OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

Sales Staffing

Management Advisory Report

Report Number
MS-MA-15-004

February 25, 2015

Highlights

The Postal Service, however, faces Sales staffing challenges due, in part, to vacancies that are not filled timely.

Background

The U.S. Postal Service's Sales organization is primarily tasked with selling products and services to businesses. The Postal Service reported commercial revenue of $47 billion in fiscal year (FY) 2014, including about ▮▮▮ billion in new sales. There are over 1,000 salaried Sales staff members throughout the country, including 814 employees directly responsible for generating revenue and 206 managers and staff who provide technical, operations, or other sales support. Management recently restructured its Sales force to increase attention on customer retention and integrate the international Sales team. The Sales organization continues to transform strategically to grow existing accounts and attract new customers.

Our objective was to compare the Postal Service's Sales force structure to industry best practices and identify opportunities for improvement.

What The OIG Found

The Postal Service's Sales force structure is generally consistent with best-in-class organizations. Both segment their sales forces by a variety of factors, including customer size and geography, and both have inside sales groups and specific staff dedicated to major national accounts.

The Postal Service, however, faces Sales staffing challenges due, in part, to vacancies that are not filled timely. In particular, it is difficult to find qualified prospective candidates who are accustomed to the Postal Service's salaried compensation structure rather than variable or commission-based salaries. Also, the Postal Service uses an informal staffing process that hinders its ability to effectively fill vacancies and conflicts with leading practices, which advocate a formal, proactive approach.

Once the Postal Service is closer to its full complement, it may have additional opportunities to maximize potential sales revenue by enhancing the following aspects of its Sales staff:

- *Size* – increasing Sales staff to be comparable to that of other delivery companies. For example, FedEx and UPS (which reported FY 2013 revenues of $44.3 and $55.4 billion respectively) each have sales staffs nearly three times the size of the Postal Service.

- *Deployment* – placing a higher priority on segmenting its Sales staff by industry type to increase familiarity with specific industry operations and mailing needs.

- *Compensation* – adopting a variable compensation system to motivate Sales staff. Leading organizations use variable compensation systems to incentivize sales staff. The Postal Service's inability to reconcile estimated sales revenue against actual realized revenue hinders its ability to move to a variable compensation system. Offering variable compensation could help hire and retain Sales staff. In September 2014 we recommended the Postal Service develop a strategy for these reconciliations. The Postal Service disagreed with our recommendation, stating that it improved its reconciliation capabilities. We concluded, however, that it still lacked the capability to fully reconcile estimates with actual revenue.

While the Sales organization has developed plans to request additional staff and continues to reassess its staff deployment, it lacks a methodology grounded in data analytics to determine optimal sales staff size, deployment, and compensation structure - a practice used by leading organizations. Such methodologies, in conjunction with enhanced efforts to fill vacancies, would help when reassessing its sales force structure and justifying the need for additional staff.

We estimate that implementing a formal, proactive strategy for filling Sales staff vacancies could result in $56.5 million in additional revenue in FY 2015.

What The OIG Recommended

We recommended the Postal Service enhance its Sales force by developing a formal, proactive strategy to effectively fill vacancies and methodologies grounded in data analytics to determine its optimal Sales staff size, deployment, and compensation structure.

Transmittal Letter

February 25, 2015

MEMORANDUM FOR: WILLIAM C. RUCKER III
VICE PRESIDENT, SALES

E-Signed by Janet Sorensen
VERIFY authenticity with eSign Desktop

FROM: Janet M. Sorensen
Deputy Assistant Inspector General
 for Revenue and Resources

SUBJECT: Management Advisory Report – Sales Staffing
(Report Number MS-MA-15-004)

This report presents the results of our review of the U.S. Postal Service's Sales Staffing (Project Number 14RG022MS000).

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

Attachment

cc: Corporate Audit and Response Management

Table of Contents

Findings

The Postal Service's Sales organization is primarily tasked with selling Postal Service products and services to commercial customers.

Introduction

This report presents the results of our self-initiated review of the U.S. Postal Service's Sales Staffing (Project Number 14RG022MS000). Our objective was to compare the Postal Service's Sales force structure to best practices and identify opportunities for improvement. See Appendix A for additional information about this review.

The Postal Service's Sales organization is primarily tasked with selling Postal Service products and services to commercial customers. The Postal Service reported commercial revenue of $47 billion in fiscal year (FY) 2014, including about ▮ billion in new sales. The Postal Service's Sales organization oversees the structure and use of its salaried[1] Sales force. This organization has over 1,000 staff members throughout the country, including 814 sales-related positions[2] and 206 managers and staff who provide technical, operations, or other assistance. The Postal Service's Sales force is generally segmented by customer size and location and also has specific staff assigned to larger, national accounts. Sales managers stated that segmentation decisions and priorities are to align with the organization's operations and objectives.[3] Additional information on specific organizations and staffing levels in the Sales organization is in Appendix A.

The Sales organization recently restructured to increase focus on customer retention and small businesses and integrate the international Sales team, which was formerly in Global Business. The Postal Service continues to make its Sales organization more strategic and better equipped to grow existing accounts and attract new customers. These efforts are in concert with the Postal Service's Delivering Results, Innovation, Value and Efficiency (DRIVE)[4] Initiative 16, *Customer Growth & Retention*, which focuses on the need to increase Sales force effectiveness.

An organization's sales force structure is integral to its ability to generate and grow revenue and should be customized to its unique business model, resources, and strategic goals. This structure should reflect factors including complement size, customer segmentation, and geographic distribution. These features must be constantly assessed to ensure service, sales, and revenue goals are met.

We commissioned a study to determine how leading organizations structure their sales staffing organizations to drive sales targets and performance and how these best practices could enhance the Postal Service's staffing structure. This study identified 11 best practices[5] for structuring sales organizations.

The Postal Service continues to face sizable financial challenges due to increasing competition for postal customers, changing customer demands, and evolving public preferences. The Postal Service's ability to deploy an effective Sales force staffing structure is crucial to retaining and growing its commercial revenue and enhancing its overall financial condition.

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1   Postal Service Sales staff members are salaried and there is no variable incentive component (commonly referred to as "commission").
2   We consider "sales-related" positions to be those with a direct responsibility for generating revenue, such as field account representatives or senior sales mail executives. Thus, we excluded 206 positions in the Sales organization such as administrative, support, or Postal Career Executive Service.
3   Leading practices show that organizations should segment their Sales structure based on their specific organizational objectives.
4   A management process the Postal Service uses to improve business strategy, development, and execution. The initiatives include cost cutting, revenue generation, and capability enhancement.
5   This research was conducted with five best-in-class organizations, four of which are in the delivery services sector. The results of their research are included throughout this report.

Conclusion

The Postal Service's Sales force structure is generally consistent with that of leading organizations. For example, the Postal Service and these organizations all segment their customers by size and geography, use specialized sales teams to address unique and emerging opportunities, use inside sales groups, and dedicate specific staff to major national accounts.

The Postal Service, however, continues to face challenges staffing its Sales organization, and is not always able to fill vacancies promptly. For example, it is difficult to find qualified prospective candidates who are accustomed to the Postal Service's salaried compensation structure rather than variable compensation based pay. We reported in September 2014 that it is hard for the Postal Service to move to variable compensation for its Sales force as it cannot reconcile estimated sales revenue with realized revenue.[6] In addition, the Postal Service relies on an informal process for filling vacancies, which hinders its ability to fill its vacancies and maintain the reach of its Sales force. This informal process is also contrary to the formal, proactive approach used by leading organizations.

Once the Postal Service is closer to its full complement, it may have additional opportunities to maximize potential sales revenue by enhancing the following aspects of its Sales staff:

- *Size* - increasing Sales staff to be comparable to that of other delivery companies. For example, FedEx and UPS (which reported FY 2013 revenues of $44.3 and $55.4 billion respectively) each have sales staffs nearly three times the size of the Postal Service.

- *Deployment* – placing a higher priority on segmenting its Sales staff by industry type to increase familiarity with specific industry operations and mailing needs.

- *Compensation* – adopting a variable compensation system to motivate Sales staff. Leading organizations use variable compensation systems to incentivize sales staff. The Postal Service's inability to reconcile estimated sales revenue with actual revenue hinders its ability to move to a variable compensation system. Offering variable compensation could help the Postal Service hire and retain Sales staff. In September 2014 we recommended the Postal Service develop a strategy for these reconciliations.[7] The Postal Service disagreed with our recommendation, stating that it improved its reconciliation capabilities. We concluded, however, that it still lacked the capability to fully reconcile estimates with actual revenue.

While the Sales organization has developed plans to request additional staff and continues to reassess its staff deployment, it lacks a methodology grounded in data analytics to determine optimal Sales staff size, deployment, and compensation structure – a practice used by leading organizations. Use of predictive analytics to identify technological, societal, and geographic trends could help the Postal Service meet customer needs. Such methodologies would help when reassessing the Sales force structure and could be used to justify the need for additional staff.

We estimate that in FY 2014 Sales vacancies resulted in about $56.5 million in lost Sales revenue. We also estimate that more effectively filling vacancies by implementing a formal, proactive strategy for filling vacancies could result in additional revenue of $56.5 million annually in FYs 2015 and 2016.

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6   *Revenue Plan and Sales Targets* (Report Number MS-AR-14-007, September 8, 2014).
7   *Revenue Plan and Sales Targets* (Report Number MS-AR-14-007, September 8, 2014).

Sales Staffing

The Postal Service's Sales force structure is generally consistent with best-in-class organizations. For example, like those organizations, the Postal Service segments its Sales force[8] by customer size and location and uses specialized sales teams to address unique and emerging opportunities (see Figure 1). We identified 11 best practices from our review of sales organizations in other companies.

Figure 1. Summary of Staffing Best Practices of Sales Organizations
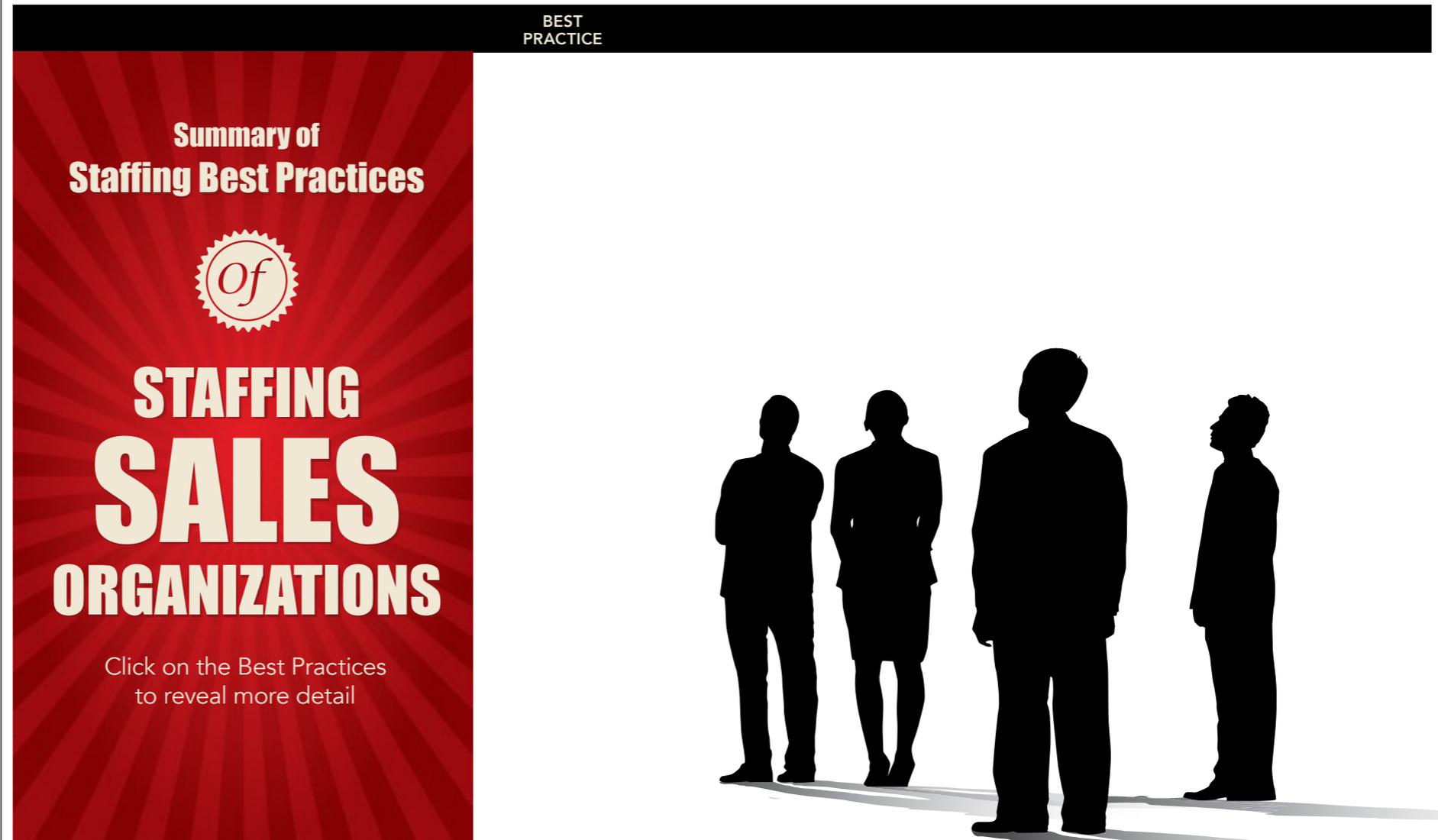
Source: U.S. Postal Service Office of Inspector General (OIG) analysis.

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8   The Postal Service's Sales force is generally segmented by customer size and location. The Postal Service has chosen to segment its Sales force in this way rather than by other considerations, such as by industry or product line, to more effectively align with Sales operations and objectives.

Sales-Related Staff Vacancy Rate

Postal Service data showed that vacancies in the Sales organization were mostly the result of attrition, promotions, and reassignments to other postal areas. Table 1 shows that 72 of 679 field sales-related positions and all three international sales-related positions are vacant. Within field sales, 20 of 99 sales positions in the Western Area are vacant. Some of these vacancies occur in areas where there is a particularly strong potential for more sales revenue, as illustrated below:

- Western Area:

  - Experienced a ▇ percent growth in commercial revenue in FYs 2013-2014 and a ▇ percent growth in FYs 2012-2013; it was one of only two Postal Service areas that grew during FYs 2012-2013.

  - Four of the five states that experienced the largest increase in Gross Domestic Product (GDP)[9] between 2010 and 2013 are in the Postal Service's Western Area – North Dakota, Nebraska, South Dakota, and Utah.

- International – experienced a ▇ percent revenue growth in FYs 2012-2013.

Table 1. Postal Service Sales Structure – Sales-Related Positions

Sales Organization	Authorized Complement	Vacancies
Area Sales (individual area sales teams)	679	72
Strategic Accounts (national)	52	6
National Sales Customer Accounts Manager	28	0
National Sales Major Accounts	25	4
Customer Relationship Management	13	0
Small Business	10	3
National Field Sales	3	0
International Sales	3	3
Vice President	1	0
Total	**814**	**88**

Source: Postal Service Sales staffing data.

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9   Calculated changes from prior period using U.S. Bureau of Economic Analysis data. Texas, in the Postal Service's Southern region, had the fifth largest increase in GDP between 2010 and 2013.

The Postal Service needs a full complement to fully capture sales opportunities from existing and new customers in all areas.

Postal Service officials use an informal process to plan for and respond to vacancies. When vacancies occur, officials review the territory and the number and types of businesses in a particular area and determine where the sales effort may be understaffed to decide the best location for Sales positions. While the Sales group reported a 4 percent vacancy rate reduction between FY 2011 and 2014, it continues to face multiple challenges in effectively filling vacancies in a timely manner. For example, Postal Service Sales managers mentioned difficulty finding qualified candidates, as prospective candidates may be more accustomed to variable compensation than the Postal Service's salaried compensation structure. We reported in September 2014 that the Postal Service cannot move to a Sales staff variable compensation system because it cannot reconcile estimated sales revenue against actual revenue.[10]

Postal Service officials also noted it takes time to fill vacancies. Time-consuming aspects of the process include: determining whether to move the vacant position to another location; evaluating whether to fill vacancies with internal candidates, thereby creating other vacancies; and following all Human Resources job posting and hiring requirements. We reported on the chronic Sales staff vacancies in a previous OIG audit.[11]

The Postal Service needs a full complement to fully capture sales opportunities from existing and new customers in all areas. Leading organizations develop formal, proactive strategies that help them effectively plan for and respond to vacancies so they maintain the reach of their sales forces. If the Postal Service were to more effectively fill vacancies and correspondingly grow sales revenues, this could also help justify expanding the Sales force.

Data Analytics Based Staffing Methodologies

Leading organizations use proprietary methodologies grounded in data analytics to help them determine key aspects of their Sales forces, including their optimal size, deployment, and compensation structure. The Postal Service uses an informal sales force sizing methodology and addresses staff vacancies as they occur. It also factors in some analytics – such as reviewing the number and types of businesses nearby. But this analysis is informal and occurs on an as-needed basis. The Postal Service could increase Sales revenue by improving its sales structure.

First, Postal Service data shows FedEx and UPS have triple the sales staff of the Postal Service – 3,108 and 2,800, respectively – with reported FY 2013 revenues of $44.3 billion and $55.4 billion, respectively. The Postal Service may need a larger Sales staff to maximize revenue. Its Sales organization recognized this disparity and developed plans for additional staff but has held off on pursuing funding for more positions until more vacancies are filled.

Second, the Postal Service primarily segments its Sales force by customer size and geography to more effectively align with Sales operations and objectives; it also has some staff on major accounts assigned to specific industries such as banking and pharmaceuticals. We recognize that leading practices encourage organizations to segment their sales structures based on their specific organizational objectives. Leading organizations, however, often place a higher priority on segmenting their sales staff by industry type as staff familiarity with specific operations and mailing and shipping needs can help increase revenue. The Postal Service may benefit from placing a higher-priority on "industry type" in future segmentation decisions.

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10 *Revenue Plan and Sales Targets* (Report Number MS-AR-14-007, September 8, 2014).
11 *Package Delivery Growth* (Report Number MS-AR-12-003, May 4, 2012).

The Postal Service has an opportunity to enhance its Sales structure by developing a methodology grounded in data analytics to determine optimal Sales staff size, deployment, and compensation structure.

Finally, the Postal Service relies on a salaried, rather than variable, compensation structure for its Sales force, because it cannot fully reconcile estimated sales revenue with actual revenue. Leading organizations use variable compensation systems for motivating sales staff and enhancing their ability to retain and hire quality employees. The leading organizations offer both salaries and bonuses; the bonus is variable and is based on each staff member's revenue-raising performance. The Postal Service should continue assessing ways to transition to a variable compensation structure.

The Postal Service has an opportunity to enhance its Sales structure by developing a methodology grounded in data analytics to determine optimal Sales staff size, deployment, and compensation structure – a practice used by leading organizations. This would include using predictive analytics to identify technological, societal, and geographic trends that could help the Postal Service meet customer needs. Such methodologies, in conjunction with enhanced efforts to fill vacancies, would help the Postal Service reassess its Sales force structure and could demonstrate the need for additional staff.

We estimate that in FY 2014, Sales vacancies resulted in about $56.5 million in lost sales revenue. We also estimate that more effectively filling vacancies could result in additional revenue of $56.5 million annually in FYs 2015 and 2016.

Recommendation

Recommendation

We recommend the vice president, Sales:

1. Enhance the Sales force by developing a formal, proactive strategy to effectively fill vacancies and methodologies grounded in data analytics to determine optimal Sales staff size, deployment, and compensation structure.

Management's Comments

Management agreed with the overall direction of the report but disagreed with certain statements about the finding, and partially agreed with the recommendation. In subsequent correspondence, management stated they agreed that there is a monetary impact associated with not having positions filled.

Management disagreed that the Postal Service lacks a methodology grounded in data analytics to determine its optimal Sales staff size, deployment, and compensation structure. Management stated that such methodologies are currently in use and that they repeal processes for reassessing staff needs and determining optimal placement annually.

Management agreed with the overall direction of the recommendation and included the following specific action plan items to improve its underlying data analytics methodologies:

■ Re-evaluate the existing data-driven approach used to determine optimal Sales staff size, deployment, and compensation structure and decide whether they need to make any additional changes to enhance it further; and

■ Research existing analytics methodologies in the industry and determine whether the Postal Service can adopt any of them.

The target implementation date for these actions is March 31, 2016.

See Appendix B for management's comments, in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendation and monetary impact. Management's corrective actions should resolve the issues identified in the report.

Regarding management's disagreement with certain statements on the data analytics methodology finding, we acknowledged in the report that some analytics does occur. Specifically, the Postal Service "factors in some analytics – such as reviewing the number and types of businesses nearby." Our evidence, however, showed that this analysis was informal and occurred on an as-needed basis. The specific actions mentioned by management in its response—particularly related to the multi-criteria decision-making model and the customized business process management tool—should drive improvements in its analytics.

The OIG considers the recommendation significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. The recommendation should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

Appendices

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Background

The Postal Service's Sales organization oversees the structure and use of the Postal Service's Sales force. The Sales organization recently restructured its Sales force to, among other things, focus on customer retention and integrate the international sales team that was formerly in Global Business. While the Postal Service's Sales force is generally segmented by customer size, it also includes Sales support staff. For example, Operations Integration staff members lend complex technical and operational support to the Sales teams. A general structure of the Postal Service's Sales organization is provided in Table 2.

Table 2. Postal Service Sales Structure

Sales Organization	Authorized Staff
Area Sales (individual area sales teams)	686
Business Alliances	54
Strategic Accounts (national)	54
Operations Integration	47
Business Customer Intelligence	44
National Sales Customer Accounts Manager	28
National Sales Major Accounts	25
Field Sales Strategy and Contacts	23
Sales Operations and Planning	22
Customer Relationship Management	14
Small Business	11
National Field Sales	5
International Sales	4
Vice President	3
Total	**1,020**

Source: Postal Service.

In FY 2014, the Sales organization made major revisions to its Sales staffing structure. These revisions included adding a supporting structure around customer retention, small business, and account management to focus on its greatest opportunities.

Objective, Scope, and Methodology

Our objective was to compare the Postal Service's Sales force structure to best practices and determine opportunities for improvement.

To accomplish our objective we:

- Reviewed Postal Service data on the number of Sales staff and the Sales organization's structure, location, and vacancies.

- Reviewed the Sales organization's *Strategic Manual,* including applicable Postal Service guidance, policies, procedures, and initiatives.

- Commissioned primary research meetings and interviews on sales structure-related best practices with stakeholders at five best-in-class organizations, four of which were in the delivery services sector.

- Compared the Postal Service's Sales staffing structure to these best practices by reviewing applicable Postal Service documentation and data and interviewing Postal Service officials.

- Interviewed Postal Service officials to obtain information on the Sales organization departments, their structure, and related initiatives, including DRIVE Initiative 16.

- Extracted and analyzed FY 2012-2014 sales data from the Customer Data Mart (CDM) and CustomerFirst!.

We conducted this review from May 2014 through February 2015, in accordance with the Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation*. We discussed our observations and conclusions with management on January 13, 2015, and included their comments where appropriate.

We relied on computer-generated data from CDM and CustomerFirst!. While we did not assess the reliability of the data contained in these systems, we previously tested data in CDM and CustomerFirst! as part of prior audit projects. We determined that these and the other data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
Revenue Plan and Sales Targets	MS-AR-14-007	9/8/2014	None

Report Results: Our report determined that the Postal Service did not have a system to reconcile estimated revenue recorded by the Sales organization with actual realized revenue. That is, the Postal Service was unable to compare actual revenue from a customer with estimated revenue for that customer as initially recorded by Sales employees. While the Postal Service was working to improve its ability to reconcile this information, it still was unable to do so. Best-in-class organizations have information systems that allow them to reconcile this information and these reconciliations would enable the Postal Service to more effectively track revenue by customers and also to more objectively monitor and assess Sales staff performance. This monitoring could eventually be used to better align the Sales staff compensation program with leading practices that incorporate a variable incentive component. We recommended the Postal Service develop a strategy for reconciling estimated sales revenue against actual realized revenue. Management disagreed with our recommendations, reiterating that ongoing improvements have helped provide more accurate reconciliation capabilities.

Package Delivery Growth	MS-AR-12-003	5/4/2012	$647

Report Results: Our report determined that the Postal Service's strategies for growing its package business have helped it keep pace with competitors in growing domestic and international package markets. Although the strategies were sound, their effectiveness was impacted by lack of a strategic decision-making process for evaluating new sales opportunities, sales tracking system shortcomings, and chronic Sales staff vacancies. The Postal Service could grow its package business by stabilizing Sales staffing levels and adding new products. Management agreed with our findings and recommendations and set forth its plans for corrective actions. Management disagreed with the monetary impact of $647 million in subsequent correspondence stating that, even with a reduced Sales force, it has increased sales by focusing on higher value sales and sales execution.

CLIFF RUCKER
VICE PRESIDENT, SALES

**UNITED STATES
POSTAL SERVICE**

February 6, 2015

LORI LAU DILLARD, DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Management Advisory Report – Sales Staffing
(Report Number MS-MA-15-DRAFT)

The following findings were discussed in this OIG report:

"The Postal Service's Sales force structure is generally consistent with best-in-class organizations. Both segment their sales forces by a variety of factors, including customer size and geography, and both have inside sales groups and specific staff dedicated to major national accounts.

The Postal Service, however, faces Sales staffing challenges due, in part, to vacancies that are not filled timely. In particular, it is difficult to find qualified prospective candidates who are accustomed to the Postal Service's salaried compensation structure rather than variable or commission-based salaries. Also, the Postal Service uses an informal staffing process that hinders its ability to effectively fill vacancies and conflicts with leading practices, which advocate a formal, proactive approach.

Once the Postal Service is closer to its full complement, it may have additional opportunities to maximize potential sales revenue by enhancing the following aspects of its Sales staff:

- Size – increasing Sales staff to be comparable to that of other delivery companies. For example, FedEx and UPS (which reported FY 2013 revenues of $44.3 and $55.4 billion respectively) each have sales staffs nearly three times the size of the Postal Service.
- Deployment – placing a higher priority on segmenting its Sales staff by industry type to increase familiarity with specific industry operations and mailing needs.
- Compensation – adopting a variable compensation system to motivate Sales staff. Leading organizations use variable compensation systems to incentivize sales staff. The Postal Service's inability to reconcile estimated sales revenue against actual realized revenue hinders its ability to move to a variable compensation system. Offering variable compensation could help hire and retain Sales staff. In September 2014 we recommended the Postal Service develop a strategy for these reconciliations. The Postal Service disagreed with our

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recommendation, stating that it improved its reconciliation capabilities. We concluded, however, that it still lacked the capability to fully reconcile estimates with actual revenue.

While the Sales organization has developed plans to request additional staff and continues to reassess its staff deployment, it lacks a methodology grounded in data analytics to determine optimal sales staff size, deployment, and compensation structure - a practice used by leading organizations. Such methodologies, in conjunction with enhanced efforts to fill vacancies, would help when reassessing its sales force structure and justifying the need for additional staff.

We estimate that implementing a formal, proactive strategy for filling sales staff vacancies could result in $56.5 million in additional revenue in FY 2015."

Management Response:

The Postal Service agrees with the overall direction that the OIG has provided through the recommendations, but does not agree with certain statements made in regard to methodology. The OIG recommendation seems to indicate that the Postal Service lacks a methodology grounded in data analytics to determine its optimal Sales staff size, deployment, and compensation structure.

The Postal Service disagrees with this as there are methodologies grounded in data analytics that are currently in use. For example – The Postal Service uses a multi criteria decision making model to determine the optimal placements of the sales people. █████ ██ ██ model outputs a rank of districts with the top most district having the most need. Once the ranking of the districts is done, an additional ████████ factor is used to make the final decision on how many districts get approval to add additional sales people. This process is repeated annually to reassess the needs and to determine the optimal placements.

The Postal Service already had a proactive strategy to deploy automated tools to streamline the vacancy fulfillment process. As part of this strategy, the Postal Service recently deployed a customized business process management tool to reduce the vacancy fulfillment cycle time. In addition, the Postal Service commissioned a project to conduct a comprehensive analysis to develop a comprehensive Sales Force Strategy.

The Postal Service believes in continuous improvement and is always looking for innovative ways to improve the existing processes. In addition, the Postal Service is willing to look at existing analytics tools and techniques which are available in the industry.

Recommendations

Recommendation 1:
Enhance the Sales force by developing a formal, proactive strategy to effectively fill vacancies and methodologies grounded in data analytics to determine optimal Sales staff size, deployment, and compensation structure.

Management Response/Action Plan:
Management partially agrees with the OIG recommendation. The Postal Service agrees with the overall direction the OIG has provided through the recommendation. As mentioned earlier the Postal Service does use a data-driven methodology to determine its optimal Sales staff size, deployment, and compensation structure. In addition, the Postal Service does believe that there is room for improvement in the underlying data analytics.

The Postal Service has come up with the following action plan to address these issues:

1. Re-evaluate the existing data-driven approach used to determine optimal Sales staff size, deployment and compensation structure and make a decision on whether any additional changes need to be made to enhance it further.
2. Research the analytics methodologies existing in the industry and determine whether any of these existing methodologies can be adopted by the Postal Service.

Target Implementation Date:

By end of PQ2 FY 2016

Responsible Official:
William C. Rucker, Vice President, Sales

William C. Rucker

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

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INSPECTOR GENERAL
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