



**Gene Del Polito, President  
Association for Postal Commerce  
1901 N Fort Myer Dr, Ste 401  
Arlington, VA 22209-1609  
Ph: +1 703 524 0096  
<http://postcom.org>  
[genedp@postcom.org](mailto:genedp@postcom.org)**

# **What has happened?**

**Congress provided some relief  
regarding USPS postal retiree  
health funding obligation**

**Reduced for FY 2009**

**\$ 5 billion...to....\$1.4 billion**

# **What has happened?**

**No postal rate increases for  
Market Dominant products in  
FY 2010**

**(These two issues are related.  
More as we go.)**

**Why relief only for FY  
2009?**

**Why not enact HR 22 or  
S1507?**

**Congressional skepticism**

**CBO skepticism**

**Re: USPS willingness to  
reduce costs more**

**Congressional concern  
CBO concern over effects  
of legislation on budget  
scoring**

**Congressional  
unhappiness with Postal  
Service over poor  
management of  
congressional relations**

**USPS violation of trust  
over PAEA  
Failure to exploit  
freedoms  
Call for 5-day as a  
surprise**



**What about an  
exigency increase?**

**Voices in Congress  
said “no”**

**Rough sledding at  
PRC with new  
chairman**

**Problems with  
exigency case**

**USPS loses control  
over outcome**

**No rate increase....  
“Heroic?”**

**How about  
“fait accomplis”**

**So . . . Where are  
we?**

**Let's look at USPS  
finances**

**Postal costs cut \$6  
billion FY 2009**

**Still . . . \$3.8 billion  
loss**

**Cut 115 million  
workhours =  
65 full time  
equivalents**

# **Projections FY 2010**

**10-15 billion piece  
additional decline**

**Net loss \$7 billion**



**What will Congress  
do in 2010?**

**Maybe something...**

**Maybe little...**

**What about 5-day?**

**There are issues....**

**2010 is an election  
year. No 5-day until  
after the election**

**What about relief?**

**All labor contracts  
are up in 2010-2011**

# **Issues to be addressed:**

- Pay**
- Benefits**
- No layoffs**
- Other work rules**



**Binding arbitration is  
likely to be  
deciding...and  
defining...factor for  
USPS**

**In the meantime...**  
**Exploration of**  
**alternative business**  
**models**

**GAO**

**BOG**

**PRC**

**Everyone else**

**A word of warning  
about the pitfalls of  
trying to be the  
architect of postal  
policy**

**Fools rush in where  
angels fear to tread**

**Remember how all  
this began**

**Bush Administration  
skepticism about  
USPS future**

**Hold Treasury  
harmless**

**Either overly  
optimistic about  
financing...or...  
Simply unwilling to  
face realities**

**PAEA developed by  
“compromise”**

**Great concern about  
“legislative realities”  
“Need to ‘save’  
USPS”**



**What should industry  
do?**

**What should its  
policy focus be?**

**Focus all your efforts  
on your “needs”**

**Forget about your  
“wants”**

**Don't dabble in the  
inside the beltway  
game**

**Don't get distracted  
Stay focused on  
needs**

**Is there still a need  
for a postal system?**

**Not the USPS...but a  
“postal system”**

**Need?**  
**To facilitate**  
**transaction of**  
**communication and**  
**commerce....**  
**Not to impede!**

**Industry postal  
policy should not be  
a matter of  
“good” or “bad”  
“fair” or “unfair”**

**Only concern as far  
as infrastructure is  
concerned:**

**Does it work or  
doesn't it**

**Does it facilitate  
transaction of  
communication and  
commerce or doesn't  
it**



**YOU need the  
infrastructure**

**Satisfying YOUR  
needs should be  
paramount**

**A way to think about  
things:**

**Safeway Foods**  
**Kroger**  
**Giant**

**Electricity**

**Gas**

**Water**

**Beware of  
Washington's  
political sirens...  
The postal  
subculture**

**Look out for the  
postal bureaucracy**

**Postal machines**  
**Built for engineers**  
**Not customers**

# **Classic examples of misplaced priorities**



**Flats prices went  
up...**

**Pushed mailers to  
letter-size catalogs**

**Demand to go green  
not mindful of  
consequences for  
customers**

**Lighter weight paper  
Fail the “droopy” test  
NFM rates for  
failures  
40-50% rate  
increases**

**Less flats in the  
system...**

**Endangered USPS  
plans for FSS**

**FSS also not working  
as well as it should**

**USPS imperative:  
Build mail for  
machines**

**Customer imperative:  
Build machines for  
mail**

# **Other friction points:**

**Move Update**

**ACS**

**IMb**

**Like being in a  
marriage with an  
abusive spouse**

**What about revenue?**



**What about revenue?**

**USPS answer:**

**Run sales**

**Should have been:  
Create more relevant  
products & services**

**Are sales  
successful?**

**For whom and by  
what measure?**

**STAY  
FOCUSED!!**



**Gene Del Polito, President  
Association for Postal Commerce  
1901 N Fort Myer Dr, Ste 401  
Arlington, VA 22209-1609  
Ph: +1 703 524 0096  
<http://postcom.org>  
[genedp@postcom.org](mailto:genedp@postcom.org)**