

MEMO to MAILERS

NATIONAL POSTAL FORUM TRANSFORMATION MESSAGE:

Consensus is key



Deputy Postmaster General John Nolan; S. David Fineman, vice-chairman, Board of Governors; Postmaster General John Potter; Board Chairman Robert Rider; and Governor John Walsh, discuss the Transformation Plan at the Spring Postal Forum in San Diego.

The Postal Service's Transformation Plan is not about the needs of USPS, says Postmaster General John E. Potter. It's about the nine million people who work in the nation's mailing industry, and it's about the people both USPS and mailers serve — the customers.

"If we don't accomplish transformation now, the universal mail service that your businesses and the mailing public rely on will be in jeopardy," he told mailers at the National Postal Forum (NPF) held April 21-24 at San Diego. "You and your business cannot afford to let that happen to you."

Potter, delivering the keynote address, urged the \$900 billion mailing industry to support the Postal Service's transformation efforts.

"We all have a stake in securing the future of universal mail service in this country," he said.

The plan examines possible business models and presents options that will require national debate.

Potter said some steps already are being taken to begin the process of transformation, including lifting a self-imposed moratorium on closing post offices and evaluating the existing mail processing network to strengthen service per-

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Partners in mail

The work of the Mailing Industry Task Force, comprised of representatives from all segments of the mailing industry, served as important input to the Postal Service's Transformation Plan, say postal officials.

"In order to succeed in the future, the Postal Service requires a commitment to innovation and efficiency both from its own workforce and from its partners in the mail," says Deputy Postmaster General John Nolan, co-chair of the task force. "The task force initiatives reflect how well that partnership can work."

At the NPF in San Diego, the task force outlined its progress. It was formed in May 2001 to unite the industry and deliver new products and service improvements that better meet evolving customer needs. Its initiatives include a pilot track and trace solution, a strategy to develop an intelligent mail system on the existing USPS infrastructure, a USPS self-service retail pilot offering round-the-clock access and enhanced merchandise return, new credit and financing options, submission of a *Federal Register* notice to enhance address quality, and a world-class network integration model.

"I am very pleased with the progress we've made to date," said Pitney Bowes Chairman and CEO Michael J. Critelli, co-chair of the task force. "Our goal is to revitalize the mail channel into a medium that's easier to use, more flexible, data-enhanced and relevant to today's customer needs. The mail is important to individuals and critical to business. By enhancing its value and flexibility we will ensure its future viability."

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Introducing... USPS Executive Mail Center Manager Program

This program was developed by USPS in conjunction with industry leaders and nationally recognized training experts. The Executive Mail Center Manager (EMCM) program is designed to provide highest-level instruction in the areas that concern today's mail managers most.

People management. Sales and marketing. Managing mail center operations. Managing mail center finances. Mail center safety and security. Planning and managing technology. Plans and policy-making. Resource planning. Quality management.

The EMCM program initially will be held at the National Center for Employee Development in Norman, OK. Sessions are scheduled for December 2002 and February 2003. For more information, call 405-366-4639 or e-mail Heidi Cherry at hcherry@email.usps.gov. ■

Partners in mail

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To unify the industry and underscore the vital role that mail plays in today's economy, the industry, apart from USPS, created an advertising campaign that will run in target cities around the country.

For more information on the Mailing Industry Task Force and its latest update, visit the USPS website at www.usps.com/strategicdirection/mitf.htm. ■

Honored for MENTORING

At the NPF, the Postal Service recognized 12 mailers for their mentoring programs. Johns Hopkins University, 3M, Allstate, Compaq Computer, State Farm, Citigroup, Discover Financial Services, McGraw-Hill, USAA, American Express, Bank of America and Verizon received the special awards from Postmaster General John E. Potter.

In January, USPS began highlighting the subject by issuing the "Mentoring A Child" commemorative postage stamp as its social awareness stamp for the year.



"We are pleased to honor these mailers for the outstanding mentoring programs they have implemented," said Potter. "These organizations are a good representation of the \$900 billion mailing industry. Not only do they have a strong impact on our economy but also, through programs such as mentoring, they make a significant social contribution to our country." ■

FYI

Attended by more than 7,000 people, the National Postal Forum is the mailing industry's premier educational and networking event for mailing industry professionals to help them keep pace with changes in the mailing industry.

Make plans to attend the next NPF Sept. 22-25 in Boston.

Consensus continued from page 1

formance and reduce costs. He said USPS is working with the Postal Rate Commission to convene a joint summit of mailing industry stakeholders to discuss ideas for modernizing the rate-making process.

While near-term operational and performance-based strategies

will generate \$5 billion in savings and cost avoidance through 2006, Potter said long-term reform is essential.

"We need the help of our policy-makers to legislate postal reforms," said Potter. "If they cannot reach consensus on a business model for the Postal Service, then we will have allowed a valuable national asset to erode and ultimately fail and be wasted." ■

Getting to know MERLIN

The Postal Service is offering customers a training class on MERLIN (Mailing Evaluation Readability and Lookup Instrument) as it implements several changes to ease the nationwide transition to this new mail quality tool.

MERLIN enables the Business Mail Entry process to use technology to review letter- and flat-size mailings for barcode quality, address accuracy, mail makeup

and mailpiece characteristics. Last month, USPS agreed to act on recommendations from a Mailers' Technical Advisory Committee (MTAC) workgroup related to MERLIN deployment, including expanded training for postal employees and readiness reviews at MERLIN sites.

In addition, on June 1, 2002, USPS will lift the moratorium for assessing postage adjustments due to barcode readability errors

detected by MERLIN on flat-size pieces. Effective June 1, the 60-day grace period will commence at all activated MERLIN sites. The earliest any postage adjustments will be assessed for barcode readability errors that fall below an 80 percent threshold for flats will be Aug. 1, 2002.

Due to many requests for information on how MERLIN works and its benefits to customers, USPS is offering customers a four-day

training class at the National Center for Employee Development in Norman, OK. Topics covered will include MERLIN's purpose and function, system operation, mail evaluation, interpreting reports and questions and answers. To enroll, please call Tom Myers at 703-292-3544 or Byron Jacobson at 405-366-4639. The fee for this course is \$950 per student, which includes lodging, meals and all course materials. ■

Congratulations

National Postal Forum, San Diego, CA, April 21-24
Spring 2002 Award Winners

Partnership for Progress

Hallmark
Kansas City, MO

James Pierce Myers
Executive Vice President and
Counsel
Parcel Shippers Association
Washington, DC

Postal Rate Commission
Washington, DC

Mail Center Manager

Gordon (Gordy) Adamski
Supervisor of
Receiving and Transportation
LexisNexis
Charlottesville, VA

Kevin Burr
Manager of
Operations and Mail Center
Mystic Color Lab
Mystic, CT

Arnie Cohen
Manager of Mailing Services
Modern Postcard
Carlsbad, CA

Jim Goff
Bindery Manager
Vertis Inc.
Saugerties, NY

Peter R. Grottini
Director of Postal Affairs
Bookspan
Mechanicsburg, PA

Sam Medure
General Manager
Eckerd Health Services
Express Pharmacy Services
Largo, FL

Dalynnda Odom
Mail Center Service Manager
UICI Insurance Center
North Richland Hills, TX

Peggy Smith
Manager of Mail Services
Washington University
St. Louis, MO

Ed Talley
Manager of Postal Services
Northern Arizona University
Flagstaff, AZ

Special Achievement

Maynard H. Benjamin
President
Envelope Manufacturer's
Association
Alexandria, VA

Martin A. Bernstein
Media Transportation/
Small Package and
Postal Relations Manager
JCPenney Corp. Inc.
Plano, TX

Capital One Financial Services
Falls Church, VA
Accepting: Patrick Gemmell
Group Manager of Card and
Document Services

Rick Chlebos
Director of Mailing Operations
RGC Communications
Roselle, IL

John R. DePiazza
Vice President of
Postal Relations
DST Output
Sacramento, CA

Len Ellis
Executive Vice President of
Enterprise Strategy
Wunderman
New York, NY

Dennis Farley
Senior Manager of Distribution
ESPN The Magazine
New York, NY

Mark E. Graydon
Director of Office of
Publications Management
Social Security Administration
Baltimore, MD

Tom Johnson
Manager of Mail and
Delivery Services
Boston Financial Data
Services Inc.
Braintree, MA

Wayne Johnson
Manager of Support Services
Pentagon Federal Credit Union
Alexandria, VA

H. Don Landis
Vice President of Postal Affairs
Arandell Corp.
Menomonee Falls, WI
Michael Martinez

Senior Manager of Logistics
HSN
St. Petersburg, FL

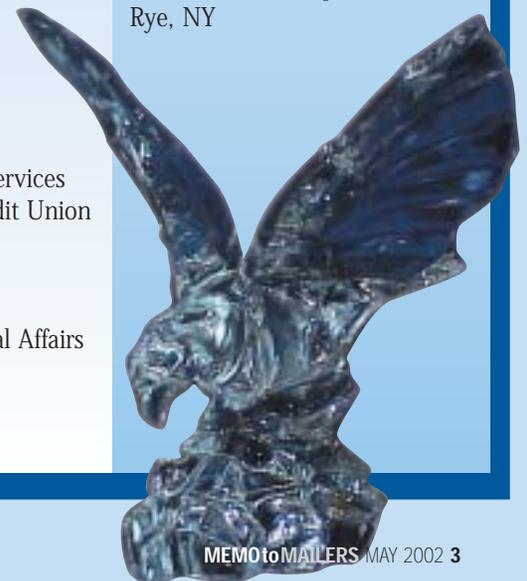
James M. Prevost
Senior Vice President
DST Output
Kansas City, MO

Joseph Schick
Director of Postal Affairs
Quad/Graphics
Pewaukee, WI

Sue Taylor
Manager of
Presort Operations and
Postal Liaison
Prudential Financial
Millville, NJ

William Terry
Senior Manager
Domestic Logistics
Distribution Fulfillment
Services Inc.
Groveport, OH

Lillian Vernon
President/CEO
Lillian Vernon Corp.
Rye, NY



Spring 2002 NPFNP Idea Forum

Call them the dynamic dozen. At the NPF in San Diego, the Postal Service recognized 12 companies and their representatives with its Idea Forum award.

The award recognizes individuals or corporations who have successfully implemented significant technological or mail-related innovations in their companies to enhance the value of mail as a strategy to generate revenue or reduce costs.

The Idea Forum award categories and postal customers recognized for their accomplishments are:

CUSTOMER RELATIONSHIP MANAGEMENT

Strengthening the relationship between a company and its customers is key to customer retention and acquisition. Recognized for using new technology, best practices and the mail to improve customer relationships and grow their businesses were: Neil R. Herron, director, Federal CRM Applications, Oracle Corporation, Reston, VA; Mike C. Overly, director, Worldwide CRM Implementation, Hewlett Packard, Denver, CO; and Daphne Y. Lee, Relationship Marketing Manager for Jaguar Cars, Irvine, CA.

IMPLEMENTING MAIL CENTER BEST PRACTICES

Long recognized as an innovator in the mailing industry, Mail Services Manager Randy Thompson of Allied Insurance in Des Moines, IA, knows that controlling costs is essential to increasing profitability. As a result, he focused on three specific mail center improvements.

First, he created an efficient solution to provide "proof of mailing" for thousands of notices and cancellations sent daily by insurance companies. Cost savings will exceed \$100,000 a year.

Second, he focused on presort discounts and improved address accuracy and deliverability via a multi-line optical character reader with Fast Forward.

And finally, he is heading up a project using PLANET Codes for CONFIRM on origin/remittance mail to keep Allied Insurance in the forefront of customer service in the insurance industry.

MAIL PREPARATION QUALITY

To maximize profits and control costs, mailers using letter and flat mail need to prepare their mailings correctly the first time, every time. That means taking advantage of new and existing postal programs, services and procedures.

Recognized for their efforts to help the mailing industry improve quality in all mailer production units under the new Mail Preparation Total Quality Management Program are: Richard W. Pavely, president, Corporate Management & Marketing Consultants Inc., Randolph, NJ; and Robert Scott Hatton, Quality Enhance-

ment Support Specialist, Capital One Services Inc., Glen Allen, VA.

Other companies whose mailing sites are certified under the Postal Service's Mail Preparation Total Quality Management program include:

AAA Mailing Service	Jefferson City, MO
American Express Global Mail Solutions	Weston, FL
American Presort	Topeka, KS
Automated Mailing Systems	Roanoke, VA
Automated Presort	Downers Grove, IL
Capital One	Glen Allen, VA
Centurion Of Akron	Akron, OH
Excalibur Presort Service	Greensboro, NC
Fala Sorting Services	Farmingdale, NY
First Data Resources	Omaha, NE
Horizon Blue Cross of New Jersey	Harrison, NJ
JetSort	Baltimore, MD
JLS Mailing Services	Brockton, MA
Mail Services	Des Moines, IA
Pittsburgh Mailing	Pittsburgh, PA
Presort Services	Grand Rapids, MI
Presort Services	Lansing, MI
PSI Group	Cedar Rapids, IA
PSI Group	Charlotte, NC
PSI Group	Dallas, TX
PSI Group	Houston, TX
PSI Group	Kansas City, KS
PSI Group	Lincoln, NE
PSI Group	Las Vegas, NV
PSI Group	Omaha, NE
PSI Group	Phoenix, AZ
PSI Group	San Francisco, CA
PSI Group	Seattle, WA
Rocky Mountain Mail Services	Denver, CO
St. Louis Presort	St. Louis, MO
ZIP Mail Services	Chicago, IL
ZIP Mail Services	Detroit, MI
ZIP Mail Services	St. Louis, MO

OF Idea Forum

MAIL-PIECE DESIGN: ADVERTISING MAIL AT WORK

Following the Sept. 11 attacks last year, Judith E. Antisdale, president of Anne-Tisdale and Associates Inc., believed there was a need to reinforce the fact among the company's clients that, more than ever, they could continue to take advantage of the "Power of the Mail" to deliver their advertising messages.

Taking the initiative, the company created an 8-by-10-inch ad-mail self-mailer titled "Is it time to stop advertising your business?" The mail piece reminded customers of the value of ad mail and the reasons they could rely on ad mail to remain successful.

More than 2,000 of the self-mailers with the message to continue advertising were sent to clients and prospective business customers. As a result, Anne-Tisdale & Associates Inc., saw a minimal drop in seasonal mailings and received numerous inquiries about their mailpiece design.

The company saw a 35 percent increase in the use of postcards and self-mailers and continues to demonstrate that mail remains a vital advertising tool, even during the most stressful times in mailing industry history.

KENTUCKY LOTTERY CORPORATION — EVERYONE DESERVES A SECOND CHANCE

A new way has emerged for a state lottery to "touch its customers" with the Kentucky Lottery Corporation (KLC) in Louisville, KY — working in conjunction with the Postal Service — unveiling a totally new "Second Chance" direct mail marketing campaign.

Led by KLC Promotions Manager Lisa Ion and Production Manager Rhonda Goodwin, the unique response device for consumers to respond back to KLC was established in partnership with a USPS Kentuckiana District team headed by Account Manager Pamela Simms and Sales Specialist Diana Maines. It allows lottery customers to enter a non-winning ticket into a second chance drawing.

The unique "Second Chance" program could very well become an industry standard and expand to applications beyond state lotteries.

GENESIS DIRECT — REACHING THE CUSTOMER IN THREE SECONDS

Realizing that most customers decide within seconds which direct ad mail piece will receive their attention, Marketing Vice President B.J. Ryan of Genesis Direct in Oldsmar, FL, created a personalized one-to-one direct marketing campaign that provided high "open"

and "read" rates, unique tools embedded in the direct mail pieces to measure the return on investment for clients, and a cost-effective method to facilitate her customers' marketing needs.

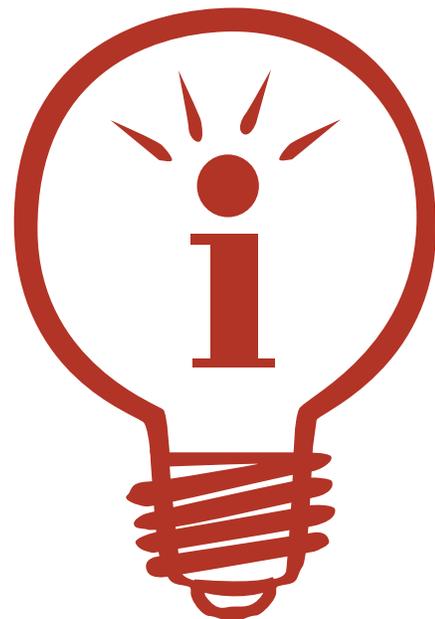
Personalization used in the message and on the response cards increased response rates 7 percent. The success of these campaigns has heightened her clients' confidence in the use of direct mail as the advertising medium of choice, and has resulted in many customers increasing their direct mail budgets by more than 50 percent.

SHARING IDEAS TO BUILD SUCCESS — IMPROVING MAIL QUALITY

Improved mailpiece design and address quality can help reduce company mailing costs and improve customer service.

Leading the way are three companies that recognize the benefits from improved mail quality made possible through the mail preparation diagnostics and analysis provided via MERLIN.

These companies and their representatives were recognized with Idea Forum awards for their work in helping to educate mailers about improved mail quality, increased efficiency of Postal Service mail processing and delivery, and greater customer satisfaction through the use of MERLIN. They are: Lynn Chandle, director of Postal Affairs for Total System Services Inc. of Columbus, GA; Harry Stephens, president of DATAMATX Inc., in Atlanta, GA; and Robert O'Brien, vice president of DM List Services and Postal Distribution Policy for Time Customer Service Inc., in Tampa, FL.



REVOLUTIONARY PRICING STRUCTURE

Mailers who turn to CONFIRM to track their letters and flats through the Postal Service system will use a subscription service with a three-tiered pricing structure. What's more, customers will have additional options to expand usage, according to a new mail classification and flexible pricing proposal filed with the independent Postal Rate Commission.

transaction charges — represents real value for the Postal Service and real value for mailers," he says. The subscription system allows customers to purchase a general level of service rather than pay for each individual transaction.

CONFIRM uses PLANET codes to uniquely identify each mailpiece. This technology provides mailers with near real-time information about where their letters or flats are in the mailstream, and USPS gets

one of the customers who participated in the CONFIRM pilot test.

"Our catalog clients are using planet code data to manage their fulfillment and call center resources more effectively and are realizing significant cost savings. Internally, Quebecor World Logistics uses this data to more effectively achieve our clients' in-home delivery expectations.

"Truly, CONFIRM is an excellent example of adding value to

■ *Entry Scan Performance Report.* Indicates when a customer's shipment received an entry scan and where the scan occurred.

■ *Shipment Delivery Performance Report.* Indicates the number of days from the date the shipment was entered until the mail pieces were finalized for delivery.

■ *Mail Piece Summary Report.* Displays — in a viewer-friendly fashion — PLANET barcode data generated from processing of indi-

Subscription Fees

	Term ¹	ID Codes ²	Scans ³	Subscription Price
Silver	3 Months	1	15 Million	\$2,000
Gold	1 Year	1	50 Million	\$4,500
Platinum	1 Year	3	Unlimited	\$10,000

Additional Service Enhancements ⁴

	Additional Scans	Price	Additional ID Codes	Price
Silver	2 Million	\$500	1 ID	\$500
Gold	6 Million	\$750	1 ID	\$2,000
Platinum	N.A.	N.A.	1 ID	\$2,000

1. The "term" is the duration of the subscription.

2. An "ID Code" is a specific marker within the barcode that isolates data for that particular mailer. Additional codes allow for additional segmentation of the data.

3. A "scan" occurs each time one of the mailpieces passes through automated sorting equipment. That information is batched and provided to the subscriber electronically.

4. Additional increments can be purchased for use during the term of the subscription.

"We're really excited about CONFIRM," says Stephen Kearney, vice president, Pricing and Classification. "It's a great product and it's also a great example of how the Postal Service worked with customers to provide a service they needed at a price that's right."

Kearney says CONFIRM is a tangible example of market-based pricing by USPS — an important element of the Transformation Plan. "CONFIRM's revolutionary new pricing structure — subscription service rather than per

important operations and delivery performance data. The information is available to mailers electronically via the Internet or by direct download into their computer systems.

CONFIRM both utilizes technology to add value to the mail and products, and offers prices that meet specific customer needs.

"As the largest user of CONFIRM for flats, we've realized considerable benefits for both our clients and our company," says Anita Pursley, vice president, Postal Affairs, Quebecor World Logistics,

Postal Service products and services."

IT'S GOOD TO SHARE... INFORMATION

The CONFIRM program now offers online customer reports that enable USPS and mailers to work together "off the same page" to identify, monitor and resolve mail performance issues. Three new shared customer reports are available to CONFIRM customers at www.planetcodes.com. They are:

vidual mailpieces on mail processing equipment.

All three reports can be downloaded into a spreadsheet, if needed.

To gain access to information about their mailings, customers can use their existing website username and password. For questions about viewing CONFIRM reports online, contact CONFIRM Customer Support at 800-238-3150. ■

POSTAL NEWS BRIEFS

CUSTOMER SATISFACTION

Ninety-three percent of households nationwide reported having a positive view of the Postal Service, according to the most recent Gallup survey. In addition, External First-Class (EXFC) service performance scores have reached or exceeded 93 percent for the 18th consecutive quarter.

The EXFC results, independently measured by PricewaterhouseCoopers, cover overnight delivery service performance for the period of Dec. 1, 2001, through Feb. 22, 2002.

EXFC externally measures collection box-to-mailbox delivery performance, continuously testing a panel of 463 ZIP Code areas selected on the basis of geographic and volume density from which 90 percent of First-Class volume originates and 80 percent destinations. EXFC is not a system-wide measurement of all First-Class Mail performance.

IT'S ABOUT CONVENIENCE

Online Pickup service is the newest addition to the Shipping center site on www.usps.com.

This service allows customers to request same-day or future pickup of their Express Mail, Priority Mail, Global Express Guaranteed and Parcel Post prepaid articles at their home or office. The fee is \$10.25.

As always, there's no charge to customers who hand their prepaid items to their letter carrier at the time of regular delivery. Also, on-call pickup is still available at 800-222-1811.



Celebrate the bicentennial of the U.S. Military Academy with this special framed commemorative stamp art. Go to the Postal Store on www.usps.com.

NEW RATES JUNE 30

www.usps.com/ratecase

Selected Rate Changes	CURRENT	NEW
First-Class Letter (1 oz.)	\$.34	\$.37
Postcard	\$.21	\$.23
Priority Mail (1 lb.)	\$3.50	\$3.85*
Express Mail (1/2 lb., next day/2nd day)	\$12.45	\$13.65
Fee and Service Changes		
Certified Mail	\$2.10	\$2.30
Delivery Confirmation for Priority Mail	\$.40	\$.45
Insurance		
up to \$50.00	\$1.10	\$1.30
\$50.01 to \$100.00	\$2.00	\$2.20
\$100.01 to \$5,000.00	\$2.00+	\$2.20+
Return Receipt	\$1.50	\$1.75
Post Office Box (group 6/size 1 semi-annual fee)	\$10.00	\$12.00

Express Mail Insurance fee changes:

Insurance for the first \$100 is free. From \$100.01 to \$5,000, there is a charge of \$1.00 per \$100 or fraction thereof.

Money Order maximum increased:

Maximum increased from \$700 to \$1,000. Fee continues at 90 cents for money orders up to \$500, but increases to \$1.25 for money orders over \$500.

Rates and fees unchanged:

COD fees remain the same.

No rate increase for First-Class Mail single piece additional ounce. It remains 23 cents.

* Currently, the rate for the Priority Mail flat-rate envelope is the same as the 2-pound rate. Because of the rezoning of all rates from 2 to 5 pounds, the rate for the flat-rate envelope will be tied to the 1-pound rate. The 1-pound rate will increase from \$3.50 to \$3.85 and remain an unzoned rate. The rate for the flat-rate envelope will decrease from the current \$3.95 to \$3.85, but the size of the envelope will remain the same.

MEMO to MAILERS

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Ilze Sella
Editorial Services

Frank Papandrea
Art Director

David Ostroff
Designer

Jim Fisher
Printing Specialist

John E. Potter
Postmaster General and CEO

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

Azeezaly S. Jaffer
Vice President, Public Affairs
and Communications

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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@usps.com

Online services:
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Change Service Requested

A flag. A star. Four antique toys.

Look for new postage stamps ahead of the June 30 rate changes. In mid-June, USPS plans to issue five non-denominated stamps good for the 37-cent First-Class rate — the U.S. Flag stamp and a set of four Antique Toys stamps, depicting a mail wagon, steam locomotive, taxicab and fire engine.

Also scheduled for mid-June is a 3-cent make-up rate stamp featuring a star highlighted in red, white and blue. This stamp will make it convenient for customers to use any remaining 34-cent stamps they may have on hand.

Denominated versions of the U.S. Flag and Antique Toy stamps, all bearing the 37-cent rate, are scheduled to be issued in late July. ■

