



Office of Inspector General | United States Postal Service

Audit Report

Business Customer Retention Strategies

Report Number MS-AR-18-003 | May 17, 2018



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Highlights

Objective

Our objective was to assess the effectiveness of the U.S. Postal Service's business customer retention strategies.

The Postal Accountability and Enhancement Act of 2006 was enacted at a time when mail was a primary vehicle for advertising, correspondence, and business transactions. Since that time, consumer behavior and the marketing industry have significantly changed. Digital advertising, electronic bill pay, and email correspondence have impacted mail volume, resulting in a 40 and 24 percent decline in First-Class and Marketing Mail volume, respectively, since 2006. In fiscal year (FY) 2017, First-Class Mail volume declined by 2.5 billion pieces and Marketing Mail volume declined by 2.6 billion pieces, primarily due to digital diversion.

In FY 2012, the Postal Service's Business Customer Intelligence group in Sales and Customer Relations developed a mitigation plan and implemented customer retention strategies for business customers with partial revenue or total revenue loss. The Postal Service defines customer "churn" as partial revenue lost from a customer during the analysis period, while "defection" is defined as total revenue lost from the customer. Management can measure churn and defection by the amount of revenue the Postal Service has lost from these customers.

We issued a report in September 2014 recommending the Postal Service enhance the effectiveness of its customer retention efforts. Since that time, the

“From FYs 2015 to 2017, the Postal Service’s retention efforts reported a significant financial benefit, with retained revenue of over \$1.8 billion using dedicated retention employees, predictive analytics, proactive targeted campaigns, and customer surveys.”

Postal Service has expanded its business customer retention programs, which now include Small Business Campaigns, Select Business Account Management, and Strategic Service Support. These expanded retention efforts include:

- Dedicated employees at 12 customer retention team (CRT) sites.
- Predictive analytics through historical data analysis.
- Proactive campaigns targeting at-risk small business customers.
- Ongoing customer surveys to identify reasons for churn and defection, as well as customer expectations.

The Postal Service implemented these programs to proactively identify at-risk business customers before churn or defection occurs.

What the OIG found

The Postal Service's proactive business customer retention strategies have been effective in reducing churn and defection. From FYs 2015 to 2017, the Postal Service's retention efforts reported a significant financial benefit, with retained revenue of over \$1.8 billion using dedicated retention employees, predictive analytics, proactive targeted campaigns, and customer surveys.

However, the Postal Service could enhance its mitigation plan to address certain operational and administrative challenges. Specifically, the plan did not address:

- Delivery quality, convenience concerns, and customer service problems for small business customers. [REDACTED]
- Supervisory turnover at CRT sites. These sites experienced frequent turnover as these 2-year temporary positions have led all CRT supervisors to actively seek other opportunities.
- CRT employee evaluations. Management did not evaluate CRT employees based on specific measurable performance goals related to churn and defection.

These conditions occurred because:

- There was no formal mechanism in place to communicate churn and defection data with the functional operational areas responsible for implementing service improvement, including Delivery and Retail and Customer Service operations.
- Management did not agree on the supervisory structure at the CRT sites.
- Management did not establish CRT employees' individual goals or performance metrics due to CRT sites still becoming fully staffed and trained.

We estimate improvements to the Postal Service's retention strategies could have prevented [REDACTED]

In other matters, certain external challenges also impacted churn and defection. For example, the Postal Service has been unable to incentivize volume through

the use of promotions, as all promotions expired as of December 31, 2017. New promotions require Board of Governors approval and, until Board members are appointed, such promotions cannot be offered. In FY 2017, the Postal Service mailed 16 billion pieces of promotions mail valued at a total of \$648 million. Lastly, the Postal Service does not have the flexibility to offer new nonpostal services due to legislative restrictions. Proposed legislation which has been pending since January 2017 would address some of these restrictions.

What the OIG Recommended

We recommended management update the mitigation plan to include a mechanism to provide churn and defection data to operational areas, re-evaluate and address the customer retention team site supervisory structure; and establish customer retention team employee goals and performance metrics.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

May 17, 2018

MEMORANDUM FOR: DENNIS R. NICOSKI
ACTING SENIOR VICE PRESIDENT, SALES AND
CUSTOMER RELATIONS

E-Signed by Janet Sorensen
VERIFY authenticity with eSign Desktop


FROM: Janet M. Sorensen
Deputy Assistant Inspector General
for Retail, Delivery and Marketing

SUBJECT: Audit Report – Business Customer Retention Strategies
(Report Number MS-AR-18-003)

This report presents the results of our audit of the U.S. Postal Service's Business Customer Retention Strategies (Project Number 17RG022MS000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Joe Wolski, Director, Sales, Marketing and International, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the U.S. Postal Service's Business Customer Retention Strategies (Project Number 17RG022MS000). Our objective was to assess the effectiveness of the Postal Service's business customer retention strategies. See [Appendix A](#) for additional information about this audit.

Background

The Postal Accountability and Enhancement Act of 2006 was enacted at a time when mail was a primary vehicle for advertising, correspondence, and business transactions. Since that time, consumer behavior and the marketing industry have significantly changed. Nonpostal services including digital advertising, electronic bill pay, and email correspondence have impacted mail volume, resulting in a 40 and 24 percent decline of First-Class and Marketing Mail volume, respectively, since 2006.

The Postal Service delivered over 149 billion mailpieces in fiscal year (FY) 2017. However, revenue during FY 2017 declined by \$1.8 billion to \$69.6 billion — a 2.5 percent decrease from \$71.4 billion in FY 2016. Business customers accounted for 79 percent of Postal Service revenue, or \$55.3 billion in FY 2017. A multi-year trend of declining mail volume and increasing package volume continued in FY 2017.

“The Postal Service defines customer “churn” as partial revenue lost from a customer during the analysis period, while “defection” is defined as total revenue lost from the customer.”

Compared to FY 2016, First-Class Mail volume decreased by 2.5 billion pieces (4 percent) and Marketing Mail decreased by 2.6 billion pieces (3.2 percent) in FY 2017.

The Postal Service's Business Customer Intelligence group in Sales and Customer Relations developed a mitigation plan to address this decline in revenue and implemented customer retention strategies for business customers who reduced their spending or left the Postal Service altogether. The Postal Service defines customer “churn” as partial revenue lost from a customer during the analysis period, while “defection” is defined as total revenue lost from the customer. Management can measure churn and defection by the amount of revenue the Postal Service has lost from these customers.

These customer retention strategies align with the Postal Service's overarching goals outlined in Ready Now → Future Ready Initiative #3, Optimize Retail and Customer Service Platform,¹ and Initiative #77, Accelerate Innovation to Maximize Customer Value.² We issued a report in September 2014, recommending the Postal Service enhance the effectiveness of its customer retention efforts. Since that time, the Postal Service has expanded its business customer retention programs, which now include Small Business Campaigns, Select Business Account Management, and Strategic Service Support. Small businesses that spend up to \$250,000 with the Postal Service annually are managed through Small Business Campaigns, Select Business Account Management, and Select Business Sales Protection.³ Medium and large businesses that spend more than \$250,000 annually are managed through Business Service Network (BSN) campaigns, the Field Account Representatives (FAR) Program, and Strategic Service Support. [Figure 1](#) summarizes the retention programs for each business segment.

¹ Aims to build an integrated and efficient retail and customer service network that drives customer and business value.

² Aims to achieve total revenue growth through sales, brand marketing, pricing, and innovation programs that sustain mail value, grow package revenue, and accelerate innovation.

³ The Postal Service plans to implement the Select Business Sales Protection Program in FY 2018.

Figure 1: Postal Service Retention Programs



Source: Postal Service Customer Retention training materials 2017.

These retention programs included expanding efforts, such as:

- Dedicated employees at 12 customer retention team sites.⁴
- Predictive analytics through historical data analysis.
- Proactive campaigns targeting at-risk small business customers.
- Ongoing customer surveys to identify reasons for churn and customer expectations.

⁴ CRT employees conduct proactive outreach calls to small business customers at risk of churning in an effort to retain revenue for the Postal Service. Employees engage customers in open dialogue to understand customer sentiment, uncover customer needs, and provide relevant information.

The Postal Service implemented these programs to proactively identify at-risk business customers before additional churn or defection occurred. From FYs 2015 to 2017, [REDACTED]

[REDACTED]

Finding #1: Mitigation Plan Can Be Enhanced

The Postal Service’s proactive business customer retention strategies have been effective in reducing churn and defection. From FYs 2015 to 2017, the Postal Service’s retention efforts reported a significant financial benefit, with retained revenue of over [REDACTED] billion using dedicated retention employees, predictive analytics, proactive targeted campaigns, and customer surveys.

However, while there are no quick solutions to long-term mail volume decline, the Postal Service could enhance its mitigation plan to address certain operational and administrative challenges to reduce churn and defection. Specifically, the Postal Service needs to address reasons for churn among small businesses, resolve temporary supervisory position issues at CRT sites, and establish individual goals and metrics for CRT employees to improve productivity. The goal of these efforts would not necessarily restore the growth of overall mail volume, but could mitigate the rate of churn and defection.

Operational Challenges

The Postal Service’s mitigation plan did not address delivery quality, convenience concerns, and customer service problems

“The Postal Service’s mitigation plan did not address delivery quality, convenience concerns, and customer service problems for small business customers.”

for small business customers. [REDACTED] in lost revenue in FY 2017. The Business Customer Intelligence group surveyed unassigned small business customers to identify reasons for churn and defection. Table 1 shows the percentage of respondents per churn reason and estimated revenue loss due to these reasons.

Table 1. Top Churn Reasons for Unassigned Small Business Accounts

Churn Reason	FY 2016		FY 2017	
	Churn Amount (millions)*	%	Churn Amount (millions)*	%
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Source: U.S. Postal Service Office of Inspector General (OIG) analysis of Postal Service [REDACTED]

[REDACTED]

*Due to rounding, the numbers have variances.

5 The Postal Service calculates retained revenue by identifying at-risk business customers via historical sales data and predictive analytics. The Postal Service then randomly divides these customers into test and control groups. After the retention campaign is conducted, the Postal Service measures quarterly revenue between the two groups. The difference is captured as the retained revenue value.
 6 FY 2017 churn for small businesses (unassigned accounts) was [REDACTED] billion while medium and large business customers’ churn was [REDACTED] billion.

This condition occurred because there was no formal mechanism in place for communicating churn and defection data with the functional operational areas responsible for implementing service improvement, including Delivery and Retail and Customer Service operations. The Postal Service is planning to generate data-driven insights around the root causes of customer churn and defection to build visibility and accountability across the organization; however, these efforts still need to be implemented. Table 2 lists a few examples of customer survey responses on delivery quality, convenience, and customer service churn reasons.

Table 2. Examples of Customer Survey Response

Delivery Quality	Convenience	Customer Service
“Mail is delayed on our certified mail when it is on the 1st attempt up to 10 days. That is not good for our business.”	“Local post offices doesn’t [sic] pick up at place of business and its [sic] inconvenient.”	“Need to be [sic] better training for post masters...front [sic] desk at post office needs to be more friendly and helpful to our needs...”
“Customer states that if her carrier would pick up and deliver her mail into this business, business would improve.”	“Change the scheduled pick up...if [sic] customer prints a label out by a certain time with UPS it is synchronized with driver schedules and driver is notified to come and pick up pkgs...Post [sic] Office should offer this service.”	“Need to have a real person to talk to when you have problems with using the online services. They transfer you from voice message to voice message. Need real [sic] person.”

Source: Postal Service FY 2017 customer survey responses.

Industry best practices show that organizations can improve customer retention and reduce potential defection by implementing corrective action plans to address the root causes of the issues.⁷

Our estimates indicate that improvements to the Postal Service’s retention strategies and mitigation plan could have prevented [redacted] million in revenue loss⁸ from customer churn and defection in FY 2017. Collectively, the Postal Service retained revenue of about [redacted] million in churn and defection in FY 2017 — about [redacted] percent of the total estimated [redacted] billion in churn and defection. Per customer feedback, [redacted]

[redacted] in FY 2017 compared to FY 2016.

The Postal Service’s retention strategies have been producing positive outcomes with increased retained revenue using dedicated retention employees, predictive analytics, proactive targeted campaigns, and customer surveys. However, if the Postal Service does not address the reasons for churn and defection, it will continue to impact its retention strategies and revenue loss. We estimate that if not addressed, the Postal Service could incur revenue loss of nearly [redacted] million due to churn and defection from October 2016 through September 2018.

Administrative Challenges

The Postal Service’s mitigation plan did not address supervisory turnover at the CRT sites or CRT employee evaluations. Specifically:

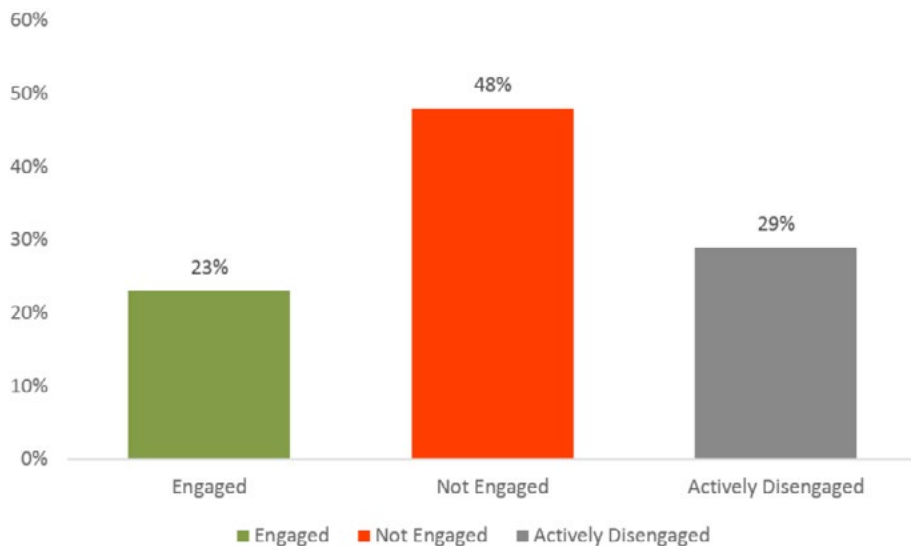
“The CRT sites experienced frequent turnover as supervisory positions are 2-year temporary positions, which have led to these supervisors actively seeking other positions.”

⁷ Service is the New Sales, Accenture Strategy, dated January 6, 2016.

⁸ Revenue loss is the amount the Postal Service is (or was) entitled to receive but was underpaid or not realized because policies, procedures, agreements, requirements, or good business practices were lacking or not followed.

- The CRT sites experienced frequent turnover as supervisory positions are 2-year temporary positions, which have led to these supervisors actively seeking other positions. During our site visit, a supervisor explained the evolving progress the CRT site has made during her tenure considering the recent staff developments.⁹ However, the supervisor stated that she will be at the site a few more months and a new supervisor will replace her. Supervisors need time to be trained and build employee relationships in addition to cultivating office work ethics and directly impacting productivity. Encouraging teamwork and engaging employees are important to the retention work; however, a recent CRT site employee survey results showed that 77 percent were not engaged or were actively disengaged with their task of reaching out to at-risk customers who could churn or defect (see Figure 2).

Figure 2. Postal Service Customer Retention Team Employee Survey, FY 2017, Quarter 4



Source: OIG analysis of Employee Engagement Gallup Survey results of 229 respondents.

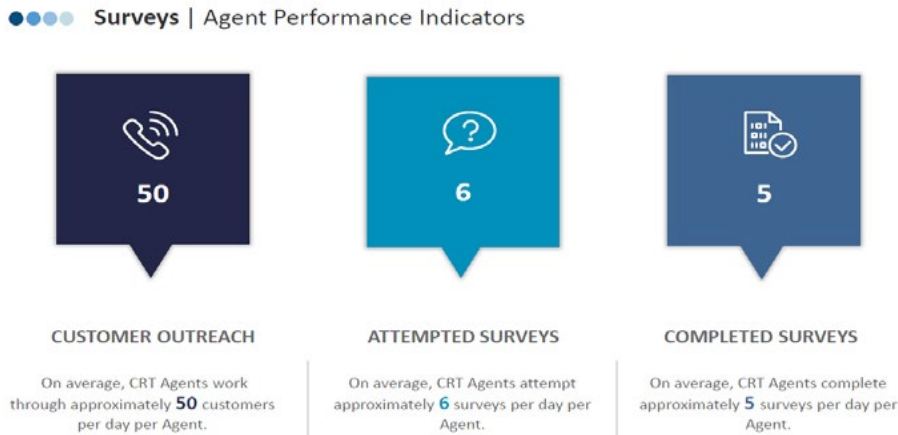
⁹ USPS and American Postal Workers Union (APWU), AFL-CIO Sales Retention Team Arbitration, December 8, 2016, Case No. Q10C-4Q-C 14011344. From FYs 2013 to 2017, CRT sites were staffed with limited light-duty employees. But in February 2016, the APWU successfully argued in arbitration that CRT sites should be staffed with clerk craft employees and, as a result, the limited light duty employees were removed.
¹⁰ *Temporary vs. Permanent Employees, Small Business* - Chron.com, dated September 3, 2011.

This condition occurred because management did not agree on the supervisory structure at the CRT sites, stating that these temporary positions are currently the sites' weakest link. According to Human Resources, they are responsible for developing organizational design and establishing staffing requirements. Best practices show that staffing with temporary employees may cost significant time and resources, such as people to provide training, with each turn over.¹⁰ Permanent employees can help grow an organization's business as they become more efficient and knowledgeable in managing staff and operations.

- CRT employees were not evaluated based on specific measurable performance goals related to churn and defection. During our site visit, we observed employees professionally conducting daily responsibilities of contacting customers. The employees were provided with necessary tools, including scripts for phone conversations with customers; however, they were not able to tell us how many customers they had to contact daily. One employee mentioned that she had a self-imposed goal of contacting all customers on her list of survey leads (about 40).

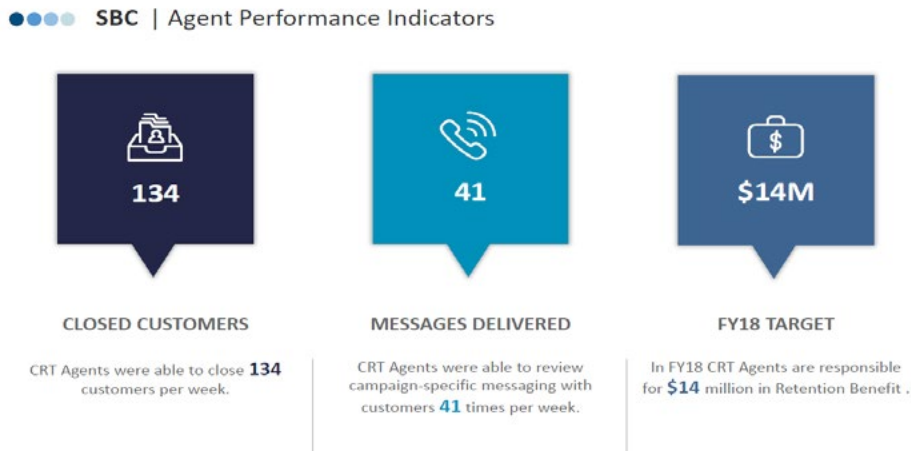
Since employees at these sites conduct mailing campaigns and survey customers at risk of churning, actual performance data are captured. While each mailing campaign and survey conducted by a CRT site have performance metrics, individual employees do not have such goals to meet. For example, the CRT Small Business Campaigns have a metric to target [REDACTED]. Figures 3 and 4 show CRT performance indicators which state that, on average, an employee conducted five surveys per day and completed 41 campaign-specific calls per week.

Figure 3. Example of CRT Survey Indicators



Source: Postal Service Customer Retention Team Program Report.

Figure 4. Example of Small Business Campaign Indicators



Source: Postal Service Customer Retention Team Program Report.

This condition occurred because management did not establish individual goals and performance metrics for CRT employees because these sites are still becoming fully staffed and trained.

Industry best practices suggest the establishment of specific and measurable employee performance metrics that are aligned with the organization's objectives, which will be used to evaluate individual performance and productivity for reaching out to at-risk business customers.¹¹ These metrics include:¹²

- Percentage of time spent on selling/retaining activities.
- Percentage of time spent on manual data entry.
- Average number of sales/retention tools used daily.
- Percentage of high-quality leads with whom there was follow up.

The lack of supervisory structure and failure to establish individual employee goals and performance metrics at CRT sites may result in lower productivity and less retained revenue.

“The lack of supervisory structure and failure to establish individual employee goals and performance metrics at CRT sites may result in lower productivity and less retained revenue.”

Recommendation #1

The Acting Senior Vice President, Sales & Customer Relations, develop a mechanism to provide churn and defection data to operational areas to bring visibility to the issues and reasons.

¹¹ Performance Management and KPIs, MindTools.com, dated December 13, 2008.

¹² The Ultimate Guide to Sales Metrics: What to Track, How to Track It, & Why, Hubspot.com, dated April 10, 2017.

Recommendation #2

The Acting Senior Vice President, Sales & Customer Relations, re-evaluate and address the customer retention team site supervisory structure.

Recommendation #3

The Acting Senior Vice President, Sales & Customer Relations, establish customer retention team employees' individual goals and performance metrics.

Other Matters

Certain external challenges also impacted churn and defection. For example, the Postal Service has been unable to incentivize volume through use of promotions, as all promotions expired as of December 31, 2017. New promotions require Board of Governors approval and the term of the last independent governor expired in December 2016. In FY 2017, the Postal Service mailed 16 billion pieces of promotions mail valued at a total of \$648 million; however, without new governors the Postal Service will not realize increased promotions mail volume and revenue. Lastly, the Postal Service does not have the flexibility to offer new nonpostal services due to legislative restrictions. Proposed legislation which has been pending since January 2017 would address some of these restrictions by offering nonpostal services to government entities.

Management's Comments

Management agreed with the findings, recommendations, and monetary impact.

Regarding recommendation 1, management agreed that increasing channels of communication and collaborating with operational areas will help illuminate the underlying reasons for customer churn and defection. In addition, management stated they already established numerous forums and processes for improving business strategy development and execution. The headquarters Customer Retention Office also distributes monthly churn reports and analysis across multiple operational and marketing functions to aid in customer retention. The Postal Service continues to actively pursue other opportunities to provide

relevant data to operations, build visibility and accountability, build relationships, and increase channels of communication. The target implementation date is September 30, 2018.

Regarding recommendation 2, management stated permanent site supervisors are more desirable, effective, and efficient than temporary or rotating positions. Permanent positions would allow for greater stability, which is not possible with temporary or rotating supervisors. Permanent supervisors would also result in better training, clearer expectations, and consistent oversight and monitoring. Management stated they requested permanent site supervisors from headquarters Human Resources. Based on subsequent correspondence the target implementation is July 8, 2018.

Regarding recommendation 3, management stated while they agree that individual goals and performance metrics would be ideal, management lacks the ability to unilaterally implement such a recommendation. According to headquarters Labor Relations, clerks currently do not have official work standards, and establishing them would necessitate a collective agreement between the American Postal Workers Union and the Postal Service. Management believes that unofficial goals and performance metrics would also be an effective coaching tool. Headquarters Customer Retention Office will explore tactics that enable the retention training staff to employ performance metrics and key performance indicators in a managerial and coaching capability. The target implementation date is September 30, 2018.

See [Appendix B](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the findings, recommendations, and monetary impact and corrective actions taken or planned should resolve the issues identified in the report.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendices

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Appendix A: Additional Information

Scope and Methodology

Our objective was to assess the effectiveness of the Postal Service's business customer retention strategies. To accomplish our objective, we:

- Reviewed Postal Service customer retention strategies, policies, and procedures.
- Reviewed Postal Service initiatives that are part of its customer retention efforts.
- Reviewed and analyzed prior OIG reports.
- Reviewed customer retention-related systems documents including Customer Data Mart¹³ and predictive data analysis.
- Reviewed Postal Service reasons for churn among unassigned small business customers and did our own analysis based on customer survey responses for FYs 2016 and 2017.
- Identified industry best practices for customer retention strategies.
- Observed one CRT site's daily operations, including its interactions with small business churners.
- Analyzed Customer Data Mart revenue data and identified top churners from large business customers.

- Interviewed Postal Service managers and headquarters officials regarding overall customer retention efforts, challenges, and results.
- Interviewed Postal Service personnel from finance for their validation process of retained revenues resulting from the customer retention programs.
- Interviewed strategic account managers responsible for selected large businesses with significant churn in FY 2017.
- Interviewed large businesses and documented main reasons for churn.

We conducted this performance audit from August 22, 2017, through May 2018, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on April 26, 2018, and included their comments where appropriate.

We assessed the reliability of computer-generated data from the Postal Service's Customer Data Mart by reviewing the data and interviewing Postal Service officials and external stakeholders. We determined that the data were sufficiently reliable for the purpose of this report.

¹³ A database used to report Postal Service customer revenue and volume performance.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Customer Retention</i>	Evaluate the effectiveness of the Postal Service's customer retention strategies.	MS-AR-14-008	9/25/2014	■
<i>Small Business Growth</i>	Evaluate the effectiveness of the Postal Service's postmasters and sales staff efforts for growing small business revenue and identify opportunities for growth.	MS-AR-13-009	6/20/2013	■

Appendix B: Management's Comments

A/SENIOR VICE PRESIDENT, SALES
AND CUSTOMER RELATIONS



May 8, 2018

LORI LAU DILLARD
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Business Customer Retention Strategies
Report Number MS-AR-18-DRAFT

The Postal Service agrees with the overall findings and general direction the OIG has provided through its recommendations for enhancing the mitigation plan as well as its monetary impacts; however, addresses specific implementation difficulties found within recommendation #3.

Recommendation #1: The Acting Senior Vice President, Sales & Customer Relations, develop a mechanism to provide churn and defection data to operational areas to bring visibility to the issues and reasons.

Management Response:

Management agrees that increasing channels of communication as well as collaboration with operational areas will help illuminate the underlying reasons for customer churn and defection and thereby assist in customer mitigation efforts.

The Postal Service has already established numerous forums and processes for improving business strategy development and execution. Forums such as DRIVE, Investment Review Committee sessions, and Executive Ideation sessions have helped create a structured approach to organizing operational and management activities in an effort to facilitate cross-functional dialogue and collaboration. These forums and processes allow for streamlined reporting and accountability as they incorporate measurement, analysis and evaluation of strategic retention initiatives. The HQ Customer Retention Office also distributes monthly churn reports and analysis across multiple operational and marketing functions at the HQ, Area and District levels nationwide to aid customer retention.

Target Implementation Date:

The forums and processes detailed above have already been implemented; however, the Postal Service continues to actively pursue other opportunities to provide relevant data to operations, build visibility and accountability, build

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-5657
WWW.USPS.COM

relationships and increase channels of communication. We anticipate additional opportunities will be implemented by the end of Q4, FY2018.

Responsible Officials:

Richard Sherrill, Director Business Customer Intelligence and Kelvin Jackson, Manager, Customer Retention

Recommendation #2: The Acting Senior Vice President, Sales & Customer Relations, re-evaluate and address the customer retention team site supervisory structure.

Management Response:

Management agrees that permanent site supervisors are much more desirable, effective and efficient than temporary or rotating positions. Permanent positions would allow for greater stability which is not possible with temporary or rotating supervisors. Permanent supervisors would also result in better training, clear expectations amongst the employees as well as consistent oversight and monitoring.

Target Implementation Date:

A request for permanent site supervisors has already been made to Headquarters Human Resources. Implementation of this recommendation would begin immediately, should the request be granted by HR.

Responsible Officials:

Richard Sherrill, Director Business Customer Intelligence and Kelvin Jackson, Manager, Customer Retention; however, the ultimate authority for approving such a change resides in the Headquarters Human Resources Office.

Recommendation #3: The Acting Senior Vice President, Sales & Customer Relations, establish customer retention team employees' individual goals and performance metrics.

Management Response:

While management agrees that individual goals and performance metrics would be ideal, management lacks the ability to unilaterally implement such a recommendation. According to Headquarters Labor Relations, Clerks currently do not have official work standards, and establishing them would necessitate a collective agreement between the American Postal Workers Union (APWU) and the

United States Postal Service. Management believes that unofficial goals and performance metrics would also be an effective coaching tool.

Target Implementation Date:

The HQ Customer Retention Office will be exploring tactics that enable the Retention training staff to employ performance metrics and Key Performance Indicators in a managerial and coaching capacity. This process will be implemented in Q4 FY2018.

Responsible Officials:

Richard Sherrill, Director Business Customer Intelligence and Kelvin Jackson, Manager, Customer Retention, along with the Headquarters' HR Office.



Dennis R. Nicoski
Acting Senior Vice President
Sales and Customer Relations

cc: Sally K. Haring,
Manager, Corporate Audit and Response Management
US Postal Service



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**INSPECTOR
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UNITED STATES POSTAL SERVICE

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1735 North Lynn Street
Arlington, VA 22209-2020
(703) 248-2100