



***Driving Standardization
in the
US Postal Service***

ASQ Washington Section

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Driving Standardization

***“There is nothing more exhilarating than
being shot at without result.”***

- Winston Churchill



Driving Standardization **Agenda**

- **A look at the US Postal Service**
 - **Our Quality Journey: '94 - Now**
 - **The 1998 Baldrige Assessment**
 - **The Process Management Gap**
 - **Closing the Gap**
 - **Selling the Concept**
 - **Developing the Infrastructure**
 - **Progress to Date**
 - **Summary**
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A Look at the US Postal Service

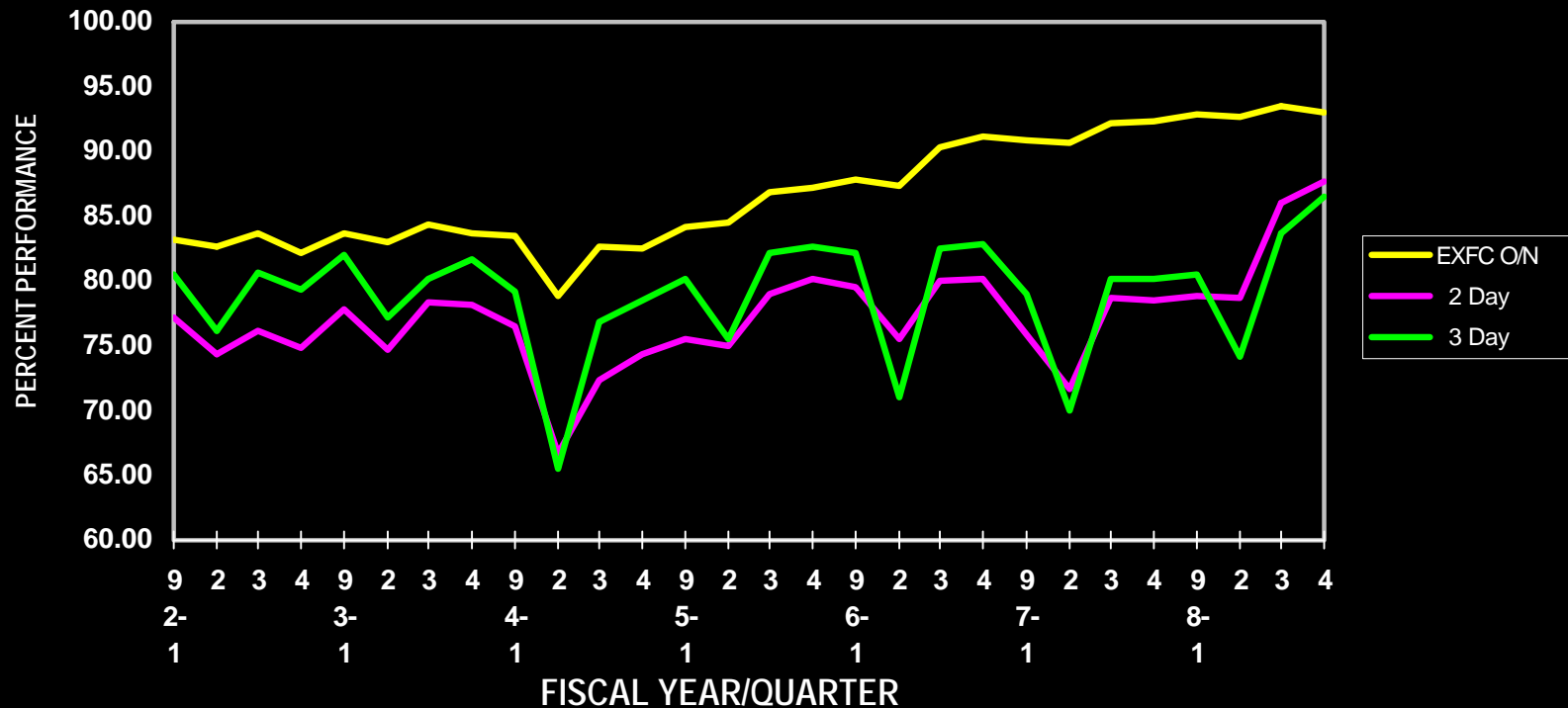
- **\$67 Billion in Revenue**
- **200 Billion pieces of mail annually**
- **890,000 Employees**
- **9th Largest in US**
- **29th Largest in the World**
- **38,000 Post Offices**
- **375 Mail Processing Plants**



Business Results 1992 -1998

Voice of the Customer

EXTERNAL FIRST CLASS MEASUREMENTS

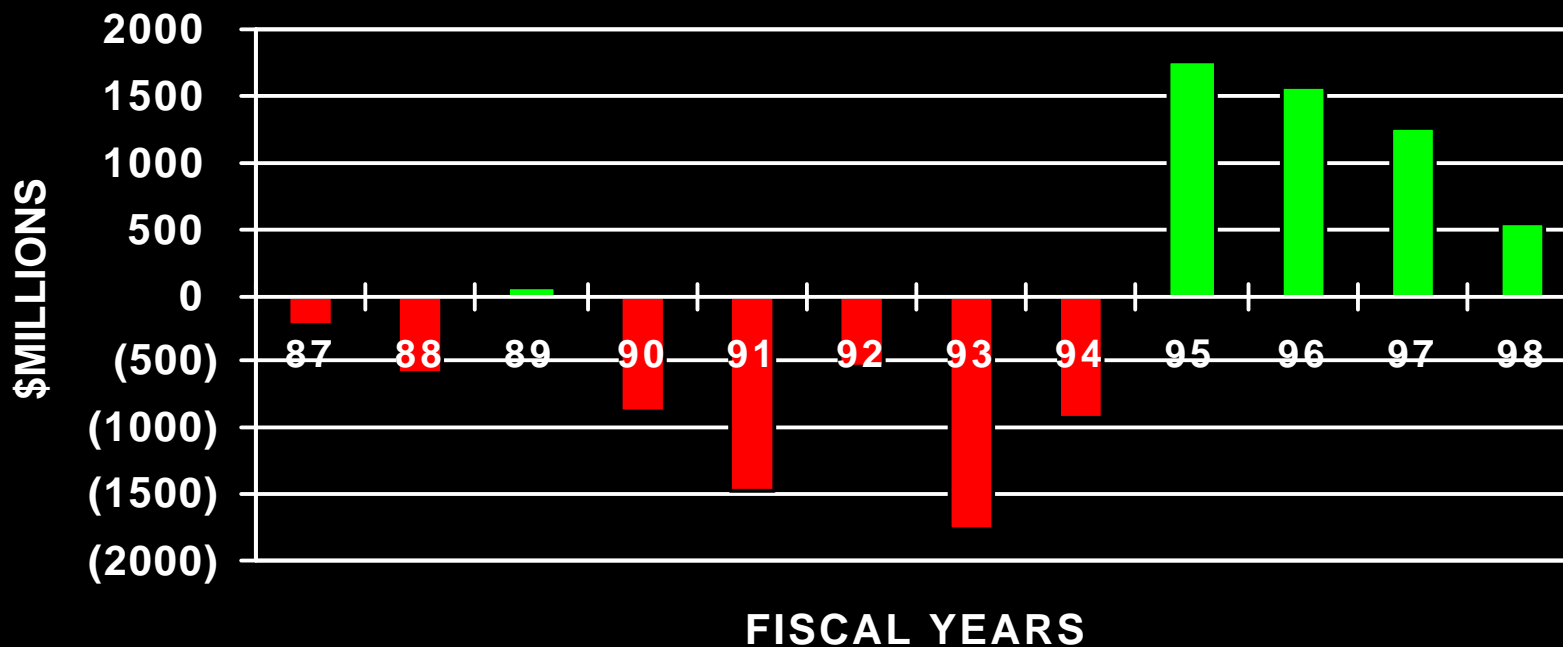




Business Results 1987 - 1998

Voice of the Business

NET INCOME

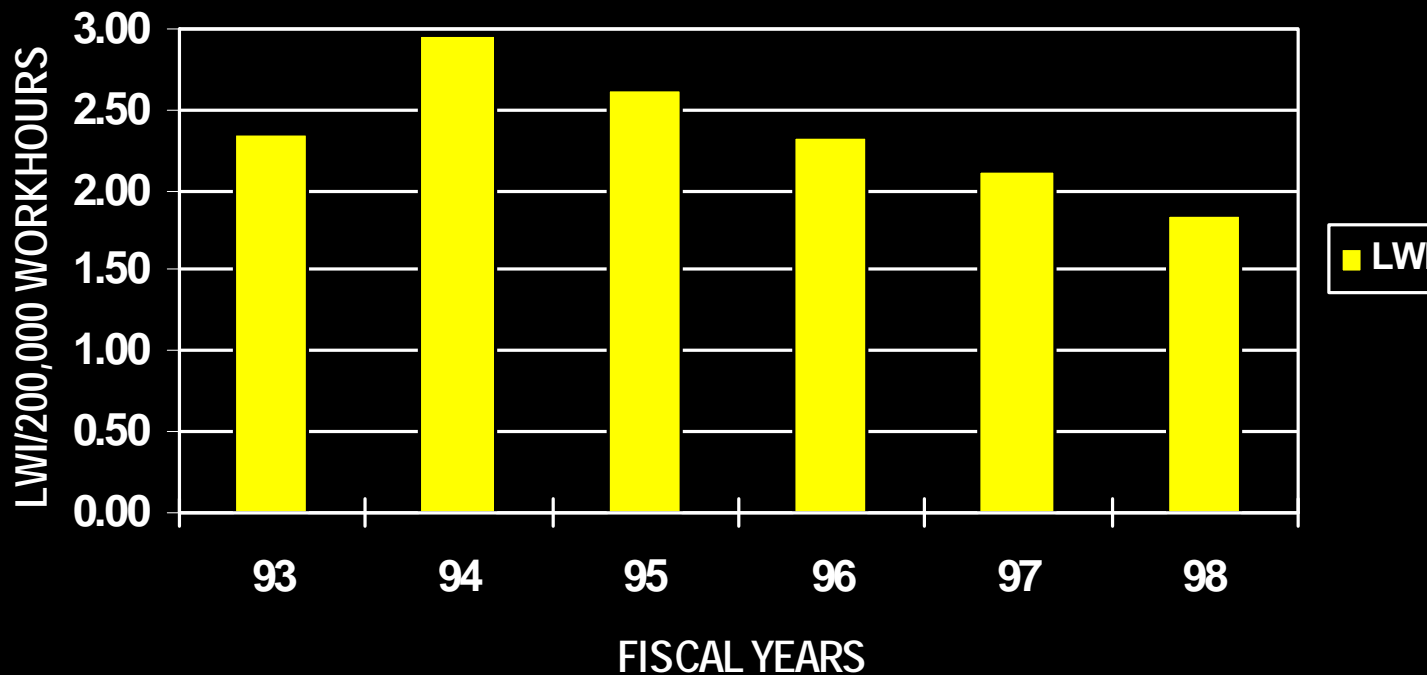




Business Results 1993 - 1998

Voice of the Employee

LOST WORKDAY INJURIES





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The Revenue Crisis

- **Electronic Diversion is causing mail growth to slow**
 - **By 2004, Revenue begins to decline in real terms**
 - **\$17 Billion is at risk from electronic bill presentment and payment**
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***“Thank God we don’t get all the
government we pay for.”***

- Will Rogers



Driving Standardization **Responding to the Crisis**

Response

Grow Revenue by increasing market share in our competitive products

Form Strategic Alliances to improve service and gain market share

Cut Expenses:

- **Staff reductions**

Increase Productivity

Postal Reform

Obstacle

- **Objections from the Private Sector**
- **Contribution from these products is not as high as 1st Class**

- **Less objectionable than direct competition**

- **Staff cuts provide limited relief**
 - **Union resistance**

- **American public has no reason to change**
- **No support in Congress at present**



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Our Quality Journey

- **1994** **1st Baldrige Assessment**
 - **1995** ***CustomerPerfect!***
 - ***Macro: Mgmt. System Changes***
 - ***Micro: Process Mgmt./ Quality Imp.***
 - **1998** **2nd Baldrige Assessment**
 - **1999** **Enterprise Map**
 - **2000** **Standardization**
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Driving Standardization **Management System Enhancements**

- ***CustomerPerfect!* Management Cycle**
 - Establish
 - Deploy
 - Implement
 - Review
 - **Improved Strategic Planning Process**
 - **Process Management**
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The 1998 Baldrige Assessment

- **Designed to simulate the “real” process**
 - **The “Application”** **2/98**
 - **External Examiner Team** **3/98**
 - **Extensive site visits** **3/98**
 - **Officer participation** **4/98**
 - **Feedback Report** **5/98**
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1998 Baldrige Assessment

**Management System
Improvement Priorities**

People

HR Strategy

Process Management

Comparative Data

Alignment of Direction



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The Process Management Gap

- **Processes not documented**
- **Roles for process owners not defined**
- **Little understanding and use of process control**
- **Little standardization within and across plants**
- **Replication not systematic**
- **Few effective in-process measures**



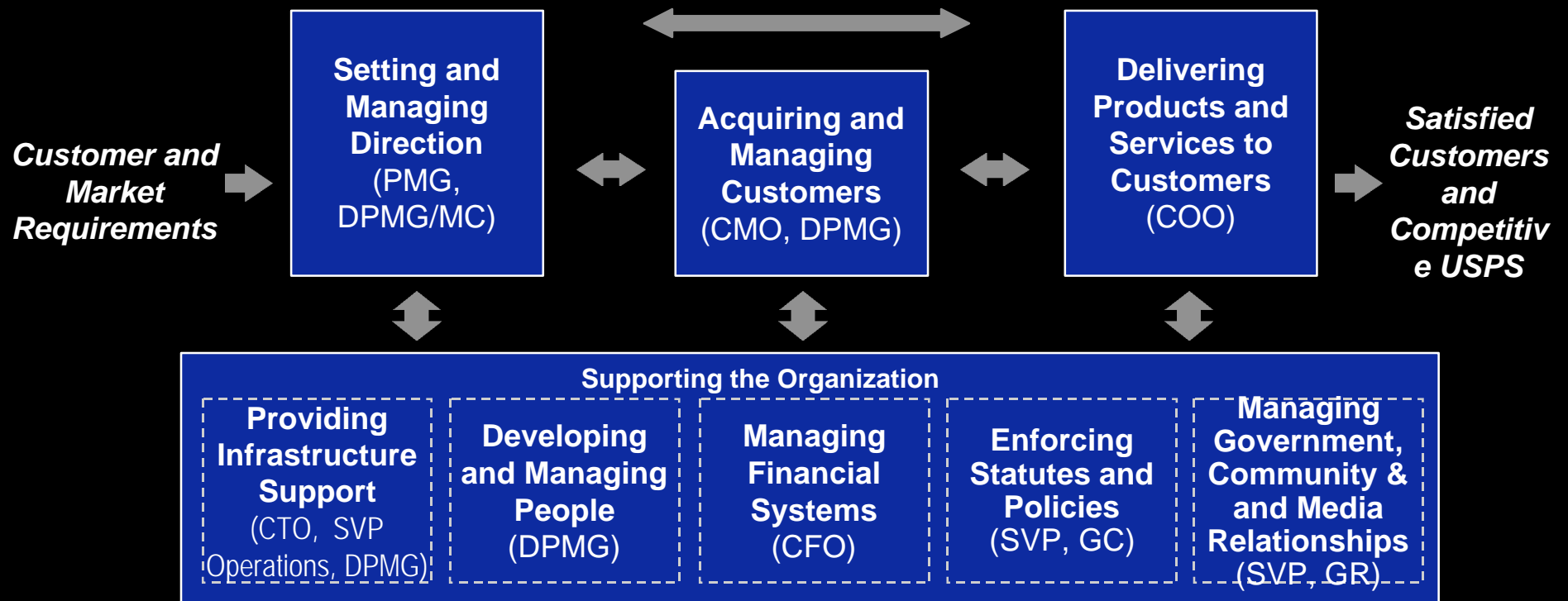
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***“Failure is the opportunity to begin again,
more intelligently.”***

- Henry Ford



The USPS Enterprise Map Framework





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The Need for Standardization

- ***The Postal Service is a Network Business! It can't operate at maximum performance without standards.***
 - ***We need to address the variability between, and within Plants and Post Offices.***
 - ***We need more than just performance targets - we need standard processes capable of meeting the targets.***
 - ***We need an approach which provides effective in-process measures and enables process control.***
 - ***We need clear accountability for process capability.***
 - ***We need a system that facilitates rapid process improvement.***
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The Need for Standardization

Conclusion: We need to design and deploy standard, capable processes in the Postal Service.

Will the Culture buy it? What will it take?

- ***Capable processes***
 - ***Management support and commitment***
 - ***A real need - like a mandate to cut costs by \$4 Billion over the next 6 years***
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“Exhilaration is that feeling you get just after a great idea hits you, and just before you realize what’s wrong with it.”

- Unknown



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What we did to sell it and launch it

- **Developed the initial concepts**
 - **Talked them up within the Quality network**
 - **Presented them to the Operations VPs**
 - **Integrated it with another key corporate initiative - Breakthrough Productivity**
 - **BPI provides the Targets**
 - **Standardization provides the process**
 - **Established a Standardization Steering Comm. to establish standardization targets and priorities**
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New HQ and Field Roles

HQ - Process Owner

Focus: Providing Operators with superior, capable processes

- **Responsible for *design* quality**
- **Proactively works with customers**
- **Provides “capable” integrated systems**
- **Monitors process performance**
- **Deploys process improvements to network**

Field - Process Operators

Focus: Using processes to meet or exceed VOC, VOE, and VOB objectives.

- **Responsible for *conformance* quality**
- **Customers of Process Owner**
- **Implement and use systems**
- **Control processes**
- **Provide input/feedback**
- **Implement process improvements**



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Critical Elements of Standardization

- **Process Ownership**
 - **National targets from proven process**
 - **Compliance to operating procedures**
 - **Process Certification**
 - **Process assessment triggers**
 - **Continuous Improvements from & to Network**
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***“Change starts when someone sees
the next step.”***

- William Drayton



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Supporting Infrastructure

- **Guidelines for Process Owners**
 - **Process, Instructions, Templates, Examples**
 - **Design Documentation tools for Best Practices**
 - **Design Tools for New Processes**
 - **Electronic Connection (Web) between HQ Process Owner and Field Operators**
 - **Ease of use**
 - **Facilitates:**
 - **feedback and communication**
 - **deployment of process improvements**
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The Design Process

- 1st Iteration - Identify and document “best practice” for national standardization (Design Lite)

 - 2nd Iteration - More significant changes in design to achieve more competitive performance levels (Design Heavy)
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Initial Efforts

Based on Best Practices:

- **Scheduled Maintenance**
- **Priority Mail Improvement Project**
 - **Priority Mail Indicators**
 - **Mail Prep**
 - **Manual Mail Processing**
 - **SPBS Processing**

New Process:

- **AFSM 100**
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ASFM 100





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ASFM 100





UNITED STATES
POSTAL SERVICE

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ASFM 100





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AFSM 100 Deployment Status

- **170 machines installed to date**
- **Wide variation in performance**
- **Best operations are meeting national targets**

AFSM 100 & Related Operations	Best Practice Plant	National Range (After 90 days)	National Targets (60 days/ 180 days)
Productivity	1,369	700 - 1000	1,250 / 1,500
Direct Productivity	2,671	1,300 - 2,100	2,600 / 2,600
Mail Prep Productivity	9,349	1,300 – 4800	9000 / 9000
VCS Productivity	833	300 – 600	450 / 833



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ASFM 100 Status

- **Supports corporate Flats Strategy**
 - **The standard process has been documented and tested**
 - **Performance targets have been modified to reflect test site experience**
 - **First draft has been reviewed by Areas**
 - **Final revisions are now being made**
 - **Formal launch planned for late January, 2001**
 - **Phase I Certification - Early April**
 - **Phase II Certification - Early July**
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AFSM 100 Std. Guide Contents

- Letter from Process Owner
 - Executive Summary
 - Local Program Leadership
 - Key Ongoing Operational Processes
 - Scheduling and Staffing Processes
 - Communication Processes
 - Process and Results Certification
 - Improving Performance
 - General References
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Standardization - Ramping up in 2001

Key Objectives for 2001:

- **Deploy AFSM 100 Process**
 - **Deploy Priority Mail Processes**
 - **Support expanding VMF and Delivery process efforts**
 - **Establish Process Certification**
 - **Complete Website infrastructure**
 - **Continue selection of strategic processes**
 - **Create incentive systems**
 - **Strengthen the Process Owner position at HQ**
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2001 Management Imperatives

- **Postal Reform**
 - ***Control Costs***
 - ***Grow/Protect Revenues***
 - ***Improve workplace climate/labor relations***
 - **Maintain a safe and healthy workplace**
 - ***Develop measures and assess performance***
 - ***Ensure data integrity and reliability***
 - **Leverage technology**
 - ***Increase customer service and satisfaction***
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Summary

- **The Postal Service is under tremendous stress to cut costs in the face of shrinking revenue**
 - **Standardization is one strategy that can significantly reduce operating costs and improve Postal Service performance**
 - **It is a major cultural change that will require new roles, management support, and sound execution**
 - **We have developed the basic concept and supporting infrastructure**
 - **Several strategic processes are ready for deployment**
 - **2001 will provide the answer re: success or failure**
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