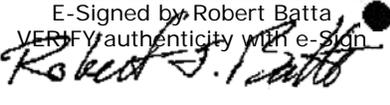




May 11, 2015

**MEMORANDUM FOR:** RICHARD P. ULUSKI  
VICE PRESIDENT, NORTHEAST AREA

E-Signed by Robert Batta  
VERIFY authenticity with e-Sign  


**FROM:** Robert J. Batta  
Deputy Assistant Inspector General  
for Mission Operations

**SUBJECT:** Management Alert – Mail Processing Operations at the  
Southern Maine Processing and Distribution Center  
(Report Number NO-MA-15-003)

This management alert presents the results of our self-initiated review of mail processing operations at the Southern Maine Processing and Distribution Center (P&DC) (Project Number 15XG015NO000). Our objective was to assess mail processing operational changes at the Southern Maine P&DC in response to the January 5, 2015, service standard revisions. We concluded the Southern Maine P&DC experienced high volumes of delayed mail following the operational changes.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Margaret B. McDavid, director, Network Processing and Transportation, or me at 703-248-2100.

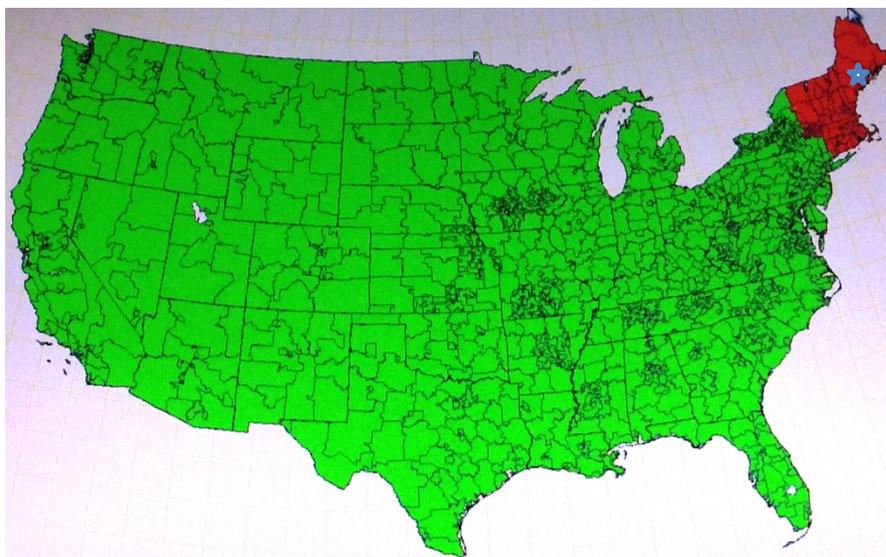
Attachment

cc: Corporate Audit and Response Management

## Introduction

On January 5, 2015, the U.S. Postal Service revised its service standards.<sup>1</sup> The revisions included the elimination of most overnight First-Class Mail® service and also shifted a portion of mail from a 2-day service standard to a 3-day service standard. See Figure 1 for Portland Maine’s First-Class Mail collection service standards, after the service standard revisions. On January 10, 2015, the Southern Maine Processing and Distribution Center (P&DC) adjusted operations in response to the service standard revisions. This included expanding the operating window<sup>2</sup> and realigning staff to process mail on all tours.<sup>3</sup>

**Figure 1. Service Standards for First-Class Mail Collection from Portland, Maine, effective January 5, 2015**



Source: Service Standard Directory File. Red - 2 days, Green - 3 days.

Our objective was to assess mail processing operational changes at the Southern Maine P&DC in response to service standard revisions.

<sup>1</sup> A service standard is defined as a stated goal for service achievement for each mail class. Also, service standards represent the level of service that the Postal Service strives to provide to customers.

<sup>2</sup> The operating window is the time allotted to sort and process mail at a Postal Service processing facility.

<sup>3</sup> The Postal Service has three tours. Tour 1 is the night time shift, tour 2 is the daytime shift, and tour 3 is the swing shift or the early evening shift.

## Conclusion

We found that the Southern Maine P&DC experienced difficulties timely processing mail as a result of operational changes made in response to the service standard revisions. Figures 2, 3, and 4 show delayed mail on the workroom floor at the Southern Maine P&DC.

**Figure 2. Delayed Mail on Workroom Floor**



Source: U.S. Postal Service Office of Inspector General (OIG) photograph taken on January 16, 2015.

**Figure 3. Delayed Mail on Workroom Floor**



Source: OIG photograph taken on January 16, 2015.

**Figure 4. Delayed Mail on Workroom Floor**



Source: OIG photograph taken on January 16, 2015.

Specifically, we found before the Southern Maine P&DC made operational changes, delayed mail for the entire fiscal year was just 0.17 percent of total first-handling piece (FHP)<sup>4</sup> mail volume. However, the week the Southern Maine P&DC made the operational changes in response to the service standard revisions, delayed mail significantly increased to 1,325,698 pieces or 12.47 percent of total FHP mail volume. The week after the Southern Maine P&DC made the operational changes, delayed mail decreased to 1.15 percent of total FHP volume (see Table 1).

**Table 1. Delayed Mail as a Percent of FHP Volume**

Date	Total Delayed Processing	Total FHP	Percent of FHP
10/1/2014 - 1/09/2015	284,433	162,955,742	0.17%
1/10/2015 - 1/16/2015	1,325,698	10,632,235	12.47%
1/17/2015 - 1/23/2015	113,297	9,854,321	1.15%

Source: Enterprise Data Warehouse, Mail Condition Reporting System, and OIG calculations.

There was a significant increase in delayed mail following the service standard revisions because Southern Maine P&DC management instituted a major staffing realignment to meet operational needs. However, management did not ensure all supervisors and employees were adequately trained for their new job function nor did they update the facility's operating plan. The operating plan provides an approach for planning mail processing operations to meet service commitments. It provides a method of examining the interrelationship of each operation. A facility uses its operating plan to efficiently process and move mail from one operation to the next.

<sup>4</sup> A letter, flat or parcel that receives its initial distribution at a Postal Service facility.

As shown in [Table 2](#), Tour 1 had a decrease of 31 employees, Tour 2 had an increase of 55 employees, and Tour 3 had a decrease of 22 employees. These changes were necessary to align staffing levels with the revised plan to process mail on all three tours.<sup>5</sup>

**Table 2. Staffing Realignment**

<b>Tours</b>	<b><u>Before Staffing Realignment</u></b>	<b><u>After Staffing Realignment</u></b>	<b>Difference</b>
Tour 1 Clerks and Mail Handlers	106	75	(31)
Tour 2 Clerks and Mail Handlers	26	81	55
Tour 3 Clerks and Mail Handlers	166	144	(22)
Totals <sup>6</sup>	298	300	2

Source: Postal Service Management.

In addition, to their credit, Southern Maine P&DC management started to plan for the staffing realignment as early as July 2014. The majority of the planning involved procedures for properly aligning employees to process mail in conjunction with operational changes as outlined in [Table 3](#).

<sup>5</sup> Prior to the operational changes, the Southern Maine P&DC processed the majority of its mail on Tours 1 and 3.

<sup>6</sup> The before and after staffing realignment totals do not match due to personnel actions that occurred before, during, and after the service standard revisions.

**Table 3. Staffing Realignment Planning Meetings**

Date	Subject	Audience
July 24, 2014	Network Rationalization <sup>7</sup> Update	Plant Managers
August 5, 2014	Equipment Changes	Maintenance
August 13, 2014	Network Rationalization Update	Plant Managers
August 19, 2014	Network Rationalization Update	Local Management
August 28, 2014	Network Rationalization Update	Local Management
September 18, 2014	Staffing Move Summary	Human Resources
September 24, 2014	Employee Scheduler Results	In Plant Support
September 24, 2014	Employee Move Date Timeline	Human Resources
October 3, 2014	Network Rationalization Update	In Plant Support
October 17, 2014	New Bid Positions	Local Management
October 24, 2014	Dispatch Plan	Transportation
November 3, 2014	Operational Changes	Local Employees
November 7, 2014	Operational Changes	Management
November 7, 2014	Employee Positions	Transportation
November 17, 2014	Contract Rules for Employees	All Unions
November 20, 2014	Processing Changes	All Unions, Management
December 9, 2014	New Bids Established	American Postal Workers and Mail Handlers Unions

Source: Postal Service Management.

Even though Southern Maine P&DC management realigned staff and participated in and led planning meetings, they did not develop a transition plan. Specifically, they did not:

- Allow adequate time to train supervisors and employees on their new assignments. We found that the Southern Maine P&DC used a manual bidding process<sup>8</sup> to expedite the transition of supervisors and employees to their new assignments. This expedited the process but, there was not sufficient time to adequately train supervisors and employees on new job functions before the operational changes went into effect. For example, employees did not always run machines properly and mail was not always dispatched timely.
- Update the facility's official operating plan. The facility's operating plan was last updated in January 2014 and does not reflect the current operations with regards to the service standard revisions. The development of an accurate operating plan is intended to aid the facility in the scheduling, processing and delivering mail volume.

<sup>7</sup> The term used by the Postal Service to identify the changes in service standards.

<sup>8</sup> On November 28, 2014, the plant manager signed a memorandum of understand (MOU) with the Mail Handlers Union and on December 8, 2014, the plant manager signed an MOU with the American Postal Workers Union. The MOUs were an agreement between the Postal Service and the Unions to use manual bidding in lieu of the normal bidding process.

A facility uses its operating plan to efficiently process and move mail from one operation to the next. Some of the items included in an operating plan consist of service standards, capacity to process mail, mail flow, and transportation requirements.

During the week of January 17, 2015, as employees in new positions became more familiar with assignments, the Southern Maine P&DC started showing a decrease in delayed mail volumes. However, any amount of delayed mail that does not make it to the customer according to the applicable service standard could result in lost revenue, as mailers and customers may seek other alternatives for delivery. In addition, delayed or late mail could harm the image and Postal Service brand.

### **Recommendations**

We recommend the vice president of the Northeast Area, instruct the Southern Maine Processing and Distribution Center Plant Manager, to:

1. Continue to monitor delayed mail to ensure mail is processed timely.
2. Update the Southern Maine's official operating plan to reflect current operations and ensure it is kept updated.

### **Management's Comments**

Management agreed with the findings and recommendations.

Regarding recommendation 1, management agreed to continue monitoring delayed mail through the use of tour turnover reports and daily mail condition reporting.

Regarding recommendation 2, management stated they updated the operating plan on May 4, 2015 and subsequently provided the plan to the Office of Inspector General.

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

### **Evaluation of Management's Comments**

The OIG considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report. The recommendations can be closed in the Postal Service's follow-up tracking system upon issuance of this report.

## Appendix A: Management's Comments

RICHARD P. ULUSKI  
VICE PRESIDENT, AREA OPERATIONS  
NORTHEAST AREA



May 5, 2015

LORI LAU DILLARD  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Response to Management Alert – Mail Processing Operations  
at the Southern Maine Processing and Distribution Center  
(Report Number NO-MA-15-DRAFT)

The Southern Maine Processing and Distribution Center has reviewed the draft Management Alert Report and concurs with the findings and recommendations contained within the report. The following actions are being taken based on these recommendations:

### **Recommendation 1**

Continue to monitor delayed mail to ensure mail is processed timely.

### **Management Response**

The Southern Maine Processing and Distribution Center monitors delayed volume daily through the use of tour turnover reports and daily mail conditions reporting. This information is shared and discussed on daily morning interplant telecons to discuss causes and actions planned to eliminate and prevent delays.

### **Recommendation 2**

Update the Southern Maine's official operating plan to reflect current operations and ensure it is kept updated.

### **Management Response**

The In-Plant staff at the Southern Maine Processing and Distribution Center has updated the operating plan through the Mail Processing Operating Plan System (MPOPS) as of May 4.

### **Targeted Implementation Date**

May 4, 2015

A handwritten signature in blue ink, appearing to read "R. Uluski".

Richard P. Uluski

cc: Manager, Corporate Audit Response Management