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Video and Transcript of Postmaster General Louis DeJoy's Keynote Address During the 2022 National Postal Forum

PHOENIX — *Postmaster General and CEO Louis DeJoy gave the keynote address at the 2022 National Postal Forum in Phoenix on May 16, 2022. Below is a transcript of those remarks, with the video available at about.usps.com/video/NPF2022Keynote.mp4. For additional details, please see about.usps.com/newsroom/national-releases/2022/0516-pmg-dejoy-delivers-npf-keynote-address.htm.*

"Welcome to the National Postal Forum! And thank you for being here in person. It is great to be able to assemble after so long and conduct our business.

And this week, we are going to take you through the dramatic changes we are making to position the Postal Service for the future. It's a short week and we have a lot to say, so let's get to it!

To begin, as you can see, live and in person, I don't have two horns and a tail.

And after two years, I am hoping that all of you have concluded that my tenure has progressed. While there has been a great deal of conversation and fanfare, our team has pushed through, and we have accomplished a lot over the last two years, but there is much more to do.

We must continue to accomplish our goals in a deliberate and logical manner. Our focus is not on this year or next. This management team, our Board of Governors, and I, are committed to establishing a positive trajectory for decades into the future.

None of it is going to be easy – for any of us, especially in the short term. The lift is big and its success will take some time to manifest. Had this process begun many years ago, some of the dramatic actions we are required to take could have been avoided.

Instead, there was indecision, inaction and obstruction. If Congress, Regulators, Management, and other stakeholders, had taken some meaningful actions, or not created so many obstacles to change, the Postal Service could have evolved more appropriately.

Perhaps we could have avoided our dire financial condition. Perhaps we could have avoided the significant decline of our operations and infrastructure. And perhaps we could have mitigated the erosion of our relevance in the marketplace.

All I can say is year after year, the Postal Service was allowed to be overwhelmed. And the consequence to our institution is significant.

We were in crisis when I arrived at the Postal Service, and we didn't have a plan to fix it. Why? Because the changes required were big, and uncomfortable, and were never made. Because almost all efforts to adapt were met with extreme resistance from almost all stakeholders. And because in the face of these extremely complicated problems the Postal Service lost its voice to advocate which caused it to lose its ability to lead, which caused it to become ineffective in solving its problems!

You see, here is where I differ with many. I strongly believe that only Postal Service leadership could have provided the comprehensive answers to its growing challenges. Not Congress, not our regulator, not other oversight agencies, and not industry stakeholders.

While they have many loud and forceful opinions on what we do, they are often political, parochial and lack any comprehensive strategy or ability for execution.

Execution is most of our problem. We are an operational services entity, not a policy shop, and over the years we let operations decline, we failed to effectively debate the policies, and we allowed the rhetoric to deter us. Instead of leading the way we became a bystander in a rapidly changing environment.

The Postal Reorganization Act of 1970 mandated that the Postal Service solve its own problems. This legislation designed the Postal Service to be a self-sustaining business-like entity that would cover its operating cost through the sales of postal products.

You see, there was wisdom in that legislation. The congress fully intended that we would evolve as the American economy changed, balancing service, cost, and price. They recognized that a self-sustaining business-like entity could not do all things, at all costs, at all times, and have success.

They understood that the Agency's business model would need to respond to the social and economic developments our nation experienced. They understood that absent these cost, service and price parameters, there would be unlimited and unrealistic expectations of the system. That's how you lose \$10 billion dollars a year.

As you know, at the same time, the Congress also tried to free the Postal Service of political interference by making it an independent agency. This is important — an independent agency — a business like model. They were saying do what you need to do to fulfill the mission without political meddling.

Postal Service Leadership was not just given the responsibility to deliver the mail, it was also entrusted with the responsibility to give the organization long term viability. That was the law!

Well, it worked for a while, but soon came a point where very few stakeholders were participating in its vision and challenging events began to add up quickly:

- A dramatic change in our economy with a digital revolution,
- The Postal Accountability and Enhancement Act of 2006,
- Continued mail volume decline,
- An increasingly defective pricing model,
- A decreasingly effective operating model,
- Mounting financial losses,
- Increased political activity around postal issues,
- Substantial resistance to change from stakeholders,

- No Governors,
- Battered Leadership,
- A great recession, and
- A pandemic.

Year after year, market disruptions and events occurred without adequate response from the Postal Service and its stakeholders. Year after year there were headlines and reports that made it strikingly obvious where things were headed. Year after year, the General Accountability Office identified the grave threat of potential Postal Service failure. And yet nothing was effectively done about it. And the Postal Service fell further and further behind.

This decline continued unanswered for so long that it became difficult to imagine anything but a government bailout of the Postal Service. We were headed that way when I arrived.

But a financial bailout would have been devastating to the organization, its customers and the American people. A financial bailout would unwind 50 years of independence and create even more confusion about our role in the future of the nation.

And a financial bailout without major initiatives to improve our failed business model, which did not exist, would only mean we would be back for more. I am personally glad it was avoided.

Now let's take a walk down memory lane.

(video presentation)

Quite a history -- I remind everyone of it to identify our crisis and because history is a good teacher. However, my view of history is that our dire condition exists not because of email, digital marketing, or the significant decline of mail. Our dire condition exists because everyone involved was ineffective in fully dealing with the realities and challenges presented.

I do not believe it was a competency issue and I don't think it was a commitment issue. Instead, it was about a missing character in the saga. Who was running the place for the American people? Who was taking the lead in developing the comprehensive solutions and implementing them?

It was supposed to be the Postal Service. That is why we are an independent agency. If the Postal Service doesn't lead and effectively advocate its positions—however uncomfortable they are and execute on its strategies—however loud the noise is, the required evolution cannot get done...period. History has proven this.

The Board did not hire me, nor did I come here to, manage the Postal Service. I was hired to lead the Postal Service and transform it.

Since arriving I have assembled a management team and we have aligned the organization to assume a strong leadership role in moving the Postal Service towards its future.

And I believe its future is bright, otherwise I wouldn't be here. And the team now believes its future is bright, I see it in their behavior. We are engaging the situation with greater enthusiasm and growing confidence. We have, and will continue to, overcome the challenges we face.

I joined the Postal Service when we were in the middle of the Pandemic. Upon acceptance of the offer from the Board of Governors I set my sights on a long-term transformation. We needed a way out of this – fast. We needed a vision, a strategy, a plan, a direction.

Together with this management team, and in consultation with our Board of Governors, we immediately set out to develop a plan to improve the future of the Postal Service

We first collaborated on our vision. What is our 10-year vision for the Postal Service? Let me share it with you.

Vision for Future

We see a reliable and affordable Postal Service that is the **preferred delivery provider** in the country, **delivering mail and packages to** each American household and business six and seven days a week.

We see a **Postal Service Retail center in easy reach** of every community, enabling a level of communication and commerce desired by the American People.

We see a **modern Postal Service processing and transportation network**, operating in a logical, disciplined, and cost-effective manner, moving mail and packages together, in an integrated network.

We see **technology enabled carriers in new vehicles**, fully loaded with mail and packages travelling efficient routes and fully connected with their neighborhoods.

We see **Postmasters as leaders of commerce** in their communities, helping large and small businesses market and move their products through our powerful network.

We see the Postal Service as a **preferred employer, providing a stable and vibrant** workforce with exciting career paths and respectable retirement.

We see a **proud Postal Service organization, operating with precision**, covering its costs, and planning its future as the laws passed by Congress require us to.

And finally -- we see **not only the most Trusted organization**, but the **most used** organization. And when you are the most used, you are thereby, the most relevant and most needed organization in America.

Wow — what a powerful vision for the future. Who can argue with that vision---- well in Washington --- everyone!!! The roar and outrage in response to us having a plan to avoid collapse was not credible and bordered on irrational. The reaction by many stakeholders reflected those actions we succumbed to in the past.

Not this time. We had our first success! We did not retreat. We kept charging forward!

With these objectives of our vision, we set out to develop over 200 specific initiatives across the whole organization to begin the transformation of the United States Postal Service.

These initiatives all support The Delivering for America Plan. They are focused across every function in the organization to:

- Improve our operational precision,
- Improve our service reliability,
- Reduce our cost of performance,
- Increase our revenue, and
- Create productive and enjoyable long-term career paths for all our employees.

The Plan is organized around achieving several high-level financial objectives while improving our service reliability and relevance in the marketplace.

By executing on this plan, we will reverse \$160 billion dollars of projected losses and avoid a government bailout. We will also generate \$40 billion dollars in cash to invest in desperately needed facilities, vehicles, technology, and other infrastructure.

With these investments and new operating disciplines, we will transform this organization and set it on its path toward a bright future.

Our strategy to achieve our vision began with a dual transformation process. The first part of this Dual transformation is to get rid of the strategies and practices that are bogging us down and costing us money or hurting our position in the market. The second part of a Dual Transformation is to invest and turbocharge this liberated organization and implement new strategies for continued growth and improvement.

Let's talk about the first part.

Ridding ourselves of operational and organizational activities that are destructive to our performance requires careful execution. We need to preserve the core strengths of the organization while performing this massive redesign.

What are some of these core strengths? One of the most important core strengths I found lies in the 650,000 men and women of the Postal service who are extremely dedicated and committed to our success.

These are the people who kept the place going under adverse conditions year after year. More importantly, these are the same people that we are now relying upon to help lead the rescue.

This Postal Service family, our labor force, management teams, union leadership and management association leadership together have demonstrated their commitment to the American People and their willingness to serve the organization year after year.

Our biggest core strength is right here, embedded in our talented people who serve you every day. We needed them liberated from ineffective legacy practices, while also fostering their personal initiative. We needed them fully engaged in the transformational activities we were pursuing and bringing new ideas to the table to achieve our vision.

This takes creative thinking, faith in leadership's plan, courage, and tenacity.

And while there is a great deal more to do, I want to say how proud and impressed I am about their adaptation to our transformation. I am witnessing it across our organization.

Let me show you some of what I'm seeing.

(video presentation)

What else in our dual transformation discovery process are we careful to preserve? Well, there is the Postal Service mission to reach all Americans across the nation every day. Our ability to deliver across the nation six days a week is a strength that we intend to protect and capitalize on, and it was the first key strategy of the Delivering for America Plan.

This unique service mission was incorporated into law by the Postal Service Reform Act. We are excited about it, we are embracing it, and we will capitalize on it to become the preferred delivery provider in the nation.

Perhaps the most important core strength we have is the brand itself, The United States Postal Service. And we are counting on our brand to help us garner support for the transformational initiatives we are undertaking.

Well, as you see, all these impressive core characteristics of the Postal Service have always been here. They just became engulfed, overcome by the untenable environment.

We are now in the process of liberating the organization and preparing it to engage the future!

Which brings me back to the second part of our Transformation Process. We now will invest and turbocharge these core features and implement new strategies for continued growth and improvement.

We have created a new organizational strategy, rich in ambition with clear lines of authority and accountability. We are creating a new operational strategy, deploying facilities, technology, standard operating practices, and innovative product marketing.

And we are making new demands of the whole organization—successfully evolve, provide excellent service, financially perform, and as an organization, do all this collaboratively

Delivering for America is our 10-year transformation plan. Our plan makes the necessary changes that ensure the Postal Service evolves and thrives in the changing American economy and does not become a burden to the American taxpayer.

We are on the move and racing with ambition towards success in serving you and the American people.

So, let's talk about what we have accomplished.

First, we implemented both market dominant and competitive price increases which were necessary for our continued survival. Second, we are adjusting all our products and standards to align with market evolutions. These actions will simplify operations and reduce costs and grow revenue.

Third, we have reorganized our management structure and have the total organization focused on improving our operations and our service to you. We had a great peak season and have improved market dominant service scores to 94 percent. On average we deliver mail in 2.4 days, which is just as fast as before we changed the standard.

We are focused on improving our operations throughout the organization. This effort could not have been

more evident than with our success in the flawless distribution of Covid tests to 90 million households in America.

Fourth, we have worked with the Congress and most stakeholders to enact the Postal Service Reform Act, and we did so without disruption to our long-term strategy. Thank you to those in the audience who supported us.

Fifth, we have energized the workforce and are deploying many strategies to make the Postal Service a preferred employer.

Sixth, we continue to invest in our operating infrastructure, adding facilities and equipment around the nation at a rapid pace. This will enable us to achieve the objectives of our plan for our customers, employees, and the American people.

And finally, we have decreased our forecasted losses by at least 100 billion dollars getting more than halfway towards our goal of break even.

We are now focused on the right things. We have now begun to change the direction of the Postal Service by creating ambition, a strong voice, a viable strategy, and an improved financial trajectory. And we have achieved this momentum during unusual times.

We are a better organization, in a better financial position, than we were just one year ago. The Postal Service leadership team, our management ranks and all our employees are filled with great aspirations as we continue this journey.

But there is so much more to do. Let me discuss some of these important strategies.

Human Resources

One of the biggest initiatives we are working on is organizing and empowering our people to embrace the changes we need to succeed. We are focused on engaging a disciplined and collaborative management team, developing effective supervision... stabilizing our work force, and promoting diversity in leadership.

Accomplishment of all strategies of the Delivering for America plan will positively impact our employee morale and productivity. Nothing is more important to employees than being part of a winning strategy. Who doesn't want to be on a winning team?

Facilities Network

On par with our employee strategy is our plan to align our network of processing facilities to our future operating strategy.

Concurrent with this effort is our initiative to reinvent our delivery network and improve our route structure to serve 161 million addresses. This is a massive effort that will touch almost 500 network mail processing locations, 10,000 delivery units, 1,000 transfer hubs, and almost 100,000 carrier routes.

Let's take a look.

(video presentation)

As you just saw, we are looking to make some big changes. Our current processing plant and transportation

network is well, not good. We process mail and packages in a complicated, illogical, redundant, and inefficient way.

To compound this, our facilities are in disrepair, lack adequate space and equipment and are not suitable to the implementation of standard operating practices and measurements.

Our new strategy will logically sequence the workflow between facilities, and standardize operations within facilities. This will provide precise, efficient, repeatable, and measurable operations.

We will close the multitude of annexes around the nation that add cost, transportation, and foster inefficient and ad-hoc operations.

We will be investing significantly in creating strategically important multi-functional distribution centers for all network originating and destinating volume, package processing, cross docking, destination entry functions, and other functionality as required in the specific region.

We will reactivate dormant facilities and redesign current ones to be consistent with our network strategy. We will invest in their functionality, adding needed equipment and removing old equipment, refreshing employee amenities, and specifying their form, fit and function to accommodate the work we deliberately decide to assign.

And I say, let there be light, and I mean this literally. Let there be light inside Postal plants, as this new environment will improve performance, lower cost, reduce stress and improve morale.

These efforts will take several years to deploy across the country. Our designs will be standard and configurable enabling us to take advantage of our existing infrastructure.

We will improve throughput, substantially reduce transportation, improve performance measurement, enhance budgeting, improve reliability, and reduce the impact of rising costs.

We will deliver to you a **modern Postal Service processing and transportation network** as we envision our future.

Delivery Network

Let's speak about our delivery network.

With almost 19,000 locations around the country, we can have as many as 40 locations within a ten-mile radius. This requires significant sorting of product at our plants, numerous underutilized truckloads, and diminishes the magnificence of our biggest competitive advantage—our mail carrier route structure.

These delivery units are in disrepair. They have poor employee amenities, have not accommodated our package growth, and operate to a dated and costly strategy.

Dramatic change is needed, and dramatic change is what we are pursuing.

We will be aggregating much of our carrier base into Sort and Delivery Centers. with adequate space, docks, conveyors, mail, and material handling equipment to operate more efficiently and provide greater reach.

We will place large carrier operations inside our mail processing plants, dramatically reducing transportation, reducing mail handlings, increasing reliability, and decreasing time to delivery

We are analyzing our vast collection of closed plants around the nation and plan to modernize them to accommodate this strategy. Implementing this strategy will make us the preferred delivery provider in the nation. We will have the greatest reach and be the most reliable and affordable.

We will also be the most environmentally friendly solution for shipping needs as we are going to every home anyway!

These changes to both our national network and our local operations will take years to accomplish, but each plant or delivery unit tackled will provide immediate systemwide benefits. We simply just cannot do this fast enough.

This will transform the Postal Service---and I wish I could say it is ingenious! It is not—it is obvious. If you were building a Postal Service from scratch today this is what you would do. The genius is unwinding what we are doing today to prepare for the future.

Growth and Commercial Shipping Solutions

Let's turn to our package business.

We will gain efficiency through increased automation, and the integration of mail and package volume across our network.

We currently transport and deliver cubic volume of mail and packages..... and air. A whole lot of air. I want to stop moving air—air in trays, air in containers, air in trailers, air in carrier bags, and air in the air. Call me anti-air. The less air we move, the lower our cost.

It is not an expansion of a package network. It is an increase in utilization of what we now do to deliver mail. In fact, we have the ability to use less transportation and fewer processing facilities and fewer delivery units, and greatly increase the movement of cubic volume, meaning mail and packages.

You need to remember, there is a new law in town. We are required to deliver to every address six days a week—forever. We are coming to your home every day, and we have your mail and room in our bags.

And we execute this part of our business at 98% compliance throughout the year.

It is resilient. The greatest delivery system in the world is literally 'become fixed infrastructure" like a pipeline, and we are going to capitalize on it with:

- New shipping products,
- New marketing,
- New pricing,
- New contracting,
- New technology, and
- A focus on market responsiveness and efficiency.

Our efforts with new 1- and 2-day delivery products will provide a real boost as we improve our ability to get

further faster and reach more homes and businesses.

Much of what we are doing with our numerous standard changes is to aggregate volume of all products and move it through our system expeditiously.

Let's take a look.
(*video presentation*)

We expect USPS Connect Local and Regional to significantly benefit from the consolidation of our delivery units. We have restructured our sales and marketing organizations including creating a new business solutions group, to really help shippers design how to best use our vast infrastructure.

Our sales teams are energized with new tools, sales leadership and a direction and know we must grow the package business and be disciplined with our strategy.

We are also investing in new logistics and customer service software to better operate, serve and connect with our shipping customers. The package delivery market is growing and our ability to effectively capture our share will provide the necessary funding to support our Postal system into the future.

This is our focus. Several more packages a day per route results in big numbers.

Capital Investment

Let's talk about our capital investments.

Over the past 10 years, the Postal Service has significantly under invested in its infrastructure. We have historically spent approximately 1.7 billion a year with a great deal of it going to replace old roofs on old buildings, leaving very little to invest in modernizing our plant, technology, and equipment. We are going to change all that.

The Delivering for America Plan calls for the investment of approximately \$40 billion dollars over the next 10 years.

Let's take a look.
(*video presentation*)

Impressive. Well, if you didn't know, it's not easy to spend \$40 billion dollars, especially if you want to do it right.

We have established Long-term strategic focused capital plans for each business area in the Postal Service that will align capital with the strategic direction. Using the new process, strategic and specific investments have been defined for the next 5 years.

We are moving forward with confidence.

Before I conclude I want you to know that we are executing on, or developing plans for, every area of the Postal Service. Every department in the organization has specific initiatives including:

- Communications,
- Government Relations,

- Human Resources, and
- Everyone else.

Even our historian has a project plan.

The engagement around the organization from our leadership team at headquarters to our people in the field is impressive and exciting. And that is how I know we are working on the right things and heading in the right direction. I look to my side, there is a whole bunch of career postal people. And I look behind me, and there is a whole bunch of career postal people, energized, engaging, executing, and debating the issues in spite of the headwinds.

This is the Postal Service leading.

And to all my associates out there, I thank you, and I am blessed to be doing this important work with you.

I now want to take a moment to address a concern I sometimes hear from our mail customers, those who use the mail for letters, flats, periodicals.

I often hear that we are not doing enough about mail. I respectfully disagree. This plan is **all** about mail. The Postal Service is **all** about mail.

Everything that we are doing is to position the Postal Service to continue to deliver mail to 161 million addresses 6 days a week and serve you better and into the future.

The fact of the matter is, we have failed to adequately adjust to declining mail revenue. We need time to restructure our costs and supplement our revenue stream to fulfill our primary mission of delivering mail.

We are not building a package business; we are saving our mail business.

There will come a point in time when we have achieved our objectives of cost and service equilibrium. At that time, you will have both a vibrant Postal Service and affordable market dominant prices, and it is only this equilibrium that works under the rules that Congress gave us.

Conclusion

I will conclude with just a few thoughts.

This venue – the Postal Forum – provides the Postal Service with an opportunity to share our strategies and strategic vision with you. Our executives are here to showcase what they are doing to support your business.

I would encourage everyone here to attend as many of these sessions as you can. The Postal Service is also here to listen. So, please share your thoughts and let us know how we can support you better.

I hope you have a better sense of the direction of the Postal Service, and the thinking that underlies the changes we are making. If you have not read it yet, it is all in our Delivering for America plan, so I encourage you to read it.

We will become financially sustainable in 2024. We will achieve 95 percent on-time performance across our

product categories in 2024.

We are laser focused on our transformation. We will become much more efficient and operate at lower cost. We will support mail innovation and add more value to each mail piece. We will grow volume and fill our trucks with mail and packages to better sustain our business. We are working hard to be the high-performing organization you need us to be, and we know we can be.

Here's a quick video that captures our commitment to you.
(video presentation)

We are building on a lot of momentum. We are committed to supporting your business. We have a tremendous opportunity to grow together. Our transformation is moving forward... fast. It will ensure that the Postal Service – and this industry – will deliver for America, far into the future.

Thank you for your partnership. Thank you for your business. It is a privilege to serve you. Let's have a productive Forum!"

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