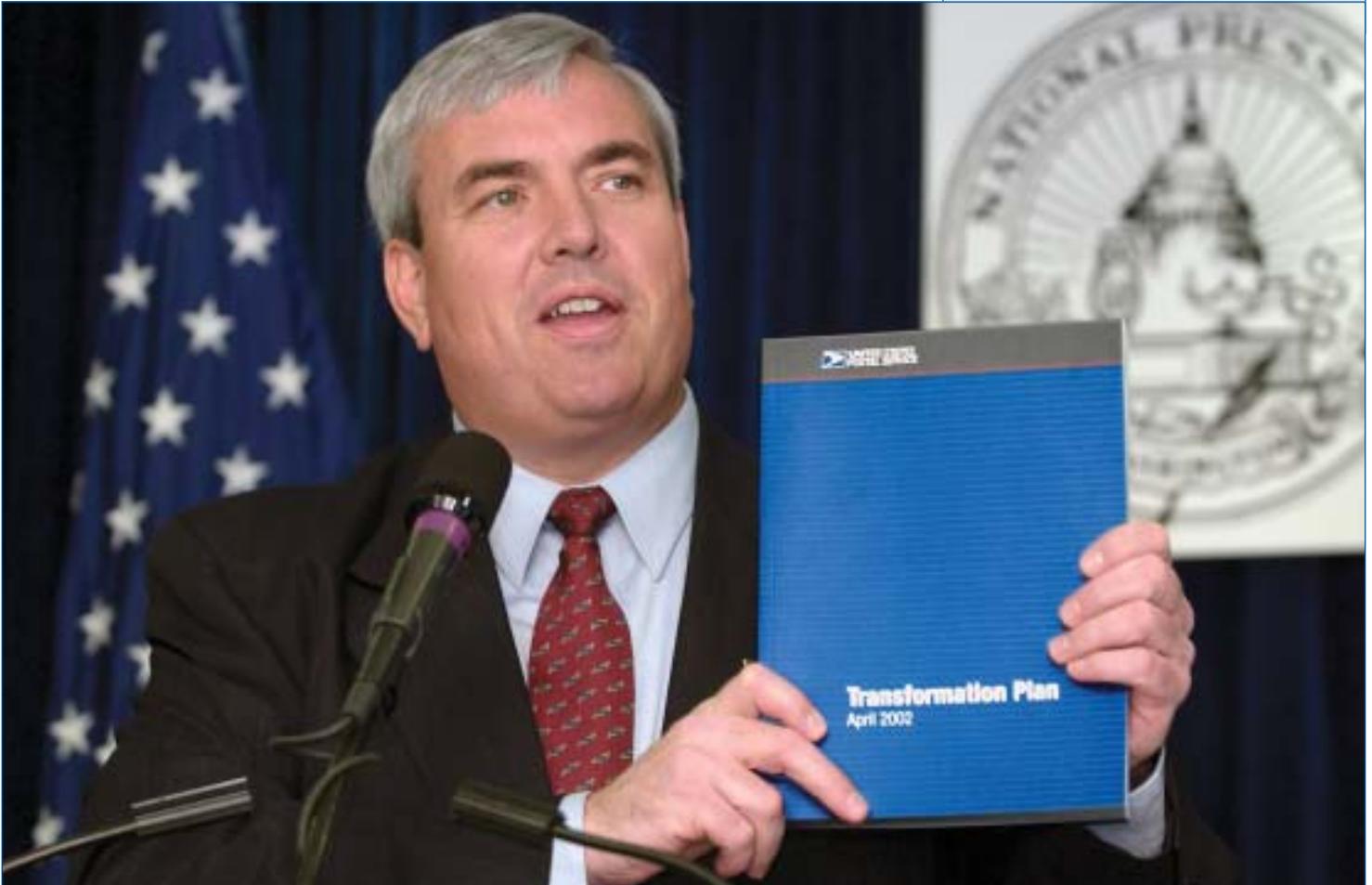


MEMO to MAILERS

UNITED STATES POSTAL SERVICE
VOLUME 37 NUMBER 4
APRIL 2002

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TRANSFORMATION: IT'S ABOUT UNIVERSAL SERVICE

The United States Postal Service delivered to Congress and the American people a blueprint for the future, embracing fundamental long-term transformation and promoting more immediate changes in postal business and operations that will affect employees, business customers and consumers.

Change is necessary to ensure a robust, viable USPS, says Postmaster General John E. Potter. At stake is the future of what has been, since this nation's founding, the right of every American to affordable, accessible mail service. The

Postal Service also anchors a \$900 billion domestic mailing industry that employs roughly one in 15 American workers.

In its Transformation Plan presented to Congress April 4, the Postal Service outlines steps that can be taken to reduce costs by \$5 billion over the next five years. And it presents options for the future that involve larger issues and will require a national debate.

"This is an action plan," says Potter. "We're going to take all the steps we can possibly take to keep the Postal Service financially viable

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New Rates JUNE 30

The Governors of the Postal Service voted to accept the Postal Rate Commission's (PRC) recommendation for a 3-cent increase in the price of a First-Class stamp as part of an overall rate increase of 7.7 percent. The new rates will take effect June 30.

While postage for the first ounce of a First-Class letter rises to 37 cents, the cost of the second ounce remains the same at 23 cents. Customers who mail First-Class Mail parcels will now be able to buy

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TRANSFORMATION: IT'S ABOUT UNIVERSAL SERVICE

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so it can continue its essential role in the lives of Americans. We're going to improve value for our customers. We're going to enhance operational efficiency. We're going to foster a more performance-driven culture. But ultimately, these are stop-gap measures. It's going to take even more than that. We need to address long-term issues. We need a fundamental restructuring of the legislative and regulatory framework."

ACTIONS NOW

According to the plan, actions that can be taken now to reduce costs include working with the Postal Rate Commission to create pricing flexibility, outsourcing administrative work and streamlining internal purchasing procedures, among many steps. In addition, the plan calls for the Postal Service to evaluate its network of postal retail facilities and mail processing plants that will be required to meet current and future customer needs.

The near-term operational and performance-based strategies will generate \$5 billion in savings and

cost avoidance through 2006. Of that, \$1 billion will be in post office operations. "These savings will enable us to achieve a level of debt repayment and to hold rates steady from mid-2002 until calendar year 2004, with a moderate increase at that time."

LONG-TERM OPTIONS

The ultimate goal of postal transformation "should be to promote an efficient, reliable and innovative delivery services sector that

"The Transformation Plan is a blueprint for modernizing every aspect of the way we do business. If we fail in that task, if we are unable to make the changes needed to compete successfully, the only post offices our children's children will know are the ones they'll see in museums." — PMG John E. Potter

meets the diverse economic and social needs of the nation and all its citizens." The Postal Service says alternative business models must be explored. Each of the three possibilities USPS presents — government agency, privatized corporation and commercial gov-

ernment enterprise — would require structural legislative reform.

Of the three options, USPS believes the commercial government enterprise alternative would "best allow integration of the postal system into the modern economy while preserving the ability of the Postal Service to fulfill its mission of universal service."

The development of the plan was requested by Congress and the General Accounting Office,

costs USPS has no direct control over, such as retirement and health benefit liabilities. And on top of all this, the war against terrorism placed USPS employees on the front lines. Countermeasures will be expensive.

UNIVERSAL SERVICE

"Until transformation is accomplished, the ability of the Postal Service to finance a continually growing universal service obligation without a government subsidy will be in serious doubt," states the plan.

The Postal Service's new business model will give it the tools to succeed in the 21st century marketplace. It will help USPS protect mail delivery, for everyone, well into the future. ■

READ IT

The Transformation Plan is online at www.usps.com.

New Rates June 30

continued from page 1

Delivery Confirmation or Signature Confirmation. Post cards will cost 23 cents.

Priority Mail will have a new 1-pound flat rate at \$3.85. Postage for heavier pieces will vary by zone. An 8-ounce flat rate Express Mail letter will be \$13.65. Post office box fee changes will vary depending on the location of the office, with increases at some offices and decreases at others. Certified Mail will cost \$2.30 and will include Internet access to Delivery Confirmation. The charge for a return receipt will be \$1.75. COD fees will not change.

This rate change came through an unprecedented settlement between the Postal Service and the mailing industry which allowed the PRC to expedite the case. ■

GROWTH THROUGH ADDED VALUE TO CUSTOMERS

Flexibility and growth will be essential for USPS to transform successfully. To fulfill its universal service mission, the Postal Service must offer affordable products and services that serve the entire spectrum of its customer base, from large corporations to individual consumers. The Postal Service must also find ways to use existing resources to generate new revenues to offset anticipated losses from electronic diversion. USPS products and services must also be flexible enough to adapt to 21st century technological advances.

With these requirements in mind, the Postal Service will implement a number of specific growth strategies to increase value to customers. USPS will:

- Work with the Postal Rate Commission to create more streamlined processes for introducing targeted pricing initiatives, and more regular and predictable price changes, such as phased rates.
- Expand access to postal services by doing business when and where our customers prefer.
- Develop "intelligent mail" products that not only track and trace from origin to delivery but also integrate information throughout the entire cycle of multiple business transactions.
- Work with customers to make sure databases are updated frequently and accurately, and explore the use of publicly available databases to improve the overall accuracy of address information.
- Make it easier to use postal services by aligning mail preparation and prices to customer needs and capabilities.
- Explore more innovative payment options for our customers through third party credit.
- Work with all package mailers to create a product that is simple, easy-to-access, information-rich, and takes advantage of our vast retail and delivery presence.
- Work with customers to add features that enhance the value of traditional products. ■

MERLIN is about mail quality

As deployment of MERLIN (Mail Evaluation Readability and Lookup Instrument) begins to go nationwide, the Postal Service and mailers are working together to ensure a smooth transition. MERLIN is an automated verification tool used to verify the accuracy and quality of letter and flat-size presort mailings against USPS mailing standards, including barcode readability.

"It's about quality — nothing more and nothing less," says Chief Marketing Officer, Anita Bizzotto. "If we start with the best-quality mail preparation, you'll get the best service we can give you."

Initially deployed in the Southeast and Southwest Areas, MERLIN will be in place nationwide by the end of 2003.

"MERLIN allows us to automate the process of mail acceptance and improve the quality of mail in a comprehensive and consistent



way," says Wargo. "It will improve the quality of mail preparation, which will in turn will improve the entire mail stream from prepa-

ration to delivery and result in the lowest possible combined costs and highest possible levels of service."

A joint USPS/industry work group, sponsored by the Mailers' Technical Advisory Committee, has made recommendations about training and communication, standard operating procedures and equipment. These include reviewing and expanding training to include a comprehensive users' guide, supplemental training for business mail entry clerks and mail piece design analysts, and to review training for maintenance.

The work group's recommendations, USPS action plans and other MERLIN-related information are available online at <http://www.ribbs.usps.gov/mtac.htm>. Click on the link for "Latest on Mail Quality." ■

Service excellence

Praised for her great working relationship with employees and customers, Roberta Brinkman, postmaster of the Staples, MN, Post Office, is the national winner of the 4th annual Benjamin Franklin Community Newspaper and Postal Partnership Award of Excellence.

The award, sponsored by the National Newspaper Association (NNA), is presented to a postal employee who best represents the spirit of Benjamin Franklin. It was Franklin's dedication to service that helped set standards by which community newspapers and USPS operate today, says NNA.

"She is truly a full-service postmaster," says Max Heath of Land-

mark Community Newspapers in Shelbyville, KY, who chaired the NNA committee that selected Brinkman from among the state winners.

"I congratulate Roberta for receiving this award which honors postal employees who have done the most to strengthen the partnership between the Postal Service and community newspapers," said Postmaster General John E. Potter.

"I also want to thank the *Staples World* newspaper for nominating Roberta. I read the nomination letter from Kathy Odden, the circulation manager, and Brenda Halvorson, the general manager, and was particularly



The Benjamin Franklin award was presented to Roberta Brinkman, a 30-year USPS veteran, by NNA President Kenneth Rhoades (left) and PMG John E. Potter at a luncheon March 22 during NNA's annual government affairs conference.

pleased to read how Roberta not only helped the paper with the mailing requirements to save money

but that she's very active in her community," Potter said. ■

GET YOURSELF

noted

Enhance your direct mail with Repositionable Notes:

- They allow you to grab your customer's attention quickly — improving open and read rates.
- They make your mail piece more actionable — driving potential customers to respond to your offer.
- Their use allows your direct mail pieces to move along with the normal mail stream, not needing any additional or special handling.
- Their use on direct mail requires no additional postage.

A one-year pilot test will allow customers to affix Repositionable Notes — RPNs — to the outside of barcoded, ZIP+4, automation-compatible letter and postcard size First-Class Mail and Standard Mail pieces. The mail must meet certain size criteria and requirements.

“Research and live-mail testing have shown that through the use of RPNs, adver-

Want a message with *sticking power*? Direct mailers can turn to a one-year pilot test launched in March by the Postal Service which allows them to enhance their mail pieces with Repositionable Notes, such as specially designed Post-it® Notes.

tisers have significantly increased their response rates making advertising mail a more valuable medium, which will provide the Postal Service with additional volume and revenue,” says Nicholas Barranca, vice president, Product Development. They increased customer response rates by as much as 37 percent in an initial test mailing.

One of the key features of RPNs is that they are — *ta da!* — “repositionable.” Put a note on the outside of letter mail with a phone number or Internet address and the recipient can remove the note and put it somewhere

handy — on a computer, refrigerator, phone or even a mirror or window if they choose.

Initial tests were conducted last year to determine the program's feasibility and impact on automated processing and delivery. Adjustments were made to the adhesive strip and the requirements for the note position. The results of this one-year pilot

test will further determine the impact RPNs have on automated processing and delivery operations, says Barranca.

Currently, only specially designed Post-it® Notes produced by 3M have qualified for use during the pilot test.

Customers may get information and request an application to participate in the RPN pilot test by contacting Manager, Product Management — Letters, 1735 N. Lynn Street, Arlington VA 22209-6043, or by e-mail to reppnotes@usps.com. ■

How to use them?

- Teaser copy.
- Coupon that can be redeemed.
- Reminder that includes a phone number or address.
- Highlight a product on a particular page of a catalog.
- Call attention to an article or advertisement in a magazine.
- Reminder for a calendar.

USPS assigns new ZIP Codes

The Postal Service will assign new ZIP Codes in several areas of the 317 3-digit ZIP Code span in south Georgia, effective July 1. This area presently contains 93 ZIP Codes, which is over the allowable amount for future ZIP Code planning. Therefore, it has become necessary to split the territory and add a new 3-digit span in order to ensure capability of coding new territory as growth continues. Some of the ZIP Codes in the 317 3-digit ZIP Code span are being

split to the 398 3-digit span.

In April, the Postal Service will notify residential and business customers in the affected areas of the change in their present ZIP Code. A second notification that contains their new ZIP Code will be mailed June 1. Customers will be provided with postage-paid change-of-address cards so they can notify mailers, regular correspondents, personal acquaintances, etc. of their new ZIP Code to take effect July 1, 2002.

To help ease this transition for customers, the Postal Service will provide a one-year grace period during which both old and new ZIP Codes will be recognized. This will allow most customers time to exhaust their current supplies of stationery or other items, and order new supplies well before the grace period ends. Furthermore, USPS is working closely with large mailers and government agencies to ensure that their address records will be changed. Most major mailers subscribe to computerized serv-

ices that upgrade ZIP Codes, therefore, most magazine subscriptions and bills will change automatically.

The new ZIP Codes will not only allow the Postal Service to deliver better service to its customers, but they also will prepare USPS to meet service demands from additional growth that is expected over the next decade. ■

Global economies

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Global Delivery Services™: With some of the most affordable shipping choices in the business, we go to the ends of the earth to help you manage your overseas delivery budget.

DIRECT MAIL SEMINARS A BIG HIT

After its first three months, the Postal Service's Direct Mail Made Easy seminar is a resounding success. "We are exceeding all of our expectations," says Program Manager Gary Infante. "We are successfully reaching small- and mid-sized business customers with the value of direct mail for advertising messages."

Even better, Infante says customer feedback shows that new customers are leaving the seminars intending to give the mail a try. According to statistics, 60 percent of those attending said they did not have a postal mailing permit, and 31 percent said they did not use direct mail to advertise. As a result of the seminars, 41 percent of those without a postal mailing permit said they would be getting one.

"We are excited about the prospects for the remaining seminars. We only wish we could do even more of them," Infante says.

If you want to find out more about a seminar, or when one might be held in your city, go to www.usps.com/directmail. Are you a small business specialist? If yes, e-mail or call Gary Infante to find out how you can get involved right now! He can be e-mailed at ginfante@usps.com or phoned at 703-292-3857. ■

2002 CLEVELAND PCC EXPO

The 2002 Cleveland PCC EXPO will be held May 3 in Independence, OH. The theme will be Mailing in the New E*conomy. Seminar topics include the new USPS rate case, how to use the rates to your advantage, e-mail marketing and the basics of direct mail and stress management. For

PCC COMMUNITY WELCOMES NEW CO-CHAIRS

Over the past few months, the following individuals have become PCC co-chairs:

Industry co-chairs:

Mary Jo Boor, President, Connecticut Presort, North Haven, CT, Greater New Haven PCC

Joanne Carroll, Supervisor, Mail/Print, Talbot's, Hingham, MA, Southeastern MA PCC

Scott Chapman, Vice President of Marketing, Straub Corporation, Des Moines, IA, Des Moines PCC

Judi Coleman, Quality Assurance Coordinator, ACP/ASIM, Philadelphia, PA, Greater Philadelphia PCC

Edward Comer III, Account Executive, AmeriMail Corp., North Reading, MA, Northeastern MA PCC

Wes Friesen, Manager, Billing and Remittance Services, Portland General Electric, Greater Portland, OR, PCC

Art Gerckens, Manager, Mail Center, Sacred Heart University, Fairfield, CT, Greater Bridgeport PCC

Chris Kula, Manager, Central Mail Services, University of Iowa, Iowa City IA, Eastern IA PCC

Susan Mexcur, Marketing Manager, Headlight Audio Visual Inc, Portland, ME, Southern ME PCC

William Nixon, Mailing Supervisor, Northern Illinois University, DeKalb IL, Rock River Valley PCC

David M. Oakes, Vice President, Mailing Services, Fisher Group, Hiawatha, IA, Eastern IA PCC

Brian O'Mahony, Systems Coordinator, Southern CT Newspapers, Stamford, CT, Greater Fairfield County PCC

Mike Preston, Database Marketing Manager, *The Ledger*, Lakeland, FL, Heartland of FL PCC

Sharon Raph, Postal and Printing Specialist, SR Mailing Solutions, Sioux Falls Area PCC

Bill Tsaknopoulos, General Manager, Mass Communications, Inc., Leominster, MA, Central MA PCC

Charlie Wienkosky, Mail Services Manager, Bangor Hydro-Electric Co., Bangor, ME, Eastern ME PCC

Postal co-chairs:

David Becker, OIC, Charleston, SC, Greater Charleston PCC

Pamela E. Boudreau, Postmaster, Ayer, MA, Central MA PCC

Patrick Carlin, Postmaster, Providence RI, Providence RI PCC

Bill Cournoyer, A/Postmaster, Hartford, CT, Greater Hartford PCC

Franklin Diggins, A/Postmaster, Portland, OR, Portland, OR PCC

Margaret Dimock, Postmaster, Winchester, MA, Northeastern MA PCC

Bonita Gerdes, Postmaster, DeKalb, IL, Rock River Valley PCC

Judy Mann, Postmaster, Pittsfield, ME, Mid-Maine PCC

Frank Marshall, A/Postmaster, Stamford, CT, Greater Fairfield CT PCC

William Penley, Manager, BSN Operations, New Hampshire PCC

Barry Schupp, Postmaster, Brockton, MA, Southeastern MA PCC

Michael Wolf, OIC, South-eastern MN PCC

more information or to register, contact Mandy Waldmire at 216-251-2500. ■

LONG ISLAND PCC ANNUAL MAILING CONFERENCE

Hundreds of business professionals from Long Island (NY) will meet April 30 at the PCC's Long Island Mailing Conference. This year's theme is Getting Back to Business – Building Confidence in the Mail. There will be workshops and consultations. In addition, more than 60 exhibitors will display the latest in mailing technology. For information and registration, contact the USPS Long Island Business Service Network at 631-755-2900. ■

PCC WEBSITE REGISTRATION

Stay up-to-date with the latest PCC news and website updates. Simply sign up for the weekly e-mail update. Send an e-mail to: register@pcc.tteam.com. Please note that the e-mail account you use to sign up will be the one on which you will receive your updates. The website address is www.usps.com/nationalpcc. ■

CLARIFICATION

In our March 2002 issue, Ronald Friedle, vice president, Publisher's Mail Service, Milwaukee, WI, should have been listed as PCC MVP Award (Industry) runner-up.

FYI

Want to hear more about postal transformation? Postmaster John E. Potter will deliver the keynote address at the Spring 2002 National Postal Forum (NPF) April 21-24 in San Diego. For more information about the NPF, go to www.npf.org.

POSTAL NEWS BRIEFS

NEW VICE PRESIDENT OF STRATEGIC PLANNING

Postmaster General John E. Potter announced the appointment of Ralph Moden as vice president, Strategic Planning. Moden will be responsible for coordinating the development of plans and analyses contributing to the establishment of the strategic direction of USPS.

Moden served in the position in an acting capacity since last October and guided the development of the Transformation Plan.

MESSAGING SERVICE DISCONTINUED

After an extensive review of its Internet-based services, the Postal Service will discontinue its secure online messaging service, PosteCS.

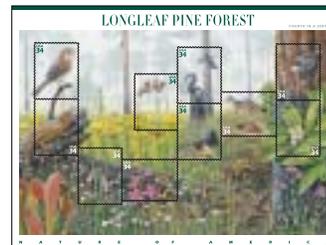
A transition plan is in place to minimize any customer inconvenience this decision may bring.

USPS plans to continue its review of current eCommerce services since the Internet and eCommerce are important links to customers in today's technological marketplace.

SAFETY CAMPAIGN WINS AWARDS

The USPS safety campaign, Safety Depends on Me, was honored with two prestigious Telly Awards for outstanding achievement in employee communications.

The video series won for best overall employee communications campaign. An individual program within the series entitled *What Happened?* won the second Telly Award for best employee communications video.



The beauty of America's longleaf pine forests is featured on a new stamp issued this month.

HEROES

It is a photograph indelibly reflecting a nation's unity, spirit and resolve. Firefighters raising the U.S. flag atop the rubble of the World Trade Center towers

in New York City. This stirring image appears on a new semipostal stamp that will raise funds to provide assistance to families of emergency relief personnel killed or permanently disabled as a result of the Sept. 11 terrorist attacks.

The Heroes of 2001 stamp was unveiled at a White House ceremony on the six-month anniversary of the attacks. The stamp, which will cost 45 cents, is expected to be available in post offices nationwide starting in late spring.

WHITE HOUSE CEREMONY



At the Oval Office ceremony were (from left) PMG John E. Potter; firefighters Billy Eisengrein and George Johnson; President George W. Bush; U.S. Rep. Gary Ackerman of New York; firefighter Dan McWilliam; and *The Record* (Bergen County, NJ) photographer Thomas Franklin, who took the photo featured on the stamp.

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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US POSTAL SERVICE
475 L'ENFANT PLAZA SW RM 10541
WASHINGTON DC 20260-3100
fax: (202) 268-2392
e-mail: mmailers@email.usps.gov

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See the USA... on stamps

Fifty states. Fifty stamps. The Postal Service's Greetings From America stamps celebrate the unique character of each of the 50 states.

"With these colorful, educational stamps, we're recalling the warm and friendly tradition of postcard and letter greetings exchanged through the mail between friends and family across the miles," says Cathy Caggiano, manager of Stamp Services. "These stamps will also serve as a lasting reminder of the Postal Service's commitment to its role in binding the nation together through universal service at affordable rates."

The Travel Industry Association of America (TIA) is

partnering with USPS on the issuance of the Greetings From America stamps by sponsoring a national See America Sweepstakes to "Win Your American Dream Vacation." All 50 states are participating in the program, and 50 one-week vacations — one for each state — will be awarded to 50 lucky winners. See the TIA website at www.seeamerica.org for details.

To order stamps, visit the Postal Store online at www.usps.com/shop or call 1-800-STAMP-24. To check out official licensed products, go to www.greetingsfromamerica.com. Information about the stamps is also available on aol.com ■