

## Conclusion



## Section 4 — Conclusion

This report concludes that a fundamental transformation of the Postal Service into a truly commercial, efficient, and flexible institution has become a necessity, impelled by vast changes in the communications and delivery services markets since the last major restructuring of the nation's postal laws in 1970.

In preparing this report on postal transformation, the Postal Service has reviewed current operations and long-term trends. The views of all stakeholders have been solicited and considered. Experiences in other industrialized countries have been carefully studied. The Postal Service has heard the calls for modernization from members of Congress and the mailing industry.

From this review, postal leadership has concluded that fundamental transformation should begin as soon as possible. While the Postal Service does not presume to have all of the answers, this *Plan* offers a two-part approach for addressing the issues and opportunities facing the organization:

- **Meeting the Challenge.** Actions the Postal Service is taking now and the moderate changes to postal regulations and laws that will support these actions.
- **Preparing for the Future.** Enactment of a fundamentally new legislative framework for the Postal Service.

*Meeting the Challenge* defines the strategies the organization is pursuing to meet three commitments to its customers: 1) increasing the value of its products and services, 2) improving operational efficiency, and 3) fostering a performance-based culture. These strategies stretch across all functional areas. To increase the value of products and services and fuel growth, the Postal Service must both reshape how customers access products and services and improve the reliability, effectiveness, and convenience of the products and services themselves. To improve operational efficiency, the Postal Service must rethink all aspects of its logistics systems, from mail processing to material handling to network operations. To achieve a performance-based culture, the Postal Service must redesign incentives and workplace environments for its human capital, both managers and employees. Improved use of information technology, management of capital, and innovative purchasing strategies are also essential to support and facilitate improvement in all areas.

Moderate regulatory and legislative reforms, likewise, must be pursued to pave the way for transformation. These include regulatory or statutory changes needed to permit additional pricing flexibility, rationalize the postal retail network, resolve labor negotiation impasses, and pay market-based salaries.

*Preparing for the Future* describes options for long-term structural transformation. Three models are described to illustrate the range of possibilities that fundamental transformation could assume. Each model would require major legislative reform. The three models are:

- **Government Agency.** An agency focused on services not provided by the private sector.
- **Privatized Corporation.** A business entity with private shareholders.
- **Commercial Government Enterprise.** A government-owned enterprise operating more commercially in the market.

The Postal Service has concluded that the Commercial Government Enterprise model can provide the proper mix of commercial pressures and government ownership. It will allow the organization, even in the face of increasing competition, to continue achieving its mission—affordable, accessible delivery services for all Americans. As a commercialized entity, the Postal Service would provide core and market-based products and services, implement private sector employment incentives, and enhance financial management practices.

If such a commercial restructuring is approved by Congress, the Postal Service is confident that a transformed postal system can survive and thrive using the full range of managerial tools needed to create a performance-driven culture. Commercialization positions the organization to function in a dynamic marketplace as a stable, universal, integrated channel of the national economy.

Successful transformation will require strong and committed leadership from the Governors, the Postmaster General and all postal employees. Working together with its many stakeholders, including the executive and legislative branches of the federal government, the Postal Service will forge a new and modern business model for an institution that has served this country and evolved with changing times since 1789. The Postal Service recognizes its responsibility to take definitive action and to offer the citizens of America a clear and compelling view of current and planned actions, as well as a vision of where it is headed. At the same time the Postal Service wants and encourages all stakeholders to remain actively engaged in postal issues and the Postal Service's future.

Postal Service leaders understand and embrace the pivotal role they must play in restoring the Postal Service to a sound footing, ensuring the continuation of affordable, universal letter mail service, and preparing the institution for the opportunities ahead. They are committed to leading the transformation of the institution and welcome the roles of Congress, postal customers, labor and management associations, and other stakeholders in this endeavor. These are truly challenging times, and the Postal Service pledges to take a leading and constructive part in the transformation of this vital American institution.