

# Atlantic AIM Meeting

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**November 16, 2021**

# Service Standard Implementation

# DELIVERING FOR AMERICA

## OUR VISION AND TEN-YEAR PLAN

# Our vision and ten-year plan to achieve service excellence and financial sustainability

Our commitments, particularly around service, people and infrastructure will serve as the foundation that will drive our evolution and determine our success.

Our new operating goals will be simple – get mail and packages to our carrier network in the most cost-effective manner, and on a deliberate schedule to meet our standards. From there, our carriers will deliver them within a day – over 99% of the time – to addresses across the country.

## 95%

performance target for on-time delivery across mail and shipping product classes.

## \$40 billion

capital investments in service, people, and infrastructure over the next ten years.

## THIS PLAN REPRESENTS OUR COMMITMENT TO:



### ACHIEVE SERVICE EXCELLENCE

- Preserve Universal Service Obligation
- Delivering 6- and 7-days a week
- Achieve and maintain 95 percent delivery performance



### REALIZE COST SAVINGS AND REVENUE GROWTH

- Financial sustainability within three years, and a positive balance over ten years
- Achieve over 50% growth in package revenue by 2030
- Provide a new suite of same-day, one-day, and two-day delivery offerings
- Reverse a projected \$160 billion in losses over the next ten years



### MODERNIZE POSTAL INFRASTRUCTURE

- Cultivate a high performing, efficient and precise infrastructure and network operations across the enterprise
- \$40 billion in investments in our people and infrastructure, including a new vehicle fleet



### ENHANCE OUR EMPLOYEES' WELLBEING

- Reduce annual non-career employee turnover rate to below 20 percent

# Key strategic goals

**95%**

performance target for on-time delivery across mail and shipping product classes.

**\$40 billion**

capital investments in service, people, and infrastructure over the next ten years.



Provide new products and services and digital experiences



Establish service standards that foster service excellence



Establish a stable and empowered non-career workforce



Advance sustainability goals of reducing carbon footprint



Implement a best-in-class mail and package processing infrastructure



Implement a best-in-class retail and delivery operations network



Apply fair and flexible pricing strategies



Generate enough revenue to cover operating costs and make necessary investments



Optimize surface and air transportation networks



Design and execute a fully aligned organizational structure

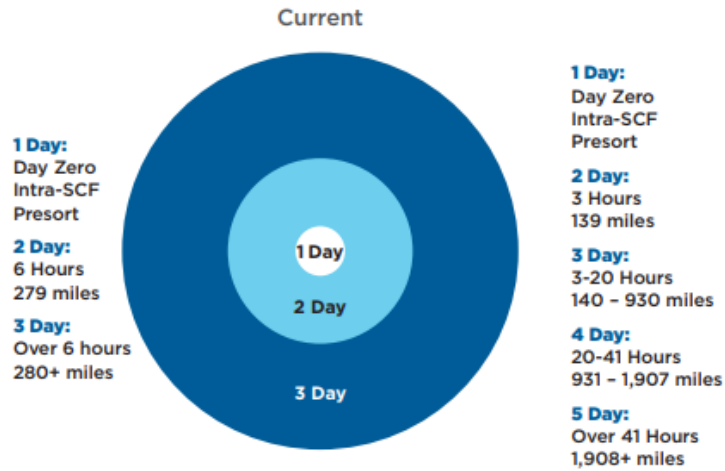


Seek judicious and appropriate legislative and administrative action

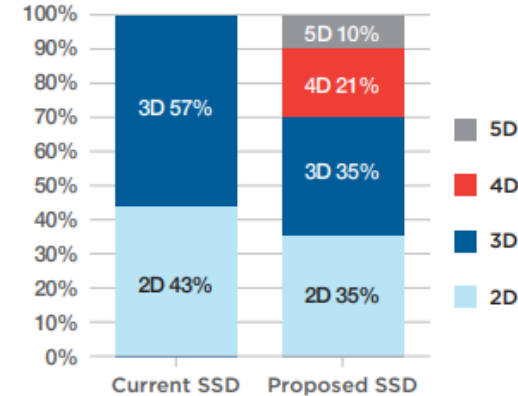


Embrace our role as a critical part of our Governments infrastructure

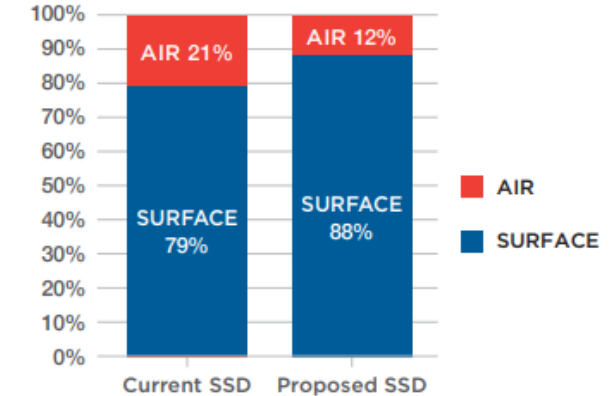
# Service Excellence and Reliability



**VOLUME: % of Total FCM (letters & flats)**  
Current Service Standards vs. Proposed with 5-Day



**MODE IMPACT: % of Total FCM Volume (letters & flats)**  
Current Service Standards vs. Proposed with 5-Day



**Reliable, Dependable, Lower Transportation Cost → 95% on-time**

- 61 percent of current First-Class Mail volume and 93 percent of current Periodicals volume will stay at its current standard
- 81 percent of current 2-day First-Class Mail volume will retain its 2-day standard.

- 70 percent of First-Class Mail volume would receive a standard of 1- to 3-days.
- 29% of First-Class Mail volumes adds a day to the standard
- 10% of First-Class Mail volumes adds two days to the standard

# Service Standard Implementation

- Service standard mail changes effective October 1<sup>st</sup>
- Service standard package changes deferred until quarter 2
- Methodical approach to implementation
- A phased transition from the air to surface network

# Implementation

## First-Class Letters/Flats and Periodicals

- Service Standard Change effective 10/1/2021
- Air to Surface mode changes
  - Opportunities to connect on existing transportation:
    - Start implementation with select lanes as early as 11/01/2021
    - Remaining opportunities implementation After Peak
  - High-volume mailer assigned Air to Surface
    - Coordinated on case-by-case basis for long-haul direct dispatch from mailers to Destination STC
  - Extended coast-to-coast STC network
    - Planning in process – expected implementation After Peak

## First-Class Package Services (SPRs)

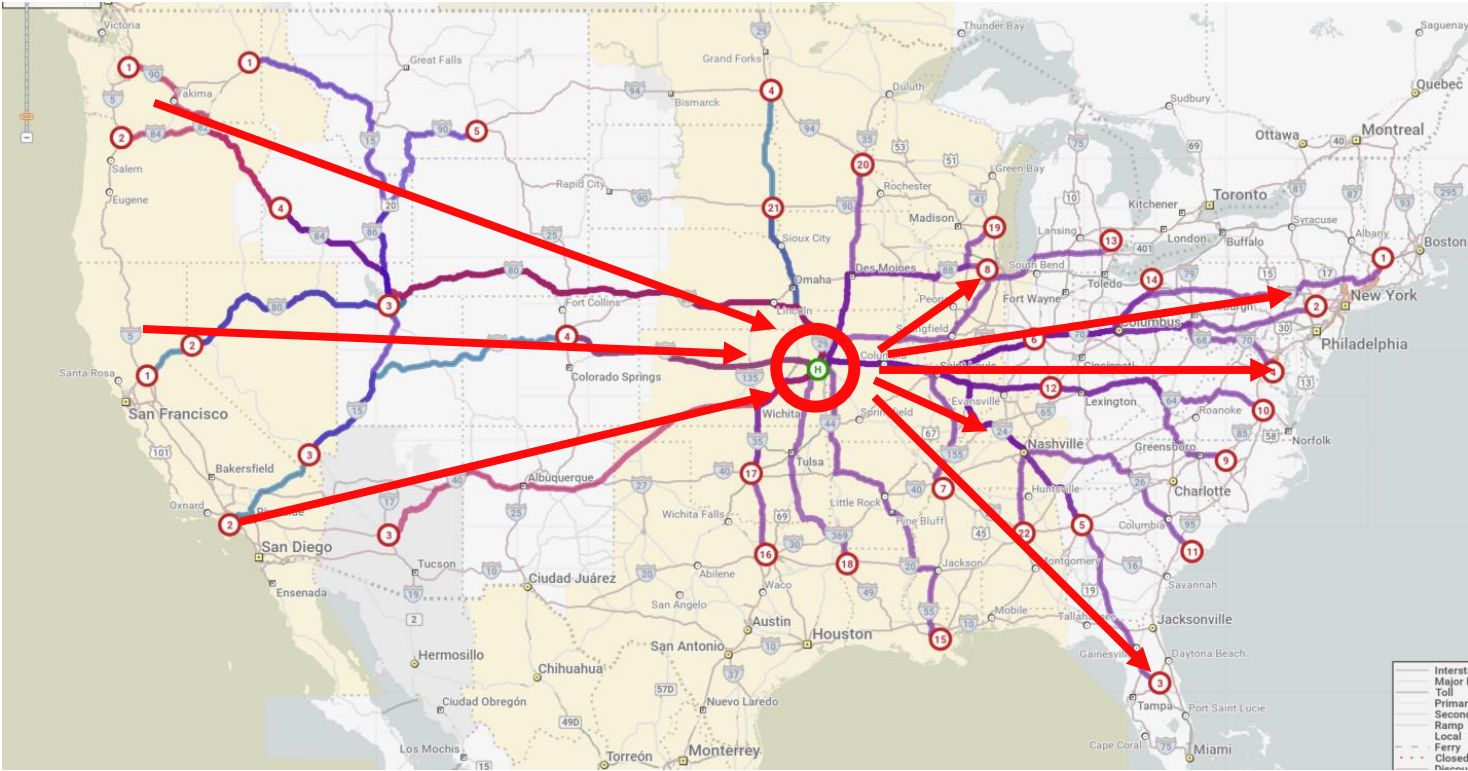
- Service Standard Change planned After Peak



# Extended STC Network: Coast-to-Coast Connections

Origins in the West to the East Coast (and visa versa) create mixed loads of destination STC containers to be consolidated in Kansas City STC.

Kansas City will consolidate Destination STC containers and build full loads to the Destination STCs



# Business Rules

Service Standard	Current Rules (Contiguous US)	Effective 10/1/2021	After Peak
		Proposed Rules - Letters / Flats (Contiguous US)	Proposed Rules - Packages (Contiguous US)
1-day	Intra-SCF Presort FCM accepted before day-zero CET	No change	N/A
2-day	6-hrs or less (~279 miles)	3-hrs or less (~140 miles)	8-hrs or less (~372 miles)
3-day	>6-hrs	Between 3-hrs and 20-hrs (~140-930 miles)	Between 8-hrs and up to 32-hrs (~372-1,488 miles)
4-day	N/A	Between 20-hrs and 41-hrs (~930-1,907 miles)	Between 32-hrs and 50-hrs (~1,488-2,325 miles)
5-day	N/A	>41-hrs	>50-hrs

\*Assumes practical combined driving distance based on lat/lon coordinates of the OPDC to DADC to DSCF driving at 46.5 mph, and accounting for time zone adjustments. I.e. account for added time to transit window transporting volumes east to west, and losing transit window traveling west to east.

# MTE Actions

- Ordered 1M Pallets for Quarter 1
- Daily interaction with major mailers and package shippers
- Focus on daily inventories with mailers and USPS processing facilities

**PLEASE DON'T STORE  
EXCESS EQUIPMENT**

**Thank You**