by enabling retail associates to instantaneously access options and costs to help customers make quick, informed decisions.

It also serves as an effective communications vehicle. "Retail associates receive consistent information on a daily basis to keep them up-to-date on corporate direction, promotions, and new product and service offerings," Pankey adds, "as well as keeping them abreast of immediate changes in policies. POS ONE eliminates the need for a separate machine to process credit and debit card authorizations."

Beyond serving as the primary source for retail accounting, POS ONE will offer the ability to offer customers value-added services to provide new revenue opportunities.

Pankey said the remaining post offices will use inexpensive hand-held data collection devices now used for Express Mail and Priority Mail scanning. These enhanced scanners, now under development, will incorporate and transmit daily financial summary data. ■

They've helped the industry grow

Postmaster General John E. Potter recognized retiring Mailers' Technical Advisory Committee (MTAC) members Leonard Bartels and Russ Shores for their contribution to growth in the mailing industry.

"Thank you for helping bring change to the Postal Service," said Potter at a recent MTAC meeting. "You've played a vital role in improving our products, reducing costs and using technology to improve service and efficiency — key components of our Transformation Plan."

Both Bartels and Shores will retire this year. ■



Above left, Postmaster General John E. Potter (right) congratulates Leonard Bartels for his efforts on behalf of the mailing industry. Bartels is the official mail manager for the Department of Defense and MTAC representative for the General Services Administration.



Above right, Potter also recognizes Russ Shores, MTAC representative for GCA (Graphic Communications Association), now known as IDEAlliance.

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USPS VICE PRESIDENT RECEIVES MARKETING HONOR



The USPS Marketing Advisory Board has honored John Wargo, vice president, Service and Market Development, for his efforts to bring “the voice and perspective of the customer to the forefront of any business discussion” within the Postal Service.

Wargo received the Martin Michael Excellence Award for 2002 from the board, which serves as an advisory group for USPS’s marketing management team. Its members have included executives from such companies as DuPont, Citibank, IBM, Wal-Mart and McDonald’s.

In announcing the award, the board said Wargo’s “personal example has helped many people to speak out for the customer and to understand how to truly serve them.”

The board also recognized Wargo for exemplifying the entrepreneurial spirit, creativity, passion and commitment of the board’s founder, Martin Michael.

Michael helped the Postal Service establish the board in 1989 at the request of Postmaster General Anthony Frank. Previous winners were Kaye DeShields for her management of in-store promotions in post offices and Christine Ray for her management of the development and market introduction of USPS eBillPay.

MAILING MADE EASY

The new USPS publication, *A Customer’s Guide to Mailing*, is proving to be a big hit with American households.

More than 10,000 people responded to a Gallup survey in the back of the newly released

guide, with 95.3 percent of them saying the guide overall is useful.

In addition, 95.1 percent said it is helpful in choosing a service for mailing. And, 82 percent said it has just the right amount of information.

A Customer’s Guide to Mailing is available at Post Offices across the country or at www.usps.com.



A stamp honoring Thurgood Marshall, famed civil rights lawyer and first African American to serve as U.S. Supreme Court justice, will be available in January 2003.

USPS welcomes postal commission

Postmaster General John E. Potter hailed the creation of a presidential commission on the future of the Postal Service, noting, “The commission is good news coming at the right time . . . We look forward to assisting in every way possible.”

The Bush administration announced Dec. 11 creation of the nine-member bipartisan Commission on the U.S. Postal Service. It will “identify the operational, structural and financial challenges facing the Postal Service; examine potential solutions; and recommend legislative and administrative steps to ensure the long-term viability of postal service in the United States,” said a Treasury Department statement.

Potter cited the impressive qualifications of those who have been selected to serve, noting that they will bring a “valuable new perspective to the challenging and complex issue of postal reform.” The commission will be co-chaired by former Fannie Mae chief executive James Johnson and Hughes Electronics board chairman Harry Pearce.

A similar commission, the Kappel Commission, resulted in the business model of today’s Postal Ser-

vice, which was embodied in the Postal Reorganization Act of 1970 that created the Postal Service in 1971. That commission established a model that has served the country well for the past 30 years with unprecedented improvements in service and efficiency. But times have changed. The 1970s business model that is based on continuous mail growth is no longer valid. Growth in mail volume is at risk from competition and new technologies. The number of addresses continues to grow.

“The nation cannot afford a postal crisis. Mail is simply too important to the life of our nation,” says Potter. “The Postal Service is the foundation of a \$900 billion industry that employs 9 million people.”

Potter says the commission has “a historic opportunity to offer recommendations guaranteeing a postal system as effective and dependable as today’s — for many years to come.”

The PMG said the commission is consistent with — and complementary to — the USPS Transformation Plan, to which Potter said the Postal Service remains committed.

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Change Service Requested

Everybody's *got friends*

Your friends generally pay attention to what you have to say. That's why they're friends, right? So it makes sense that a person would pay more attention to a mailpiece sent by a friend, and that's what the Postal Service's Friend-to-Friend Mail service is all about.

Friend-to-Friend Mail is an innovative new way for advertisers to deliver their messages and reach new customers through their current customer base. Advertisers create Friend-to-Friend postcards and distribute them to their regular customers who

read the advertisers' messages and then send the postcard to their friends. Since it has been sent personally, as a referral, by a friend, family member or colleague, the impact of the mailpiece is increased.

With Friend-to-Friend Mail, existing customers can introduce products and services to the people who really listen. It allows advertisers to leverage the excellent relationship they have developed with their current customers to find and keep new ones.

It's an inexpensive, easy to use and convenient service and



advertisers are charged for postage only when a piece is mailed between friends.

In addition to acquiring new customers, Friend-to-Friend Mail can be used for thank-you notes, recruiting, meeting

notices, or travel and hotel information.

Want more information on Friend-to-Friend Mail service? Contact your local postal representative or e-mail f2friend@email.usps.com. ■