

MEMO to MAILERS

WHAT'S INSIDE

- 3 PAPER SURVIVES
- 4 IDEA FORUM
- 5 ROAD RUNNER
- 6 PCC AWARDS
- 8 DELIVERY POINT VALIDATION

LEGISLATIVE UPDATE

UNIVERSAL MAIL SERVICE **AT RISK** GOVERNORS SAY

Universal mail service is at risk without statutory reform of the laws governing the U.S. Postal Service, warns the USPS Board of Governors.

The Postal Service is facing a potential loss of \$2 billion to \$3 billion this fiscal year, reflecting the fact that the organization's costs are rising at a rate exceeding mail volume and revenue growth.

The Board asked management to take unprecedented action on additional cost-control options, including an immediate freeze on capital commitments that will affect over 800 facility projects, and significant new reductions in work years and administrative staffing.

Management also has made progress on other actions requested by the Board, including preparing a rate case that the Board may file with the independent Postal Rate Commission this summer requesting a postage rate increase of as much as 10 to 15 percent.

The Governors of the Postal Service recently wrote to administration officials and congressional leaders explaining that "We are taking the steps within our power to sustain the institution. Long-term solutions, however, require substantial changes to our regulatory framework." ■

building a better mailbox

Rulemaking by consensus

You know the drill. A federal agency decides to make a rule. It develops a proposal on its own and then publishes it in the *Federal Register*, giving the public a chance to comment in writing. Then the rule is finalized and an expensive, drawn-out battle begins — in the press, on Capitol Hill and in the courts.

What if everyone who was likely to care about a particular issue could brainstorm with agency officials and try to reach a consensus before a proposed rule is published in the *Federal Register* for comment?

It's called negotiated rulemaking, a consensus process that the Postal Service turned to for the first time in developing a

continued on page 2

RULEMAKING

continued from page 1

proposed rule on standards governing the design of curbside mailboxes. To come up with a revision to the current mailbox standards, adopted in 1992, USPS brought together representatives of interests that would be substantially affected by a new rule — such as manufacturers of mailboxes and accessories, and home builders. They, along with representatives from the Postal Service, made up an advisory committee that reached a consensus on the proposed rule. Additionally, the Postal Service representatives to the advisory committee sought input from the National Association of Letter Carriers and National Rural Letter Carriers Association.

As part of this negotiated rulemaking process, the Postal Service agreed to use the committee's recommendation as the basis of the proposed rule, and each private committee member agreed to support the proposed rule if it reflected the committee's recommendation.

After the committee held several meetings that were open to the public, it approved and recommended the standard published Nov. 1, 2000, in the *Federal Register*. (The *Federal Register* is available online through www.access.gpo.gov.) The final rulemaking document on Mailbox Standard 7 was published in the *Federal Register* on Feb. 8, 2001.

Among the changes in mailbox standards, manufacturers would have more design flexibility, a new locked mailbox classification would be introduced and independent laboratory testing would be possible.

USPS General Counsel Mary Anne Gibbons is a strong supporter of negotiated rulemaking and other alternative dispute procedures. "I am very encouraged by the success of our first negotiated rulemaking and look forward to its continued use in the Postal Service," says Gibbons. "The public's interest is clearly served through Postal Service managers working collaboratively with public stakeholders. The law department will continue to look for ways

the Postal Service can reduce the potential for litigation in its business interactions."

John Rapp, vice president of delivery for the Postal Service, whose office is responsible for the requirements for mailbox standards, also supports this process. "The last time we revised this specification, the Postal Service and industry alike had many serious concerns, and the process of resolving those differences was very difficult," he says. "This time we tackled the issues through negotiated rulemaking, and everyone worked together from the beginning to ensure our mutual success. We plan to use the process again."

In this instance, the Postal Service used an independent, neutral third party to facilitate discussions of committee members. Attorney Charles Pou, a Washington, DC-based mediator, says the consensus process identifies issues before anybody puts pen to paper, and takes advantage of the knowledge of people on the outside.

"A lot of ideas were brought to the table by nonpostal people

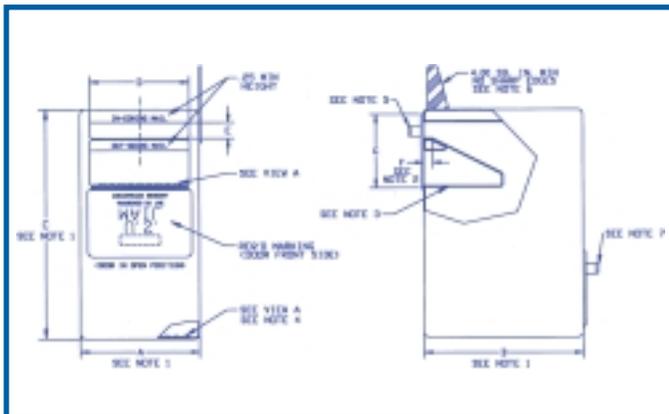
that USPS probably wouldn't have thought about," Pou says. "The main benefit is that you've got a better rule."

Industry participants agree that it was a positive experience, and they view it as a refreshing change to see an organization like the Postal Service involving them in the process.

"Most important, from a manufacturer's viewpoint, was that we were able to have input in a process that would affect manufacturers and end users," says Larry Robinson, director of design and development for Solar Group, Inc., a mailbox manufacturer. "Overall, I think it was good for both the Post Office as well as manufacturers, and the Post Office gained from our experience."

John Clark, owner of Imperial Mailbox Systems, Millbrook, AL, says the process was good because "professionals came together for a meeting of the minds rather than an adversarial process." ■

Want curbside security? You got it!



You've heard the stories. Somebody's curbside mailbox was rifled through and mail stolen. Maybe it was a credit card application that was filled out unbeknownst to the intended recipient, who then had to deal with the fallout from a case of identity theft.

Mailbox manufacturers say they have a solution — locked mailboxes. Don Irwin, USPS mechanical engineer, says there are about 60 manufacturers ready to hit the market with their versions of locked curbside mailboxes.

In the final rule governing the design of curbside mailboxes, a new "locked" mailbox classifica-

tion has been introduced by the Postal Service. This design will provide customers with an option to purchase mailboxes that offer increased security for their mail.

"The Postal Service is meeting the needs of customers," says Irwin. "Customers say they want security, and the new locked mailbox classification fulfills that need."

This new locked mailbox also has been designed with efficiency in mind. It requires openings that will accommodate larger mailpieces so that letter carriers will be able to deposit all of the mail in one motion.

Click. You read the words on the computer screen. Click. They're gone. That's not the case with words on paper.

"Paper is the technology of the fixed word," says Derrick de Kerckhove, director of the McLuhan

The PaperCom Alliance is a coalition of companies and associations from the paper-based communications industry involved in paper, mailing, software, printing, publishing and transportation. The Postal Service is a member.

A recent study by the alliance found that electronic communication is actually helping to increase paper use in virtually all market sectors. In homes and offices, desktop printing of Web-based information and e-mails is expanding. But the biggest boost in

The best strategy is to build on paper's strengths in an eCommerce world.
"Don't fight it."
Derrick de Kerckhove, director, McLuhan Program in Culture and Technology at the University of Toronto

You read it on the PAPER

Program in Culture and Technology at the University of Toronto. "Words stay on paper."

Will paper survive in an electronic world? De Kerckhove and others who spoke last month at the World PaperCom Alliance Conference in Washington, DC, agreed that electronic commerce, e-mail and the Internet are affecting paper-based products and services. Some applications will disappear, they predicted. (When was the last time you pulled an encyclopedia from the shelf?) Others will benefit from the new technologies. But a truly paperless world? Don't count on it. To borrow from Mark Twain, rumors of paper's demise have been greatly exaggerated.

paper consumption is coming from eCommerce companies that use direct mail, catalogs and print advertising to build brand awareness and increase sales.

Speakers at the conference pointed to new technologies that are enhancing paper-based communications such as "smart paper," which is embedded with digital identifiers such as barcodes or digital watermarks. Smart paper can link direct mail pieces to advertisers and other marketing information.

De Kerckhove says paper is a private medium. It's just you and the piece of paper and what's written on it. You — and not some computer processor — have control over it. "You can hide paper," he says, "not electrons." The best strategy for organizations like the Postal Service, he says, is to build on paper's strengths in an eCommerce world. "Don't fight it."

The Postal Service cannot turn its back on eBusiness, Deputy Postmaster General John Nolan told the conference. He says USPS is building on the trust and confidence that the American people have in the mail and adding value to hard-copy mail through eBusiness initiatives.

"What the Internet has done is force us to be more creative," Nolan says. "We have to recognize that our customers are changing, and we have to change too. Our mission is to try to help make our customers successful. If it's only about us, it just doesn't work." ■



Rumors of paper's demise have been greatly exaggerated.

Entering a third dimension



THE CHALLENGE

For every product, there is a display. But what if the package that holds the display needs to be three-dimensional and qualify as an automated flat?

Alliance Display Group, based in Winston-Salem, NC, presented this challenge to the Postal Service. The company produces displays for products seen in grocery and department stores.

The goal? Saving the customer a 10-cent surcharge. The packaging originally fell into the residual shape surcharge category. However, by redesigning the piece and shrinking the dimensions, this 10-cent residual shape surcharge could be excluded. The packaging also needed to be designed to impress the recipient and entice them to open it immediately.

THE SOLUTION

"We brought in people from operations, engineering and sales to brainstorm a solution," says USPS Account Manager Phyllis Ottley. "A carton was designed that met the needs of Alliance Display Group and stayed inside the specifications required for automated flats."

To better service the Postal Service, the words "FSM 1000 Approved" were included on the indicia to ease movement of the cartons through the system. "We realized that as the packages traveled across the country there might be some confusion as to which machine would read the three-dimensional carton," says Ottley. "This made it clear it was intended for the flat sorters."

THE RESULT

By coming up with a carton that could hold the customer's product *and* qualify for reduced rates of automated flats, "we eliminated package surcharges, saved our clients money and dramatically grew our business," says James Grissom, director of marketing for Alliance Display Group. "The Postal Service showed us how easily our possibility could become a reality. We are excited about the future of our mailings and other opportunities."

Good things come in small packages. ■

What's a signature worth? Everything, if you ship high-value items and it tells you who accepted your delivery. Now with Signature Confirmation™ service, you can have this information at your fingertips — when you need it.

"Market research shows that Signature Confirmation will especially appeal to those who see proof of delivery as an essential part of doing business," notes Shannon Nixon, marketing specialist for Expedited/Package Services. She cites the pharmaceutical industry, computer companies, jewelers and shippers of products with legal requirements for signatures as examples.

The Postal Service debuted its Signature Confirmation service February 4, giving you the ability to easily determine the recipient's identity along with

Peace of mind

the delivery date, time and location. Most important, you can now go online or pick up a phone to request a copy of the signed delivery record. Choose to have it faxed or mailed to you when — and if — you need it.

The new service is expected to generate across-the-board interest but Nixon predicts it will be of particular note to shippers of high-value products and those concerned about fraudulent claims of nonreceipt. "If it's important or valuable, a shipper will want to consider Signature Confirmation," she says.

Like Delivery Confirmation, its sibling service, Signature Confirmation is available with a retail rate option and an electronic rate option for shippers

capable of sending and receiving shipping information electronically.

The good news is, if you're already certified for Delivery Confirmation's electronic option you don't need to be recertified for Signature Confirmation. With a few minor changes to your barcode, you'll be ready to mail.

(And while we're talking about good news and Delivery Confirmation, we'd like to add that the electronic rate fee for Package Services has been reduced from \$.25 to \$.12, and it's now available on Standard Mail packages.)

Signature Confirmation service can be used on all domestic Priority Mail and Package Services; these include Parcel

Post, Parcel Select, Bound Printed Matter, Library Mail and Media Mail shipments.

The cost for the service is \$1.75 per piece for customers who purchase it at a Post Office and \$1.25 per piece at the electronic rate.

Peace of mind — knowing who signed for your package — can be priceless. So, what is a signature worth? ■



Running smoothly with the Postal Service

Another million in 2001? San Diego-based Road Runner Sports (RRS), the No. 1 seller of technical running shoes, apparel and accessories for runners in the United States, shipped by Priority Mail more than a million times last year.

“Road Runner Sports and the United States Postal Service have enjoyed a great relationship over the years,” says Bill Ness, chief operating officer at RRS. “We know our customers appreciate the on-time delivery and service of the USPS, and I look forward to both companies enjoying a successful 2001 together.”

Three 40-foot tractor trailers, emblazoned with the USPS eagle, back into the docks at Road Runner’s warehouse every day, five days a week. “Through integrated efforts across all lines of operations within the Postal Service, we are able to bring solutions to valued customers like Road Runner,” says Gerald “Jerry” Minters, manager of the Postal Service’s Southern California Sales Center. “It shows that local district operations and the new Sales Center concept can work in harmony and effectively with premier account customers such as Road Runner Sports.”

The steps to mail order success for RRS began in 1983 when owner Mike Gotfredson and four employees — working out of a garage — sent out a total of seven packages. By 1997, annual shipments for this swiftly growing company had

topped 750,000 — but another shipper delivered the bulk of Road Runner’s products.

“We were given a chance to show Road Runner Sports that our Priority Mail packaging and pricing was a perfect fit for their product,” said Jill Contreras, USPS

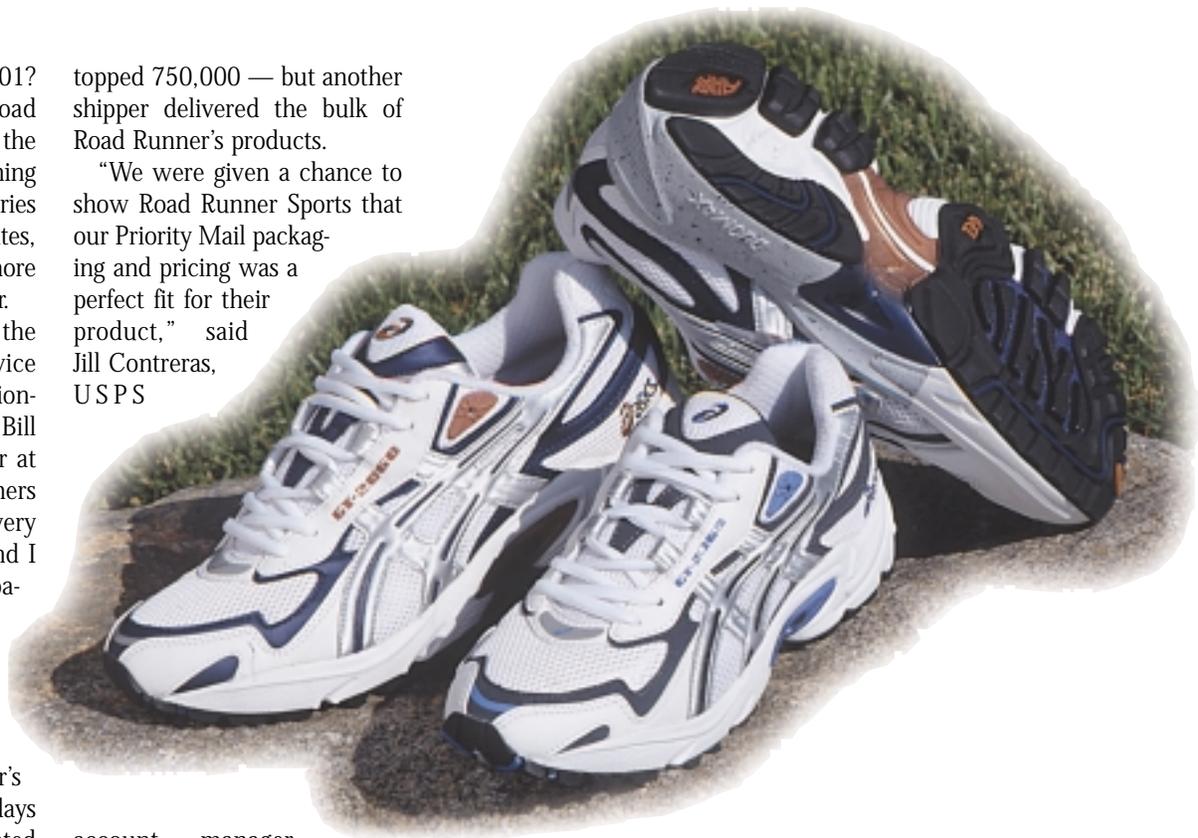
account manager.

“Three years later, the Postal Service is still Road Runner Sports’ premier packaging deliverer of choice.”

Today, Road Runner Sports employs close to 300 people, sends out 21 million catalogs and is proud of its record of 99.9% correctly shipped orders.

“When a Road Runner Sports package arrives, the customer knows by the red, white and blue box that it was shipped with the dependability that stands behind the USPS name,” says Contreras.

The co-branded Priority Mail boxes bear the logos of both the Postal Service and Road Runner Sports — two names, two organizations, one goal: keeping their customers in the race. ■



Road Runner Sports and USPS celebrate the one-millionth Priority Mail shipment in 2000. San Diego District Manager John Platt (left) accepts the one-millionth package from RRS owner Mike Gotfredson.

PCCs — THE LOCAL ROAD TO MAILING INDUSTRY SUCCESS

If you haven't joined your local Postal Customer Council™ (PCC) then you may not be reaching your company's full potential.

A PCC is an association of business mailers and postal officials who work together at the grassroots level. There are over 250 PCCs across the nation. Mailers who join their local PCC often report that they learn:

- New ways to reduce postage costs;*
- New ways to increase sales;*
- Secrets to improving mail service;*
- Shortcuts in mail preparation;*
- Networking opportunities and*
- Important postal contacts.*

By reducing work hours, increasing sales, saving money and/or improving mail service for their companies, many PCC members have used their newfound knowledge to advance in their companies. In short, they are journeying on the road to success.

PCC members are certain to learn something new at their local PCC general meetings, which are held monthly, quarterly or yearly. To find your nearest PCC, contact your local postmaster or log on to www.national.pcc.usps.com.

HOUSTON MINI-FORUM

The Houston Postal Customer Council's 2001 Mini-Forum will be held May 9 at the University of Houston. Please check www.houstonpcc.com for more information.

2001 NATIONAL PCC AWARDS CEREMONY

Recognizing achievements in PCC excellence in 2000, this year's contest was very spirited. The PCC Advisory Committee had to go to the "instant replay" many times to determine a winner. Bush and Gore had nothing on the closeness of these picks. But winners were selected, and awards presented March 26 at the National Postal Forum in Orlando, FL.

In the Best Individual PCC Event category, Greater Charlotte edged out perennial contenders Omaha and Providence for first place.

For Best PCC Co-Chair Team, Cincinnati's favorite pair of Donna Lanter and John Mulkay out-pointed Greater Hartford's dynamic duo of Jeff Craigie and Laurie Timmons.

The Best Joint PCC Event race was neck and neck between Albany's seven PCCs event and Southeastern PAs 10 PCCs event. Albany was the winner by a nose.

In the Best PCC Newsletter category, Milwaukee squeaked by Washington Metro for the win.

And for the Best PCC Membership Campaign, Baltimore scored the win over Western Massachusetts.

Here's what the winners did: Best Individual PCC Event

The Greater Charlotte PCC annual forum on Aug. 17, 2000 was themed "Stampin' into the Future." The PCC worked with a design firm that helped decorate the vendor showroom with space vehicles, stars, meteors, pulsating lights and "other-worldly" effects. A tunnel, complete with fog, was the entrance. And participation in the raffle called for a visit to every vendor booth. Postal and nonpostal topics were featured in the business sessions. Vendor participation increased

20 percent, attendance set an all-time high and the show was videotaped for later local use.

Best PCC Co-Chair Team

Donna Lanter of Intrieve, Inc., and John Mulkay, postmaster of Cincinnati, impressed the judges with the number of activities they participated in and their superb working relationship. Since they came on board in early 2000, their efforts have led to more events, with greater attendance and increased membership.

Best Joint PCC Event

It's hard enough to organize a single PCC for an event, but seven of them! The seven PCCs in the Albany District — Northern NY, Foothills, Greater Utica Area, Southern Tier, Capital Region, Central NY and Watertown — held their biggest event ever, the Mail Industry and Technology Expo. Registration was more than 500 and the exhibit hall sold out all 54 vendor booths. A football theme was chosen, and Jim Plunkett, with Heisman Trophy, was a featured guest. There were six business sessions, and survey cards indicated they were well attended and well received.

Best PCC Newsletter

Milwaukee PCC's award entry form had the look of the newsletter's front page. That got the judges' attention. From there, it only got better. The layout, formatting, information, frequency of publication and member articles were first-rate. The newsletter was timely, relevant and topical.

Best PCC Membership Campaign

The Baltimore PCC enlisted new members — not just attendees — the old-fashioned way: they worked at it! Consistent follow-up (phone, mail, e-mail), recruitment at all events and

applications in each edition of the newsletter produced results. Executive board members also actively recruited new members. Every new member was registered by way of a signed membership certificate. The results? In 2000, Baltimore increased its membership by 22 percent. Outstanding! ■

2000 NATIONAL PCC AWARD WINNERS

PRESENTED AT THE NATIONAL POSTAL FORUM
Orlando, March 26, 2001

Category 1

Best PCC Membership Campaign
Baltimore PCC
Runner-up: Western Massachusetts

Category 2

Best Individual PCC Event
Greater Charlotte PCC
Runners-up: Omaha PCC, Providence PCC

Category 3

Best Joint PCC Event
Albany District's PCCs
Northern NY, Foothills, Greater Utica Area, Southern Tier, Capital Region, Central NY and Watertown

Runners-up: Southeastern PAs PCCs; (tie) Greater Connecticut and Greater Illinois PCCs

Category 4

Best PCC Newsletter
Milwaukee PCC
Runners-up: Metro Washington PCC, Omaha PCC

Category 5

Best PCC Co-Chair Team
Cincinnati PCC
Runners-up: Greater Hartford, Greater Massachusetts

USPS AWARDS ENVIRONMENTAL SERVICES CONTRACTS

The Postal Service awarded four national environmental service contracts that will dramatically reduce costs, increase efficiency and ensure standardized delivery of services necessary to support environmental compliance activities.

These four contracts will replace more than 270 existing contracts, and will save the Postal Service \$30 million over the next four years.

"The Postal Service has long been recognized as a national environmental leader," says Dennis Baca, manager, Environmental Management Policy. "These national environmental contracts allow our organization to leverage its substantial purchasing power, to standardize service delivery to our internal customers and to provide incentives for suppliers to find innovative ways to reduce postal costs.

"By streamlining our environmental contracting, we will be better able to protect the environment for future generations of Americans."

The contracts were awarded to URS Corporation, Gaithersburg,

MD; Earth Tech, San Diego, CA; Roy F. Weston, Inc., Vernon Hills, IL; and DPRA, Manhattan, KS.

FIRST DROP BOXES IN CHARLOTTE, NC

The first phase of a business alliance between the United States Postal Service and FedEx Express began March 5 with the activation of FedEx drop boxes at 82 Post Office locations throughout the Charlotte, NC, area.

FedEx drop boxes will eventually be located on the grounds of thousands of Post Offices throughout the country, with FedEx paying USPS between \$126 million and \$232 million in fees over the next seven years.

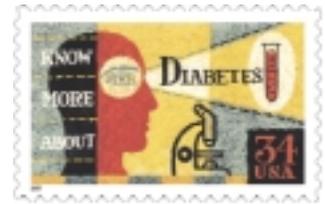
"Each day some seven million customers go to one of our 38,000 postal outlets nationwide," says Pam Gibert, vice president, Retail, Consumers and Small Business, for the Postal Service. "This alliance gives FedEx Express the opportunity to offer their customers the convenience of dropping their FedEx packages into drop boxes located outside our Post Offices."

This nonexclusive business agreement will eventually be open to any company that offers overnight package service with a national reach.

In the second part of the alliance, the Postal Service will pay FedEx approximately \$6.3 billion over seven years for shared access to the FedEx Express national air transportation network. The alliance could save the Postal Service \$1 billion in transportation costs over the length of the contract.

REMINDER: ANCILLARY SERVICE ENDORSEMENTS

Mailers are reminded that some previously allowed ancillary service endorsements are now invalid. As of Jan. 1, 2001, there are four choices for these endorsements: "Address Service Requested," "Forwarding Service Requested," "Return Service Requested," and "Change Service Requested." These changes were originally announced in July 1997 but the Postal Service allowed the use of existing endorsements during a three-year transition period, now ended. Any obsolete ancillary service endorsement or similar sender endorsement not shown in the Domestic Mail Manual F010 is considered invalid. Material bearing invalid or conflicting ancillary service endorsements will not be accepted for mailing.



Diabetes Awareness stamp encourages Americans to know more about this devastating disease.

MEMO to MAILERS

Volume 36 Number 3

Ilze Sella
Editorial Services

Frank Papandrea
Art Director

Frank Schultz-DePalo
Designer

Jim Fisher
Printing Specialist

William J. Henderson
Postmaster General and CEO

Deborah K. Willhite
Senior Vice President,
Government Relations
and Public Policy

Azeezaly S. Jaffer
Vice President, Public Affairs
and Communications

MEMO TO MAILERS
is published by U.S. Postal Service
Public Affairs and Communications.
USPS eagle symbol and logotype are
registered marks of the
United States Postal Service.

Send address corrections and
subscription requests to:

MEMO TO MAILERS
NATIONAL CUSTOMER SUPPORT CENTER
US POSTAL SERVICE
6060 PRIMACY PKWY STE 201
MEMPHIS TN 38188-0001

Send stories, photos and editorial suggestions to:
EDITOR

MEMO TO MAILERS
US POSTAL SERVICE
475 L'ENFANT PLAZA SW RM 10541
WASHINGTON DC 20260-3100
fax: (202) 268-2392
e-mail: mmailers@email.usps.gov

Online services:
www.usps.com
ribbs.usps.com
PCC website: <http://www.national.pcc.usps.com>
Direct Mail Kit: (800) THE-USPS x 2110



USPS ANNOUNCES PRIVACY OFFICER



The Postal Service named Zoe Strickland as its first chief privacy officer (CPO). Strickland is responsible for reinforcing the focus and increasing the Postal Service's already strong dedication to consumer privacy issues concerning online applications and initiatives. She oversees and coordinates the development and implementation of corporate policies, management practices, technologies and other procedures that foster public

trust in USPS by protecting personal privacy in its products and services.

"The Postal Service is currently a world leader in ensuring the secure and private delivery of physical correspondence. We have every intention of being recognized as a world leader in ensuring the secure and private delivery of electronic correspondence as well," says Deputy Postmaster General John Nolan.

Change Service Requested

COMING SOON... Delivery Point Validation

Do you validate? Mailers will be able to answer “yes” to that question later this year, thanks to new technology developed by the U.S. Postal Service. Business mailers will be able to validate the accuracy of address data right down to the physical delivery point, and see undeliverable-as-addressed (UAA) mail volumes drop.

The new technology — Delivery Point Validation (DPV) — will be available under license from the Postal Service in the fall.

Currently, mailers processing address records through commercial address-matching software use USPS-provided data to standardize address records for assigning postal codes, ZIP Codes, ZIP+4 Codes and carrier route codes. Unfortunately,

existing address-matching software products cannot validate addresses at the specific delivery-point level — they can only confirm whether an address falls within the low-to-high address range encoded for the named street.

By incorporating DPV into the matching process, mailers will be able to determine whether the actual address exists, right down to the apartment or suite level. DPV will allow mailers to validate that the address information they have is a physical address served by the Postal Service.

DPV benefits both the mailing community and the Postal Service. A typical 100,000 piece mailing may have as many as 6,990 pieces returned as UAA. Using DPV will reduce

UAA volume resulting from inaccurate addresses, save mailers related postage and processing costs and, for the Postal Service, reduce associated processing and delivery costs.

Mailers must have an existing address-matching software product that assigns ZIP+4 Codes to take advantage of DPV. While DPV will validate the accuracy of an existing address, it cannot be used to create address lists, and it is illegal to do so. DPV is a secure database of the nation’s more than 145 million addresses. It will identify addresses lacking

necessary apartment or suite numbers but will not correct inaccurate address information.

For more information, please contact the National Customer Support Center at 800-331-5746. ■

