

# Driving Performance Through Alignment in the USPS

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# Lessons Learned

- **It's a long, evolutionary process**
  - *Consistent top management support*
  
- **Must be adapted to organizational culture**
  - *Cross-functional alignment and shared goals*
  
- **Difficult to define results in many public agencies**
  - *Extensive outreach and interaction with stakeholders*
  
- **Often requires a burning platform**
  - *Simplicity, limited number of highly relevant goals*
  
- **Communications and accountability are critical**
  - *Achieve results, reset targets, repeat*

# ***Evolving a Balanced Scorecard***

- **Postal Reorganization Act, 1970**
  - *Comprehensive Statement on Postal Operations*
  - *Annual Report*
  
- **Malcolm Baldrige Assessment, 1996**
  - *CustomerPerfect!*
  - *Voice of the Customer, Employee, and Business*
  
- **Government Performance and Results Act, 1993**
  - *Five-Year Strategic Plan, Annual Plan and Performance Report*
  
- **Strategic Transformation Plan**

# ***Unique Position of USPS***

## ***Postal Reorganization Act (1970)***

- **Independent Government Agency**
  - *Yet, act like a business*
  
- **Financial Requirements**
  - *Break-even*
  - *Self-sufficient (no tax support)*
  - *Dedicated rate regulatory board*
  
- **Unionized**

## ***Touching Every Citizen***

<b>Operating Revenues</b>	<b>\$70 billion</b>
<b>Career Employees</b>	<b>695,000</b>
<b>Vehicle Fleet (postal owned)</b>	<b>216,500</b>
<b>Retail Facilities</b>	<b>38,000</b>
<b>Annual Mail Volume (pieces)</b>	<b>212 billion</b>
<b>Delivery Points</b>	<b>145 million</b>
<b>New Addresses (annually)</b>	<b>2 million</b>
<b>Change of Addresses (annually)</b>	<b>44 million</b>

# *Evaluating Postal Performance*

- **A bloated bureaucracy, with lousy service**
- **The most anti-consumer organization in the country**
- **Full of waste, fraud, and abuse**
- **The USPS is the last dinosaur**

*Sources: Cato Foundation, Lexington Institute, Citizens Against Government Waste, etc.*

- **one of the best managed government agencies**
- **The most improved service of firms measured since 1994**
- **Rated extremely favorably by consumers**
- **The USPS is essential to a growing economy**

*Sources: Government Executive Magazine, American Service Quality Index, American Consumer Foundation, President's Commission on Postal Service*

# ***Balancing Multiple Stakeholders***

**Consumer  
Customers**

**Mailing  
Industry**

**Business  
Customers**

**Competitors**

**Employees**

**Suppliers**

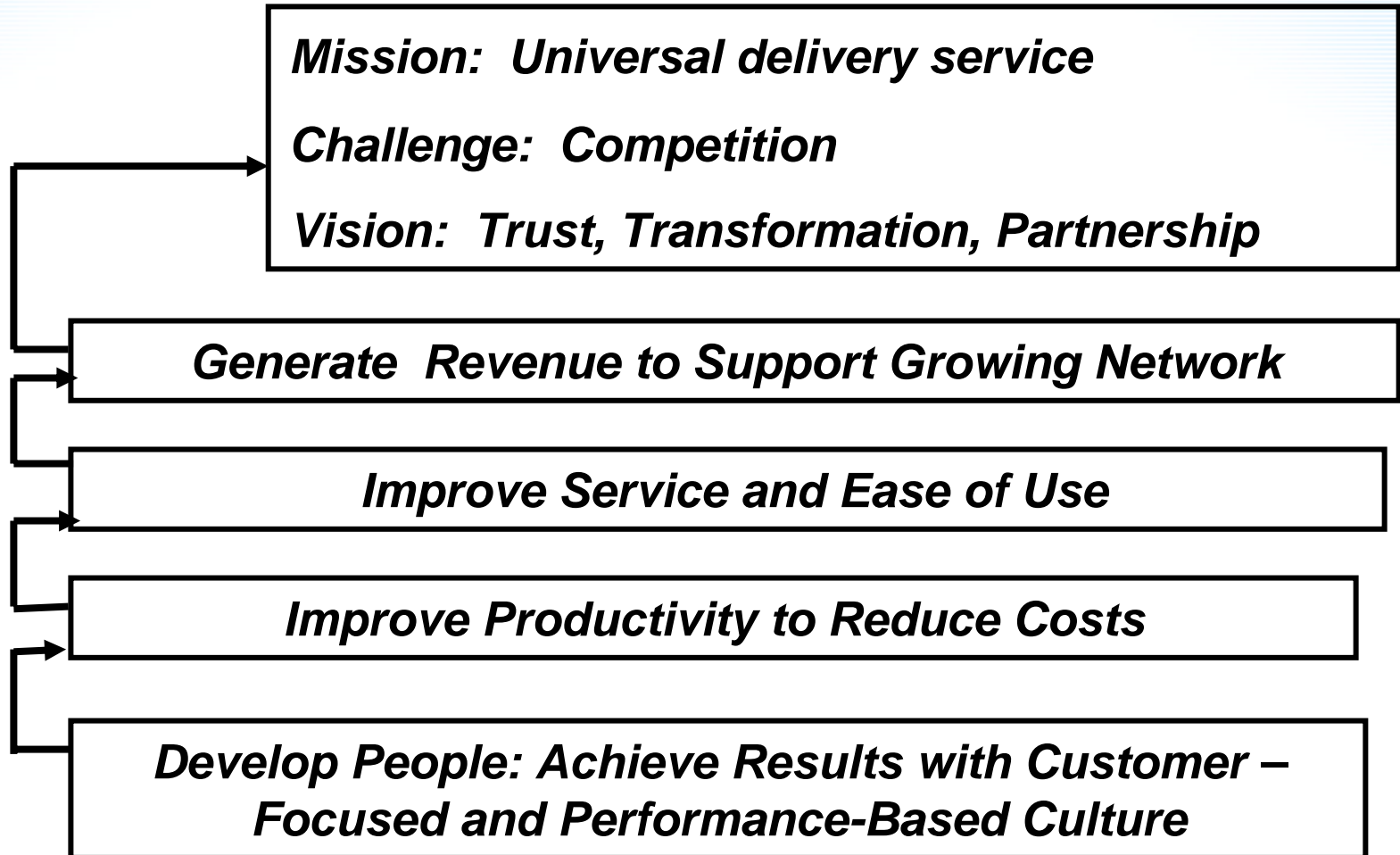
**Congress**  
**GAO, OMB**  
**Other  
Government  
Agencies**

**Regulators**

**Media**

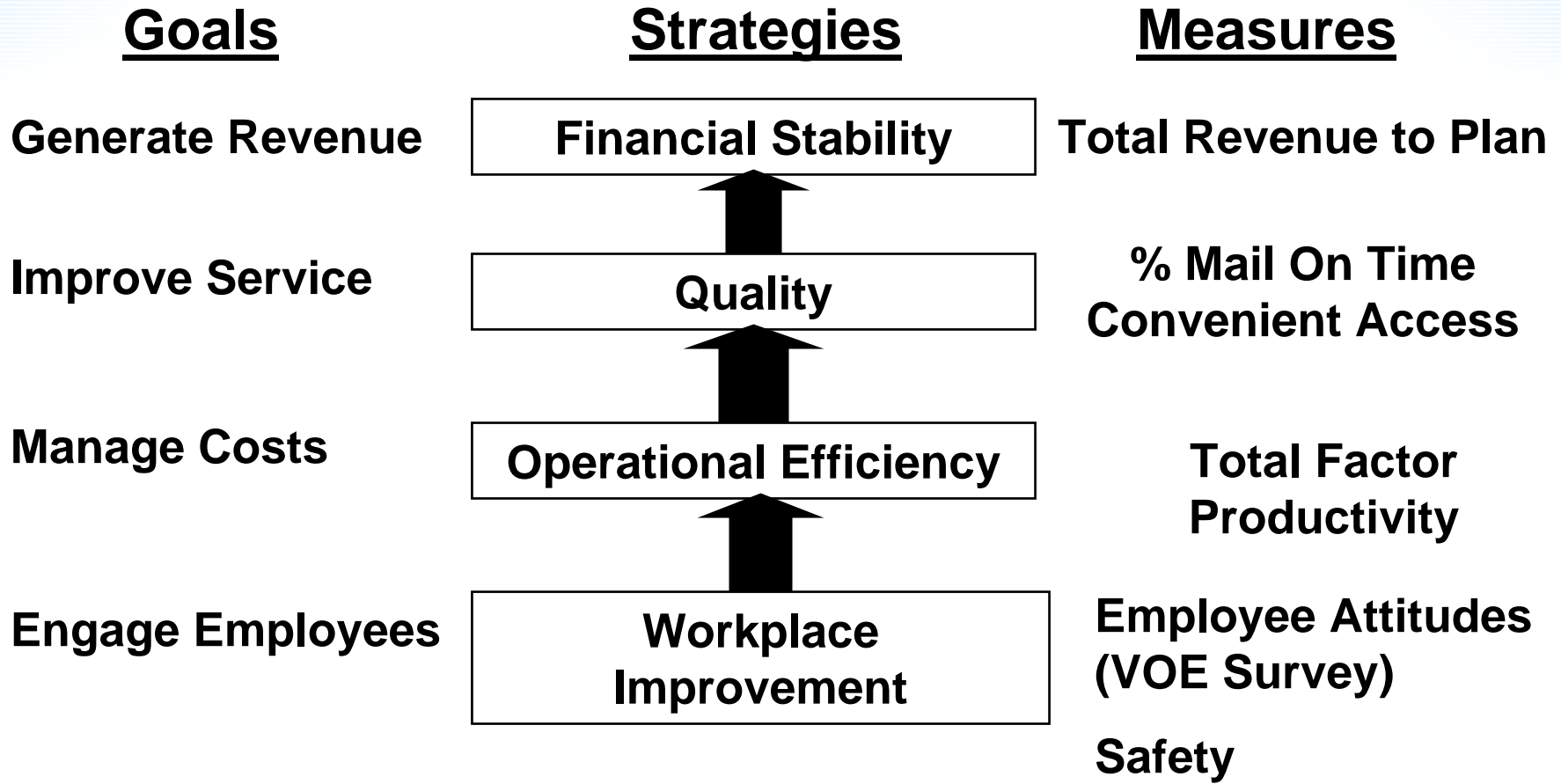
***The Postal Service has  
an extensive outreach  
program***

# Balanced Approach





# Building The Scorecard



# Voice of the Customer

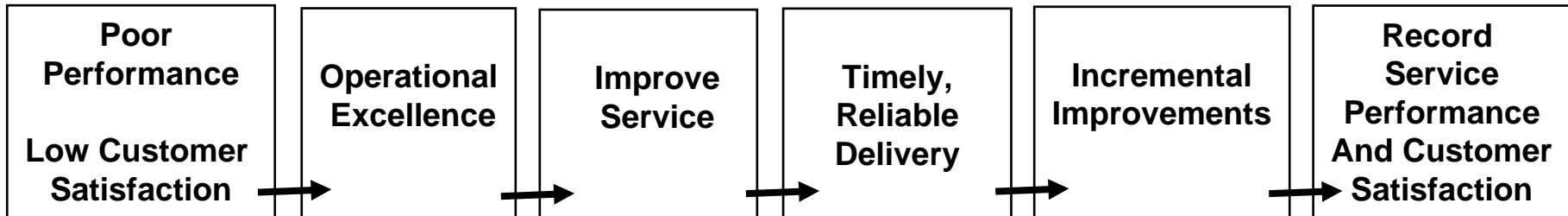
## Customer-Focused Culture

**Situation**      **Call to Action**      **Set Goal**      **Set Target**      **Adjust**      **Achieve**

*Est. low  
80's*

95 %

95+ %



*Develop  
Measurement  
Systems*

*Develop  
Accountability  
Systems*

*G/VG/  
Excellent*

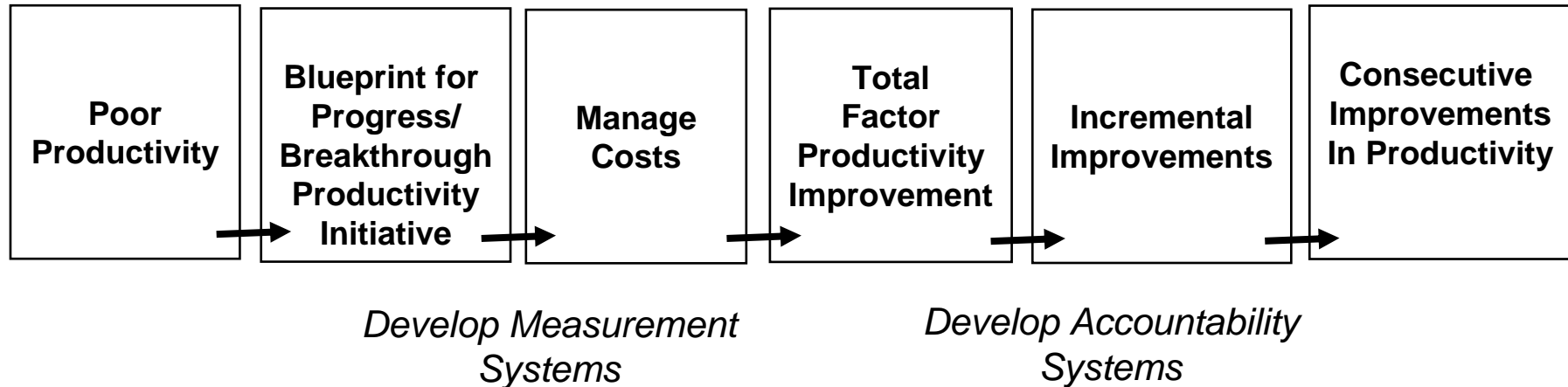
# ***Voice of the Business***

## ***Reducing Cost***

**Situation      Call to Action      Set Goal      Set Target      Adjust      Achieve**

*Saved over \$1 billion per year*

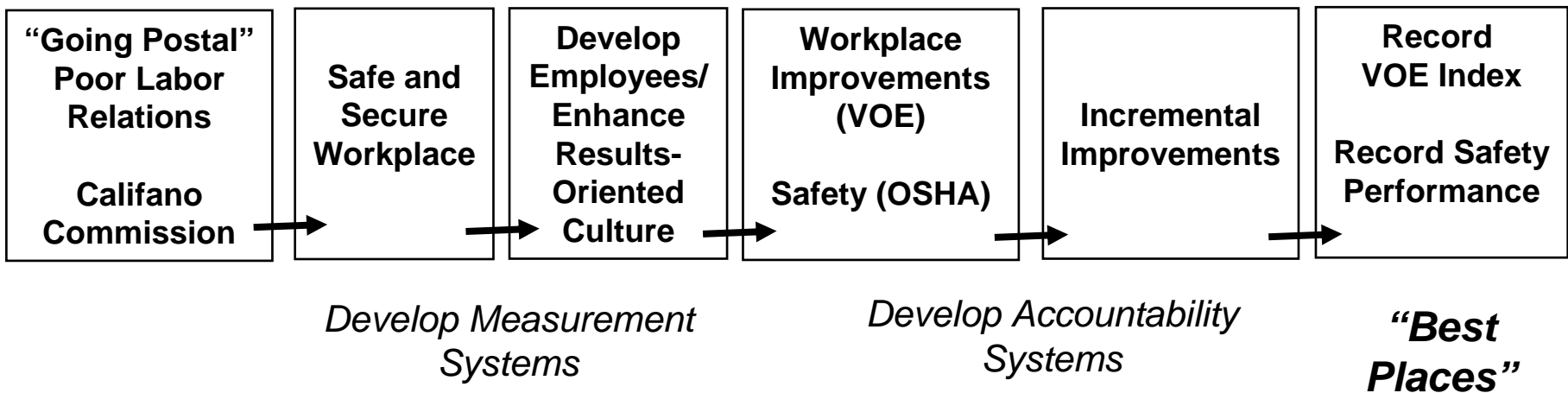
**6 years**



# Voice of the Employee Results-Oriented Culture

**Situation      Call to Action      Set Goal      Set Targets      Adjust      Achieve**

*Improved VOE while reducing complement by over 100,000*



# *Integrating the Scorecard*

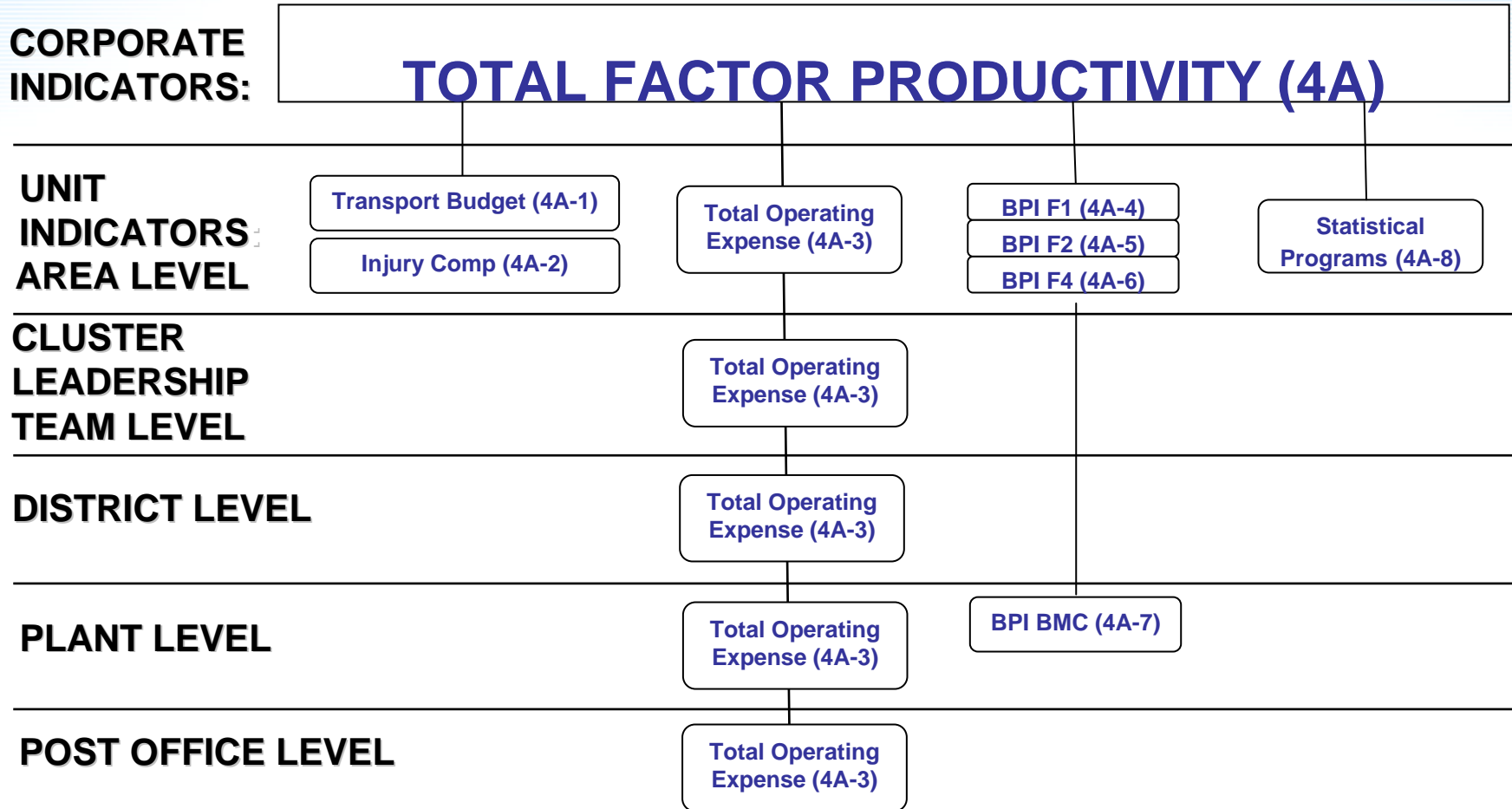
- **Annual Management Cycle**
  - *Establish, Deploy, Implement, Review*
  
- **Linking Performance with Budgets**
  - *Program Performance Assessment (similar to PART)*
  - *Investment Management and Program Evaluation*
  - *Transformation Program Integration and Implementation*
  
- **National Performance Assessment (NPA)**
  - *Unit and individual contributions to organizational goals*

# ***Aligning Accountability***

## ***Pay for Performance***

- **Eliminated COLA, Step Increases (EAS/PCES)**
- **Tested Economic Value Added (EVA)**
- **Replaced with National Performance Assessment (NPA)**
- **Clear Line of Sight**
  - *Overall Organizational Goals*
  - *Unit Performance Goals (HQ and Field)*
  - *Individual Goals*

# Developing Accountability



# Establishing Priorities

## ■ Targets:

- *Set at corporate level annually and fairly consistent year to year*
- *Measured at national/area/cluster level*
- *A specific number, improvement over last year or over corporate plan*
- *The same for all participants*

## ■ Weights:

- *Set at corporate level annually*
- *Emphasize priorities which may shift from year to year*
- *Relative weights are the same for all*



# Eliminate Finish Line Mentality

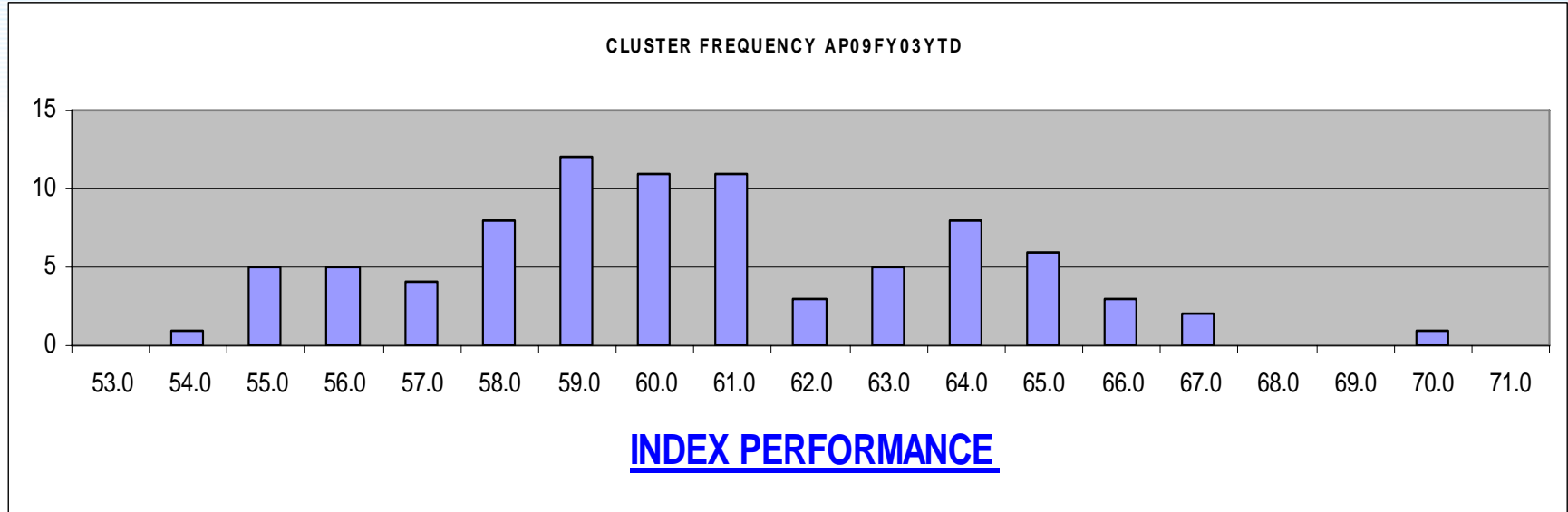


# Improvement at All Levels

**No finish line in sight...**



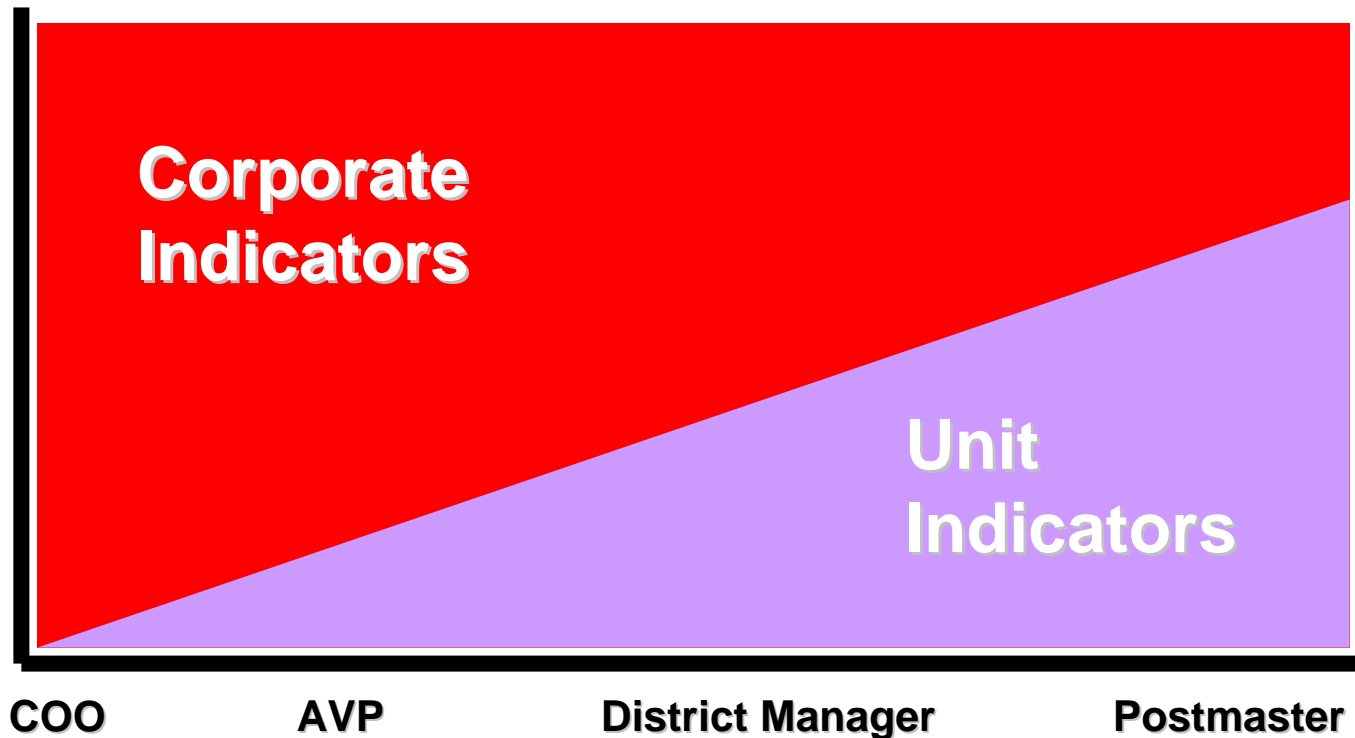
# Performance Matrix



Non-Contributor			Contributor						High Contributor			Exceptional Contributor		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
52.1	53.5	54.9	57.1	59.3	61.2	62.3	63.7	65.2	66.6	68.0	69.5	70.9	72.3	73.7

# Corporate vs. Unit Indicators

## LINE OF SIGHT

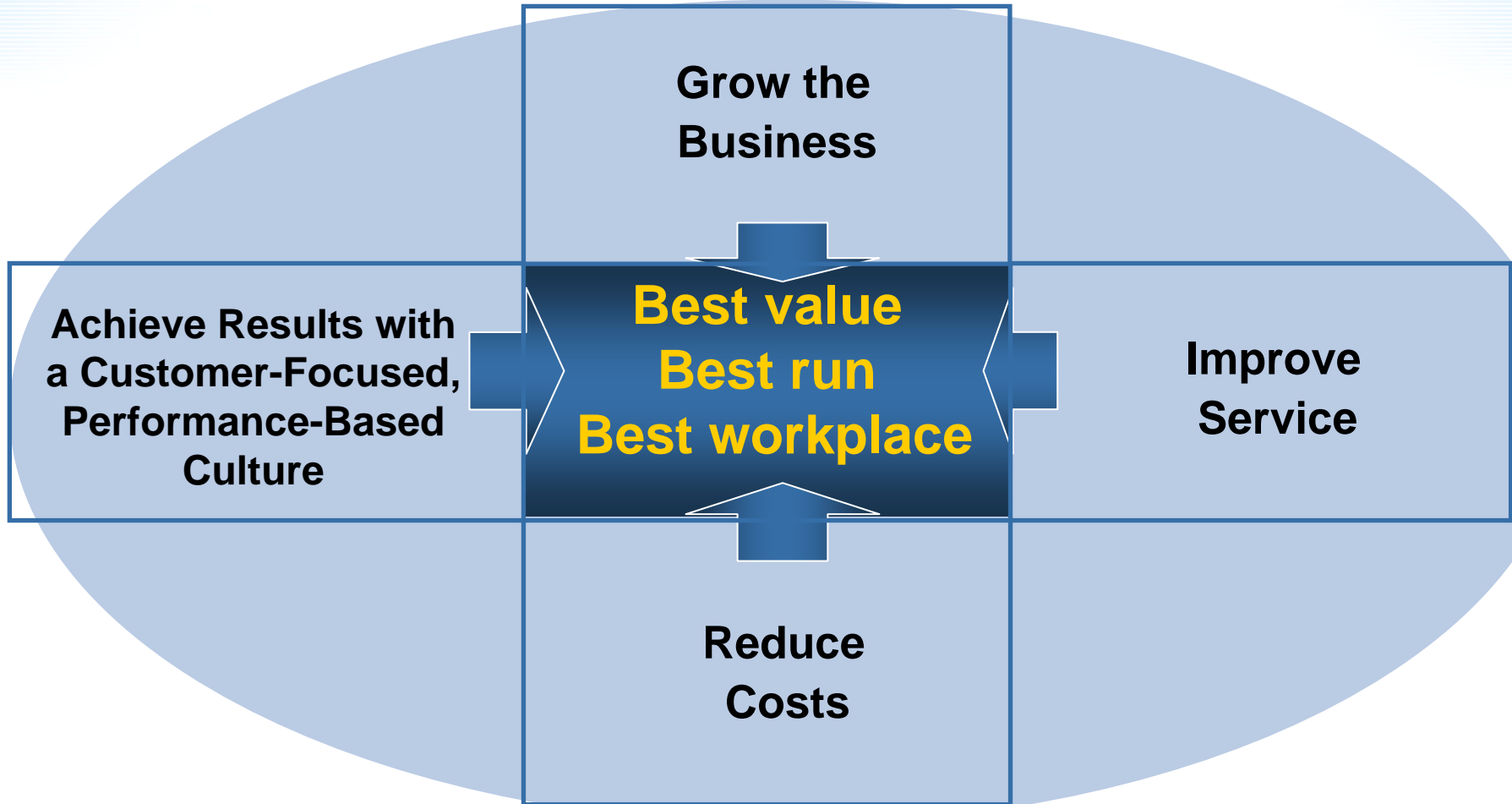


## ***Lessons Learned***

- **Consistent Top Management Support**
- **Clarity and Focus/Limited Number of Goals**
- **Integration and Alignment of Goals**
- **Performance Accountability and Incentives**
- **Persistent Communications**

***Success Breeds Confidence***

# Strategic Transformation Plan

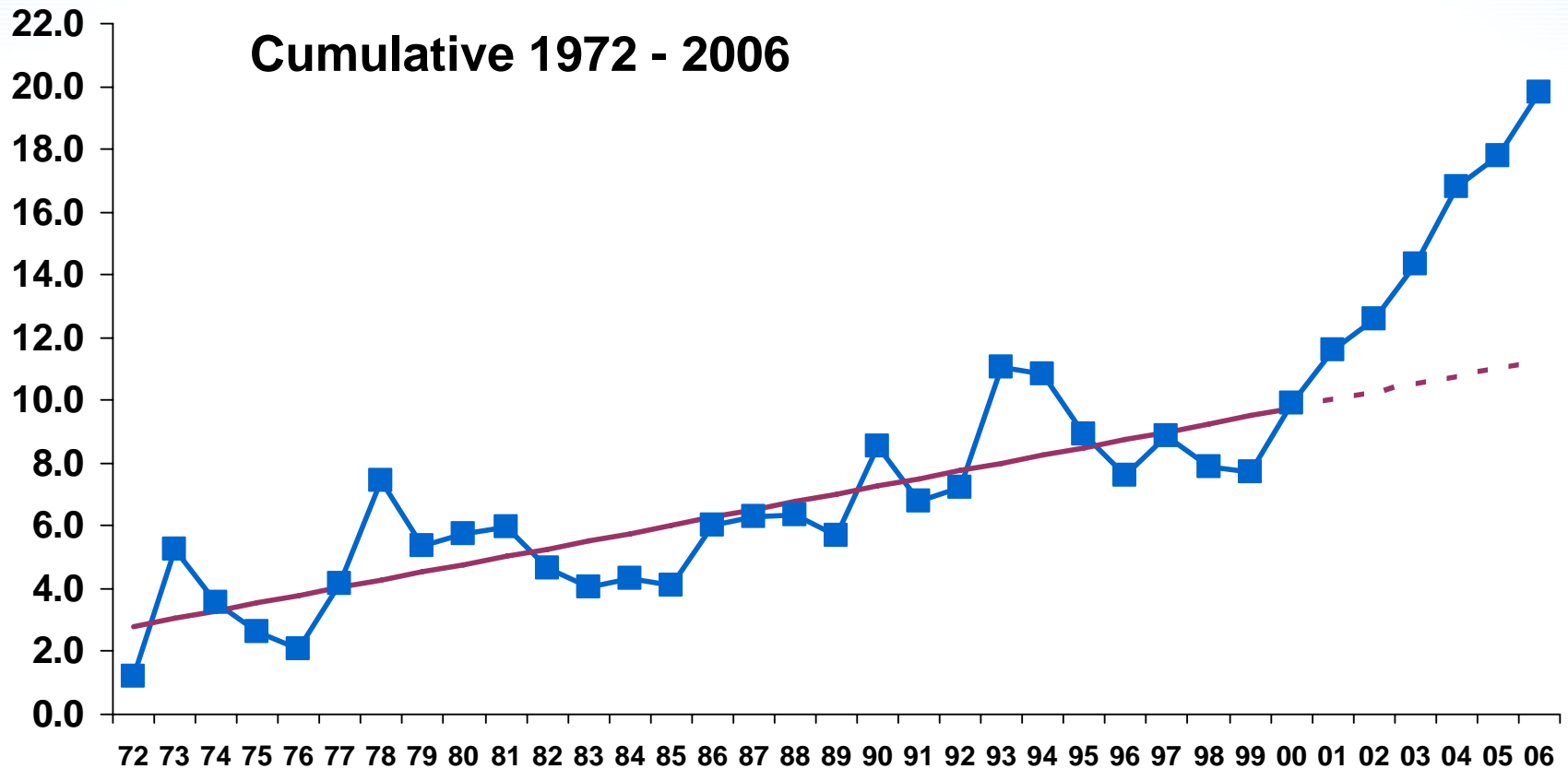


# Strategic Transformation Plan

- **Low Postage Rates** *(lowest in developed world)*
  - *6 years of increases in Total Factor Productivity*
  - *\$1+ billion savings annually*
  - *106,000 fewer career employees*
  - *Eliminated \$11 billion in debt*
  - *Rate increases less than inflation*
  
- **Record Service Performance and Customer Satisfaction**
  
- **Increasing Employee Satisfaction**
  
- **Innovation to Core Products**
  - *Increasingly competitive products and services*

# Strategic Transformation Plan

## Total Factor Productivity

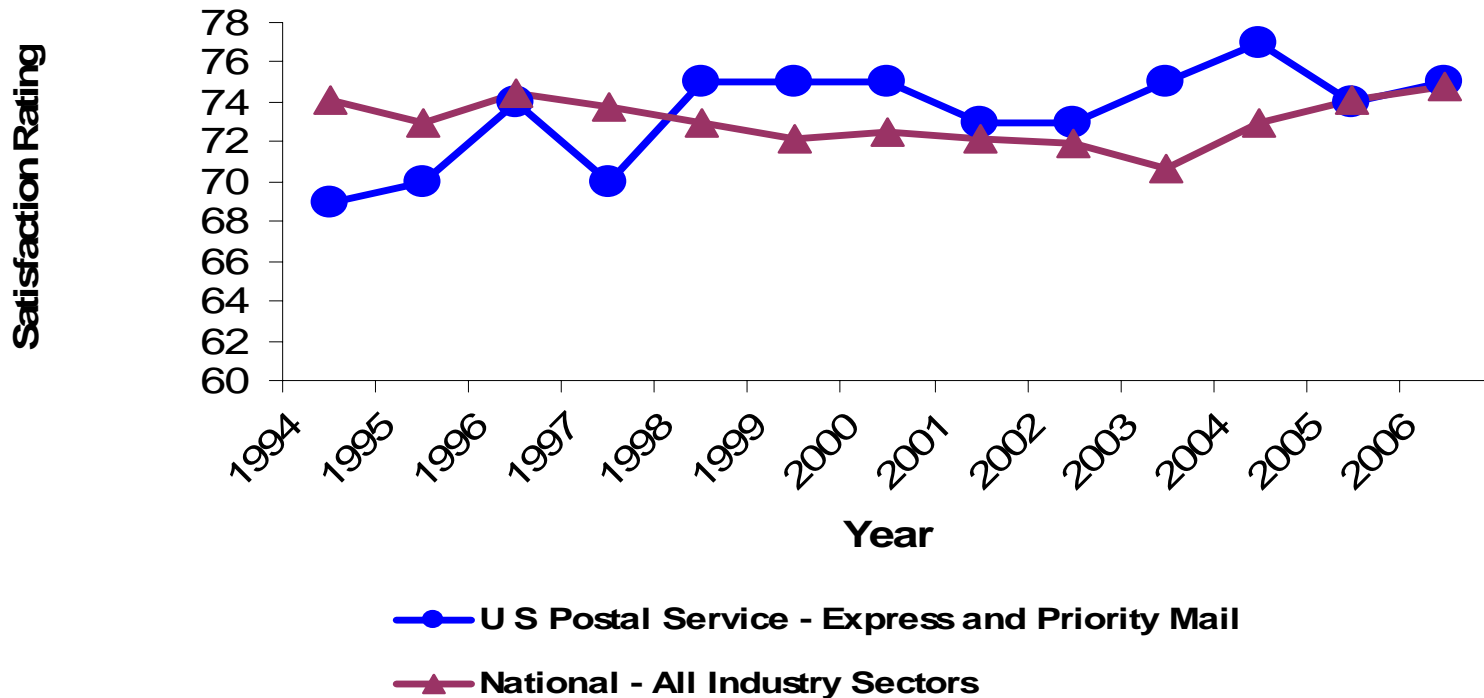




# Tracking Improvement

## *American Customer Satisfaction Index*

**ACSI Customer Satisfaction  
All Industry Sectors versus U S Postal Service  
Expedited Services**



# Independent Assessments

- **Beyond Planning: Creating a Strategy that Promotes Alignment, Agility, and Accountability,**  
*American Productivity and Quality Center, 2005 Benchmarking Report*
- **Using the Balanced Scorecard: Lessons Learned from the U.S. Postal Service and the Defense Finance and Accounting Service**  
*IBM Center for the Performance of Government, 2006*

## **Questions?**

***2006-2010 Strategic Transformation Plan is  
available at [usps.gov](http://usps.gov)***

**See also**

- ***Comprehensive Statement on Postal Operations***
- ***Annual Report***

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