



Standardize Mail Preparation, Containerization and Entry Requirements

Report Recap

The October 2001 report of the Mailing Industry Task Force recommended that the industry and the Postal Service collaborate to standardize mail preparation, containerization and entry requirements to drive greater end-to-end system efficiency across classes of mail. To facilitate preparation standardization, the Task Force suggested there be 1) industry examination of how mail preparation across classes can drive greater efficiency, 2) acceleration of Postal Service implementation of existing Mailers' Technical Advisory Committee (MTAC) recommendations for shape-based preparation, and 3) industry and Postal Service collaboration on evaluation of the postal value chain.

The Prep and Entry Vision

Keeping the mail as a competitive communications channel, the Task Force stated in its fall report, requires a commitment to standardization and to world-class management principles for the postal supply chain and its component parts. The efficiency of the overall postal system, the Task Force noted, is limited by the array of differing and inconsistent preparation and entry standards that exist among and between classes and subclasses of mail. This differing treatment gives rise to work redundancies and inefficient transportation and translates into significant cost for both the USPS and the private sector.

The Task Force concluded that a standardization initiative, sensitive to policy and market issues, could help substantially reduce the expense associated with redundant or duplicative preparation and entry requirements. Moreover, if processors and mailers could reach consensus on the most effective and efficient way to prepare mail for entry into the channel, then the upside potential of the lowest combined cost network would be more fully achieved. As Steering Committee member Bill Davis, CEO of R.R. Donnelley, then stated, "Many times, the Postal Service has to rework the mail that we provide them because the systems aren't balanced... All of us need to recognize that the entire postal system – private companies and the USPS – has a lot of work to do to maximize cost reduction opportunities."

Progress To Date

Principles of Standardization. Through examination and analysis of mail preparation and the postal value chain, the Task Force and its committee defined a set of principles upon which to base a standardization initiative. They include the value of differentiation in the mailbox, predictability in the value chain, emphasis on shaped-based processing, the future of postal operations as the gateway to the household, and alignment between processing and preparation and entry. The Task Force committed to aligning its recommendations with standardization and optimization initiatives underway at the Postal Service, and concluded that planned postal infrastructure would be adequate to support the recommendations.

Make-up. The Task Force recommends the development of standardized packaging and containerization aligned with USPS processing. To achieve this objective, the Task Force supports several activities. One is to merge multiple products (flats) to the carrier route level. A second effort is to implement scheme-based entry for non-carrier route flats. A third activity is to collect data regarding minimum piece requirements and impact on processing efficiency. Finally, the Task Force supports co-containerizing of appropriate mail products for destinating entry.

Lower priority – but necessary – efforts supported by the Task Force include evaluation of line-of-travel benefits, standardized flats labeling, redefinition of the volume/transaction cost threshold for small and large mailings, increasing letter tray minimums to achieve the maximum number of full two-foot trays, and the requirement of delivery point sequence barcodes for letters and flats.

Containerization. The Task Force recommends the introduction of optimally designed containers that align with USPS operations. Several activities to realize this objective are underway and have the Task Force's support. One is to finalize development of a flat mail container which will streamline induction and processing from mailer production to USPS processing. Another is to set optimum container minimums based on the presort level and/or the entry point of the container. A third is to implement customer preparation of three-digit containers only when they add value to USPS processing.

Acceptance Points. The Task Force recommends that mail entry be better aligned with processing and/or transportation networks. A system to provide customers with information identifying optimum processing by facility is necessary, and the Network Integration and Alignment (NIA) model in development by the Postal Service will satisfy this requirement in the long-term. To bridge the gap, interim improvements to existing information will be made this fall.

Acceptance Process. The Task Force sees the need to optimize the handoff efficiencies between mailers and the USPS. One goal should be accurate payment for postal services guaranteed through a system that is easy to use for both industry and the USPS. The principal activity in support of this goal is the implementation of *PostalOne!*. *PostalOne!* will provide electronic capabilities for mailing information, documentation, postage statements and electronic 8125s. It promises to provide customer data to manage consolidation and re-consolidation operations for multiple containers.

Planned Actions

The Task Force intends to support the following next steps:

- For make-up – The re-consolidation pilot effort, focusing on periodicals, is in the development stage with implementation planned for this summer. Implementation of scheme-based entry will be done by September. Evaluation of minimum-piece requirements will begin with July data collection. The pilot for co-containerizing products for destinating entry will begin by this summer.
- For containerization – A pilot test for the MTAC/USPS Engineering Flat Mail Preparation Project is being developed with data analysis to be finished in the fall. Data collection for optimum container minimums based on the entry point and/or presort level of the container will begin this summer. Implementation of ‘value-added only’ three-digit containers is expected to be complete by the Fall Postal Forum.
- For acceptance points – This fall USPS will be enhancing an existing program to more explicitly define dropship entry points based on shape, class and/or processing capabilities.
- For acceptance process – *PostalOne!* must successfully move through formal internal USPS approval processes so that its features will be continually released through 2002, with capabilities to be demonstrated at the Fall Forum.
- Develop costing models so that the industry and USPS can clearly understand the financial benefits of the MITF recommendations.

Task Force Process

A committee created to address the Task Force’s recommendation included representatives from R.R. Donnelley, ADVO, Automated Data Processing, Mid-America Mailers, Quad Graphics, Time, Inc., Gruner & Jahr, McGraw Hill, JC Penney, Time Customer Service, Inc., Capital One, Advance Presort Services, Inc., Neiman Marcus, DFS/Spiegel and the PSI Group. Co-chaired by William Davis, Chairman and CEO of R.R. Donnelley, and by Postal Service Senior Vice President for Operations, John Rapp, the committee was supported by a team of postal operations executives. During meetings held in Washington, DC and Chicago, Illinois, the committee focused its efforts on developing consensus around a standardization initiative for shaped-based preparation, entry and containerization, which reflects sensitivity to policy and market issues.