

**ENHANCING THE TEN-YEAR PLAN: QUESTIONING DELIVERING
FOR AMERICA, CHALLENGING CHANGES TO AMERICA'S MOST
RESPECTED SERVICE BRAND**

By

Thomas Allen Malm

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DELIVERING FOR AMERICA, the ten-year plan to address the great challenges of America's mail delivery (hereinafter referred to as the plan), is a welcome document. Presented in March 2021 by the United States Postal Service's management, it brings light to the real issues and great opportunities for America's mail system. It opens a discussion regarding the vision of the Postal Service's leadership, the information gathering and statistics that have been used to make a case for change, and it provides a basis to discuss best practices in developing strategy applicable to all businesses.

The pages that follow handle each point of concern within DELIVERING FOR AMERICA with a bare-fisted approach that shatters any illusions regarding this plan's probability for success. The momentum to disaster (that numerous historic references consistently show is the destination for this plan¹) cannot be arrested with kid-gloves. The message that follows is urgent and not to be ignored.

The opening remarks in DELIVERING FOR AMERICA inform that the document and ideas were drawn from deep research and collaboration. Each of the contributing stakeholders; whether a government agency, labor organization, the U.S. Congress, key customers, or industry association, were involved. Yet, what was produced does not seem beneficial to most of these stakeholders. The American Postal Workers Union has declared their deep reservations and objections that mostly parallel my own. Who does benefit?

From the docks of the post offices in America, it seems fair to be concerned that this "collaborative" approach excludes the input from former executives in key positions owning decades of knowledge in mail and package delivery. These executives were removed by the neophyte Postmaster General and replaced with individuals better suited to accommodate his vision², including some from his previous career in the Logistic Industry. "United States Postal Service Postmaster General," reported the POSTAL TIMES on September 15, 2020, "hired four people who previously worked for his private businesses to work with him at USPS in June, according to documents obtained by American Oversight through FOIA request and viewed by CNN."

¹ Examples are vast. Here are a few: (1). Studebaker-Packard decided to close the Packard plant and make the luxury automobile in Studebaker factories with Studebaker frames and powerplants. Packard loyalists knew the difference and were not buying. (2). Leading the market, RCA cut spending on research and lost their dominance in television products as innovative foreign competitors entered the market. (3). Schlitz Beer, #2 in the marketplace, found cheaper ingredients to make their beer and customers noticed. Combined with an error in their promotional campaign, customers stopped buying and Schlitz's market position became insignificant.

² Critics of Trump White House Decry Latest 'Friday Night Massacre' as Postmaster General Sidelines Two Dozen USPS officials, by Associated Press, August 10, 2020.

The book I wrote and published in 2009, *ABSOLUTELY VULNERABLE, THE CRISIS OF STRATEGIC BUSINESS PLANNING IN AMERICA*,³ begins with an anecdote that is appropriate:

“On a red-eye flight from Oakland to Newark I sat in a First-Class recliner unable to ignore the encroachment of my aisle-mate. I tried to nap, but the man next to me was deeply engrossed in work. With the flight attendants serving snacks and cocktails, passing out headphones, fluffing pillows and distributing blankets, he remained unrelentingly focused. His computer keys tapped in quick spurts. There seemed to be urgency in each keystroke as his calculator tape curled under the seat. He was flipping through binders, books, briefs, and magazines. It was clear to me that his light was going to burn all night long. Unable to catch any sleep, I became curious to know what he was doing.

“With his tie loosened and his white shirt sleeves rolled up, the middle-aged man explained that his job was to find the ideal spot to relocate his company’s headquarters. He was filtering through demographic reports, quality-of-life considerations, tax codes, education statistics, municipal incentives, available workforce data, transportation and shipping conveniences, and a range of other factors. “Sounds like a tough job,” I commented. The reply was amusing.

“Not at all,” he said. “I only need to know where the CEO wants to live and then justify it.”

Reading the “collaborated” *DELIVERING FOR AMERICA* (through my current experience with ground-level postal operations and my former years of drafting plans that produced market leadership in multiple industries) I’ve concluded that the changes proposed, and their supporting arguments, were drafted so the CEO can live where he wants.

A strategic thinker evaluating this plan would consider that it was written against the backdrop of what the news reported as a “massacre.” Prior the plan being started, opposing vision was eradicated on a single Friday act when key executives were fired or reassigned. The new culture implemented in that moment assured that there is danger in asking questions, wondering something different, imagining impacts, or reflecting such decisive logical-seeming actions against greater truth. As such, how correct are the ideas and information that have brought changes to the United States Postal Service? Are the motivations of the influencers proper? These are urgent questions for America to answer.

THE WHITE ELEPHANT

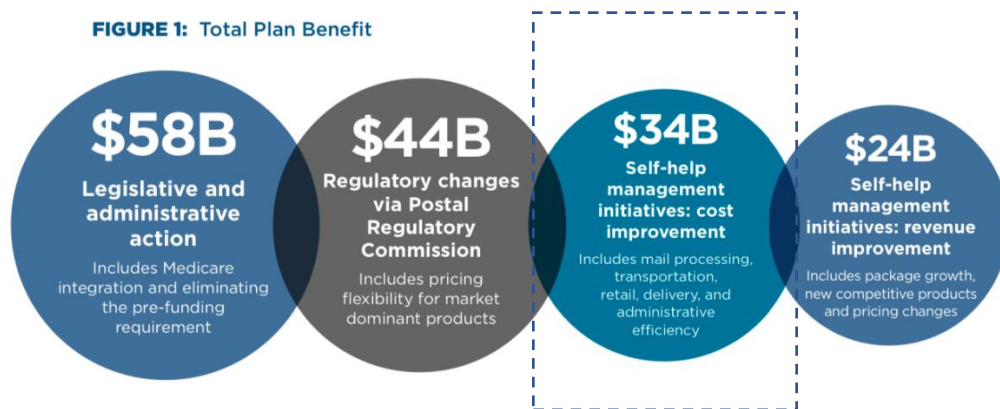
In the strategic evaluation of *DELIVERING FOR AMERICA* we must address the white elephant in the room. The press release from XPO Logistics said that after they purchased Postmaster General Louis DeJoy’s company, New Breed Logistics, he invested \$30 million back into XPO. He became an officer of the company, was employed for a year, and he served on the Board of Directors. XPO is a significant contractor for the United States Postal Service. This may crystalize the motivations of many elements of *DELIVERING FOR AMERICA*.

³ *ABSOLUTELY VULNERABLE, THE CRISIS OF STRATEGIC BUSINESS PLANNING* by Thomas Allen Malm. Chapter 1, Page 11. c.2009 by Brainworks Books.

From a skeptical eye, the pattern of how information has been woven to move more mail to over-the-road trucks produces a fabric that seems too easy to see through. When it is not clear how slowing the mail materially benefits the United States Postal Service, its citizen-owners, the customers of its services, the American commerce system, and entrepreneurs of all descriptions, one must ask the motivation?

When trucks (in fact) are riskier than air carriers, truck performance measures are imprecise, and mail performance will diminish (but appear to improve on paper), how does this meet any goal of the Postal System's charter? When the improvements are measured against a new standard that has been rigged to demonstrate positive results, who is the winner? Think of it like this, your mail is now two days later, but its on-time. You used to get paid on Friday, now it will be Tuesday. To look at the weave of this pattern it evokes a response found in a Hans Christian Andersen tale. DELIVERING FOR AMERICA has "got nothing on!"

Slower Mail, Lower Standards, More Revenue for Logistics Industry

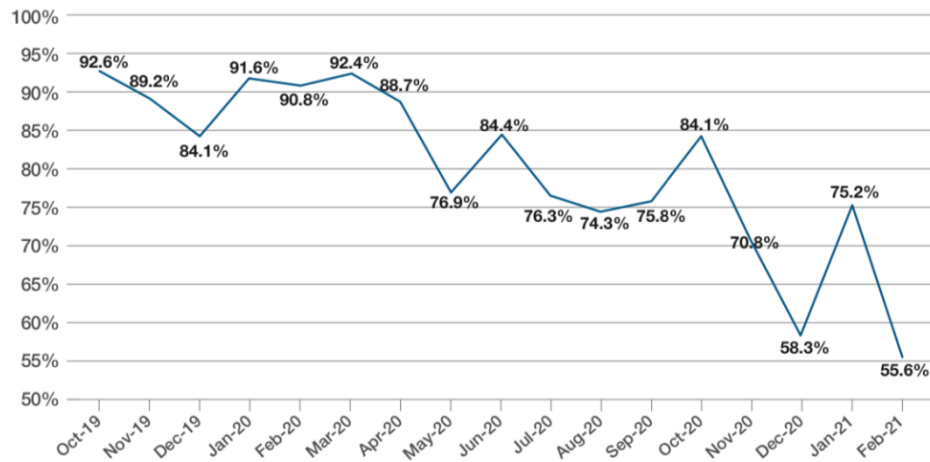


Under the heading, Underperforming Air and Surface Transportation Networks, DELIVERING FOR AMERICA states, "Air transportation comes with a high price and significant risk, as we are reliant on external carriers." It adds, "The complexity and constraints of the air network are contributing factors to the poor performance of First-Class mail."⁴

Figure 6 of DELIVERING FOR AMERICA, ostensibly supports the argument that air carriers are an unreliable method of transportation. It demonstrates performance in terms of numbers of flights and their on-time performance from October 2019 to February 21, 2021.

⁴ DELIVERING FOR AMERICA, Pages 11-14, "Underperforming Air and Surface Transportation Networks."

FIGURE 6 from DELIVERING FOR AMERICA



A footnote that supports the conclusion to dismiss air carriers from mail delivery states, “For example, total flight operations decreased from 7.4 million in 2019 to 4.7 million in 2020. In the same period, flight cancellation percentages increased from 1.8% to 6.0%.”⁵ This is not proof that air carriers are an unreliable method for transporting mail.

The aviation industry was hard-hit by the impact of COVID-19, so schedules adjusted and flights were suspended or cancelled because of empty seats. From the footnoted data, Postal Service management sees the proof they need to eliminate contracted air carriers in the transportation of mail, which may affect “43 percent of Priority mail, 42 percent of First-Class Packages, and more than 21 percent of First-Class Mail” that currently travel via America’s commercial aviation businesses.⁶

A major decline in the prompt service America expects is justified within DELIVERING FOR AMERICA by the anomaly of the Pandemic year. That is wrong thinking. More concerning (enter the white elephant) is that the improvement for mail performance presented in DELIVERING FOR AMERICA will come by slowing the mail presently using an aviation solution, using trucks instead, and measuring against a reduced standard of excellence. All this to make a 2.6 percent improvement in reported on-time delivery.⁷

One motivation to stop using air carriers is the Postal Service’s lack of control when mail is in their hands. Yet, buried within the language of DELIVERING FOR AMERICA is a discussion of contracting

⁵ Footnotes 8, 9. Page 12. “For example, total flight operations decreased from 7.4 million in 2019 to 4.7 million in 2020. During the same time period, flight cancellation percentages increased from 1.8% to 6.0%. See United States Department of Transportation, Bureau of Transportation Statistics, On-Time Performance - Reporting Operating Carrier Flight Delays at a Glance, <https://www.transtats.bts.gov/HomeDrillChart.asp>, (last visited March 19, 2021).”

⁶ Ibid.

⁷ Page 13, Paragraph 1 in DELIVERING FOR AMERICA explains that ground transportation provided 92.0% on-time performance while air transportation met 89.4% on-time performance for First-Class Mail in 2019, the most recent non-Pandemic year.

the movement of mail via the trucking logistics industry, through a non-bid system.⁸ This begs better explanation.

A Weave of Data through the Loom of the Emperor's Clothing

In determining reliability between the different modes of mail transportation, we must be sure we know what is being measured. Performance measures are inconsistent between various methods of transport. The Bureau of Transportation Statistics measures an air carrier's schedule performance deviations in minutes. "A flight is counted as 'on time' if it operated less than 15 minutes later than the scheduled time shown in the carriers' Computerized Reservations Systems (CRS). Arrival performance is based on arrival at the gate. Departure performance is based on departure from the gate."⁹ The Bureau of Transportation Statistics uses these two definitions for departures and arrivals:

- "Gate arrival time' is the instance when the pilot sets the aircraft parking brake after arriving at the airport gate or passenger unloading area. If the parking brake is not set, record the time for the opening of the passenger door."¹⁰
- "Gate departure time' is the instance when the pilot releases the aircraft parking brake after passengers have loaded and aircraft doors have been closed. If passengers were boarded without the parking brake being set, record the time that the passenger door was closed."¹¹

More appropriate to justifying permanent service changes would be a thorough understanding of the historic reliability of the aviation industry. The graphic below shows the domestic on-time air carrier departures in the United States between 2011 and 2020 as reported by the Bureau of Transportation Statistics.¹² It demonstrates constant reliability until the impact of COVID-19 in 2020.

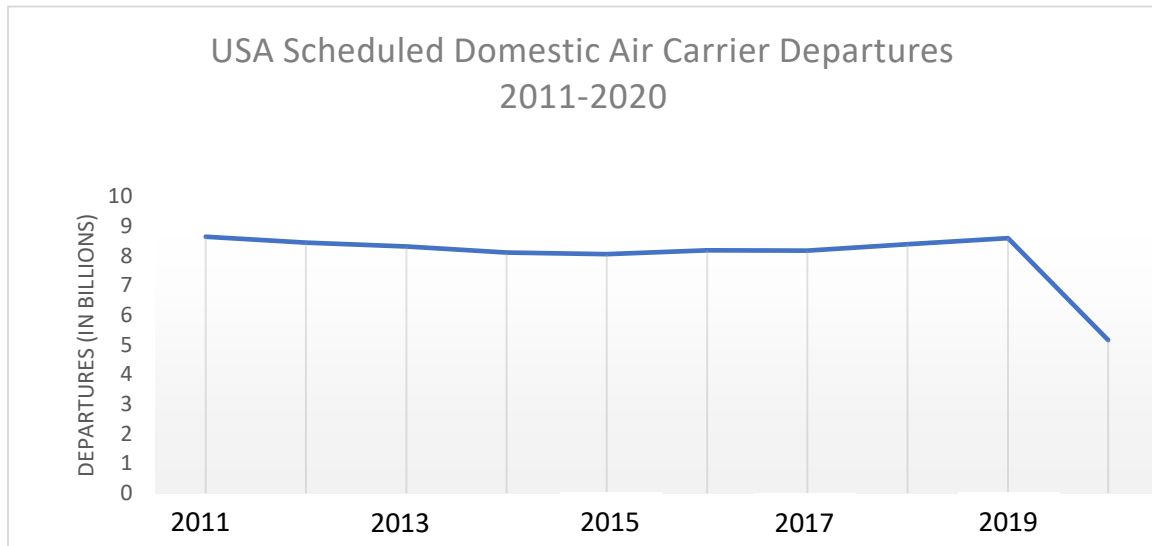
⁸ Delivering for America, Page 30. Under the heading, *A Redesigned Surface Transportation Network*, fourth bullet: "Adopt performance-based highway contracting."

⁹ Bureau of Transportation Statistics, "Airline On-Time Performance and Causes of Flight Delays Tuesday, March 16, 2021.

¹⁰ Research and Innovative Technology Administration, Bureau of Transportation Statistics, Office of Airline Information, Title 14 Code of Federal Regulations Part 234. Amended, Technical Directive #14. Issue Date: October 2, 2006. Effective Date: January 1, 2007.

¹¹ Ibid.

¹² Bureau of Transportation Statistics.



Trucking logistics is less precise in its measures. McKinsey & Company, a global firm dedicated to resolving the critical issues facing their broad client base, published an article regarding the imprecise measures of trucking logistics. “In its effort to optimize its supply chains, the consumer industry has evolved in the way it measures delivery performance . . . adopting the more rigorous ‘on-time in-full’ (OTIF) delivery metric. OTIF measures the extent to which shipments are delivered to their destination according to both the quantity and schedule specified on the order.”¹³ It continues, “In practice, however, there is no standard definition for OTIF, so different supply-chain participants may interpret the metric in significantly different ways. Does ‘on-time’ mean on the date requested by the retailer, or the date promised by the manufacturer?”¹⁴

The broad interpretation of on-time in trucking logistics is caused because no firm standard exists and data reported can be dependent upon when the purchaser expected, or the shipper promised, delivery.¹⁵ Regardless, the determination is always based upon “the date,”¹⁶ not the minutes beyond a specific minute on the date (as it is in air carrier performance). As such, when measuring the precision of logistics between on-time air carriers and on-time trucks, we are comparing distinctly different measures (where one is 96-times more precise than the other¹⁷) and dramatically separate reporting structures. This discussion is included in my argument to make the point regarding comparisons when no real comparison can be made.

¹³ www.mckinsey.com. Defining ‘On-Time, In-Full’ in the Consumer Sector, By Alan Davies, Shruti Lal, Fernando Perez, and Sanjhali Potdar, June 13, 2019.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ There are 96 fifteen-minute (aviation standard) intervals in a day (truck standard).

DELIVERING FOR AMERICA states that in 2019 ground transportation provided 92.0% on-time performance while air transportation met 89.4% on-time performance for First-Class Mail. It is important to define the on-time standard for mail delivery.

The primary method for measuring on-time mail is the end-of-day manual reporting system, dependent upon the human motivations and a top-down reporting structure. In 2017, the Office of the Inspector General observed reporting from eight distribution centers to discover false information being reported.¹⁸ Alas, DELIVERING FOR AMERICA shows performance declines in years 2018 and 2019 which could simply be the result of higher integrity in reporting.

This suggests a margin of error that should be considered before great changes are made that alter the standards for promptness, especially when the improvement gained by delivering mail days later than the 2019 standard, is only 2.6%. However, there are even stronger arguments to continue contracting air carriers. DELIVERING FOR AMERICA describes the uncontrollable influences that reduce the performance when air carriers are depended upon. There are five critical points to be illuminated.

- A dramatic shift to slower mail will make 100% of the currently on-time mail transported by air carriers later than its current performance. Any measured improvement in published on-time performance will be against a new, slower (worse) standard.
- The Postal Service's on-time delivery rate for the actual mail transported via commercial air carriers out-performs the on-time performance rate of air carriers, because a delay of 16-minutes or more in the take-off or arrival of an aircraft (the measure of a late aircraft) is rarely dramatic enough to keep mail from arriving on the date intended (the measure for on-time mail). According to the Bureau of Transportation Statistics, between 2012 and 2021 flights arrived on-time between 69.13% (2014) and 85.03% (2021). The Postal Service at 89.4% demonstrates exceptional performance above this range.
- When transported by ground, the distance traveled influences the on-time performance. There is no assurance within DELIVERING FOR AMERICA that mail-by-ground transport on-time percentages will remain constant, or even improve on-time delivery percentages against air carrier performance, even when the new standard is days later than the pre-DELIVERING FOR AMERICA measures. Mechanical failures, highway congestion, weather and other factors will require specific plans to mitigate that are not mentioned as factors to be considered when moving mail longer distances by truck.
- DELIVERING FOR AMERICA discusses risk throughout, yet it does not mention that a growing problem for truck transportation is the increase in motor vehicle accidents involving heavy trucks in America. Since 2009, these accidents have increased 52% resulting in 74% of all fatal passenger vehicle cases, with 68% being accidents with passenger vehicles.¹⁹ "It is estimated that by 2030 [large truck accidents] will become the fifth largest cause of death in the USA."²⁰ This will make mail more vulnerable than air carrier risks. As "risk" is one justification for moving mail away from air carriers, there needs to be a plan for the Postal Service to mitigate the accidents and public relations fallout from the resulting deaths. Air carrier accidents are rare.

¹⁸ Office of the Inspector General, Delayed Mail Validation, Report Number: NO-AR-17-011. August 10, 2017.

¹⁹ Ibid.

²⁰ 24 DISTURBING TRUCK ACCIDENT STATISTICS, by Alex Kopestinsky. PolicyAdvice.net. February 5, 2021.

- This data presented does not discuss the methods for collecting data, the sources of information, the definitions of terms, or the margin-of-error to be considered. From the strategic view, a 2.6% projected improvement would be considered a dubious expectation against the more complete evaluation of information.

QUESTIONING THE REST OF THE PLAN

Within the plan introduced by the current Postmaster General and Board of Governors is the vision of executives who see spreadsheets and not people, not services, not customer expectation, and seem to have no connection to the real possibilities at hand. They bring a skillset from more controllable business-to-business industries to imagine a Postal Service without the nuances of day-to-day American life and the quirks of consumer marketing. Theirs is a plan created in a vacuum of experience that has not seen America through the post office window.

DELIVERING FOR AMERICA is rife with facts, and they are used to support the conclusions the document offers. However, in many instances the information is not as complete as necessary to inspire action. In strategic thinking, all information, and every element associated with the challenges, are reduced to independent parts, and thoroughly examined and understood. Enduring strategic possibilities are found within market dynamics, untapped opportunity, and the necessity to adapt. In short, a true strategist does not decide what to do and then find the facts to support action. In genuine strategic planning, action is set to motion because the conditions dictate it.

For an example of manipulation, on Page 20 under the heading Employee Availability we learn that “the cumulative number of employees quarantined reached 122,913 out of 644,000.” It states that non-career turnover was at 40%, contributing to the challenge. A strategic thinker would see that one of the figures 122,913 is exact. The other appears to be a rounded number, 644,000.

To draw any conclusions from these figures, the source information is required. Regarding COVID-19 absentees, more valuable to decision making would be to compare the required/planned manhours to deliver the mail against the total manhours lost to quarantine. This may produce a less sensational view to better understand the impact. How was the hiring freeze imposed by Management connected? How did the focus on eliminating overtime impact these numbers? A Labor officer interviewed in a Philadelphia news report said this was central to dealing with the mail delivery problems being experienced in the area. Is there evidence to this?

The Harvard Business Review estimates the return on investment from traditional planning approaches (like this one) to be 34% or less.²¹ The Economist Intelligence Unit estimates that organizations realize just 60% of the potential value of their strategies.²² Kaplan and Norton research suggest that 90% of organizations fail to successfully implement their strategies.²³

²¹ <https://incentica.ca/12-reasons-why-strategic-plans-fail>, by Steve Williams.

²² Ibid.

²³ Ibid.

The reason strategic planning fails, Roger L. Martin explains, is because most executives “find it scary, because it forces them to confront a future they can only guess at.”²⁴ He wrote, “actually choosing a strategy entails making decisions that explicitly cut off possibilities and options.” Careers are connected to the result achieved and that influences how they are created and managed.²⁵

As such, as one reads the 10-Year Plan for the United States Postal Service, they may see parallels with the process that Martin believes are certain to fail. “The natural reaction is to make the challenge less daunting by turning it into a problem that can be solved with tried and tested tools.” He adds, “The plan is typically supported with detailed spreadsheets that project costs and revenue quite far into the future. By the end of the process, everyone feels a lot less scared.” He calls this a “truly terrible way to make strategy.”²⁶

United States Postal Service leadership has come to conclusions that obscure the true opportunity for improvement. The data alone tempts a misinterpretation of the greater reality that most centers-of-failure connect directly to the organization structure, the heavy-handed approach from the top, the motivations of those interpreting orders from the secondary and middle management levels, and the training of the leadership-at-hand.

The Ten-Year Plan is the brainchild of leadership with mere months of experience. The erosion of current performance blamed on the pandemic connects directly to policies regarding manpower and dispatch schedules that were born from the limited ground-level understanding of operations, customer needs, and the employee composition known to the Postal Service’s leading visionaries.

PROPER PLANNING

DELIVERING FOR AMERICA is not a proper strategic plan. It contains few elements of a formal strategic plan as defined by the American Management Association. A strategic plan envisions a different future by understanding the consumer, the technology, the prevailing cultural attitudes, the competitive situation, promotional opportunities, and it sets specific actions to address all that can be and/or cannot be controlled. Ultimately, a properly created plan will position the company to systematically achieve all things possible in meeting its specific, measurable, attainable, realistic, and trackable mission-goals within the dynamic market where its business is done. A plan would focus on addressing the gaps that need filling within the market with appealing products and services, priced to produce positive outcomes, and promoted effectively to achieve defined market goals.²⁷

This approach would reveal new possibilities for products and services that anticipate evolving consumer needs and wants to assure stable, plannable growth. A true strategic plan brings an organization to a common focus that eliminates mission drift and inspires excellence among an invigorated workforce. As the late Jack Welch assures, an effective plan does not come from looking first at the bottom-line.

²⁴ The Big Lie of Strategic Planning by Roger L. Martin, Harvard Business Review, January–February 2014

²⁵ Ibid.

²⁶ Ibid.

²⁷ Basic Marketing. A Managerial Approach, by Jerome E. McCarthy. c. 1964 by Irwin.

Bottom-line results in strategic planning come from doing the right things and planning the right way. “Shareholder value is a result, not a strategy...your main constituencies are your employees, your customers and your products.”²⁸

While drafted in a confidently positive spirit, there are flaws that an experienced strategic planner would see in reading DELIVERING FOR AMERICA. Before unstoppable damage is done, this plan needs the blunt trauma of clarity where obfuscation exists. It needs a proverbial slap that unblurs vision and uncovers real opportunity to bring benefits to all Americans and all of America’s businesses. Fundamentally, DELIVERING FOR AMERICA’s chances for failure are great because it does not answer the questions Peter F. Drucker says are required to build a successful strategic plan:

- What is your mission?
- Who are your customers?
- What do your customers value?
- What results are you getting?
- What is your plan?

Missing from DELIVERING FOR AMERICA is the objective of the United States Postal Service. This citizen-owned entity was established and chartered to promptly deliver mail. As such, any plan for America’s mail system needs an imagination toward innovative solutions that defend the United States Postal Service’s tradition of swift delivery. It needs deep thinking to envision the consequences of the tempting fixes that seem obvious only on the surface. America needs the stouthearted will of its leadership to preserve the values of the service that will attract new possibilities and promise for all American citizens, American businesses, and American entrepreneurship.

The cover letter to DELIVERING TO AMERICA written by the Postmaster General and the Chairman of the Board of Governors fits neatly within an observation made by Roger L. Martin in *The Big Lie of Strategic Planning* which he wrote for the HARVARD BUSINESS REVIEW. “If you are entirely comfortable with your strategy, there’s a strong chance it isn’t particularly good . . . True strategy is about placing bets and making hard choices. The objective is not to eliminate risk but to increase the odds of success.”²⁹

WHAT IS YOUR MISSION?

The objective of DELIVERING FOR AMERICA is to present, “Clear strategies to quickly achieve financial sustainability and service excellence.” As presented by the Chairman of the Board of Governors and the Postmaster General, the next ten years for the United States Postal Service will result in “a high performing, financially sustainable future for the Postal Service.” They believe this “is both necessary and attainable.”

²⁸ Jack Welch discussing the focus on shareholder value in 2009.

²⁹ The Big Lie of Strategic Planning by Roger L. Martin, Harvard Business Review, January–February 2014.

As DELIVERING FOR AMERICA was being created, the United States Postal Service reached the nadir of its service promise. New policies, a shift in attitude, and a gap in solving the core issues faced by the Postal Service's consumers during the Pandemic, burdened the customer support system, increased absenteeism, accelerated employee turnover, and overtaxed the performance capacity of the system. The new leadership of the Postal Service in 2020 had plenty of explanations yet delivered few good answers to meet the challenges-at-hand.

Jack Welch addressed this succinctly when he said, "You've got to eat while you dream. You have got to deliver on short-range commitments, while you develop a long-range strategy and vision and implement it. The success is doing both. Walking and chewing gum if you will. Getting it done in the short-range, and delivering a long-range plan, and executing on that." To use Mr. Welch's metaphor, the United States Postal Service did not walk very well over the last year. It stumbled.

- Mail delivery does not keep pace with breakthrough services like Informed Delivery®, available to most consumers since 2017 with accurate daily depictions of what mail will be delivered in America's mailboxes.
- A package will say Two-Day Priority with dates three or four days later printed on the label.
- Guaranteed Priority Express products have failed to meet their promise with increased regularity (with costly refunds as a result). America's consumers have seen suspensions of the Priority Express service-guarantee for long periods due to bad weather (orders from the top that were unheard of until last year).
- This stumbling was newsworthy and reported in USA Today. "One of the most common complaints: Mail is simply not delivered for days on end."³⁰

DELIVERING FOR AMERICA is a smoke-and-mirrors presentation of a reevaluation of timeless standards for mail delivery. It expects to address problems that exist because of other problems that the plan does not adequately recognize. DELIVERING FOR AMERICA misses the opportunity to expand on the strengths of the brand and the people who support its time-honored excellence. It is a "white flag" waved against circumstances that are not so uncontrollable when all the information is gathered and shaped to expand success. Viewed against the expectations of customers, the needs of America's commerce, the symbolic promise of the United States Postal Service brand, and the will of the citizen-owners of America's mail system, DELIVERING FOR AMERICA might better be titled, DELIVERING FOR AMERICA (EVENTUALLY).

The Customers Respond

The CEO's orders, and the ideas within DELIVERING FOR AMERICA, that deprioritize mail delivery create a natural conflict with the mail service tradition in America. This produces unhappy customers who have recorded their displeasure with increased volume, becoming a distraction to the purpose of the U.S. Mail delivery and the primary tasks of postal workers.

³⁰ Empty Mailboxes, Missed Rent: US Postal Service's Struggles Have Real-World Impacts, by Joel Shannon, Donovan Slack, Kevin McCoy. USA TODAY, September 9, 2020.

A Booz and Company survey found 64% of executives say that their biggest frustration factor is "having too many conflicting priorities." The greatest challenge felt by 56% of those surveyed was "ensuring that day-to-day decisions are in line with the strategy" and "allocating resources in a way that really supports the strategy." Such a survey is likely to reveal similar results as a new bureaucracy seems to be sweeping through the Postal Management network. It has little to do with better mail delivery.

WHO ARE YOUR CUSTOMERS?

In a bold print call-out, Martin's paper says to be successful, "Focus your energy on the key choices that influence revenue decision makers—that is, customers."³¹ The plan for the Postal Service does not do this.

The authors of DELIVERING FOR AMERICA seems confident that the Postal Service can find \$34 billion more gained through cost improvements like slowing the mail and changing the standards for mail delivery performance. This logic, against the questions it fails to answer, may set the United States Postal Service in deeper peril. It ignores the tacit trust that Postal Service customers have had in dependable mail delivery during their lifetimes which now chills under a shadow of doubt. Within the new Postmaster General's vision there is no understanding of the mail service's augmented and symbolic values, the value of the United States Postal Service brand to America's commerce system, the decade of historic manpower improvements paid for by the overtime budget, or the needs and expectations of the consumers.

Roger L. Martin calls the method behind plans like DELIVERING FOR AMERICA, "cost-based thinking." He identifies it as a fatal flaw in strategic planning.³²

According to Martin, cost-based thinking in strategic planning is a "comfort trap" that understands expenses are controllable because (in all but a few exceptions) the company is the customer with control over the purchasing they do. "The trouble is that planning-oriented managers tend to apply familiar, comfortable cost-side approaches to the revenue side as well, treating revenue planning as virtually identical to cost planning and as an equal component of the overall plan and budget."³³

Reading DELIVERING FOR AMERICA raises concerns that the Postal Service may be ensnared by the cost-based thinking comfort trap. Martin says, "There's a simple reason why revenue planning doesn't have the same desired result as cost planning. For costs, the company makes the decisions. But for revenue, customers are in charge."³⁴ The plan presented by Postal Service management includes one idea of producing a stronger bottom-line by cutting costs that assure the fastest coast-to-coast delivery of the mail. Customers are not buying it. Businesses are feeling the brunt of impact.

³¹ Ibid.

³² Ibid.

³³ Ibid.

³⁴ Ibid.

Meaghan Thomas, owner of Pinch Spice Market told Business News Daily, “As far as most customers are concerned, we are the cause of the delay – even when they're aware of the USPS issues. We don't want our good and hard-earned reputation to deteriorate, so we resolve the issue at any cost.”³⁵

To understand the risks woven into the notion that slowing the mail is acceptable strategy, one should reference POSITIONING, THE BATTLE FOR YOUR MIND, in which Al Reis and Jack Trout explain that a product or service does not have a position in the market. It, instead, has a position in the mind of the consumer.³⁶ “It's better to be first in the mind than to be first in the marketplace . . . You have to reduce the essence of your brand to a single thought or attribute.”³⁷ For twenty-six centuries, delivering the mail has been crystalized in a single attribute: unrelenting promptness.

My background, as the former Vice President of Marketing for South Carolina’s greatest customer for the United Parcel Service’s C.O.D. business, knows that if they told me the business’ cash flow would change by two or three days and direct mail flyers would not hit when the Gantt chart planned them, I would alter my promotion methods, find a new service, possibly pay more, and do all that was necessary to sustain the competitive success of the business. My customers would have forced these decisions when I would calculate expenses against growth opportunities. By primarily meeting the promptness needs of our customer niche, that business grew from one eastern distribution center to three, from 30,000 square feet of distribution facilities to 110,000, and added central and west coast facilities to wholesale nearly 10,000 products. We could have shipped across America from one spot, being cheap and not having the facilities able to fill all orders swiftly, but to meet customers’ needs and wants, faster response time was a competitive necessity. If the Postal System in the early 2000s planned the way Postal Service leadership has planned in DELIVERING FOR AMERICA, they would have lost me to competitors or put me out-of-business.

WHAT DO YOUR CUSTOMERS VALUE?

According to the United States Postal Service’s plan, reaching California with the U.S. Mail from Washington, D.C. should soon be reverted to an acceptable minimum standard nearer the 1860 definition of “prompt,” than the level enjoyed by consumers (until now) in the 21st Century. The data presented argues that this is the best path to restoring the financial strength of the United States Postal Service. However, it fails to address the consequences of slower mail. It has not imagined the travesty to be endured by American commerce.

When customers come to my post office window, they tell me not in words, but in action what they value. Every time they reach into their wallet and give whatever fee is asked without question, they are satisfied by the transaction. I have observed that if customers bring Holiday or Birthday cards to the window, the question is “Will it arrive in time?” That is the value.

³⁵ Small Business Impacts of USPS Delays, by Andrew Martins Business News Daily Staff Sep 04, 2020.

³⁶ Positioning: The Battle for Your Mind, by Al Reis and Jack Trout. c. 2001. McGraw-Hill Education

³⁷ Ibid.

If the envelope is heavier because a gift card is enclosed, customers are happy to pay the extra fee for weight. If it is a cute card, perhaps square in shape and not “machineable,” the manual handling charge is no barrier to the purchase. If the card is going to Canada, Sweden, Australia, or Japan, the global fee is paid without batting an eye. “When will it arrive?” That is the value purchased.

The promptness attribute was verbalized in Book 8, Paragraph 98, of *THE PERSIAN WARS* by Herodotus. “Neither snow, nor rain, nor heat, nor gloom of night stays these couriers from the swift completion of their appointed rounds.” The timeless words written in the 5th Century B.C. are chiseled in stone above the post office on New York City’s 8th Avenue. They have stood as the unofficial motto for American mail delivery since the 1770s.

Communication and maintaining government contracts were the interests of the freight-carrying innovators of the Pony Express. Without this service, California would have moved forward in its secession from the United States, taking its prized gold resource with it. It is pertinent to point out, as the argument to eliminate air carriers is presented in the plan, that the Pony Express was a contracted service of the U.S. Mail.

In 1860, delivering mail swiftly and reliably all year from Missouri to California was crucial and challenging. The Pony Express contract augmented the Postal Service much the way private aviation has in modern times. Ads posted to recruit riders hoped to attract (as one bill stated), “Young, skinny, wiry fellows, not over eighteen. Must be expert riders willing to risk death daily. Orphans preferred. Wages, \$25 per week.”

Moving mail as swiftly as possible is crucial to the Postal Services’ success in revenue generation. Obstacles have always been a part. Contracted services have been an important integration in keeping the promise of the brand to consumers. When the rail system spanned America, horses and riders were replaced, following new technology to elevate performance. Then, even before air travel evolved to carrying passengers, commercial aviation carried mail, further satisfying the urgency of mail delivery for American citizens and commerce.

Eric Tegler wrote “According to one pilot, the fledgling U.S. Airmail Service was ‘pretty much a suicide club’ because between 1918-1927, 35 Post Office pilots would die from unpredictable weather, inexperience, or unreliable equipment.”³⁸ The risks were there, but it was kept in balance with the growing value of prompt mail service. People gave their lives. Since the time of Herodotus and through the time of the Pony Express, and then on to the dawn of Aviation, it has been worth it.

The plan that has been presented to chart the future path of the United States Postal Service reveals a mistaken understanding of what is being sold. It is not the value of physically delivering the mail that customers willingly pay whatever asked. It is the value of being sure the augmented value of participating in a Holiday or Birthday far from home is assured. People come to the post office because the symbolic value purchased is the confidence that the delivery of such love will be on time. There are three products

³⁸ 'A Suicide Club': How WWI Pilots Pioneered the Age of Airmail, by Eric Tegler. *POPULAR MECHANICS*, May 8, 2018

purchased in every transaction: Physical, Augmented, Symbolic that together justify the market price.³⁹ If these values diminish because the service changes so prices can stay constant, value is lost, and topside revenue will diminish. W. Edwards Deming explained, “It will not suffice to have customers that are merely satisfied. Customers that are unhappy and some that are merely satisfied switch. Profit comes from repeat customers—those that boast about the product or service.”⁴⁰

This is intimately true in consumer marketing, and perhaps not so much within the understanding that one might gain in contracted, business-to-business relationships or investment banking. Deming believed, “Long-term commitment to new learning and new philosophy is required of any management that seeks transformation.” Our Postal Service leadership is bringing the modern business model of business-to-business logistics and the financial thinking of investment banking. Each of their resumes confirm this would be their comfort-zones. Deming has said, “The timid and the fainthearted, and the people that expect quick results, are doomed to disappointment.”⁴¹

The on-line study course hosted by Lumen Business Management, “Defining the Customer’s Concept of Value,” says, “Obviously, the first component is the purchase price of the product or the service. Many would mistakenly think that this is the only element to be considered as part of the cost component. They fail to consider several other cost components that are quite often of equal—if not greater—importance to customers.”⁴²

The report, Pricing Behavior of Postal Operators, published in Copenhagen explains, “The value of postal products may play an important role by affecting mailers’ propensity to reduce their demand for postal services when prices increase. We would expect market elasticity of demand to be lower for high value products than for low value products, because when the mail price is low compared to the content value, then higher prices will not reduce the amount of mail sent out.”⁴³ Specifically, the Copenhagen report discussed commercial mail and invoicing services. (This should be kept in mind as changes in service quality are discussed. United States Postal Service must provide the high value associated with promptness that supports the cashflow needs of American commerce).

In Figure 5 of DELIVERING FOR AMERICA, the authors argue that the current air network is “largely out of postal control.” Yet, for 96 years the United States Postal Service’s leadership has not had any difficulty managing mail through commercial air contractors while delivering mail of all types on-time, most of the time.

³⁹ From New York University, Continuing Education: Marketing for Non-Marketing Professionals. Circa 1990, by Louis Fein.

⁴⁰ Out of the Crisis, by W. Edwards Deming. c. 2000 MIT Press.

⁴¹ Ibid.

⁴² <https://courses.lumenlearning.com/cerritos-smallbusmgmt-1/chapter/2-1-defining-the-customers-concept-of-value-2/>

⁴³ Pricing Behavior of Postal Operators, Copenhagen Economics, DG Internal Market and Services, December 21, 2012.

FIGURE 5: Air Network Largely Out of Postal Control



*Image is explanatory. It does not capture all mail flows as the USPS middle mile network is extremely complex. The image is representative of the process change that is proposed.

The citizen-owned Postal Service pioneered commercial aviation, carrying mail long before human passengers. In 1925, the U.S. Mail system's airmail fleet was dissolved to allow the movement of mail to support America's growing private commercial aviation businesses.⁴⁴ In 1931, 85 percent of commercial aviation's revenue in the United States came from delivering mail.⁴⁵ Again, the mail system improved, so did America's evolving commercial aviation industry. Mail contracting has historically been a purposeful component of the commercial aviation industry's revenue. It has been a win-win for American citizens and industry. Why this is different a Century later? DELIVERING FOR AMERICA does not adequately explain.

DELIVERING FOR AMERICA intends to strip this important revenue stream from the aviation industry and put the mail (and accompanying revenue) on over-the-road trucks. As such, I would project that America's citizens will see their airfare to Disney World increase. I would project that people in the aviation industry will lose jobs. This presents a gap to be addressed by the United States Congress because the document does not explain the impact expected on the aviation industry, nor does it offer any mitigation for the problem this creates for it.

The history and actions taken in delivering mail for 2,600 years has embedded a single idea in the minds of the World's postal customers. Already saddled with the expression, "snail mail," DELIVERING FOR AMERICA does not adequately project what will happen when customers are presented a "snailier" version. DELIVERING FOR AMERICA does not recognize why prompt mail is worth dying for, and why those who serve America's mail continue to accept the risk.

Every letter carrier that turns on the ignition of their mail truck is intimate with the risks and willing to take them. As recently as last year, when the Postal Service represented approximately 17 percent of all Federal Government employees, data published in mid-summer 2020 by one of the supporting Unions showed that Postal Workers totaled 34 percent of all Federal employee deaths from the Pandemic. The brand means something that postal workers risk life to defend. The idea to slow the mail and lower standards for performance should not just offend consumers. It should enrage the families of those taking such life-and-death risks to meet the traditional objective of the United States Postal Service, especially for such a small projected (imagined) improvement within a lower standard of expectation.

⁴⁴ Ibid.

⁴⁵ Ibid.

If unrelenting promptness no longer is the preeminent brand promise of the United States Postal Service, our position erodes in the minds of consumers and revenue flow should be expected to parallel. It is the kind of rationalized action that historically begins an unstoppable downward spiral for businesses trying to save themselves through cost-focused thinking. It is a plan with apparent rationality that is easy to argue and simple to justify (especially when disagreement with management is proven to get you fired). Yet, in time it will ruin the Postal Service because it does not focus on what must be sustained. The United States Postal Service needs revenue from customers.

WHAT RESULTS ARE YOU GETTING?

The leadership orders to dispatch trucks according to a strict schedule, to freeze manpower and curtail overtime has had a negative impact on consumer confidence. A simple research project that I ask every Postal Service influencer from L'Enfant Plaza to Capitol Hill to do is to visit their local post office and speak to the Postmaster. Ask two questions: How has slower mail changed your job? Are we keeping our brand promise to customers?

In the last year, there are two changes in my personal habits as I serve customers at the post office window:

- In the past, when a customer may demonstrate some hesitation about the Postal Service when using the service to send their important mail, I would ask, "Have you ever had a problem with your mail before?" A "yes" answer was so rare that this question dispelled most customers' reluctance to purchase services.
- Before 2020, when a customer mailing anything would ask, "When will this arrive?" I used to have a confident answer. Now, when two-day services displayed in the post office window's retail service system, it shows a date one-day or two-days before the expected delivery date printed on the label and receipt. The spiking volume of customer service inquiries proves that even the later date printed on the label is simply a guess. When asked when things should arrive, my only honest answer is, "I'm not sure."

People have had reduced confidence in the Postal Service over the last year. It stems directly from changes in management philosophy at the top.

- During a phone conversation to help a customer track a late arriving package he said, "I have all of my suppliers using other carriers because of how things are going." He added, "I don't know why this one still uses the Postal Service." His income is at risk when shipping is slow and his packages with parts necessary to complete work contracts for clients go into limbo. He had been a consistent and loyal customer.
- When shopping for jewelry for a Christmas gift, my in-a-different-town jeweler told me, "My dad was a Postal Executive. I grew up in a Postal Service family." This retailer explained that the United States Postal Service it is no longer a reliable way to ship to his customers. My jewelry arrived via FedEx.

- “The Wall Street Journal never arrives on time anymore,” a customer complained. “Always at least a day late.” These stories, as well as late payroll and pension checks, tardy Birthday greetings, and any other imaginable inconvenience to customers resonate familiarly as the Postal Service’s new normal with every window clerk.

DELIVERING FOR AMERICA does not consider the consequences of not meeting customer expectations, needs, or wants. DELIVERING FOR AMERICA does not mitigate the slowing of cash flow for commercial consumers, the revenue gap created for the aviation industry, the potential losses of jobs this may influence, or the burden to taxpayers this should create through competitive disadvantages for American businesses to global competition. DELIVERING FOR AMERICA does not anticipate any cascade of trouble or any related consequences that come from failing to meet customer’s needs.

The consequences of Postal Service leadership decisions, as viewed through the retail window of an American post office, are lost business opportunities and deeper service failures. The management of the Postal Service must realize that bottom-line results are driven by topside revenue, which is the consequence of planning to meet customer needs and wants with relevant and innovative solutions priced in accordance with market opportunity and promoted to deliver direct, augmented, and symbolic benefits.

PACKAGE GROWTH

Under the heading, “Package Revenue and Volume Trajectory,” DELIVERING FOR AMERICA states, “Although Postal Service package volumes have grown since 2007, in the last three years we have not kept pace with the market’s overall rate of growth for package delivery services.” This remark was footnoted with additional information from the Postal Regulatory Commission. “Our share of the package-delivery market shrank by 0.2% in FY2019, after an eleven-year growth trend broken only during a single year of the Great Recession (FY2011).” Yet, despite a declining trend against the total market (and no specific plan), DELIVERING FOR AMERICA shows a \$24 billion increase in revenue that will come from package growth, competitive products, and price changes. Is this realistic?

Three points a strategic planner must contemplate:

- The key driver of this package volume growth is Amazon, which is moving dramatically to a vertical model in which they source for, sell, and deliver to the consumer under one smiling brand. The market is growing because it is their market and the increase in package deliveries tie to the consumer activity of their suppliers and customers. The Postal Service’s share is decreasing because the improvement to the commercial carrier’s density of packages within their delivery areas across America makes it practical to be serving consumer homes directly by their trucks.
- Secondly, “Business-to-consumer (B2C) shipping has taken control of the market, and it will continue to dominate,” wrote Mark Solomon for www.freightwaves.com.⁴⁶ Solomon’s article

⁴⁶ FedEx, UPS Begin the Great Last-Mile Delivery Divergence, by Mark Solomon. www.freightwaves.com, Wednesday, October 30, 2019

discusses the increased package volume from business shipping to consumer homes. This further grows the volume that improves the density for UPS, FedEx, and DHL delivery routes that had made the “Last Mile” values offered by the Postal Service pragmatic (but not so much as we move to the future).

- Pricing that is published by the commercial carriers has always discouraged individual consumer business. Because of their need for package density to thrive, business-to-business markets have been their solitary focus. Pricing for important business customers were never the published retail prices and volume bonuses and discounts were always used as incentives. During my time working for South Carolina’s largest C.O.D. shipper, our UPS incentives became an important “profit center” in our pricing against competitors. As Business-to-Consumer shipping grows, pricing will adapt competitively from these commercial carriers to attract all shippers, including kitchen-table entrepreneurs. This will encroach on the established Postal Service customer base for packages.

This is the backdrop. The plan must recognize these dynamics and address them specifically. The declining marketshare trend reported by the Office of the Inspector General needs to be addressed by recognizing the true influencers for the Postal Service’s eroding pace. The package delivery market is growing to create density for other competitors so they may reap less value from our relationships. At the same time, Postal Service performance standards are lowered for its own business-to-consumer business in the ten-year plan. This must be addressed through systematic, customer-focused, revenue generating plans that restore the Postal Service’s appeal to these customers’ need for price, value, and prompt service excellence. In DELIVERING FOR AMERICA, it is not.

THE DAMAGING MISINFORMATION CAMPAIGN

An additional concern in attracting shipping partners going forward is terse and inaccurate information sent into the media-space regarding these important customers and their cost to the United States Postal Service. On May 21, 2020, I sent a letter to all 100 United States Senators to explain the operational details at the retail level and the direct costs connected with the delivery of these “Last Mile” packages in rural America where the program was most practical for private package delivery companies.⁴⁷

“The expense for the Clerk to handle each ‘Last Mile’ package is less than 15-cents,” the letter read, using my own experience and the performance standard that had been established. “The Letter Carrier . . . will then remove the package from the hamper and deliver it to a customer in a USPS truck already destined to the address, adding negligible expense.”⁴⁸ I explained what I had learned from the letter carriers with whom I work about their compensation. Senators may have been surprised to learn what little additional cost is associated with delivering these parcels (whether it be 2 or 2,000) at a rural post office.

⁴⁷ The letter was addressed to each individual Senator on May 21, 2020 by Thomas Allen Malm, the author of this document and candidate for American Postal Workers Union President.

⁴⁸ Ibid.

The letter explained that if a package can travel from Pennsylvania to Arizona for \$4.20 when priced in compliance with the 2006 Postal Act, “\$1 to \$5” in losses as claimed could not be likely (though the contract details are not public information). Despite this insight, one Senator grilled the Postmaster General about this program he alleged “subsidized” the private package delivery carriers during the August 2020 hearing.

Finally, influencing the “Last Mile” business with private carriers was the Treasury Secretary’s emergency COVID-19 relief loan, that stipulated price increases to commercial customers that would compensate for losses caused by eroding letter volume. Such a stipulation is not within the spirit of the 2006 Postal Accountability and Enhancement Act (hereinafter called the 2006 Postal Act).

WHAT IS YOUR PLAN?

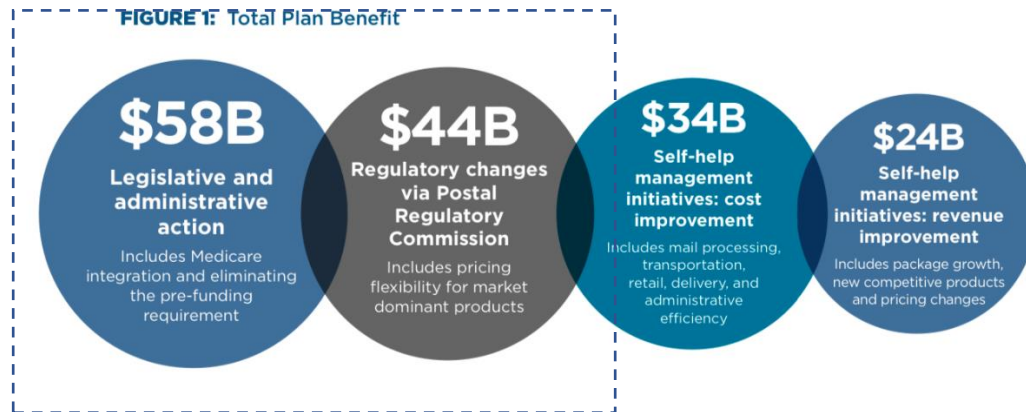
The late Jack Welch, GE’s legendary leader and the single most successful American business visionary in the 20th Century said, “Face reality as it is, not as it was or as you wish it to be.” DELIVERING FOR AMERICA shows \$136 billion in new revenue from legislative action, regulatory changes, and cost improvement.⁴⁹ We would all love to see it, but it is a pipe dream against reality.

Any plan to make the Postal Service self-sustaining with revenue coming from changes in regulations or legislation that past Postmaster Generals and Postal Boards of Governors have asked for (but were unsuccessful in seeing happen) is a plan to have a built-in excuse when the negative trajectory does not change. Also, top-side income is risked through the expense controls and value engineering planned. As such, there is not much of a plan to bank on. Gaining any part of the \$136 billion envisioned in DELIVERING FOR AMERICA is little more than faulty optimism.

Plans for New Top-Side Revenue = Dubious

Page 7 of DELIVERING FOR AMERICA compares the difference between net income with and without the changes proposed in the plan. However, \$102 billion of revenue presented in Total Plan Benefits published on Page 8, Figure 1, would be disallowed mention in a proper strategic plan. The source of the benefits brought by the plan are “uncontrollables.”

⁴⁹ DELIVERING FOR AMERICA, Page 6, Figure 1.



How the Postal Regulatory Commissioners and the U.S. Congress will respond with support for DELIVERING FOR AMERICA, and the precise revenue expected, is not plannable. The Postal Service management has no control over the decisionmakers who historically have refused action.

- What would motivate Congress to undo the prefunding of retiree healthcare? In the August 21, 2020 Senate Hearing, the Committee Chairman put on the record that they have recommended eliminating this requirement, but the larger body of the United States Congress refused. This is explained by one Congressional Representative who said in a press release published on February 5, 2020, “Although the money is intended to be set aside for future Post Office retirees, the funds are instead being diverted to help pay down the national debt.” What would motivate Congress to eliminate such a fund? How would the elected members in the U.S. Congress replace these funds? DELIVERING FOR AMERICA must have these answers. Otherwise, this projected revenue is vapor.

Moreover, working through Jack Welch’s insistence that we plan only within the constraints of reality, we must also contemplate the chances for success within the political motivations of Congressional influencers. The political power structure is narrowly controlled by a majority who resent the Postmaster General’s economic fueling of their opposing ideological platform.⁵⁰ This was the dominant conversation of the U.S. House of Representative Hearings in August 2020. With graphics showing his contributions, with questioning designed to ambush and embarrass, there is little chance of mistaking the displeasure of many with his appointment.⁵¹ This can be problematic to any success of any plan he authors and another example of the “self-inflicted” issues that current American Postal Workers Union president, Mark Dimondstein, describes. Many who decide this plan’s future want this Postmaster General (regardless of his plan’s viability) to fail. Yet, transcripts from both Chambers of our United States Congress reveal (regardless of their political allegiances) little capacity to understand what is needed, and less will to learn and know.⁵²

⁵⁰ ‘What the heck are you doing?’: Congress asks DeJoy about the Delay in Postal Service, by Michael McAuliff, NY Daily News, August 24, 2020

⁵¹ Transcript, U.S. House of Representatives Committee on Government Affairs, August 24, 2020.

⁵² A more complete essay regarding this was distributed to Committee members, key influencers, and stakeholders, entitled REVIEW AND RECOMMENDATIONS: SENATE HEARINGS AUGUST 21, 2020, The United States

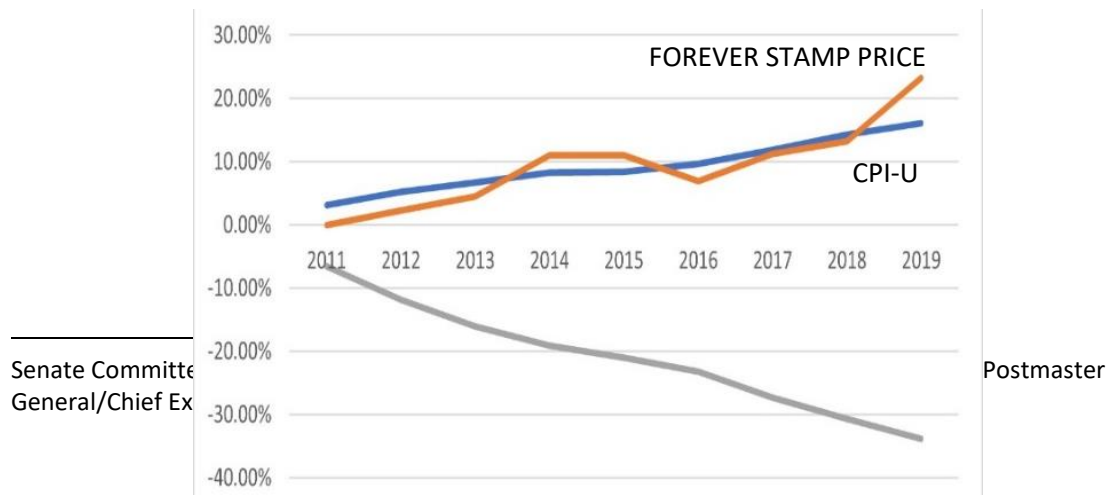
- Since 2016 the Postal Regulatory Commission has had the authority to adjust pricing so market dominant products could pay their own way. The law (39 U.S. Code § 3622) says, “Ten years after the date of enactment of the Postal Accountability and Enhancement Act and as appropriate thereafter, the Commission shall review the system for regulating rates and classes for market-dominant products established under this section to determine if the system is achieving the objectives in subsection (b), taking into account the factors in subsection (c). If the Commission determines, after notice and opportunity for public comment, that the system is not achieving the objectives in subsection (b), taking into account the factors in subsection (c), the Commission may, by regulation, make such modification or adopt such alternative system for regulating rates and classes for market-dominant products as necessary to achieve the objectives.”

From 2016 until their action in November 2020, they had the authority but did not modify the rules. The Postal Regulatory Commission allowed the Postal Service a temporary increase (from 47-cents to 49-cents) to recover from the 2007-2009 recession. The Postal Regulatory Commission restored the 47-cent price to comply with the restrictions set in the 2006 Act in the very year they could have modified the regulations. On April 30, 2020 the 74th Postmaster General lamented this decision before Congress. Now the 75th is banking on it.

As a requirement of a proper strategic plan, DELIVERING FOR AMERICA cannot propose any changes to the regulations that influence ultimate success within its financial plan, without explaining the plan to successfully influence the lawmakers and regulators who have not yet been adequately moved to make such changes. A plan must show evidence that change will come. Even with modified rules adopted in November 2020, the Postal Regulatory Commission’s press release says, “To address the shortfalls in the ratemaking system, the Commission implements the following measures while maintaining a CPI-based price cap system.” It is the CPI restrictions that have kept the Postal Service from more appropriate market-based pricing.

CPI-Based Pricing Restrictions

The following chart shows the percentage changes in letter volume, the CPI-Base (Consumer Price Index for Urban Consumers), and the price of a First-Class Forever Stamp for one-ounce letters. When increased to 55-cents, the price was deemed illegal by a U.S. Circuit Court.



LETTER VOLUME

The intention of a CPI-U restriction is commendable but outlives its usage when it cripples the Postal Service. Unlike the range of agencies of the United States Government that connect their regulatory limitations and motivations to CPI data, the Postal Service, unlike them by law, is mandated to be self-funding.

The 2006 Postal Act requires the pricing of products to be greater than all the combined expenses, both “direct and casual.” It intends to prevent raising prices in a product category to cover the shortfall of others. The 2006 Postal Act also complicates this through the CPI-U restriction.

The Postal Service’s Market Dominant (monopoly) products must be part of the public infrastructure important to commerce and free communication. As such, the 2006 Postal Act asks the Postal Regulatory Commission to bear in mind the impact of pricing on the people, communities, and businesses of America, and price to provide value without reaching the highest allowable market threshold.

The pricing of postage stamps as volume decreases needs an appropriate restriction that trends against natural market factors, like volume and costs. The CPI is an average of many product categories, some that increase more and others where pricing declines over time. We could track stamp prices against the prices of stable consumable products that are part of this average to see how a market-based price may trend in other categories.⁵³ United States Bureau of Labor and Statistics tracked the individual competitive market prices of bread, eggs, and bacon to show that the average price of breakfast items (bread, eggs, and bacon) increased 139.7% between 1988 and 2017. Market forces allowed and demanded these increases. The chart below compares these product increases against the price of a Forever Stamp. The chart also shows how the price of First-Class postage has trended in England.

⁵³ “Stable consumer products” are products that are the same in 2017 as in 1988. This would exclude products influenced by technological advancements like televisions, or retail home prices where dramatic changes in interest rates influence overall impact on consumer value.

	1988	2017	Increase
Forever Stamp	\$0.25	\$0.50	100.0%
Bacon	\$1.90	\$5.25	176.3%
Eggs	\$0.71	\$1.63	129.6%
Bread	\$0.60	\$1.28	113.3%
England First-Class Postage (Pence)	19	65	242.1%

Through these thirty years of price increases in England (1988-2017), costs, market forces and government regulation have allowed pricing to increase as needed and allowed by consumers. The Royal Mail was largely privatized in 2015, when 70% of its shares were sold to private investors. Yet, the greatest increases in pricing took place because of need between 2011 and 2015, well over three times the increase of the American stamp.

	2011	2015	Increase
England (Pence)	46	63	37.0%
Forever Stamp	\$0.44	\$0.49	11.4%

Since privatization, the pricing of Royal Mail remained under public governance. The graph below compares increases in Royal Mail to the largest period of increase in American postage history.

	2015	2019	Increase
England (Pence)	63	70	11.1%
Forever Stamp	0.49	0.55	12.2%

In DELIVERING FOR AMERICA there is a pricing chart that shows the market threshold for pricing throughout the world. From 2019 to 2020, I presented all Senators similar arguments for market-based pricing in multiple mailings that included the information below:⁵⁴

First-Class Stamps are far below the market threshold for a letter's price.

England gets 73.6% more.

Germany gets 75.8% more.

Netherlands gets 91.2% more.

France gets 130.8% more.

Belgium gets 119.8% more.

*Compares 2019. Exchange rate on 04.30.2020

⁵⁴ From postcard mailing entitled, "Can You Find \$26,900,000,000.00 in annual USPS Revenue in this Picture?" c. 2020 by Thomas Allen Malm. Sent to 100 Senators, Summer 2020.

Market Pricing = Negligible Volume Erosion

As the pricing of letters delivered by postal services around the world are observed, multiple reports tell that increases in pricing can be done without accelerating the impact on volume erosion. The United States Postal Service's Office of the Inspector General reported, "The United Kingdom, and to some extent Germany and Belgium, have compensated for the harm of their volume declines with price increases. Their mail revenue dropped less than 2 percent a year as a result."⁵⁵ During England's historic period of high increases, from 2011 to 2015, the cost to send a letter jumped 37% with a 2% net loss of volume. That is profoundly important to understand as pricing is managed.

The Office of the Inspector General provided this information in 2017. The lack of action to adequately address the postage pricing problem supports American Postal Workers Union President, Mark Dimondstein's remark that the financial issues with the Postal Service are "self-inflicted." The Postal Regulators and the United States Congress had the power and information to act but did not. DELIVERING FOR AMERICA must answer the question, "Why were they not motivated to correct the problem?" That is where a meaningful strategy might begin. The plan is imprudent to give any weight to 60% of the new revenue that is expected to be coming from concessions from overseeing bodies that have not responded positively to any previous Board of Governors or Postmaster Generals pleas for legislative changes.

CONCLUSION

As DELIVERING FOR AMERICA is read, it is wise to bear in mind Dr. Henry Mintzberg's caution that, "Strategic planning is not strategic thinking. Indeed, strategic planning often spoils strategic thinking, causing managers to confuse real vision with the manipulation of numbers." The plan presented is born from an accounting-focused and incomplete business skillset that produces solutions based on linear logic and mechanical thinking that regularly begins a business' terminal downward spiral.⁵⁶

However, the timbre of the remarks within these pages intends not be negatively critical or divisive about the plan or to Postal Service Management. As Proverbs 27:17 says, "As iron sharpens iron, so a man sharpens the countenance of his friend." Viewed with objectivity and undeniable experience in building strategic plans, there are elements within that are plainly insulting to the workers of the Postal Service, the intelligence of its customers, and harmful to the established excellence of the Postal Service brand.

Postal work is no longer based upon the unrelenting need to deliver the mail. It is no longer assuring that invoices and sale flyers are delivered promptly, that customer's bills are paid on-time, or that payroll arrives on payday. Workers see mail trucks dispatched from the regional facilities without all the day's mail. At times they have arrived at post offices empty. Window clerks have felt the brunt of eroded

⁵⁵ Mail Profitability in International Posts, Office of the Inspector General. Report Number RARC-WP-17-008, May 1, 2017.

⁵⁶ One could study Studebaker-Packard (1960s), Smith Corona (1980s), ArsDigita (2000s), among countless others to see strong linear financial logic that excluded customer's needs and products they desire, and an irreversible cascade of mistakes.

standards and are witnessing a reluctant customer exodus to less secure internet solutions and a greater reliance on the formerly less dependable private sector competitors. “Formerly less dependable,” not because the private sector competitors have improved, but because the United States Postal Service has shifted its priorities from delivering the mail.

The top leadership has published the intention to deprioritize serving customer’s needs and adopted relaxed standards that only improve the appearance of competency. Under the guise of an updated business model and an improved leadership structure, the Postal Service has shifted to a bureaucratic model where customers’ needs, product and service performance, and top-side revenue generation succumb to data generation and unsustainably false success. While great leadership is hard to define, weak leadership is obvious to those who follow.

DELIVERING FOR AMERICA, while urgent and timely, is not the product of strategic thinking. It does not address the fundamental challenges of preserving the prompt delivery of mail. The document shows no hint of the best practices in strategic planning, little understanding of consumer marketing dynamics, and it presents actions to be taken with outcomes assumed and unchallenged. It is written with confident language, yet it is blind to the deepest consequences of each action. DELIVERING FOR AMERICA is a perfect example of the strategic planning that fails most often at most organizations. Yet, by using DELIVERING FOR AMERICA as a contrast, I hope to inspire the perspective and imagination to build a workable plan with defined short-term and long-term goals, resulting in a successful, secure, strong, self-sustaining, citizen-owned mail system.
