

From: SM Communications
Sent: Thursday, March 31, 2016 3:31 PM
Subject: USPS re:supply Issue 23 March 31, 2016



Issue 23

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U.S. Postal Service Suppliers,

You are receiving this newsletter as you have registered your interest to do business with the U.S. Postal Service (USPS) or your e-mail is on file as a point of contact for a current or past contract. Please share this newsletter with your colleagues within your company as it contains important supplier related information about the Postal Service.

We hope you find the recently-released information in the following articles helpful as part of our objective to keep our suppliers fully informed of all the major initiatives affecting them.

This issue is simultaneously being sent to USPS Supply Management employees for their information.

Thank you!

Postmaster General Megan J. Brennan Unveils Digital Strategy For Mail

'Limitless Opportunities'



Megan J. Brennan, Postmaster General and Chief Executive Officer of the Postal Service, announced efforts by the Postal Service to lead an information and technology-driven reinvention of mail during a keynote speech on March 21 at the National Postal Forum — the annual mailing industry trade show.

“The Postal Service is investing in our digital strategy, because there are limitless opportunities when we combine the power of mail with the ubiquity of mobile,” said Brennan. “We are committed to elevating the role of mail in American marketing and communications, and earning a bigger slice of the marketing pie.”

In her address, the Postmaster General identified strategic initiatives and investments to provide the mailing industry with greater digital capabilities. “Our vision is not confined to what we can accomplish in the next year or two. We have to continue to build and focus on the long-term rewards,” said Brennan.

Highlighting the ongoing development of Informed Visibility as a “supercharged information platform...designed to transform mail,” Brennan spoke about the rich data and analytics the Postal Service now provides to commercial customers that enable greater visibility associated with the “last mile” of delivery.

Commenting on how commercial customers can leverage robust information from the Postal Service to personalize mail and better coordinate omni-channel marketing campaigns, Brennan said, “the real power of Informed Visibility is that it can make mail a much more powerful marketing and communications tool.”

Brennan also showcased the development of Informed Delivery (previously Real-Mail Notification) – a mail preview service on track to be available as a mobile app in every ZIP code across the country in early 2017. Results from a market test in New York City show 70 percent of subscribers opening daily notifications and more than 90 percent reading notifications more than four times a week.

“Informed Delivery engages customers where they want to be – in a mobile and digital environment,” added Brennan. “It puts the power of mail onto digital channels.”

“Informed Delivery creates an opportunity to bring your mail and packages onto the smartphones and devices of the American consumer,” said Brennan. “It gives every marketer the opportunity to attach a digital offer to mail pieces, and eventually packages. This is an incredibly powerful product for this industry.”

The Postmaster General also announced that the Postal Service will file a request with the Postal Regulatory Commission this year to allow commercial customers to add two free ounces to mailed content beginning in January 2017. “We think it’s an effective way to increase the value of mail for the sender, and deliver more content to the consumer,” said Brennan.

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PMG Tells Senate U.S. Postal Service Needs Legislation Now

Call For Action



PMG Megan J. Brennan told congressional leaders on January 21 that the Postal Service “needs legislation now.”

Brennan said USPS has streamlined operations, restructured networks, improved productivity for six consecutive years, grown its package business and stabilized its mail business, but without legislative reform, the organization’s losses will continue.

“Our financial challenges are serious, but they can be solved,” the PMG said at a hearing of the Senate Homeland Security and Governmental Affairs Committee, which oversees postal matters.

After months of listening to its stakeholders, identifying their concerns and educating them about the Postal Service’s needs, the PMG said the organization has identified several key areas where Congress could help.

For example, the Postal Service wants Congress to require Medicare integration for all postal retiree health plans.

This would save the Postal Service money and reduce costs for employees and retirees while providing them with the same or better health coverage.

The Postal Service also wants more flexibility to offer new products and services.

Additionally, the organization wants to continue the “exigent” surcharge in effect since 2014 (expected to expire on April 10) and use postal-specific assumptions to calculate pension liabilities.

The PMG said enacting these provisions would save the Postal Service \$27 billion during the next five years and allow the organization to “continue to provide affordable, reliable and secure delivery service.”

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U.S. Postal Service Receives DiversityBusiness.com Award

Named Top Government Agency for Offering Opportunities to Diverse Businesses



The Postal Service has once again been named the top government agency for providing opportunities to companies owned by minorities and women.

More than 1.5 million business owners voted in DiversityBusiness.com’s online poll to determine its annual list of

organizations that demonstrate a commitment to multicultural suppliers.

Business owners who participate in the poll consider volume, consistency and the quality of the initiatives offered to multicultural suppliers.

USPS has topped the list for several years — including 2015 — and ranked among the top federal agencies in the category for 15 consecutive years.

The Postal Service remains “one of the leading companies for diverse entrepreneurs in the United States,” wrote Kenton Clark, DiversityBusiness.com’s president and chief executive.

This year, the Postal Service outranked the Small Business Administration, the Department of Defense, the Department of Homeland Security, and NASA, among others.

The top companies and agencies will be honored at a ceremony April 26.

The list and additional information may be accessed on the DiversityBusiness.com.

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Postal Service Financial Results

First-Quarter Operating Revenue Rose 3.3 Percent



FY2016 Quarter 1 Highlights:

- Operating revenue grew 3.3 percent to \$19.3 billion.
 - Controllable income totaled \$1.3 billion; net income of \$307 million reported.
 - Postal Service benefited from exigent surcharge, which is expected to expire in April.
- Legislative reform and careful focus on cost containment remain necessary.

The Postal Service reported operating revenue of \$19.3 billion for the first quarter of fiscal year 2016 (October 1, 2015 - December 31, 2015), an increase of \$613 million or 3.3 percent over the same period last year. The increase was driven by the record volume of packages delivered during the 2015 holiday season. The first quarter is typically the strongest quarter of the fiscal year for the Postal Service.

“Shipping and Package revenue grew 13.5 percent over the same period last year, and was particularly strong during the holiday shipping season. We projected and delivered more than a 16 percent increase in package volume,” said Postmaster General and Chief Executive Officer Megan J. Brennan. “We continue to grow our e-commerce business and remain focused on delivering the best value for our customers.”

“Despite these achievements and the best efforts of our employees, our financial condition will worsen without legislative reform,” said Brennan. “Our financial situation is serious but solvable through the enactment of prudent legislative reform.”

Controllable income for the quarter was \$1.3 billion compared to \$1.1 billion for the same period last year. Calculation of controllable income takes into account the impact of operational expenses including compensation, benefits and work hours; but does not reflect factors such as the legally-mandated expense to prefund retiree health benefits.

Net income for the quarter was \$307 million, a change of \$1.1 billion from the net loss of \$754 million for the same period last year. The change in net income was most significantly impacted by a \$1.2 billion favorable change in the workers' compensation expense as a result of interest rate changes - a factor outside of management's control.

"While net income is favorable compared to a net loss, it unfortunately does not reflect the end of our losses," said Chief Financial Officer and Executive Vice President Joseph Corbett. "Excluding the favorable impact of interest rate changes and the exigent surcharge, the organization would have actually reported a net loss of approximately \$700 million in the first quarter. Absent legislative reform, the exigent surcharge is expected to roll back in April, and our losses will increase by approximately \$2 billion per year."

Complete financial results are available in the [Form 10-Q](#).

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New Supply Management 3-Year Strategic Plan 2016-2018

Delivering Supply Management Excellence!



The new USPS Supply Management Three-Year Strategic Plan 2016-2018 was recently completed. The plan was developed based on feedback from suppliers, as well as our many internal and external stakeholders, and will serve to guide our improvement activities over the next three years.

The plan was designed to not only align Supply Management's key goals with the core strategies and needs of the Postal Service, but also to build the organization's technological and professional capabilities to deliver positive results. This plan has an intensified focus on forging trusted business partner relationships across the supply chain. We have identified 13 strategic initiatives focused on improving both internal business partner and external supplier relationships to drive improved efficiencies and increased value. Additionally, the new plan highlights the importance of integrity, ethics, and accountability in our business dealings, as well as our commitment to supply chain sustainability.

As the Postal Service grows its capabilities to deliver for our customers, we must evolve our ability as an organization to anticipate and act with agility to the changing needs. This is only possible by sharing a joint commitment to continuous improvement. Your support is critical to our shared success as we strive to realize our vision of Delivering Supply Management Excellence.

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Mules of Engagement

Arizona Animals Help USPS Deliver



Talk about last-mile service.

The Postal Service continues to use mules to deliver mail to Supai, AZ, a tiny town at the bottom of the Grand Canyon.

The news site *Only in Your State* recently reported on the deliveries, noting that a contractor drives about 70 miles each day to the canyon rim, where he passes the mail to contractors who load the mules with mail for another eight-mile trek.

Each mule carries approximately 150 pounds of letters, packages, food, and other needed items before returning up the canyon with outgoing mail.

“This is dedication,” the site reported.

The most recent census research shows Supai has a population of about 200 people, mostly members of the Havasupai tribe. USPS deliveries allow the indigenous culture “to thrive in the 21st century,” *Only In Your State* reported.

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Top 12 Things You Should Know About the U.S. Postal Service

Fun Facts



12. Nearly 6,000 mail carriers are attacked by dogs each year. All attacks are preventable. It’s a serious problem the Postal Service addresses every day and customers are asked to restrain their pets when carriers are on their delivery routes. While the Postal Service routinely promotes safety tips to avoid dog attacks, one week a year is dedicated to promoting education and public safety during the annual National Dog Bite Awareness Week in May.

11. The Postal Service has the country’s largest retail network — larger than McDonald’s, Starbucks, and Walmart combined, domestically

10 Through the Carrier Alert Program, Postal Service letter carriers help monitor the well-being of elderly and disabled customers. If carriers notice an accumulation of mail that might indicate an accident or illness, they notify emergency personnel. In addition, each year postal employees go beyond the call of duty, some even risking their own safety to save the lives of the customers they serve. In 2015, the Postal Service recognized 318 employee heroes for going above and beyond.

9. The Postal Service processes and delivers nearly half of the world's mail — 47 percent.
8. The Postal Service embraces the heroic service of the United States' armed forces. More than 113,000 veterans are employed with the organization, and more than 140 stamps have been issued that reflect the nation's military history, including the current Medal of Honor series. (As of Jan 2015)
7. The Postal Service is the only organization in the country that has the resources, network infrastructure, and logistical capability to regularly deliver to every residential and business address in the nation.
6. The Postal Service has more than 200,000 vehicles, one of the largest civilian fleets in the world. Part of this fleet is currently in the process of being replaced with next generation vehicles to incorporate the automotive industry's advances in ergonomics, safety features, fuel efficiency, low emissions, and design flexibility.
5. The Postal Service can and does compete with the private sector — and it collaborates with it, too. UPS and FedEx pay the Postal Service to deliver hundreds of millions of their ground packages to residences, taking advantage of the Postal Service's expansive delivery network. The Postal Service pays UPS and FedEx for air transportation, taking advantage of their comprehensive air networks.
4. Mail is a great communication tool. It's personal. You can keep letters and cards forever. There are no monthly plans. No signal outages. No roaming charges. Regardless of geographic location, anyone can send a letter for under 50¢ to anywhere in the United States, its territories and U.S. military and diplomatic installations worldwide.
3. Mail is reliable, trusted and secure — more than 200 federal laws protect the sanctity of the U.S. Mail. These laws are enforced by the U.S. Postal Inspection Service, one of the oldest law enforcement agencies in the country. U.S. Postal Inspectors are federal agents, mandated to safeguard the nation's mail — including the people who move it and the customers who use it.
2. The U.S. Postal Service is the core of the \$1.4 trillion mailing industry in this country that employs more than 7.5 million people.

And most importantly...

1. The Postal Service receives NO tax dollars for operating expenses and relies on the sale of postage, products and services to fund its operations.

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**ARE YOU REGISTERED TO DO BUSINESS WITH
THE U.S. POSTAL SERVICE?**

More than 15,000 suppliers have registered since our launch of the Supplier Registration site in July 2009.

All suppliers interested in doing business with the U.S. Postal Service should register their company in the Postal Service Supplier Registration system.

For more information, please go to <http://about.usps.com/suppliers/becoming/registration.htm>.

CONTACT US!

We value your questions and feedback to this newsletter. Please feel free to reply to this message with your feedback or mail to:

U.S. Postal Service
Supply Management Communications
475 L'Enfant Plaza, SW, Room 1100
Washington, DC 20260-6201

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**USPS has
more than
31,000
retail offices.**

