

# Making NPA Changes at Mid-year

I must start with a quote I heard the other day from a famous philosopher, "It is easy to sit up and take notice; it is difficult to get up and take action."

With the recent feedback on the changes to NPA, it hit home. For the past three years, we have been trying to get someone to listen to the Postmasters regarding the needed changes for NPA/PFP. The programs and the process are broken and few at Postal Headquarters are listening. I could go on forever about all the issues but I will discuss a few so that everyone understands why the changes took place. We asked for but didn't receive the opportunity to sit down and discuss solutions long before the new fiscal year began; we had identified problems and had some very good solutions we thought should be adopted.

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behaviors. For instance, now that all offices are impacted by EXFC and are measured, should not the EAS 16 and below receive a greater weight from corporate goals? When the program was first rolled out, it was felt that these offices had little impact on corporate scores so it was weighted less. Is it right that this same group of offices have only two unit goals with a 70 percent weight on retail revenue and 30 percent on TOE? I will address retail revenue plans later in this article.

TOE is a mistake for A-E, EAS 11-16, as well as for the 18s and 20s and, to a

degree, for all offices. Salaries and benefits make up 80 percent of TOE—talk about a moving target! The dollar rate flex is so complex that nobody can explain it. Some Districts adjust the dollar rate in a timely manner, which at a minimum is quarterly and, in others, once a year. Some Districts use the HQ flex, while others use their own. Then we can talk about the numerous non-personnel lines over which we have no control whatsoever, such as snow removal, rent increases, heating and cooling, etc. Some Districts have the leadership to make sure all of these lines are funded 100 percent, while others turn their backs and look the other way. Does this drive the right behaviors? Do we have a pay program that is improving service?

The Postal Service tells us that service scores are at an all-time high, but could we do more by just improving the mindset of Postmasters? When EXFC means less with regard to PFP for level 16 on down ... is there buy-in? Do we have a program that is reducing costs,

not by micromanagement and intimidation, but by positive behavior changes? Do we have a program that is increasing revenue driven by desire and excitement, because the goals are within reach, fair and equal, but challenging? When all of these important goals are achieved, by best efforts demonstrated, is the Pay for Performance (PFP) equitably distributed?

When Mr. Potter testified before Congress a month ago, he was questioned about his bonus. Congress asked if it was proper for him to receive such a large sum when the Postal Service was losing so much money. A member of the Board of Governors testified later that it could have been worse. Mr. Potter stated that *he* did not *set* the goals. So was he then rewarded for the *efforts* towards service and reducing costs, rather than the results? With budgets unattainable, retail revenue goals the same, should we, too, be rewarded for an *effort*? If so, how is that measured?

In today's work environment, with everyone working so hard to make budget, improve service and increase retail revenue, we could not read one more e-mail or take one more phone call from Postmasters who had been working six days a week and sometimes 10 hours a day to be told at the end of the year they were *non-contributors*. Not because they were unprofessional or poor performers, but simply because of the process—the manner in which their plans were distributed or flexed. It gets even worse because it may be due to their geographic location and their Area or that their District just does it differently.

While this was happening, neighboring Postmasters, as well as Postmasters across this country, were getting great raises (or at least fair raises.) Was it because they were better? In some cases, the answer is "yes" and that is one of the benefits of PFP. It gives individual recognition for your efforts. Far too often, this is not the case. Leadership in some Districts spent many hours working together with organizations to come up with the best method to distribute revenue and work-hour plans. Workhour and dollar rate flexes were done in a timely manner and fairly and, when all else failed, mitigating circumstances were utilized to correct unit indicator issues. But even when this took place, often the mandated retail revenue goals and TOE issues simply made success unachievable. With all the problems identified regarding NPA, change was needed and we could not wait.

There have been two big changes to NPA at midyear. *We asked that these changes be implemented at the beginning of the FY/09, but it did not happen until midyear.* The organizations felt it was important that

these change take place now and not wait for FY/10. The first is easy to explain and that is to have the lead finance number be the unit indicator depth for DPS, TOE and retail revenue in a multi-station office. In 2008, each station had its own goal for these two indicators—which did not help when trying to create teamwork among station managers. Keeping your unit united in its efforts was something everyone felt strongly about and we were able to persuade Postal Headquarters to make the change immediately.

The second mid-year change is much more complex as to why the organizations felt it was important. First, we must remember that the reason our pay (ceiling) increase was kept so low compared with the craft is because of the potential that PFP offers everyone. We were told this is a major portion of our pay package. If this is true, then NPA targets, especially unit goals, have to be fair and equal for all. We cannot have a process that does not give every Postmaster the same opportunity to get a pay increase and, in some cases, a high pay increase, as the next Postmaster.

Unfortunately, we had Districts in the country that worked very well with their Postmasters and made adjustments when it was obvious that errors had been made, while others turned their backs and did nothing to correct the problem. Retail revenue is important to the success of the Postal Service. For many reasons, we felt Postmasters were losing their interest in this as a goal. Plans were skewed to the point of making goals nearly impossible to achieve. Retail revenue's general volatility—and the ability to control it down to a single unit—make it nearly impossible to make a goal that is stable and fair. Many obscure activities can make or break the lower level office. If you did really well one year on increasing retail revenue, you were punished the next year since revenue plans are generally built off SPLY performance. What kind of results do you think these behaviors brought about?

Quite often, Postmasters were making cell 15 with little effort, and that is not the intent. On the flip side, many were ending up in cell zero just because one mailer left town and there was little business available to compensate. The mailer moved to the neighboring



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town and that town's Postmaster ended up in cell 15. Plans were hard to make equitable and fair with all the issues that impact small offices.

Again, this was not the intent of retail revenue goals and does not promote the behavior changes that will provide large increases in retail revenue to help the Postal Service and truly reward outstanding performance. So we put together a plan that might help—roll all 20 and below Postmasters' retail revenue plan depth to their POOM, creating a team environment to help each other help the Postal Service increase revenue. There should be no fear of losing customers to the neighboring post office because Postmasters share revenue goals. This should also level out the volatility of retail revenue since it is not spread among numerous offices. We all have to work together.

The POOM has to build an environment that is conducive to the team concept, keeping everyone excited about the challenge and making sure everyone is participating and everyone is being rewarded. A critical element for this plan to work is getting revenue plans that are challenging but achievable. For those who do more, then I would think that, under Financial Management, acknowledgement can be made.

Although they did not give us the second part of the unit indicator this year, we also asked, and will continue to ask, for a change in 2010 that CSI be brought back to every office. It is still a unit indicator for 18-26. If retail revenue is a rollup of the offices reporting to the POOM, then CSI should be a group effort as well.

This indicator is measured to the three-digit depth and would be a team goal to drive retail revenue. We would all be on the same page. This will be worth 10 percent of the unit score; retail revenue 40 percent. This would also lessen the impact retail revenue has for 16 and below offices, which is now worth 70 percent. We have asked for, and will continue to ask for, TOE to be changed to workhours with a unit value of 40 percent. This portion of TOE (Salaries and Benefits) is 80 percent of TOE. To keep Postmasters tied to dollars and the bottom line, we will leave lines 30-31, the non-personnel lines that Postmasters truly control, as a unit indicator and this is worth 10 percent. This can only happen if workhours are utilized in place of TOE.

All Postmasters level A-E and 11-20 would then have four goals; Retail Revenue, CSI, Workhours and Non-personnel (lines 30-31). We will be meeting again soon to propose changes for 2010. We feel very comfortable that we can get NPA back on track. We do understand that this has had a negative impact on some today. It is our desire and determination that the changes will improve the process, drive the right behaviors to improve the position of the Postal Service, and *fairly pay all Postmasters* for their efforts. •



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