

POSTAL NEWS

No. 120/2009

**Formulated by UNI-Japan Post in cooperation with UNI-Apro,
ASPEK Indonesia and SPPI**

<p>1. Postal Service loses \$677 million in May as volume declines. June 26, 2009.</p>

1. Postal Service loses \$677 million in May as volume declines

Christopher Hosford

Story posted: June 26, 2009 - 1:10 pm EDT

Washington, D.C.—Reflecting the continuing shrinkage of direct mail marketing and the changing communication habits of the American public, the U.S. Postal Service reported a net loss of \$677 million for May, bringing to \$3.4 billion its total losses in the current fiscal year.

In addition, the USPS reported it processed 2.8 billion fewer pieces of mail in May, compared with the same month in 2008.

The USPS is on track to lose about \$6 billion in its fiscal year, which ends Sept. 30.

To help stem the tide of losses, the USPS has launched a “summer sale” on postage for any increase in bulk Standard Mail volume, a form of seasonal pricing that the direct marketing industry has long requested. Mailers are being offered discounts of 20% to 30% through Sept. 15 for mail volume in excess of their past mailings.

20 Comments

1 through 10 Next »

Calvin

USPS Mailhandler

July 3, 2009 02:49 am

The United States Postal Service is what it is today because of poor vision by it's Brass that began decades ago. In a trickle down effect the Ineffective leaders have produced an ineffective and unmotivated workforce. I think the worst think that ever happened to the USPS was the belief that we are a "government" entity, because of this those in charge feel as though they are Regal once "Ordained" and Lord over employees instead of strategizing to best serve our customer and get work done most efficiently. Im young (27) , and I've been working for the post office for 5 years and it is by far the worst work environment I have ever seen. The Postal service punishes

thinkers and promotes lapdogs. Now for the Silver Lining , I am now back in school to finish up my Bachelors and get a REAL JOB :-)
2280859

Ellen Sorstokke
Marketing Strategist
June 26, 2009 02:34 pm

There will never be "no need" for USPS — certainly not in my lifetime. But, USPS must rework its business model to fix current and predictable future problems NOW.

USPS needs to continue Saturday delivery. Reducing service is a very bad idea, especially when their competitors will pick up the slack in a heartbeat. Reducing service guarantees reducing business at an ever faster rate. Improving reliability of delivery and lowering cost, especially on commercial mail could keep more direct mailers using USPS. [As a direct mailer, nothing irritates me more than having a wide-open range of potential delivery dates on dated materials!]

As with a great many organizations, especially those with unions [which USPS has], no one planned ahead for downward changes in demand [or if they did, they didn't enforce necessary controls] for normal cycles and the obvious changes in the way people communicate. Both were ignored. The result is top to bottom bloat with no apparent plan for reduction.

Management — any organization's management — must have a way to reduce overhead at will as needed. If that means doing whatever it takes to put union contracts, benefits, pay scales and overall employee numbers more in line with what the business actually needs [it does], get on the stick and get it done! Start carving overhead NOW. Develop, use and enforce new policies. Tie them to the size/needs of the business. The longer USPS waits, the worse the problem will be.

Some of USPS's more ridiculous problems could/should have been fixed a long time ago, starting with the benefits package [which is better than any company I ever worked for], the number of employees, etc. If usage is down, USPS doesn't need as many people to make it run [or shouldn't]. If current and planned automation that are supposed to reduce the number of humans needed [by reducing waste] actually work, then start reducing staff. If it doesn't work as planned, fix it. Either way, they need fewer bodies.

If they want to keep the expensive "old guard" on until they naturally retire [attrition], then newer employees need to be gone until the old guard actually leaves. This is a long term expensive way to do it. Big businesses usually try to get rid of their excess expensive people, usually by retiring them or paying them to leave [buying them out]. This is a shorter term expensive way to do it. Either way, the days of cradle to grave employment in any one job are [and should be] over forever — especially since retirement age really ought to be closer to 75 than 65 and I don't know many 75 year olds who are as physically able to do USPS's kinds of work as a person half that age.

Can USPS declare Chapter 11 bankruptcy to force change? I don't know, but they may need it — and the unions can't be allowed to come away with sweetheart deals or USPS will be right back in its current mess [or worse] in nothing flat.

Like I said, fix the problems.
2278983

Ellen Sorstokke
Marketing Strategist
June 26, 2009 02:34 pm

There will never be "no need" for USPS — certainly not in my lifetime. But, USPS must rework its business model to fix current and predictable future problems NOW.

USPS needs to continue Saturday delivery. Reducing service is a very bad idea, especially when their competitors will pick up the slack in a heartbeat. Reducing service guarantees reducing business at an ever faster rate. Improving reliability of delivery and lowering cost, especially on commercial mail could keep more direct mailers using USPS. [As a direct mailer, nothing irritates me more than having a wide-open range of potential delivery dates on dated materials!]

As with a great many organizations, especially those with unions [which USPS has], no one planned ahead for downward changes in demand [or if they did, they didn't enforce necessary controls] for normal cycles and the obvious changes in the way people communicate. Both were ignored. The result is top to bottom bloat with no apparent plan for reduction.

Management — any organization's management — must have a way to reduce overhead at will as needed. If that means doing whatever it takes to put union contracts, benefits, pay scales and overall employee numbers more in line with what the business actually needs [it does], get on the stick and get it done! Start carving overhead NOW. Develop, use and enforce new policies. Tie them to the size/needs of the business. The longer USPS waits, the worse the problem will be.

Some of USPS's more ridiculous problems could/should have been fixed a long time ago, starting with the benefits package [which is better than any company I ever worked for], the number of employees, etc. If usage is down, USPS doesn't need as many people to make it run [or shouldn't]. If current and planned automation that are supposed to reduce the number of humans needed [by reducing waste] actually work, then start reducing staff. If it doesn't work as planned, fix it. Either way, they need fewer bodies.

If they want to keep the expensive "old guard" on until they naturally retire [attrition], then newer employees need to be gone until the old guard actually leaves. This is a long term expensive way to do it. Big businesses usually try to get rid of their excess expensive people, usually by retiring them or paying them to leave [buying them out]. This is a shorter term expensive way to do it. Either way, the days of cradle to grave employment in any one job are [and should be] over forever — especially since retirement age really ought to be closer to 75 than 65 and I don't know many 75 year olds who are as physically able to do USPS's kinds of work as a person half that age.

Can USPS declare Chapter 11 bankruptcy to force change? I don't know, but they may need it — and the unions can't be allowed to come away with sweetheart deals or USPS will be right back in its current mess [or worse] in nothing flat.

Like I said, fix the problems.

2278982

Pat

June 26, 2009 02:36 pm

When we are getting mail returned to us on June 22, 2009 that was originally mailed on September 4, 2008, stating "forwarding time expired" it is no wonder USPS is losing money! I'm starting to wonder what exactly they are doing over there. My trust in the service of the USPS has gone from 100% to 5%

2278967

Pat

June 26, 2009 02:36 pm

When we are getting mail returned to us on June 22, 2009 that was originally mailed on September 4, 2008, stating "forwarding time expired" it is no wonder USPS is losing money! I'm starting to wonder what exactly they are doing over there. My trust in the service of the USPS has gone from 100% to 5%

2278968

Deirdre Cavener

Kiss Marketing, Inc.

June 26, 2009 02:38 pm

Maybe they should lower their prices. I would do more direct mail if it was less expensive. Remember when you could send a postcard for 20 cents? 1995-2001 = 20 cents, 8 years later 28 cents. High prices don't mean more volume or revenue. They have priced themselves out of the market. Another dinosaur falls! The only thing bigger means today is that they fall harder and shake up the economy more.

2278971

Karen Kennedy

June 26, 2009 05:38 pm

This is perhaps a small thing, but it's indicative of the USPS' inaction. Look at the stamps they have for sale. I can't imagine people buying them to collect. The selection is abysmal. They don't even issue a 98-cent stamp -- and that's the new overseas rate for a letter.

They also effectively abandoned overseas package shipment. There is NO MORE "sea mail," making it ridiculously expensive to use them for overseas packages.

Their priority mail service is a joke. You get better, faster, cheaper delivery with plain old first-class mail (or via UPS).

2279006

Rick Littrell
Magicomm, LLC
June 26, 2009 09:19 pm

Lots of good points brought up, but I have to say that we CAN get rid of Saturday mail (do I really care if my bills, magazines, and dm products show up on Monday instead of Saturday? NO). And we could reduce the mail on one other day. Deliver on Monday, Wed., and Fri. only. Why not? The world is changing and unfortunately the USPS is an organization that has to change MASSIVELY, not just minor tweaks. With the issues with the newspapers, why can't the newspapers leverage the distribution abilities of the USPS? The USPS is uniquely set up for delivering to every household in the US...the newspapers could ride that channel. Just a thought...
2279086

Fred Giuffrida
Paladin Software
June 26, 2009 11:24 pm

As someone who ships with USPS every day, I know them pretty well. Here's my take.

1. Price isn't the issue. They're still the cheapest game in town.
2. Priority Mail is a bargain, not a joke. Packaging is free and it DOES get there faster if your mailing any distance, though it is the same as 1st class if you mail to nearby.
3. No diminished service! It's one thing if you don't get your bills on time, but what about those packages your expecting? Many businesses are also 6 day a week operations now. How about charging a premium for Saturday delivery much like UPS?

Suggestion 1: Computerize! Idiotic Click&Ship doesn't do anything less than priority mail. Allow people to buy first class postage online and skip half the people at the counter if you promote it on TV. People should not be waiting in line to buy freaking stamps!

Suggestion 2: Put in real tracking and charge for it. Delivery confirmation is not tracking.

Suggestion 3: Variable bulk pricing. Study the competition. There's a reason most mail order goes UPS. If you mail a lot it's cheaper.

Suggestion 4: Fuel cost has got to be huge. Become an innovator in this area. Maybe a fleet of electric delivery vehicles.

Suggestion 5: Two biggest USPS times. Christmas and Tax Day. Tax Day can be made much more efficient by creating a special fixed price mailer with certified mail and delivery confirmation. Discount both Christmas and Tax mailing on a sliding scale charging more the closer you get to the day.

As for newspapers, it's gotta be cheaper right now to do their own delivery, and certainly papers aren't going to spend more money. On the flip side if USPS institutes a special newspaper rate they'd be delivering thousands of heavy bulky items for next to no money.

Cheers,

~Fred
2279104

Rick Littrell
Magicomm, LLC
June 26, 2009 11:56 pm

Agree with most your points, Fred.

they may be cheapest, but they are still losing \$\$\$, so the model is broken and needs to be fixed. Too much infrastructure, not enough revenue.

I think that premium services should be available on the off days. Then if something has to be there, it can. Besides, they can email it! LOL

The pricing for newspaper delivery would have to be determined, but that is can easily be done...if the politicians and unions don't get in the way.

There has to be a combination that works for the people, the USPS, and newspapers. It just has to be figured out.

000

Collected by Chairul Anwar, Bandung, Indonesia.
E-mail address : chairulanwar49@operamail.com, uyungchairul@plasa.com.