

“The Postal Service must now make changes to its business model such as delivery frequency and retail networks to secure affordable universal service for all Americans into the future,” says Potter.

Opening a conference on the future of the Postal Service on Tues., March 2, 2010, in Washington, D.C., PMG Jack Potter led a panel discussion on a new business model and action plan for the Postal Service through the year 2020. Faced with projected deficits totaling more than \$30 billion over the next decade, the Postal Service outlined a number of actions it will take to ensure mail service to every American for decades to come. Potter says aggressive and immediate steps are necessary.

“The Postal Service has been quietly evolving to better meet customer needs. In the last decade alone, it has reached record levels of end-to-end service as well as customer satisfaction while keeping a sharp eye on costs and reducing our workforce by 25 percent. However, these efforts are simply not enough,” says Potter.

Deputy PMG Pat Donahoe adds, “Changing delivery frequency is one piece of the solution, but one that could save as much as \$5 billion by 2020. Surveys show that Americans support one less day of delivery as long as it helps to keep postage rates down.”

USPS Mailing and Shipping Services President Robert Bernstock adds, “Don’t look at the Postal Service and see only brick and mortar post offices. Look online. Look at your mobile device. Look at other retail outlets, grocery stores, office supply stores and pharmacies. The Post Service of the future will be smaller, leaner, more competitive, but it will continue to drive commerce, serve communities and deliver value.”

Highlights of the Postal Service’s new action plan include:

- **Retiree Health Benefits Prefunding:** Restructure retiree health benefits payments to pay-as-you-go, comparable to what is used by the rest of the federal government and the majority of the private sector.
- **Delivery Frequency:** Adjust delivery days to better reflect current mail volumes and customer habits. Survey data show that the public favors five-day delivery over other alternatives.
- **Expand Access:** Increase and enhance customer access through partnerships, self-service kiosks and a world-class website, usps.com, while reducing costs.
- **Workforce:** Establish a more flexible workforce that is better positioned to respond to changing demand patterns, as more than 300,000 employees become eligible to retire in the coming decade.
- **Pricing:** Ensure that prices of Market Dominant mailing products are based on demand for each individual product and its costs, rather than capping prices for every class at the rate of inflation. Pursue a moderate exigent price increase effective in 2011. Address the fact that certain mail, such as nonprofit mail, Media Mail, Library Mail and Periodicals, does not presently cover costs.

- **Expand Products and Services:** Permit the Postal Service to evaluate and introduce more new products consistent with its mission, allowing it to better respond to changing customer needs and compete more effectively in the marketplace.
- **Oversight:** Reinforce these changes with more clearly defined, appropriate oversight roles and more streamlined processes to provide for great speed and flexibility of decision-making. Changes to legislative and regulatory requirements are needed.

Numbers of note provided by the Postal Service:

\$124 billion – revenue-generating and cost-cutting already underway  
 \$50 billion – savings by eliminating prepayment of retiree health benefits  
 \$40 billion – savings by eliminating one day of mail delivery  
 \$25 billion – savings from expanding access to products and services  
 \$15 billion – needed in revenue through prices increases to close the gap

213 billion – number of pieces mailed in 2006  
 177 billion – number of pieces mailed in 2009  
 150 billion – number of pieces projected to be mailed in 2020

17 % - mail volume loss from the 2006 peak to today  
 37 % - volume loss from First Class mail alone by 2020  
 51 % - revenue generated by First Class mail today  
 35 % - revenue generated by First Class mail in 2020

32,000 – number of post offices in 2010  
 6,000 – number of post offices with total revenue exceeding expenses  
 26,000 – number of post offices with total expenses exceeding revenue  
 0 – number of post offices USPS can close solely for economic reasons

\$1.80 – Daily revenue generated per delivery in 2000  
 \$1.40 – Daily revenue generated per delivery in 2009  
 \$1.00 – Daily revenue generated per delivery projected in 2020  
 8 % - increase in new addresses through 2020

1.5 % - mail volume declines annually projected through 2020  
 1.9 % - prices rising during the same time period

65,000 – reduction in workforce in FY2009 through attrition, retirement  
 50 % - workforce retiring in the next 10 years