Driving Standardization in the US Postal Service

ASQ Washington Section

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Robert J. Scanlon, Manager Core Process Support
“There is nothing more exhilarating than being shot at without result.”

- Winston Churchill
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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
EXTERNAL FIRST CLASS MEASUREMENTS

PERCENT PERFORMANCE

EXFC O/N

2 Day

3 Day

FISCAL YEAR/QUARTER

Voice of the Customer

Business Results 1992 - 1998

UNITED STATES POSTAL SERVICE
Lost Workday Injuries (LWI/200,000 Workhours)

Fiscal Years 1993-1998
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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
“Thank God we don’t get all the government we pay for.”

- Will Rogers
<table>
<thead>
<tr>
<th>Response</th>
<th>Obstacle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grow Revenue by increasing market share in our competitive products</td>
<td>Objections from the Private Sector</td>
</tr>
<tr>
<td>Form Strategic Alliances to improve service and gain market share</td>
<td>Contribution from these products is not as high as 1&lt;sup&gt;st&lt;/sup&gt; Class</td>
</tr>
<tr>
<td>Cut Expenses: Staff reductions Increase Productivity</td>
<td>Less objectionable than direct competition</td>
</tr>
<tr>
<td>Postal Reform</td>
<td>Staff cuts provide limited relief</td>
</tr>
<tr>
<td></td>
<td>Union resistance</td>
</tr>
<tr>
<td></td>
<td>American public has no reason to change</td>
</tr>
<tr>
<td></td>
<td>No support in Congress at present</td>
</tr>
</tbody>
</table>
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Our Quality Journey

- 1994  1st Baldrige Assessment
- 1995  *CustomerPerfect!*
  - *Macro: Mgmt. System Changes*
- 1998  2nd Baldrige Assessment
- 1999  Enterprise Map
- 2000  Standardization
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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

Customer and Market Requirements

Setting and Managing Direction (PMG, DPMG/MC)

Acquiring and Managing Customers (CMO, DPMG)

Delivering Products and Services to Customers (COO)

Satisfied Customers and Competitive USPS

Supporting the Organization

Providing Infrastructure Support (CTO, SVP Operations, DPMG)

Developing and Managing People (DPMG)

Managing Financial Systems (CFO)

Enforcing Statutes and Policies (SVP, GC)

Managing Government, Community & Media Relationships (SVP, GR)
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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
“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
# Driving Standardization

## New HQ and Field Roles

<table>
<thead>
<tr>
<th>HQ - Process Owner</th>
<th>Field - Process Operators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus: Providing Operators with superior, capable processes</td>
<td>Focus: Using processes to meet or exceed VOC, VOE, and VOB objectives.</td>
</tr>
<tr>
<td>• Responsible for <em>design</em> quality</td>
<td>• Responsible for <em>conformance</em> quality</td>
</tr>
<tr>
<td>• Proactively works with customers</td>
<td>• Customers of Process Owner</td>
</tr>
<tr>
<td>• Provides “capable” integrated systems</td>
<td>• Implement and use systems</td>
</tr>
<tr>
<td>• Monitors process performance</td>
<td>• Control processes</td>
</tr>
<tr>
<td>• Deploys process improvements to network</td>
<td>• Provide input/feedback</td>
</tr>
<tr>
<td></td>
<td>• Implement process improvements</td>
</tr>
</tbody>
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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
Driving Standardization
ASFM 100
Driving Standardization

ASFM 100
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**Driving Standardization**

**AFSM 100 Deployment Status**

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

<table>
<thead>
<tr>
<th>AFSM 100 &amp; Related Operations</th>
<th>Best Practice Plant</th>
<th>National Range (After 90 days)</th>
<th>National Targets (60 days/ 180 days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productivity</td>
<td>1,369</td>
<td>700 - 1000</td>
<td>1,250 / 1,500</td>
</tr>
<tr>
<td>Direct Productivity</td>
<td>2,671</td>
<td>1,300 - 2,100</td>
<td>2,600 / 2,600</td>
</tr>
<tr>
<td>Mail Prep Productivity</td>
<td>9,349</td>
<td>1,300 – 4800</td>
<td>9000 / 9000</td>
</tr>
<tr>
<td>VCS Productivity</td>
<td>833</td>
<td>300 – 600</td>
<td>450 / 833</td>
</tr>
</tbody>
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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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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.