

# business trends

## Postal Service Vows To Save Universal Mail Delivery

(NAPSA)—Faced with decreasing mail volume and a sluggish economy, the Postal Service recently announced details of a forward-thinking Transformation Plan, proposing a new business model that would preserve universal mail delivery and strengthen the mail system.

“Every American—no matter who, no matter where—has a fundamental right to affordable, accessible mail service,” said John E. Potter, Postmaster General. “The Postal Service’s current financial situation threatens the service that everyone in this nation has relied on for more than 225 years. Our proposed new business model will give us the tools to succeed in the 21st century marketplace. It will help us to protect regular mail delivery, for everyone, well into the future.”

The new model, called a Commercial Government Enterprise (CGE), would create a government-owned entity, but one that enjoys some of the operational and financial flexibility found in the private sector. Under the CGE, the Postal Service would set rates more predictably, be able to retain earnings, work under private sector labor laws and—depending on future legislation—could even pay taxes or dividends to the government.

The CGE model would be a structural transformation requiring legislative acts of Congress. The proposed legislative changes would be the most extensive since the Postal Reorganization Act of 1970, which enabled the Postal Service to function effectively until the end of the 20th Century.

“People today speak of a digital-divide—we certainly don’t need a delivery-divide,” said Potter. “The

### Postal Pointers

- The Postal Service is the second largest civilian employer in the United States with more than 750,000 employees.
- In 2001, the Postal Service delivered 207 billion pieces of letter mail, periodicals, advertising mail and packages to 138 million addresses six days a week.
- The Postal Service delivers 46 percent of the world’s mail volume.
- In one week, the Postal Service delivers the same volume as the United Parcel Service delivers in one year. It takes two days to equal Federal Express’ annual volume.



1970 legislation worked for 32 years to ensure that every American had access to a fundamental means to communicate through the mail. We now need legislative change that preserves mail delivery for the next 30 years and beyond. This plan begins that process.”

Potter also outlined the near-term implications of the plan. The Postal Service has already cut 30,000 jobs and \$2.5 billion in costs over the past two years. Over the next five years, costs will be cut by \$5 billion more through job attrition, outsourcing, plant consolidation, lifting the moratorium on post office closings and other measures. Costs will also be cut by improving the dispute resolution process, modernizing the rate process under the current regulatory framework and leveraging buying opportunities through aggressive purchasing. In addition, the Postal Service will focus on developing new “intelligent” mail products to

attract new business and better serve existing customers.

“Mail volume is going down, while at the same time 1.7 million new addresses are added every year,” said Potter. “Our revenue cannot cover the increase in costs and it shows in our bottom line. We lost \$1.68 billion in fiscal year 2001 and could lose as much again this fiscal year. However we have solutions to these challenges in this Transformation Plan and I look forward to discussing its details with Congress and the mailing industry.”

The final version of the plan was submitted to Congress and the GAO on April 4th, after an extensive comment period in which members of the mailing industry and the general public were invited to comment. Congress will schedule hearings later this spring to review the plan.

Since 1775, the U.S. Postal Service has connected friends, families, neighbors and businesses by mail. It is an independent federal agency that visits 138 million homes and businesses every day and is the only service provider to deliver to every address in the nation. The Postal Service receives no taxpayer dollars for routine operations, but derives its operating revenues solely from the sale of postage, products and services, offering some of the most affordable postage rates in the world. The U.S. Postal Service delivers more than 46 percent of the world’s mail volume—some 207 billion letters, advertisements, periodicals and packages a year—and serves seven million customers each day at its 40,000 retail locations nationwide.