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Postmaster General and CEO Louis DeJoy's Remarks During the Feb. 6, 2025, Postal Service Board of Governors Meeting

WASHINGTON — *The below remarks are as prepared for delivery by Postmaster General and CEO Louis DeJoy during the open session meeting of the Postal Service Board of Governors on Feb. 6, 2025.*

Thank you, Madame Chair, and thank you to those in attendance and listening today.

Overall, I expect this to be another calendar year of dramatic change for the United States Postal Service as we continue to refine and execute our Delivering for America Plan.

I remind everyone that the Delivering for America Plan is the only comprehensive plan in existence that attempts to transform the Postal Service and set us on a path for a viable future.

To begin, I want to thank the dedicated men and women of the United States Postal Service for their efforts this past quarter, which included a presidential election, our usual peak season activities, as well as a number of hurricanes and storms.

We continued to meet the challenge of the year's peak surge in mail and package volume with expanded processing capabilities, optimized transportation strategies, and enhanced operational precision.

We did more with less this quarter. We hired fewer seasonal employees, relied on fewer annexes, flew fewer planes, ran fewer trucks to fewer places, and processed more mail and packages.

At the same time, we continued to open new facilities, relocate operations, reroute many transportation trips, deploy new technology, implement new processes, and roll out new vehicles as we race to develop an infrastructure that can deliver the service we desire and the necessary revenue to cover our costs.

For this quarter we reached our highest revenue month ever, \$8 billion in December, and as our new CFO Luke Grossmann will soon show you, we generated about \$150 million in profit versus a \$2 billion dollar loss for the same period last year.

A key component of our success this quarter was due to our aggressive posturing for growth and competitiveness.

As we eliminate the fragmented processing, transportation, delivery, and product strategies of the past and begin the process of systems-wide integration, we can achieve increased product velocity, increased labor productivity, reduced transportation costs, increased delivery density, and broad acceptance of our affordable and reliable products.

This objective will be ongoing and will create the revenue and cost leverage we seek in meeting our complex logistics and delivery requirements.

Our energetic presence in the shipping market is noticeable and driving volume and revenue that foster our financial success, while offering the American public and businesses reliable yet cost-effective solutions for their shipping and mailing needs.

Our Ground Advantage product is in high demand and achieved 16 percent growth above last year – with our heavier weight products growing over 50 percent.

As a result of our product and operational strategies, we also saw our lightweight volume grow with Ground Advantage, something that was heading in the wrong direction not too long ago.

Our sales teams are energized and understand how to compete, turn around contracts faster, and display their sweet Postal personalities as they woo their customers to our network.

The results are impressive and speak for themselves. We completed over 1,000 USPS Ground Advantage NSA contracts this quarter, with a couple thousand more in the sales pipeline. I am proud of their efforts.

Concerning market-dominant mail, we are witnessing a growing interest in our promotions and mail growth incentive discounts.

Our promotions program continues to provide valuable opportunities for exploring and integrating innovative technologies with mail, aligning with the DFA's strategic goals of bold growth, innovation, and sustained relevance.

We saw a 43 percent increase in participation compared to last year, with over half of all eligible mail utilizing a promotion. In calendar year 2024, 35 billion pieces of mail participated in promotions, resulting in \$505 million in discounts.

In addition to promotions, over 1,300 registrants engaged in the Mail Growth Incentives, benefiting from a 30 percent discount in the form of postage credits. In its first year, it generated nearly \$555 million in postage credits, spurring the addition of over 5.6 billion new pieces of mail.

The results are encouraging as marketers are rediscovering the power of direct mail, significantly increasing their volume, and accelerating their marketing strategies to incorporate mail – all in a bid to earn substantial postage credits from this initiative.

This trend highlights the tangible benefits of our initiatives.

I also want to emphasize that our new strategic approach with respect to package consolidators will continue to evolve as we correct for prior strategies that failed to reflect our operational and financial realities, while concurrently enhancing our modernized network operations and new product profile.

We believe that entry at our RPDCs, LPCs and S&DCs is a cost-effective, environmentally sustainable, and service reliable way to reach communities across America.

All of these changes are in pursuit of our legislated mandate to operate an integrated mail and package network, to compete for our revenue and to deliver to 169 million delivery addresses at least 6 days per week, and to cover our costs.

Additionally, we will continue to innovate and offer product solutions, including some new, forthcoming offerings, that will continue to revolutionize how we do business.

I look forward to piloting, testing, and rolling out these new offerings over the coming year.

They symbolize our new approach to business – one focused on innovation and relevance to serve the evolving needs of our customers.

One of the more exciting offerings will be our next day priority package product – a ground service that will in time reach customers within a 300-mile radius for next-day service from a broad arrangement of 5-digit to 5-digit ZIP Code pairs.

We anticipate explosive success with this product similar to our success with Ground Advantage.

We are not only busy transforming our network, but we are also transforming our organization with the announcement of many new departments and executives.

I am excited to see some of our newly promoted executives, many with long careers ahead of them, move into important positions that will carry our transformation initiatives well into the future. This ensures the newly developed operating, entrepreneurial, and competitive culture remains.

Worth mentioning is that we have a new Chief Performance Officer, Dr. Josh Colin, who will manage the coordination and operational excellence across all functions, including Processing, Logistics, and Retail & Delivery.

This new organization will focus our efforts to be both fiscally responsible, operationally proficient, and functionally efficient by ensuring we realize the expected benefits from the systemic changes we have made and will continue to make.

I also recently expanded the number of Processing divisions from 13 to 17 to stabilize service performance and drive accountability across the mail processing network. More division managers, focusing on less facilities, will put focus on basic in-plant operational practices.

A similar organizational change will be forthcoming in our Logistics and Transportation group as we seek further alignment in our strategies.

Another important update is that a cross-functional team has been assigned to address long-standing issues concerning deferred and existing facility and equipment maintenance.

This endeavor seeks to specify and formalize our daily routines across all our facilities – large, medium, and small as well as new and old – to reconstitute habitable and productive workplaces, the result of decades of neglect.

Finally, we are advancing another cross-functional team to resolve non-commercial public service issues that arise around the nation.

We need to improve our responsiveness in both content, timeliness, and certitude. Teams from Customer Relations, Communications, Government Relations, and Performance Excellence are largely driving this effort to improve operational recognizance and awareness, while sharing timely and reliable information throughout our organization and the communities we serve.

All these initiatives represent our progress in the life of our plan and our commitment to improve our service to our customers and the American people.

Furthermore, because of the organizational and operational improvements we have made to date, most specifically in our network, we recently announced an optional retirement opportunity that includes an incentive for select employees represented by the American Postal Workers Union and the National Postal Mail Handlers Union. This retirement incentive will allow us to right-size our staffing, culminating in a significant long-term cost benefit to the Postal Service.

In sum, we will continue to dismantle the siloed workstreams and legacy bureaucracy in favor of an organization structured for cross-collaboration and agility.

These activities are enabled because of our accomplishments to date – despite how successful or difficult the transitions have been – they represent the progress we seek to build upon. I encourage all our employees to lean-in, engage, learn, and continue your dedicated work that enables our future.

Although much has been done, more remains undone. We struggle to achieve the precision required to deploy our operational strategies across our whole system. This is a necessary requirement if we are to compete and remain relevant.

We also remain burdened by the current framework governing the measurement of our service standards and performance measurement.

Our plan and strategies are simple and proven. If not yet at the Postal Service, certainly found across the array of private enterprises circling around us.

Complicating our journey is our failure to do the simple things, such as showing up to work, managing our people, executing our operational adjustments, mindfully maintaining our schedules, and reacting quickly and logically to the inevitable mishaps that accompany business endeavors such as ours. It takes time to change the behavior of our bureaucracy and have it work towards new ambitions – especially one as enormous and as weakened as the Postal Service.

We have gotten better while pursuing our goals specified in the DFA plan. We need to get even better—in fact, much better. But we will soon be great. It is required of us.

Delivering for America is not a plan that compensates for poor execution. It is a plan to achieve service excellence. That is a journey, especially in our poorly regulated, hypocritically political, and competitive economic environment we serve.

Other obstructions are the archaic, artificial, unreasonable, unachievable, and unnecessary service requirements, standards, and business rules.

These have been considered with a bureaucratic mindset that completely ignores the need to balance service expectations against the legal requirement for us to be financially self-sufficient.

These ludicrous and detailed rules have brought this organization to our knees by restricting our ability to evolve our operating practices to serve modern day customers and to fully cover our costs as required by law.

Moreover, by thoughtlessly adhering to standards that no longer reflect operational, financial, or business realities, or the reasonable expectations of most of our customers, they stand in the way of meaningful change and threaten the continued existence of the Postal Service as a viable public service.

Nothing symbolizes this more than the recent advisory opinion by the Postal Regulatory Commission, which fundamentally mischaracterizes and trivializes our proposal.

In sum, the Commissioners essentially suggest that they are smart, and we are dumb. Furthermore, they state our \$3.6 to \$3.7 billion in annual cost savings is meager since it only represents 4.4 percent of our total costs.

What business in the private sector or government entity in the public sector would scoff at and trivialize nearly \$4 billion in annual savings? And what expertise or relative experience does the PRC have about running the most complicated and demanding logistics system in the world in a cost-effective manner?

Separately, the CEO of UPS just celebrated a cost takeout strategy that will eliminate \$1 billion of their operating expenses. FedEx celebrated getting \$1.8 billion out in their drive program in 2024 – both organizations have less than half our proposal and they have far more latitude to align their service to their cost reductions.

I ask everyone to study our regulator's document with the reference point that the Commissioners have limited operational, logistics or business experience, and no real responsibility for assuring the financial viability of the Postal Service. On the other hand, the Board of Governors, including me, do have that responsibility, which is why we can't allow paralysis by analysis, or to continue to fiddle as Rome burns.

The persistent failure by the PRC and others to confront and embrace the type of change that is critical for the financial viability of the Postal Service has directly led to our destruction. It is time for us to act, before it is too late to save the Postal Service.

We are still amid the full review of the advisory opinion. But I remain confident that this change, expected to save at least \$3.6 to \$3.7 billion a year, needs to happen, and it needs to happen quickly.

These service standards and operational changes will result in a net positive for mailers – especially as Americans receive the benefit of processing refinements that speed-up mail and packages that they receive.

Moreover, these changes further our statutory requirements to compete, achieve financial sustainability, create an integrated network, and foster reliability in our service.

Our future is bright. We are on the right path. We can compete with the best. We can achieve financial solvency. And we can create a network that is integrated, modern, and performance based.

Our work this quarter, and the work since the launch of the Delivering for America Plan, prove that we can.

In closing, I continue to thank our Governors, employees, management team, and our willing stakeholders for their resolve as we continue to transform the United States Postal Service so that we can provide another 250 years of dedicated service to the nation and the nation's commerce.

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Please Note: The United States Postal Service is an independent federal establishment, mandated to be self-financing and to serve every American community through the affordable, reliable and secure delivery of mail and packages to 169 million addresses six and often seven days a week. Overseen by a bipartisan Board of Governors, the Postal Service is implementing a 10-year transformation plan, [Delivering for America](#), to modernize the postal network, restore long-term financial sustainability, dramatically improve service across all mail and shipping categories, and maintain the organization as one of America's most valued and trusted brands.

The Postal Service generally 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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