



Association for Postal Commerce

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ON SERVICE PERFORMANCE STANDARDS AND MEASUREMENT

The following is a paper prepared by PostCom President Gene Del Polito for the Envelope Manufacturers Association Foundation.

In a piece I had written for the PostCom Bulletin, I noted that the issue of service performance standards and measurement was a hot topic. Since we're now talking about this on this panel, it still must be an important enough topic to garner mailer interest.

The call for the Postal Service to develop service performance standards is not new. This matter has been a part of the postal reform debate for well over a decade, and the Postal Service and industry representatives have been discussing the formulation of realistic service performance measurement standards and tools for quite some time. The creation of modern service performance standards was a key requirement for postal reform. As far as mailers were concerned, if there were to be no standards, then there was no reason for them to back postal reform. Fortunately, Congress agreed and specifically required not only the definition of standards, but also the measurement and reporting of service performance in accordance with those standards.

There are some who still wonder why mailers were so insistent about service performance standards and measurements. Let's eliminate that wonder.

The American postal system is a vital part of the nation's economic infrastructure. Postal services are infrastructure services in a manner akin to utility, transportation, and communication services. Within the economic realm, infrastructure services are intended to facilitate the transaction of commerce. You need gas, you get gas. You need electricity, you get electricity. You need water, you get water.

When infrastructure services work well, they function without much worry or thought. When you throw the switch on the wall, you don't question whether the lights will turn on. When you turn the sink faucet, you don't wonder whether water will flow.

As an infrastructure service, mailers expect the same consistent and predictable performance from their mail service. Experience has amply demonstrated, however, that mail lacks the consistency and predictability of other key infrastructure services. While this might have been tolerable at some earlier moment in time, it no longer is.

When a newspaper says your ad will appear on page six of tomorrow's newspaper, it appears. When a television broadcaster says your ad will be aired at 6 p.m. on Tuesday, it's aired. Mailers, unfortunately, enjoyed no similar predictability when advertising and marketing mail is presented to the Postal Service. Give the Postal Service your ad, and you might have it delivered tomorrow, within five days, or sometimes even longer.

This is not the kind of circumstance that allows commercial enterprises to time their use of mail to buttress messages presented in other media. It does not allow a business to organize with maximum cost efficiency their inventory or call center operations. In short, the lack of mail service consistency and predictability did not facilitate the transaction of commerce, it impeded it. As such, it no longer was acceptable.

When an enterprise bought mail service to communicate with its customers, it had no idea how to ascertain the value of its purchase relative to other media. If there were no standards and no consistency of service, buying postage was too much akin to buying a pig in a poke. In the kind of competitive communications environment that exists today, that put mail at a marked disadvantage. For instance, as advancing technology improved the reach and cost-efficiency of electronic alternatives, the unchanging, unpredictable nature of mail service meant that its value was falling behind that of alternative business communication and transactional media.

The need for service performance standards was heightened by certain aspects of the new postal law. The Postal Accountability and Enhancement Act was designed to provide the Postal Service with enhanced flexibility over the pricing of postal products. The new act ended the long practice of break-even operation and permitted the Postal Service to earn and retain profits. With its continuing statutory monopolies, it was conceivable that the Postal Service could seek to increase its profit at the expense of mail service quality. Consequently, the need for clear, relevant, measurable service performance standards was essential.

People generally function in rational accord with whatever incentives (or disincentives) are set before them. If you want service to improve, it must be reflected in the consequences that are a part of every postal employee's reward structure. Accountability is key, and public and transparent accountability is paramount. Consequently, standards not only had to exist, but also performance against those standards had to be measured, publicly reported, and reflected in a scheme of reward or punishment that could shape a desired behavioral outcome.

As I had noted in that earlier publication, mailers have long believed that service performance standards should be designed to reflect the Postal Service's real-world performance. Service goals that either were too stringent or too lax wouldn't do. Mailers needed to know how long it would take the USPS to deliver mail prepared for various classes and at various levels of work sharing.

Mailers had made it clear that a viable service performance measurement scheme must be derived from the tools the USPS itself would need to measure internally its own levels of performance. There would be little value in developing a service performance measurement system that provided little benefit to the Postal Service's own efforts to improve the quality of its own performance and to enhance the value and utility of mail. The tools used for measurement should come as a by-product of management's efforts to improve system-wide performance to better meet the needs of a more competitive communication marketplace.

So here we are. Much of the preparatory work has already been done. Now, we are simply faced with the challenge of getting on with the business of enhancing the mail value proposition.