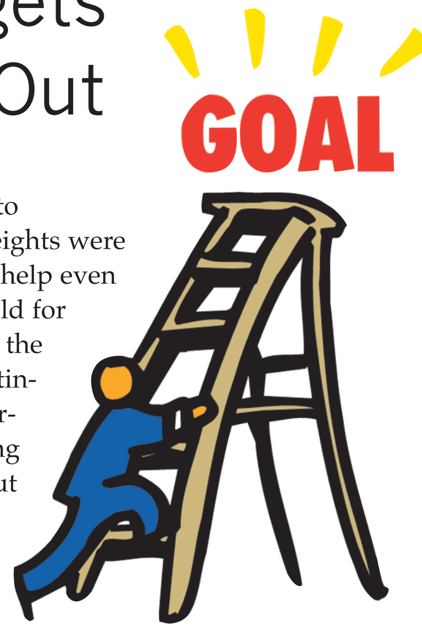
Preliminary NPA/PFP Targets Still Being Worked Out



We have the preliminary FY2010 NPA/PFP targets and weights and would like to share them with you. It has been a long road to recovery and although there are some changes for FY2010, we still have some problem areas to work out. Let's start with the changes and then we will talk about what we didn't get, why they are important to us and why we want to keep them on the table to discuss in the future. Postal Headquarters worked with us as late as early November on NPA/PFP for FY2010 and for that we are thankful.

NPA is not a well-thought-out program for most EAS at this time for two reasons. First, how the program is administered is not fair and equal to all in the Postal Service. Each Area and District has its own unique way of handling budget-spread methodology, dollar rate flexes and retail revenue plans. And, if this were not enough, the methods to correct these discrepancies, mitigating circumstances and recourse, are also administrated differently across the country.

The second issue is the level at which the goals are being set—they often are so far out of sight that they are unachievable from the start. Add that to the numerous flexes during the year and, if you ever had a chance for success … it's gone now. Revenue plans this past year were an excellent example. The Postal Service knew from day one that we would run double-digit negative retail revenue to SPLY for FY2009, yet most, if not all, Areas/Districts were given a plan to spread to the field that was positive to SPLY—some as high as 5 percent over SPLY.

To the defense of the USPS, how do you develop plans when you are facing a $7 billion loss? One of the criteria for NPA/PFP was that we wanted it to pay for itself with service improvements, revenue gains and budget reductions. Here is where management may have failed. Knowing what was in store for us, how much better could we have done if the plans were within reach?

I often speak of making sure we see the carrot. Postmasters will chase it until exhaustion sets in, but take it out of sight and defeat sets in before we even begin the race. How much effort can one be expected to exert in an endeavor that is certain to be doomed from the beginning? Isn't that the definition of insanity? I will speak about TOE and retail revenue later, but what I have written so far leads us to why we thought the following change to corporate/unit weights were needed. This may help even out the playing field for Postmasters while the Postal Service continues its battle to survive, thereby giving us time to work out the differences on the two most important unit indicators.

Part of the complete NPA package we proposed included changing the weight for corporate and unit scores. This is especially true for A-E, Level 11-16 Postmasters and to a lesser degree, Level 18-20 Postmasters. With TOE and retail revenue so erratic in many ways and so heavily weighted for these offices, if failure happened, these Postmasters (quite often by no fault of their own) stood a very good chance of getting a zero pay increase. This was because unit weight was so high; 55 percent for A-E, Level 11-16 and 50 percent for Level 18-21 Postmasters. For the Level 21-26 Postmasters (with a 40 percent corporate weight if the District did very well in service scores, and they got a decent CORE score), they would see a pay raise even though they had zeros in TOE and retail revenue.

I am not advocating zero as being good; I am still saying that quite often both indicators have too many issues outside of the Postmaster's control in today's environment and too many formulas (budget methodologies and interpretations of policy) that vary from District to District.

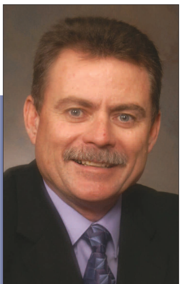
To help level this out, the corporate weight and unit weight have been changed to 50 percent corporate and 30 percent unit, leaving the residual 20 percent for CORE for all Postmasters. Another late hour discussion with Postal Headquarters included the fact that it wanted to change CORE to 10 percent, but agreed to keep the 20 percent after discussing the pros and cons of both. Many will say that this change of corporate/unit weight takes away from the individual performance recognition. This is true, but we could not find common ground on the two big unit

Continued on page 10

NPA/PFP Targets Still Being Worked Out

Continued from page 9

goals, TOE and retail revenue. Reducing the impact of these two unit goals so as to make them more fair and equal to all was high on the priority list. It will remove the peaks and valleys of NPA and, during these trying times, may be best overall. We should see far fewer zero pay raises and, yes, we will see far fewer exceptional contributor pay raises.



Mark Strong
PM Sun City AZ
therat28@msn.com

For those who often were on the high end, think for a moment of putting in a full year's worth of work and getting no raise simply because of a bad plan or dollar rate flex that made no sense whatsoever. This will enable more Postmasters and EAS to end up in the middle of the bell curve. This is not a bonus program. It is a pay-for-performance program and, I can't repeat this enough, the process, goal setting and attainable goals have to be equal and fair to all. Until we reach a method to accomplish this, the new weights will help with the fairness issue.

During these challenging times, what better place is there to focus our time and energy on than service? We cannot lose sight of the efficiencies; however, we need to win back the American public and the mailers back through dependable service. If we are all working together on this and our corporate scores stay high, we will see a reward for those efforts. With every office now being tested on EXFC, we all have the same impact on the scores and should be held accountable and rewarded the same.

These were some of the thoughts and reasoning behind the change. Again, we are not jumping up and down with excitement, but feel we are headed in the right direction. First and foremost, stopping the events that lead to Postmasters not receiving a pay raise because of a bad plan, questionable flexes or circumstances beyond their control, has to be accomplished. To all unit indicators regardless of level, another goal has been added—a SOX index. At this time, I am not sure how it is being measured or where that information will be available, but we knew with all the attention SOX was getting, it would show up on our NPA report card. As soon as we have more information, we will get it out to you.

So before I talk about retail revenue and TOE, what are the results of these changes? We have not seen a final draft, so it could change, but for FY2010, here are the preliminaries:

—Level A-E, 11-20 Postmasters: 50 percent corporate, 30 percent unit.

The unit weights are: 45 percent retail revenue, 45 percent TOE, 10 percent SOX compliance.

—Level 21-26 Postmasters: 50 percent corporate, 30 percent unit.

The unit weights are: 10 percent MVA, 10 percent retail revenue, 10 percent SL (down from 20 percent in FY2009), 10 percent DPS, 10 percent SOX, 50 percent TOE.

We tried so hard to convince Postal Headquarters to change TOE to work hours with a compromise of leaving the Level 21-26 on TOE—and got nowhere. With 80 percent of TOE comprising salaries and benefits, it has to see we have a problem from the word "go." How work hours are spread is enough of a challenge with 75 Districts. When you add into that mix the dollar rate flex (how it is done, when it is done and the numerous variations of the formula to adjust), you have a recipe for disaster—not success.

We understand the importance of TOE, but how much are we losing by not following some basic leadership principles? *A goal must be achievable* to have value. Work hours in the current environment are quite often out of touch with reality, but throw in the dollar rate flex and, regardless if it is correct, when it moves someone from success to failure, the only behaviors it will drive are discontent and looking to find fault with the process and not the operation.

People will work harder when there is a chance at accomplishment and recognition for this accomplishment. Strip that from them because of a broken process and you may lose them forever.

Goals must be easy to understand and track. Try being successful on the flash report only to have it taken from you because of a dollar rate flex so complex that most AV's or District managers can't explain it (and the majority of MPOOs and POOMs don't understand and dislike it as much as Postmasters). Throw into the mix the timing of the flexes (erratic and often at the last minute), and you have a goal that once again has absolutely no value, is not motivating and probably a deterrent to future success.

The rest of TOE is another issue since most line items with the exception of lines 31-34 are completely out of the control of the Postmaster. Some Districts try to fix this and make the unit whole, while others turn their backs and walk away. We still have work to do on TOE.

Recently, there was testimony in Congress about the plan the Postal Service has to come out of the hole in which we have found ourselves. This was not due to our performance as we have been stellar during these incredible times. Thank you for your performance in FY2009 with what we were up against. Your continued success in service improvements, reduction in work hours and savings in non-personnel dollars was among the best of the best. The economy and further loss of volume put us in a very tough position. Regardless, we are where we are, and Congress wanted to hear about our current plan to deal with this. Within this plan was an emphasis on revenue generation.

Despite our cries for change—as well as a plan presented to Postal HQ on how to change retail revenue weights and depths—it did not change for FY2010, and we believe this is a big mistake. Retail revenue is still a unit indicator on our "to do" list. Until these two issues are corrected, we believe the changes for FY2010 are in the best interest of the Postal Service and the best interest of Postmasters.

So, what can we do? ***Service, Service, Service!*** Be a part of making sure the corporate service scores improve to new levels. ***Scan, Scan, Scan!*** This is so much a part of our sales scheme (both corporate and retail), that it can't be emphasized enough. This is what makes us competitive in today's market. This also will have an impact on the Priority service scores, as well as the new corporate measurement for Parcel Select.

SOX Index is now 10 percent of everyone's goal. It is important for the Postal Service's future and ours. Do it well and get rewarded for it. Do what you can with TOE and retail revenue; they are important and have not gone away, but be aware of the problems. We are not letting go of the need to change these two unit indicators. It will be good for the Postal Service and Postmasters.

At every meeting we emphasize that we are not here to line Postmasters' pockets with money. We are here to improve the process, improve behaviors that will brighten the future of the Postal Service and *fairly and equitably* compensate Postmasters for their efforts. We will continue in that vein.

Best of luck in the New Year! •