

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

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

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

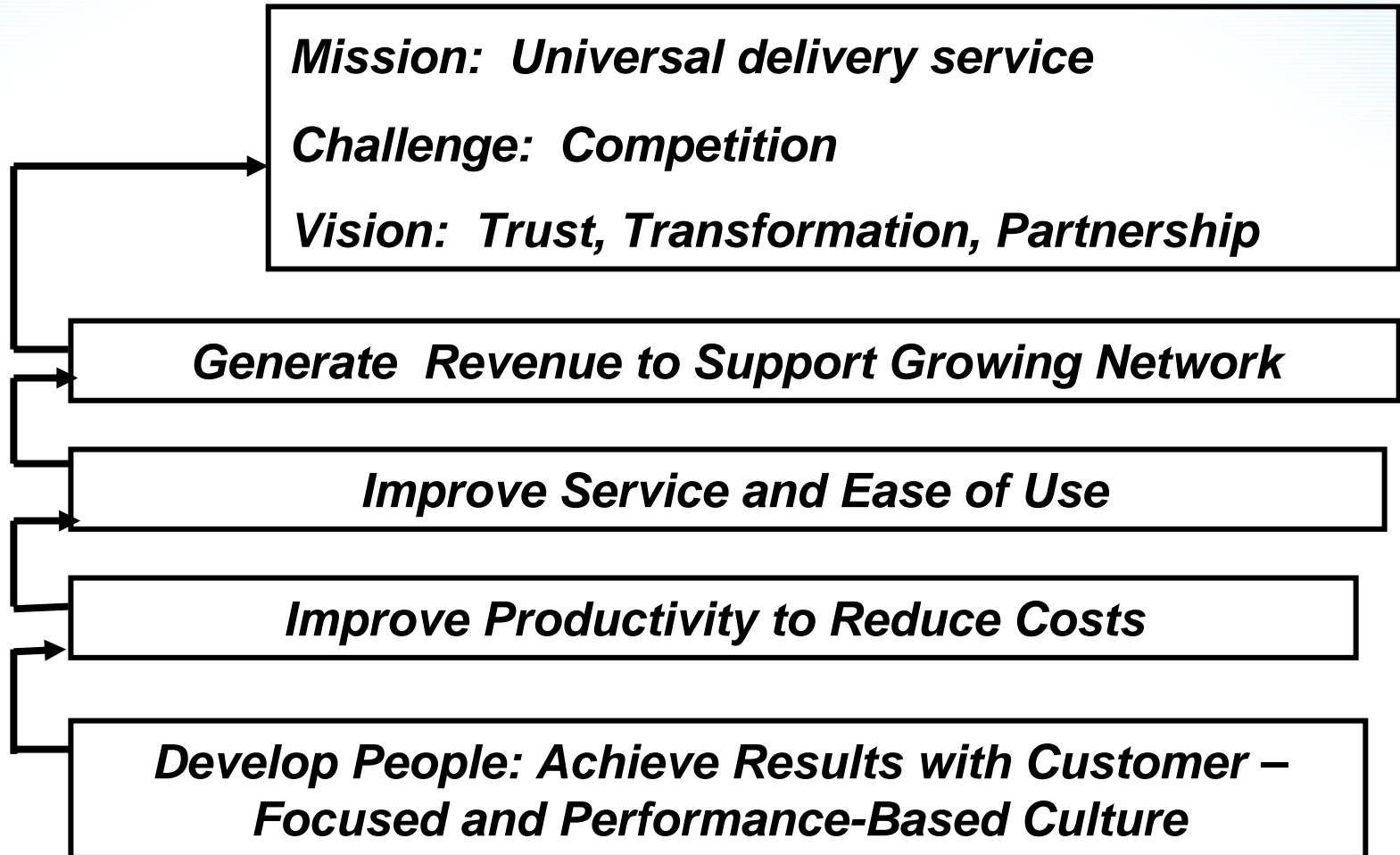
Congress
GAO, OMB
**Other
Government
Agencies**

Regulators

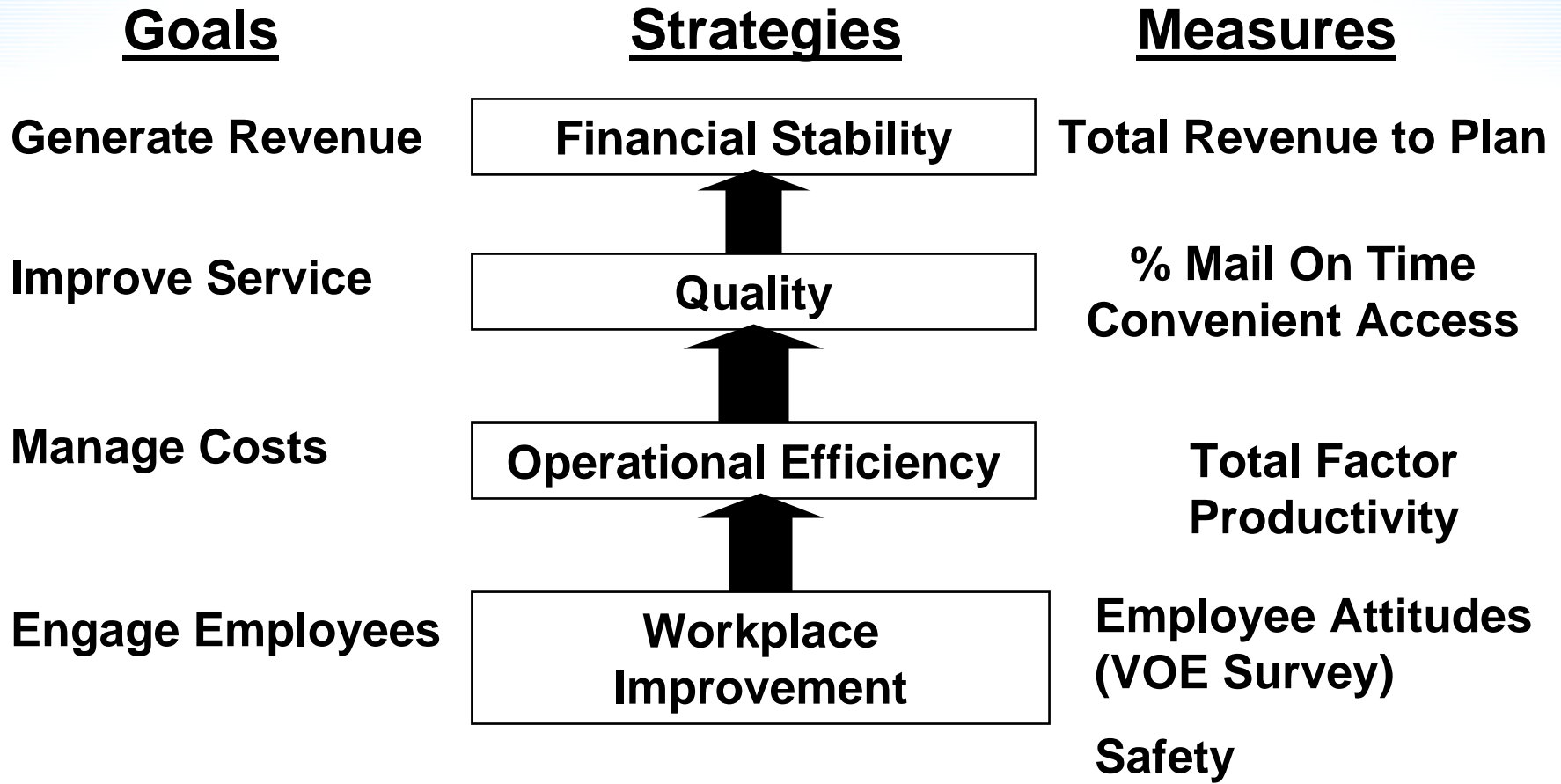
Media

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

Balanced Approach



Building The Scorecard



Voice of the Customer

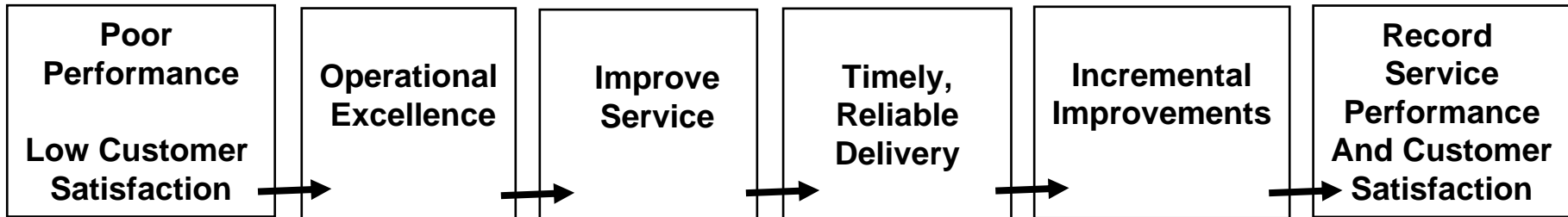
Customer-Focused Culture

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*

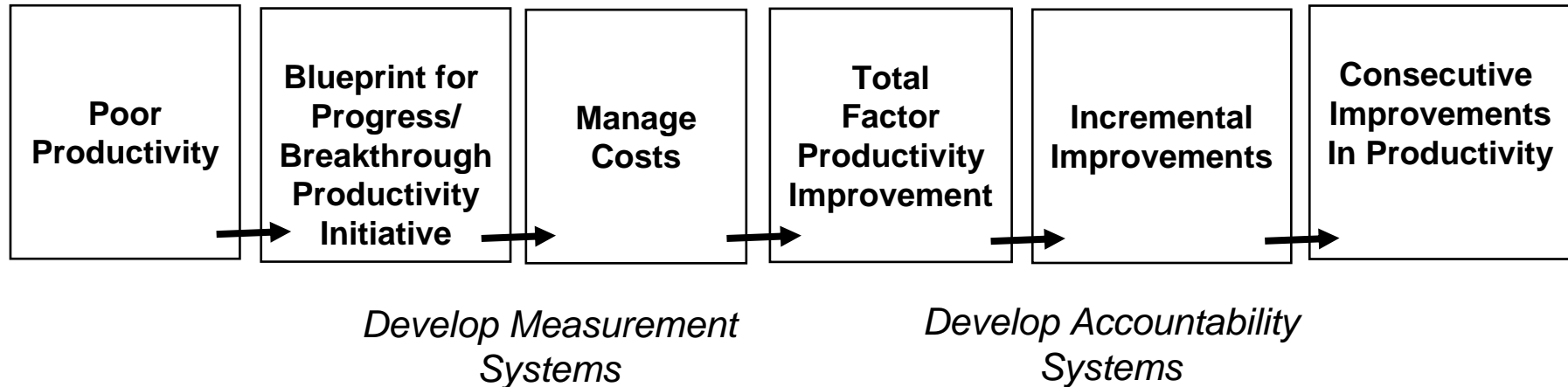
Voice of the Business

Reducing Cost

Situation Call to Action Set Goal Set Target Adjust Achieve

Saved over \$1 billion per year

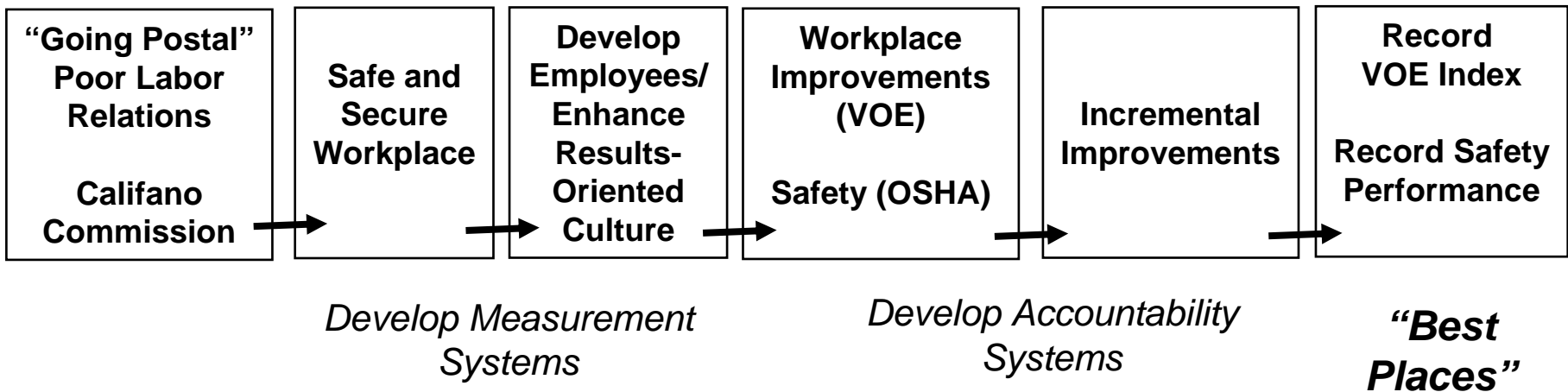
6 years



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*

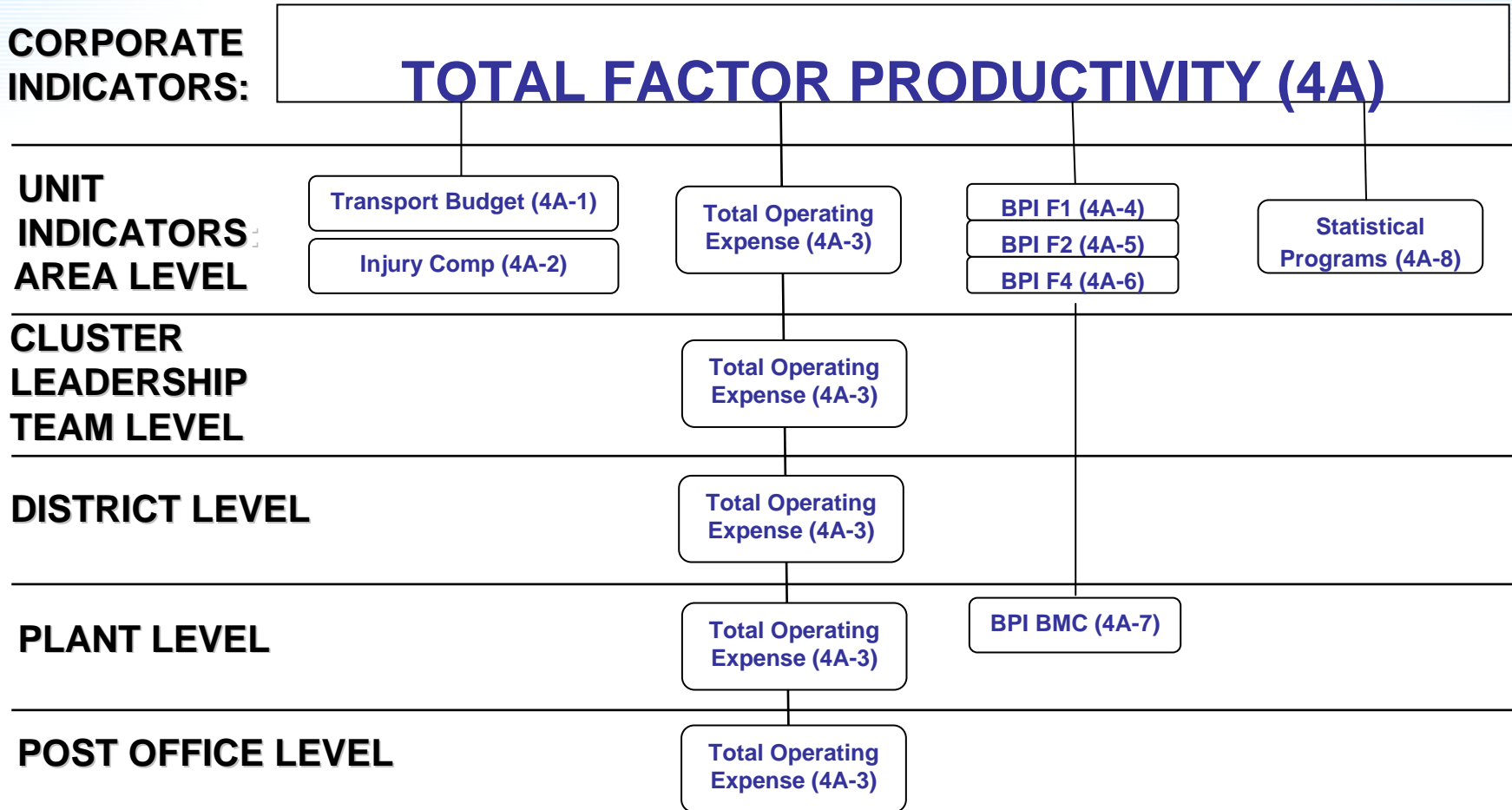
- **National Performance Assessment (NPA)**
 - *Unit and individual contributions to organizational goals*

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

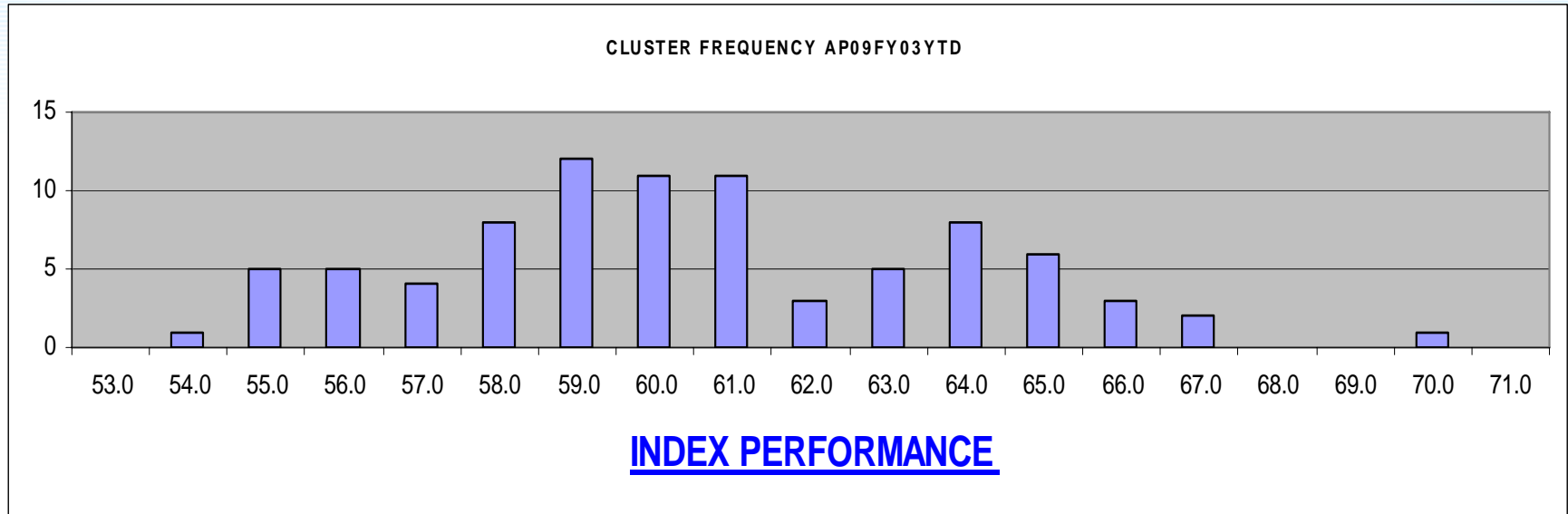


Improvement at All Levels

No finish line in sight...



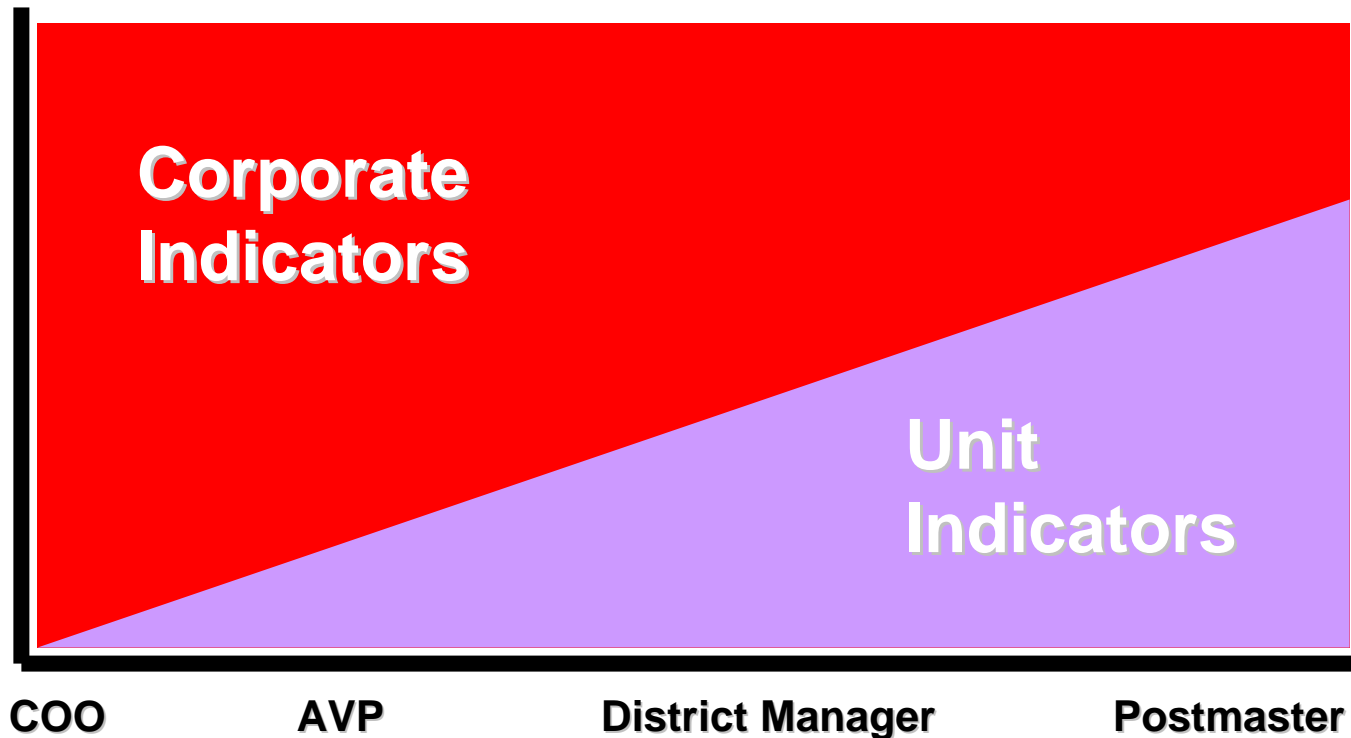
Performance Matrix



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

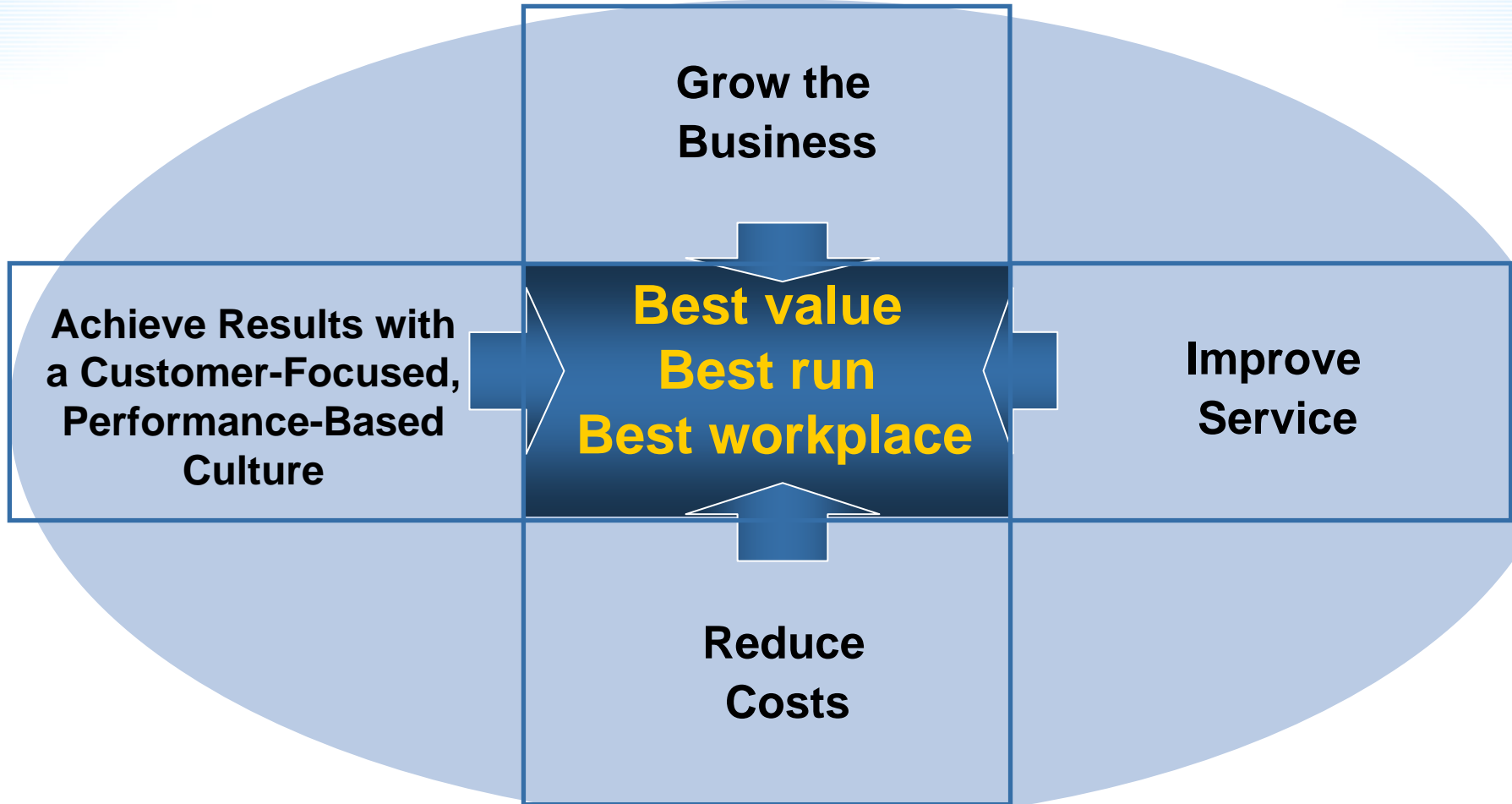


Lessons Learned

- **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

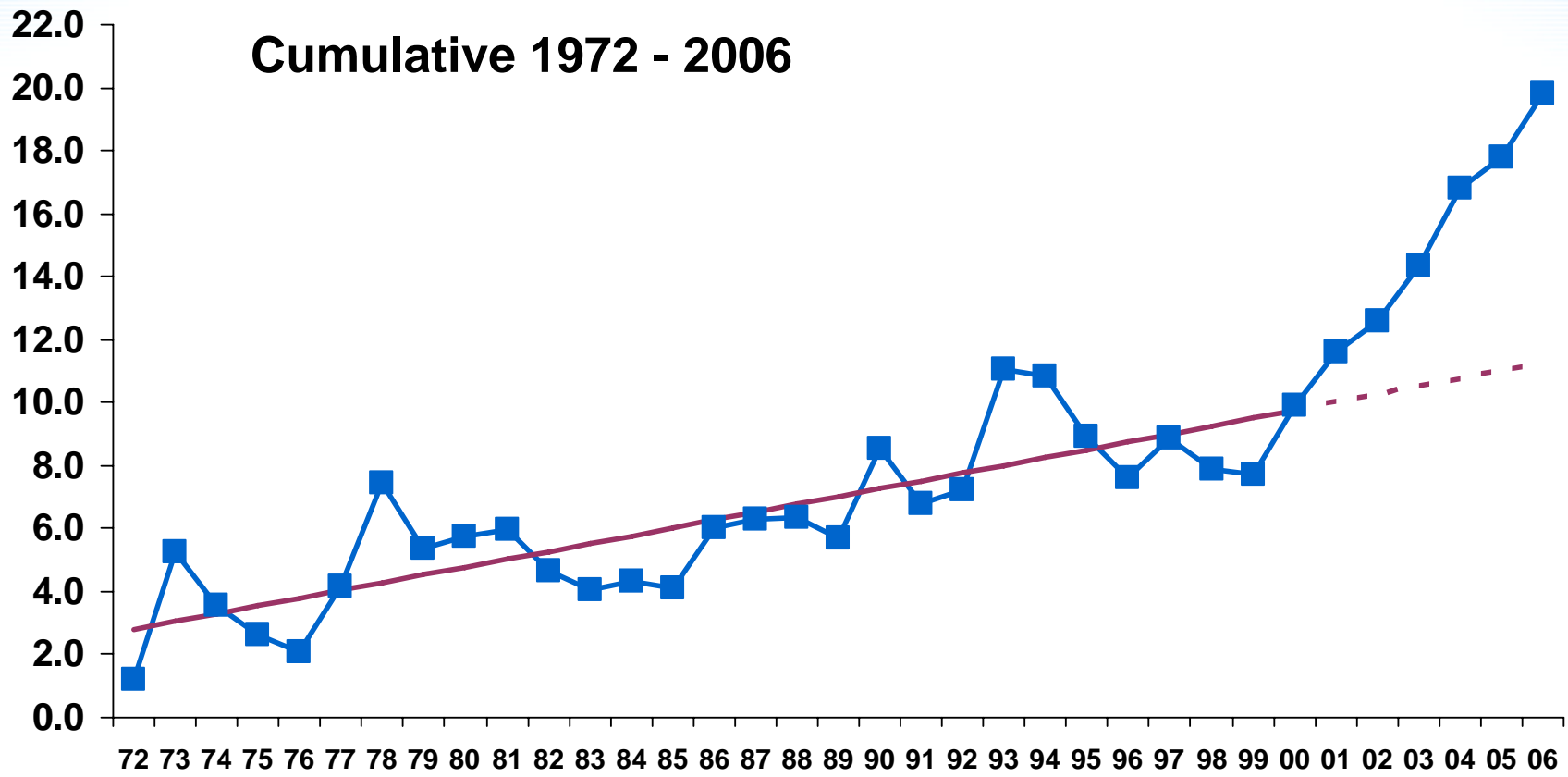
- **Record Service Performance and Customer Satisfaction**

- **Increasing Employee Satisfaction**

- **Innovation to Core Products**
 - Increasingly competitive products and services

Strategic Transformation Plan

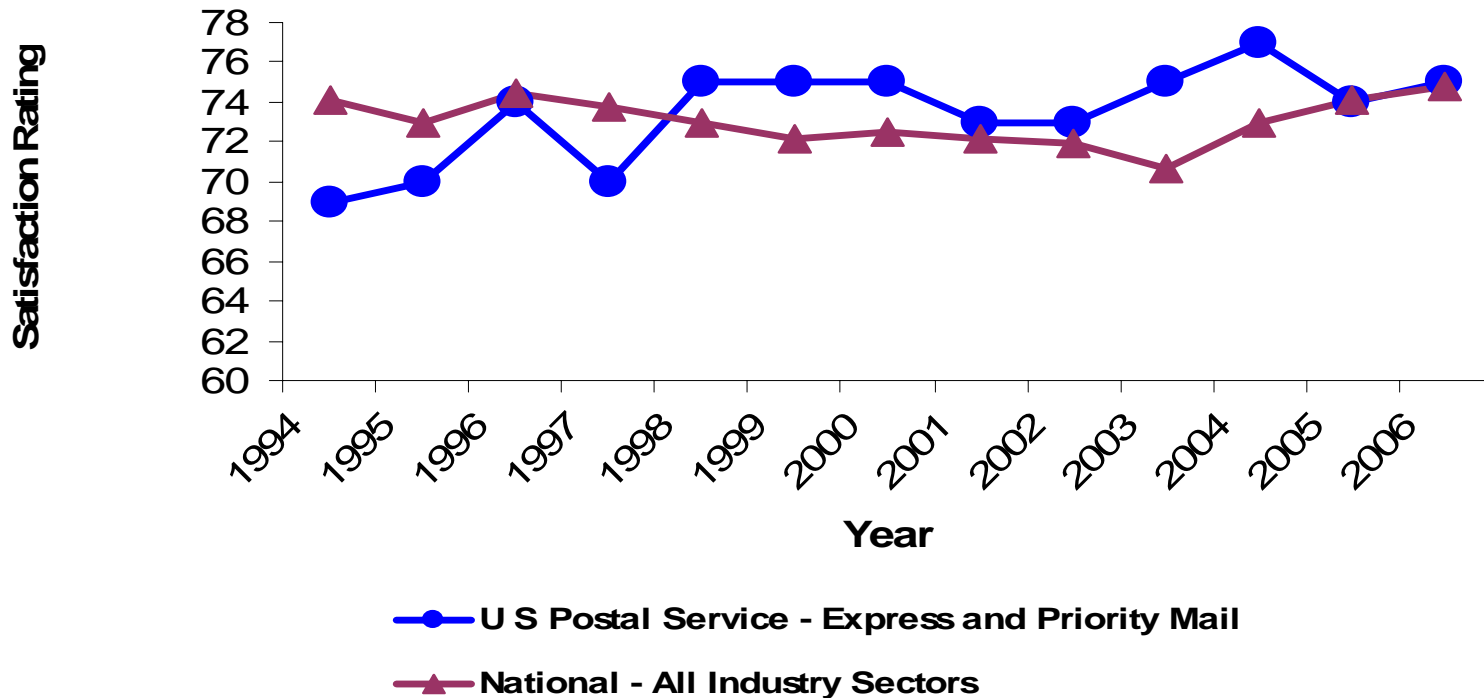
Total Factor Productivity



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***

See also

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

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