



**POSTAL NEWS**

FOR IMMEDIATE RELEASE  
May 4, 2012

Contact: David Partenheimer  
david.a.partenheimer@usps.gov  
202.268.2599  
usps.com/news



## **Remarks by the Postal Service Board of Governors Chairman and Postmaster General**

*The following comments were made by Postal Service Board of Governors Chairman Thurgood Marshall, Jr. and Postmaster General & CEO Patrick R. Donahoe during today's open session meeting of the Board of Governors. Remarks as delivered may vary from prepared text.*

### **Thurgood Marshall, Jr. Chairman, Postal Service Board of Governors**

"For the past several years the Board of Governors has sought legislation that would improve the Postal Service business model. We have emphasized that business-as-usual is unacceptable. The long-term financial stability of the Postal Service depends upon gaining greater flexibility to adapt to the changing realities of the modern marketplace. This can only be accomplished through legislative change coupled with aggressive actions by Postal management.

Last week the Senate passed legislation intended to reform the laws that govern the Postal Service. The Board of Governors followed those deliberations and the voting very closely.

We are keenly aware that the strong feelings that so many Americans feel about Postal issues can make the legislative process difficult. So we certainly know that the Senate leadership and the bill sponsors worked very hard to get the bill passed – and indeed we respect and appreciate their hard work.

Nevertheless, when we ask whether the legislation puts the Postal Service back on a path to financial stability, the bottom line is that the Senate bill does not provide the Postal Service with the flexibility and speed that it needs to have a sustainable business model.

Our financial condition has been deteriorating for several years, and we have been operating with a very low cash balance. Every day the Postal Service posts a loss of \$25 million dollars.

We therefore strongly encourage the enactment of legislation that enables the Postal Service to avoid a default and return to long-term profitability.

In February the Postal Service published a comprehensive five-year plan. The plan that we developed was the result of countless hours of thought and analysis, including validation by outside experts who specialize in major and highly successful corporate restructurings. That plan would return the organization to sustained profitability. We remain unanimous in our conviction that this comprehensive five-year plan is a fair and reasonable approach for our customers, our employees and the communities that we serve.

The plan would better position the Postal Service to pursue vital and promising revenue opportunities and also achieve a cost reduction of \$22.5 billion by the year 2016. Achieving this goal is critical because it would keep our costs below our projected revenues for the remainder of the decade. The Senate bill includes many hard-fought improvements but it does not enable all of the cost reductions that are necessary to return to profitability.

Within the framework of our comprehensive plan and in consultation with members of the House and the Senate, we have continued to refine our approach with regard to rural Post Offices. We have done so as a result of listening carefully to the views of our customers and the communities we serve.

In the coming weeks, the Postal Service will provide detailed plans describing the steps that it intends to take regarding rural Post Offices. We are committed to pursuing cost reduction strategies in a thoughtful

way, and we believe these announcements will lay to rest many of the concerns about our path going forward.

The Board of Governors is committed to serving rural America and to preserving the role of the Postal Service in every American community.

We are also committed to strengthening the value of the products and services that we provide now and well into the future, continually making it easier for businesses to work with the Postal Service, and to invest in our future.

Contrary to some of the words being used to describe our intended path forward, we are going to approach our network realignment in a fair, measured and methodical way.

In closing, I would like to take one moment to express the appreciation of the Board of Governors for the tremendous job that our Postmaster General and Deputy Postmaster General have done, particularly over this past year.

The issues we have dealt with are contentious and sometimes difficult to resolve. The Postal Service leadership team has soldiered through an especially challenging period and shown great leadership and great dedication. They have the unqualified confidence and support of the Board of Governors as we move forward.

I would especially like to commend the Postmaster General for his excellent work in communicating internally and externally about the changes that we are implementing, the long-term future of the Postal Service and the future of mail. It can sometimes be tempting to focus solely on the immediate issues as they arise. Thankfully we have not fallen into that trap because the Postmaster General has tackled those immediate issues while also keeping our eyes focused on the long-term horizon.”

### **Patrick R. Donahoe Postmaster General & CEO**

“It’s certainly been a busy period for our entire leadership team. We’ve obviously been very engaged in educating about our comprehensive plan. And we’ve done so because it’s so important for the future of the organization.

I’ve talked to our employees and our customers recently – I’ve also had the opportunity to do some community meetings – and no one said “you don’t have a problem” or, that “you shouldn’t be acting to get the Postal Service on a firm financial footing.”

We hear plenty of opinions about how to move forward, but there is no doubt that we need to resolve our business model issues quickly.

I had the opportunity to speak at the National Postal Forum last month in Orlando and we had a lot of conversations with our customers. We had some great dialogue about where the mailing industry is heading and about how the Postal Service can help strengthen the value of mail in a digital age. There are a lot of promising developments in mailing and shipping, and the Postal Service needs to play a big role in helping shape that future.

However, I also heard a lot of concern about our finances and a lot of concern about the urgency in which to address them.

Businesses throughout America are looking at our troubling financial numbers and thinking about whether they want to continue to invest in mail as a communications channel. That type of thinking is troubling, and one that could have a devastating impact on our industry.

Our financial problems should not be seen as an indictment of the value of mail. The Postal Service continues to endure the negative effects of electronic diversion, combined with a weak economy, and a restrictive business model. If we had the flexibility adapt to shifting demand, we could be profitable today.

I’m convinced that legislation that enables the Postal Service to get back on a profitable path will start the process of rebuilding confidence in the mail and of greater investment in the mail. That’s why it’s so important for both the mailing industry and the Postal Service to quickly get these legislative issues resolved, then put them in the rear-view mirror and focus on the future.

We are very confident about our comprehensive plan. It calls for making some tough decisions, but they are the right decisions. We need to eliminate excess mail processing capacity. We need to rethink how we manage our retail footprint. We need to manage our healthcare costs better. If we can gain the flexibility to move quickly in these areas, we can return to profitability.

If we are unable to do these and other things, we risk becoming a permanent burden to the American taxpayer. Such an outcome is entirely avoidable with the right legislation.

By nature I'm a very positive person, and I believe we will get the legislation we need. We will continue to communicate with members of Congress about our plan, work with them to get legislation passed, and hopefully, we will have a new law by this summer.

Let me pick up on something Thurgood said about our approach going forward. Our first priority is making sure that we are focused on maintaining excellent service. That is the top priority of this organization.

As we inform our customers and employees of our plans, we will give them plenty of time to prepare. We will be methodical and measured on how we proceed.

We've made tremendous productivity gains and achieved unprecedented costs reductions through processes that are orderly for our customers and our employees.

Over the past few weeks I had a chance to visit with customers and employees in Helena, Montana, and Rockford, Illinois. I had some great discussions about our plans and about the realities we face.

My impression is that everyone wants clarity. They know we need to make changes because they can literally see the decline in mail volume. We'll listen to our customers and make sure we're providing what they need. We will work with our employees, as we have always done, to provide the information they need so they can make informed decisions about their options within the Postal Service.

We've reduced the size of our workforce by more than 250,000 people since the year 2000, and we haven't had to use lay-offs. We are a responsible employer and we intend to stay that way. And, we always very aware of the great job our employees do every day.

Let me conclude by mentioning what a great job our employees have done recently in terms of service. Megan Brennan is going to walk through some of the recent scores for First-Class Mail...shipping... customer experience. They're at all-time high levels. That's the result of Megan's great leadership, process improvements, and a big team effort throughout the organization.

We have also made some great progress around a number of operational metrics, such as improved tracking and other analytics. These areas are very important to our customers. I think this progress reflects the strong commitment throughout the organization to service, to competing for customers and for providing greater value. And I'm pleased to recognize Ellis Burgoyne's leadership and the overall effort of Jim Cochrane and his team in this area. There are plenty of positive things going on in the Postal Service and in this industry. We need to address the issues that need to be addressed, namely legislation, and get the Postal industry focused on a positive future."

###

A self-supporting government enterprise, the U.S. Postal Service is the only delivery service that reaches every address in the nation, 151 million residences, businesses and Post Office Boxes. The Postal Service receives no tax dollars for operating expenses, and relies on the sale of postage, products and services to fund its operations. With 32,000 retail locations and the most frequently visited website in the federal government, usps.com, the Postal Service has annual revenue of more than \$65 billion and delivers nearly 40 percent of the world's mail. If it were a private sector company, the U.S. Postal Service would rank 35th in the 2011 Fortune 500. In 2011, the U.S. Postal Service was ranked number one in overall service performance, out of the top 20 wealthiest nations in the world, Oxford Strategic Consulting. Black Enterprise and Hispanic Business magazines ranked the Postal Service as a leader in workforce diversity. The Postal Service has been named the Most Trusted Government Agency for six years and the sixth Most Trusted Business in the nation by the Ponemon Institute.

Follow the Postal Service on Twitter @USPS\_PR and at Facebook.com/usps