



March 26, 2008

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SUBJECT: Management Advisory Report – Review of Business Over the Counter
(Report Number MS-MA-08-001)

This report presents the results of our review of Business Over the Counter (Project Number 07RG005MS000). The report responds to a request from the Deputy Postmaster General to evaluate how the Postal Service conducts business over the counter. Our objective was to determine whether the Postal Service can divert non-revenue generating services from the retail counter to alternate channels. Click [here](#) or go to [Appendix A](#) for additional information about this audit.

Conclusion

The Postal Service could divert some non-revenue generating transactions currently conducted at the retail counter to alternate channels by promoting the use of USPS.com and the contact center,¹ expanding automated services available in the retail lobby, and exploring new channels that its domestic competitors and foreign postal entities currently use.

¹ The contact center provides a centralized channel for customers requesting a variety of services, such as placing their mail delivery on hold; scheduling redelivery of a mail item; obtaining information on local post office hours and locations, domestic and international rates, ZIP Codes™, Certified Mail™, and Delivery and Signature Confirmation™ services; purchasing stamps; changing a delivery address; tracking and tracing Express Mail®. The contact center can respond in real time and serve as a customer comment channel to let local post offices know about customer concerns and service issues. The contact center network includes electronic mail and a website to provide some of the services offered through the 800-ASK-USPS toll free telephone number.

Promote the Use of USPS.com and the Contact Center

The Postal Service website, USPS.com,² enables customers to place mail on hold or request redelivery of mail. These options are also available from the Postal Service contact center. However, Postal Service (PS) Form 3849, “Sorry We Missed You,” and PS Form 8076, “Authorization to Hold Mail,” do not inform customers they can hold mail or request redelivery at USPS.com or through the contact center. Postal Service advertising officials used direct mail³ to advertise the hold mail service on USPS.com once in 2006 and once in 2007. In fiscal year (FY) 2007, they also used 20 Internet banners to advertise hold mail service and one Internet banner to advertise redelivery service. Please refer to [Appendix B](#) for our detailed analysis of this issue.

We recommend the Vice President, Product Development:

1. Add language to Postal Service (PS) Form 3849, “Sorry We Missed You,” to make customers aware they can request redelivery through USPS.com and the contact center.

We recommend the Vice President, Retail Operations:

2. Add language to PS Form 8076, “Authorization to Hold Mail,” to make customers aware they can place mail on hold through USPS.com and the contact center.

We recommend the Manager, Advertising:

3. Use advertisements such as signs in post office lobbies, television ads, and Internet banners on USPS.com to inform customers that hold mail and redelivery services are available via USPS.com and the contact center.

Expand Automated Services Available in the Retail Lobby

The Postal Service should explore expanding automated services available in the retail lobby, such as adding computers to allow online business and a telephone line with a direct connection to the contact center, and enhancing the capabilities of lobby kiosks. Leveraging the extensive retail network could also provide new opportunities for revenue generation. For example, there could be opportunities to make the network of these kiosks available to other departments of the federal government or private sector companies. Please refer to [Appendix B](#) for our detailed analysis of this issue.

We suggest the Vice President, Retail Operations:

4. Explore ways to expand the automated services available in the retail lobby.

² USPS.com is the Postal Service’s website. It allows customers to send mail, buy stamps, purchase items from the Postal Store, calculate rates, print labels, create greeting cards and newsletters, locate post offices and find ZIP Codes, track packages, place a Change of Address, request mail delivery holds, and schedule redelivery of packages.

³ Direct Mail is another name for advertising mail sent to targeted markets.

Explore Alternate Channels Currently Used by Domestic Competitors and Foreign Postal Entities

In addition to raising customer awareness of services available through USPS.com and the contact center and expanding automated services available in the retail lobby, the Postal Service should explore alternate channels its domestic competitors and foreign postal entities currently use. Parcel kiosks and additional delivery options present the Postal Service with an opportunity to reduce costs, improve customer service, and generate revenue. Please refer to [Appendix B](#) for our detailed analysis of this issue.

We suggest the Vice Presidents, Delivery Operations and Retail Operations:

5. Explore installing parcel kiosks.

We suggest the Vice Presidents, Expedited Mail and Ground Packages:

6. Explore adding fee-based premium delivery options to available services.
7. Explore giving customers the option to intercept their packages for redelivery for a fee.

Management's Comments

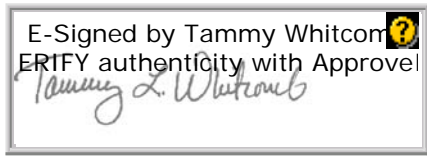
Management agreed with our findings, recommendations, and suggestions. They stated they will implement corrective actions regarding promoting the use of USPS.com and the contact center by June 2008. Management also said they will inform the OIG of any decision to implement new automated services in the retail lobby by October 2008. Further, they will explore alternate channels that the Postal Service's domestic competitors and foreign postal entities currently use. Specifically, management will inform the OIG of any decisions to offer kiosk-based parcel lockers by October 2008, and to implement premium delivery and intercept services by March 2009. Management's comments, in their entirety, are included in [Appendix I](#).

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and suggestions in the report and the corrective actions should resolve the issues identified in the findings.

The OIG considers recommendations 1, 2, and 3 significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the follow-up tracking system until OIG provides written confirmation the recommendations can be closed.

We appreciate the cooperation and courtesies provided by your staff during our audit. If you have any questions or need additional information, please contact Robert Mitchell, Director, Sales and Service, or me at (703) 248-2100.



Tammy L. Whitcomb
Deputy Assistant Inspector General
for Revenue and Systems

Attachments

cc: Patrick R. Donahoe
Anita J. Bizzotto
William P. Galligan
Susan M. Plonkey
Katherine S. Banks

APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

Each day millions of customers visit post offices to perform transactions such as purchasing postal products and services, sending mail, picking up items that could not be delivered to their homes, placing temporary holds on their mail, submitting changes of address, or collecting mail from a post office (PO) box.

From FY 2005 through the second quarter of FY 2007, Retail Associates (RAs)⁴ completed about 5.35 billion transactions at the retail counter. (See Appendix C.) These transactions included both revenue-generating types, such as selling stamps and special services,⁵ and non-revenue generating types, such as placing temporary holds on customers' mail. (See Appendix H for a list of non-revenue transaction types.)

During the period, 5.66 percent (302.3 million/5.35 billion) of all transactions conducted at the retail counter were non-revenue generating. These transactions accounted for 6.89 percent (369.7 million minutes/5.37 billion minutes) of RAs' total calculated transaction time⁶ (See Appendix C.), and cost the Postal Service an estimated \$238.5 million.⁷ Over 50 percent of the non-revenue transactions were either mail pickup or hold mail transactions. (See Appendix D, Table A.)

The *Strategic Transformation Plan 2006 – 2010* states the Postal Service "will continue to place special emphasis on enhancing online and self-service capabilities to further reach out to customers where they live, work, and shop." The Postal Service's goal is to "double the percent of retail transactions via alternate access channels to 40 percent by 2010."

In order to accomplish its goal, the Postal Service planned to divert 4 percent of revenue from the retail counter to alternate access channels every year starting in 2006. These alternate access channels include Stamps on Consignment,⁸ Automated Postal Centers® (APCs),⁹ Contract Postal Units (CPUs),¹⁰ and USPS.com. Although these

⁴ An RA is any employee authorized to execute transactions at the retail counter, such as Sales and Service Associates (SSAs), Window Clerks, or Window Distribution Clerks.

⁵ Special services are mail services for fees in addition to required postage, including Registered Mail™, Certified Mail, insured mail, Collect on Delivery (COD), recorded delivery, special delivery, special handling, parcel airlift, business reply mail, and return receipt for merchandise.

⁶ The Retail Data Mart contains standard time factors for transactions conducted at the retail counter. The Postal Service computes "calculated transaction time" by applying the standard time factor to the transactions completed.

⁷ We determined the cost by converting 369.7 million non-revenue transaction minutes to hours, then multiplying by the average fully loaded hourly rate of \$38.71 for clerk craft for FYs 2005 – 2007. The Manager, Program Performance, published the fully loaded hourly rates in a letter dated March 6, 2006. The letter states that the rate for FY 2005 is the calculated rate and that rates for FYs 2006 and 2007 were projections based on existing contractual agreements and reasonable labor assumptions.

⁸ The Stamps on Consignment Program allows businesses to sell stamps to customers at post office prices. The Postal Service has a contract with American Bank Note Company (ABN) for the Stamps on Consignment Program. ABN distributes stamps to more than 1,000 consignees operating at more than 45,000 locations.

⁹ APCs are kiosks that dispense postage and allow customers to weigh parcels, calculate and apply postage, and ship items using Express Mail®, Priority Mail®, or First-Class Mail® services.

¹⁰ CPUs are contractor-owned and operated facilities under contract to the Postal Service to provide selected postal services such as accepting mail and selling postage, supplies, and Postal Service money orders to the public. CPUs are usually located in a store or place of business.

alternate channels primarily divert revenue-generating transactions, APCs and USPS.com also have the potential to significantly reduce the number of non-revenue generating transactions at the retail counter.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether the Postal Service can divert non-revenue generating services from the retail counter to alternate channels.

To accomplish our objective, we:

- Reviewed the *Strategic Transformation Plan*, *National Strategic Cook Book*, and Retail Service Network & Access Management web site to understand current initiatives for diverting non- (or minimal) revenue generating transactions from the retail counter.
- Analyzed redelivery and hold mail requests from My Post Office¹¹ for FYs 2005, 2006, and 2007 (Quarters 1 and 2).
- Interviewed Headquarters Delivery and Retail officials regarding diverting non- (or minimal) revenue transactions from the retail counter.
- Analyzed transactions for FYs 2005, 2006, and 2007 (Quarters 1 and 2) from the Retail Data Mart (RDM) to determine the percentage of all window transactions that were non-revenue generating.
- Reviewed relevant websites to determine alternate access channels the Postal Service's domestic competitors and foreign postal entities use.
- Interviewed Headquarters Delivery and Retail officials regarding the possibility of adding functions to the APC.
- Reviewed the Business Environment Assessment Plan to understand social trends and competitive initiatives that affect the Postal Service.

We conducted this review from April 2007 through March 2008 in accordance with the President's Council on Integrity and Efficiency, *Quality Standards for Inspections*. We relied on data obtained from Postal Service officials, My Post Office, and the RDM. We did not directly audit My Post Office or the RDM, but performed a limited data integrity review to support our data reliance. We discussed our observations and conclusions with management officials in November 2007 and included their comments where appropriate.

PRIOR AUDIT COVERAGE

¹¹ My Post Office uses the Postal Service intranet to link field units to the 800-ASK-USPS contact centers and USPS.com — enabling customers to find local post office hours, put mail on hold, and use other services.

The U.S. Postal Service Office of Inspector General (OIG) has not issued any reports related to our objective.

APPENDIX B: DETAILED ANALYSIS

Promote the Use of USPS.com and the Contact Center

Over 80 percent of non-revenue transactions RAs processed at the retail counter from FY 2005 through the second quarter of FY 2007 were mail pickup, hold mail, or “no sale” transactions. However, USPS.com and the contact center’s combined volume of 14.53 million hold mail and redelivery request transactions was only 5.36 percent of the 270.98 million hold mail and redelivery transactions RAs processed in FYs 2005, 2006, and 2007. (See Appendix E.)

The Postal Service website, USPS.com, enables customers to place their mail on hold or request redelivery of mail. These options are also available through the Postal Service contact center. However, PS Form 3849, “Sorry We Missed You,” and PS Form 8076, “Authorization to Hold Mail,” do not inform customers they can hold mail or request redelivery at USPS.com or through the contact center. Postal Service advertising officials used direct mail to advertise hold mail services on USPS.com once in 2006 and once in 2007. In FY 2007, they also used 20 Internet banners to advertise hold mail service and one Internet banner to advertise redelivery service.

According to the Postal Service Consumer Policy and Strategy and Marketing officials, PS Form 3849 had specific design requirements because of the Mobile Data Collection Device¹² (MDCD) scanners. However, since Intelligent Mail Device scanners have replaced the MDCDs¹³ there is an opportunity to redesign the form. Headquarters Information Policies and Procedures officials stated management can modify PS Form 8076 at any time.

Expand Automated Services Available in the Retail Lobby

The Postal Service, with its expansive retail network, has opportunities to enhance the retail lobby by deploying proven technologies and capitalizing on the contact center that is already in place. Additional opportunities for exploration exist in the following areas:

- Adding computers to allow online business from the retail lobby.
- Including a telephone line with a direct connection to the contact center.
- Enhancing capabilities of lobby kiosks.

Computers: Having a computer available in the retail lobby that is set to USPS.com by default could serve multiple benefits. First, it could divert non-revenue and revenue generating transactions from the retail counter. Second, it could reduce the wait time in line for customers. Third, and perhaps the most important, it could introduce customers to the various capabilities of the Postal Service website, which could result in increased

¹² MDCDs are hand-held scanners used by carriers and RAs to scan all accountable mail. The device has been modified to accept daily reporting of financial data for post office or postal retail units. The device is also referred to as the Delivery Confirmation™ (DELCON) scanner.

¹³ The Postal Service deployed Intelligent Mail Device scanners between September 2006 and September 2007.

future use of the website for both revenue generating and non-revenue generating transactions.

Telephone Connection to the Contact Center: Installing a telephone line in the retail lobby with a direct connection to the contact center would provide an alternative for customers to conduct non-revenue generating transactions with the Postal Service. This telephone could both allow the contact center to handle those non-revenue generating transactions and reduce customers' wait time in line. Additionally, once customers see how easy it is to handle these transactions via the contact center, they might be more likely to use the center in the future.

Kiosks: Self-service kiosks offer many of the same products and services available through customer assisted transactions. Consumers are becoming more comfortable with self-service kiosks. Forty-four percent of major retailers have at least one kiosk in targeted stores. Kiosks offer interesting new technology, fast service, and convenience. They can give customers new reasons to come into the store and help them complete their tasks without adding workload to store personnel. Kiosks also offer the ability to shift resources and extend hours.

In the private sector, some kiosks not only allow customers to conduct self-service transactions, but provide a link, via voice communication, to customer service representatives to assist customers with more complex transactions. Additionally, a printer could be made available, if needed, to provide additional capabilities. This would allow customers much more flexibility in the hours they could receive customer service in the retail lobby, and it could provide the Postal Service additional staffing flexibilities.

Further developing the automation capabilities in the retail lobby and leveraging the extensive retail network could also provide new opportunities for revenue generation. For example, there could be opportunities to make the network of these kiosks available to other departments of the federal government or private sector companies, allowing them to use the vast Postal Service network to, in essence, expand their own. We believe that creative planning in this area could provide many additional opportunities and alternatives for further exploration.

Postal Service Actions: In 2004 the Postal Service introduced the APC. This mailing kiosk gives customers a convenient alternative to counter services when post offices are at their busiest. For customers who prefer to mail after hours, APCs make shipping packages, mailing letters, and buying stamps available at any time of the day or night, including weekends and holidays. A new feature scheduled to be released in August 2008 will allow customers to make PO box payments on the APC. The Postal Service currently operates about 2,500 APCs, with the possibility of additional future deployments.

APCs provide some non-revenue services (such as ZIP Code lookup), but Retail Service Network and Access Management officials stated that their purpose is to

generate revenue.¹⁴ In 2005, they considered adding change of address (COA) and hold mail features to the APC. However, the cost of additional software would have been approximately \$2.2 million, and senior management decided not to implement the features.

The Postal Service has explored integrating the self-service APC with the full-service retail counter and is using a Postal Service facility to test a variety of unassisted checkout technologies. The Postal Service has also developed strategic partnerships for kiosks that are capable of printing on-demand postage and providing financial services.

In October 2007, the Postal Service redesigned the Woodfield Station in Schaumburg, Illinois into a retail space that gives customers a one-stop shopping experience with a variety of products and services not previously available at post offices. This facility has been renamed the Retail Learning Lab (RLL) internally because it will test new product lines, various methods of serving customers, and partnerships with private companies such as Office Max Impress. The retail space includes Point of Service One units, a self-service U.S. and International Shipping area, an expanded product merchandise area, printing and copying services, APC kiosks, conference room rental for meetings, free WiFi (wireless Internet service), and a financial service center kiosk.

Explore Alternate Channels Currently Used by Domestic Competitors and Foreign Postal Entities

In addition to raising customer awareness of services available through USPS.com and the contact center and expanding automated services available in the retail lobby, the Postal Service should look to its domestic competitors and foreign postal entities for more options in this area. Parcel kiosks and additional delivery options present the Postal Service with an opportunity to reduce costs, improve customer service, and generate revenue.

In FYs 2005 and 2006, the Postal Service delivered 89 percent of scanned mail on the first attempt. (See Appendix G, Table A.) However, in those years carriers could not deliver approximately 70.9 million and 75.6 million pieces of scanned mail on the first attempt, respectively. (See Appendix G, Table B.) Since the Postal Service does not deliver 11 percent of scanned mail on the first attempt, there is an opportunity to develop an alternative delivery mechanism to reduce costs, improve customer service, and generate revenue.

“Parcel kiosks” could appeal to customers who receive a high volume of mail (such as those doing business on eBay), but are generally not at home to accept deliveries. The Postal Service could place these kiosks in high-traffic locations along the carriers’ routes, at traditional post offices, and at new self-service post offices. When carriers cannot deliver parcels, they would use a form (such as PS 3849) to instruct recipients to retrieve their parcels from assigned lockboxes at designated kiosks. Combination locks

¹⁴ In FY 2007, the APC program achieved 98 percent of its *Strategic Transformation Plan* revenue goal (\$483 million/\$493 million).

or electronic “smart card” locks would secure kiosk lockboxes. Carriers would leave pickup instructions, along with the combination or smart card to the parcel recipient’s lockbox, only if it is practical and safe to do so (such as in apartment buildings or housing developments with locking mailboxes).

Carriers would deposit parcels in the lockboxes assigned to respective recipients. Depending on kiosk locations, carriers would do this either during or at the conclusion of their routes. Recipients would have a specified number of days within which to retrieve parcels at their convenience. If, after that time, recipients have not retrieved parcels, the Postal Service would return them to the senders. Recipients could use combinations or smart cards for only one pickup; once the recipient has retrieved a parcel, the lock would automatically reset for its next use.

Parcel kiosks have the potential to both reduce delivery costs (because there would be fewer redeliveries) and cut down the time RAs spend on non-revenue activities (because there would be fewer customers coming to the retail counter to pick up parcels). They would also greatly enhance customer service, because recipients could retrieve parcels at their convenience rather than waiting in lines.

Parcel kiosks also have the potential to open a new revenue stream. The Postal Service could engage in strategic alliances with delivery companies (such as FedEx and United Parcel Service [UPS]) that allow these firms to lease any excess capacity at a Postal Service kiosk. When these companies cannot deliver a parcel, they could rent a lockbox from a Postal Service kiosk and leave the parcel there, rather than taking it back to their own facility and attempting delivery another day. The delivery company would pay the Postal Service a fee for every day it uses the space. The delivery firm and its customers would reap the same benefits described above and the Postal Service would earn additional revenue.

A similar working model of the parcel kiosk already exists. In Germany, DHL (a subsidiary of Deutsche Post specializing in parcel delivery) provides a service whereby customers can sign up for a kiosk lockbox at no charge. DHL places these kiosks in convenient locations that customers can access 24 hours a day. Customers must instruct senders to address parcels to the lockbox address if they wish to pick up parcels there. Recipients use the smart cards they receive when they sign up for the lockbox to retrieve their parcels.

DHL's "PACKSTATION"



Photo obtained from www.de.wikipedia.org/wiki/Packstation

Additional Delivery Options

Both FedEx and UPS offer delivery options that could reduce transactions at retail counters, improve customer service, and generate revenue if the Postal Service implemented them.

FedEx Home Delivery Service allows customers to choose among three premium service upgrades, available Tuesdays through Saturdays — FedEx Date Certain Home Delivery®, FedEx Evening Home Delivery®, and FedEx Appointment Home Delivery®. (See Appendix F.) FedEx Date Certain Home Delivery allows customers to specify a delivery date, with delivery between 9 a.m. and 8 p.m. FedEx Evening Home Delivery allows customers to specify a delivery time between 5 p.m. and 8 p.m. on the scheduled day of delivery. FedEx Appointment Home Delivery provides for delivery on a specific date and by a scheduled time.

Premium delivery options would allow the Postal Service to address the growing trend of customers ordering merchandise over the Internet and to stay competitive with private companies.

In 2007, UPS started a new service called UPS Delivery Intercept. This service allows the sender to intercept a package for a fee. Senders can have packages returned to them, delivered to another address, rescheduled for delivery, or placed at will call.¹⁵ This service allows the sender to maintain control of packages as they move through the UPS network. Each intercept incurs a fee of \$10.00 per package. The Postal Service currently tracks Express Mail, Delivery Confirmation, Signature Confirmation, Certified Mail, Registered Mail, and items with an online system called Track & Confirm. The Express Mail items receive an “arrival at unit” scan, which could allow the Postal Service to offer delivery intercept on this product.

¹⁵ Package held for pickup by the consignee.

**APPENDIX C: NON-REVENUE TRANSACTIONS AS A PERCENTAGE
OF TOTAL TRANSACTIONS BY NUMBER AND TIME, FY 2005
THROUGH 2007 (SECOND QUARTER)**

Area	Non-Revenue Transactions	Total Transactions	Non-Revenue Transactions Percent	Non-Revenue Transaction Minutes	Total Calculated Transaction Minutes	Non-Revenue Minutes Percent	Visit Count
Cap Metro	20,275,232	461,932,398	4.39%	24,924,445	463,038,232	5.38%	227,531,417
Eastern	26,411,455	624,899,603	4.23%	32,029,754	606,495,454	5.28%	320,322,604
Great Lakes	27,310,594	594,906,005	4.59%	33,271,305	593,302,565	5.61%	292,333,926
NY Metro	31,470,324	553,589,106	5.68%	38,723,239	549,366,662	7.05%	260,569,969
Northeast	25,884,115	478,475,645	5.41%	31,183,575	478,628,681	6.52%	239,439,025
Pacific	31,703,378	600,855,009	5.28%	39,562,010	631,648,927	6.26%	271,944,336
Southeast	31,615,400	703,506,629	4.49%	39,065,435	697,537,238	5.60%	339,261,714
Southwest	41,217,420	516,636,185	7.98%	50,382,348	516,755,704	9.75%	251,152,997
Western	66,461,295	811,340,290	8.19%	80,539,811	829,477,664	9.71%	394,205,354
Total	302,349,213	5,346,140,870	5.66%	369,681,921*	5,366,251,128*	6.89%	2,596,761,342

Source: Retail Data Mart

*Difference is result of rounding.

APPENDIX D: NON-REVENUE TRANSACTIONS AND MY POST OFFICE REQUESTS

**TABLE A
NON-REVENUE TRANSACTIONS PROCESSED AT THE RETAIL COUNTER**

Redacted

Source: Retail Data Mart.

**TABLE B
REDELIVERY REQUESTS PROCESSED IN MY POST OFFICE**

	Contact Center	Web	IVR¹⁶	Totals
FY 2005	748,635	103,236	0	851,871
FY 2006	674,527	98,958	44,552	818,037
FY 2007	284,833	71,617	81,225	437,675
Total	1,707,995	273,811	125,777	2,107,583

Source: My Post Office

**TABLE C
HOLD MAIL REQUESTS PROCESSED IN MY POST OFFICE**

	Contact Center	Web	IVR	Totals
FY 2005	940,119	2,799,958	83,320	3,823,397
FY 2006	564,309	4,677,131	344,029	5,585,469
FY 2007	203,858	2,674,378	136,385	3,014,621
Total	1,708,286	10,151,467	563,734	12,423,487

Source: My Post Office

¹⁶ Interactive voice response (IVR) is a phone technology that allows a computer to detect voice and touch tones using a normal phone call. The IVR system can respond with pre-recorded or dynamically generated audio to further direct callers on how to proceed. IVR redelivery requests started in FY 2006 quarter 3.

**APPENDIX E: NON-REVENUE TRANSACTIONS PROCESSED BY
USPS.COM AND THE CALL CENTER AS A PERCENTAGE OF
TRANSACTIONS PROCESSED BY RETAIL ASSOCIATES**

	Redelivery	Mail Pickup	Hold Mail	Total
USPS.com/IVR (Appendix D Tables B, C)	2,107,583		12,423,487	14,531,070
RAs (Appendix D Table A)		251,000,875	19,981,023	270,981,898
(USPS.com/IVR) / RAs				5.36%

Source: My Post Office

APPENDIX F: FEDEX HOME DELIVERY PREMIUM UPGRADE FEES

FedEx Certain Home Delivery	\$3 per shipment
With Indirect Signature Required	\$3 per shipment plus \$1.50 per package
With Direct Signature Required	\$3 per shipment plus \$2.50 per package
With Adult Signature Required	\$3 per shipment plus \$3.50 per package
FedEx Evening Home Delivery	\$7 per shipment
With Indirect Signature Required	\$7 per shipment plus \$1.50 per package
With Direct Signature Required	\$7 per shipment plus \$2.50 per package
With Adult Signature Required	\$7 per shipment plus \$3.50 per package
FedEx Appointment Home Delivery	\$15 per shipment
With Direct Signature Required	Included
With Adult Signature Required	\$15 per shipment plus \$3.50 per package

Source: www.fedex.com/us

APPENDIX G: MAIL DELIVERY ON THE 1st ATTEMPT

Redacted

APPENDIX H: TYPES OF NON-REVENUE GENERATING TRANSACTIONS PROVIDED BY SALES AND SERVICE ASSOCIATES OVER THE RETAIL COUNTER

	Description of Transaction
1	Accept Hold Mail Request Form
2	Audit Line Item Entry – Denomination Prodcode
3	Change of Address Info Exempt From Fee
4	COD
5	COD Pickup
6	Domestic Express Mail Inquiry
7	Domestic Mail Loss/Rifling
8	Duplicate Domestic Return Receipt
9	Duplicate International Return Receipt
10	Duplicate Return Receipt
11	Employment Application Inquiry
12	Examine Postage Meter
13	Express Mail Pickup
14	Foreign Wrapper w/out Contents
15	Forwarding Address Request
16	Give Local Directions
17	Hold Mail
18	Insured Claim
19	Interim Receipt
20	International Express Mail Claim
21	International Express Mail Inquiry
22	International Insured Claim
23	International Insured Inquiry
24	International Mail Loss/Rifling
25	International Registered Claim
26	International Registered Inquiry
27	Miscellaneous Forms
28	No Sale
29	Non-Automated Mail Pickup
30	No-Automated Transactions
31	Non-revenue Pickup
32	Other
33	Other Mail Pickup
34	PO Box Holder Info
35	Permit Holder Name and Address
36	PO Overflow
37	Postage Meter
38	Product/Service Rate Inquiries
39	Provide Philatelic Info or Catalog
40	Recall of Domestic Mail
41	Registered with Postal Insurance
42	Request/Submit Selective Service Form

43	Request Passport Form
44	Request Tax Form
45	Respond to Computerized Forwarding System Issues
46	Retail Fees and Products
47	Space Available Mail
48	Summon Supervisor at Customer's Request
49	Supply PO Box Holder Name/Address
50	Supply Permit Holder Name/Address
51	Unnumbered Parcels
52	Unnumbered Insured Claim
53	Unused Postage Meter
54	Voter Registration Inquiry
55	Waive Return Receipt for Merchandise Signature

Source: Retail Data Mart

APPENDIX I: MANAGEMENT'S COMMENTS



March 3, 2008

Johnson John
Acting Director, Audit Operations
1735 North Lynn Street
Arlington, VA 22209-2020

SUBJECT: Review of Business Over the Counter
Report Number DR 07RG005MS000 - MS-MA-08-DRAFT

We have read the Review of Business Over the Counter Draft Audit Report (MS-MA-08-DRAFT) and we agree with the report's findings.

Recommendation 1:

We recommend to the Vice President, Product Development:

Add language to Postal Service (PS) Form 3849, "Sorry We Missed You," to make customers aware they can request redelivery through USPS.com and the contact center.

Response:

Management agrees with the recommendation. Product Information Requirements is currently in process of updating the PS form 3849. We have worked with several functional areas for input and suggestions. The form will be revised to include the general www.USPS.com URL of the front side of form. In the Post Office address area on the back side of form we will include the specific URL address, www.USPS.com/redelivery and the Call Center phone number.

Target Completion Date: May 2008

Recommendation 2:

We recommend the Vice Presidents, Delivery and Retail Operations:

Add language to PS Form 8076, "Authorization to Hold Mail," to make customers aware they can place mail on hold through USPS.com and the contact center.

Response:

Management agrees with the recommendation. Customer Service Support will be responsible for finalizing the PS Form 8076 redesign to include www.USPS.com and the Call Center phone number.

Target Completion Date: June 2008

4751 Equestrian SW
Washington DC 20580
www.usps.com

Recommendation 3:

We recommend the Manager, Advertising:

Use advertisements such as signs in post office lobbies, television ads, and Internet banners on USPS.com to inform customers that hold mail and redelivery services are available via USPS.com and the contact center.

Response:

The Postal Service agrees with this recommendation but believes that it is already currently providing the appropriate investment through the correct communications channels to promote Hold Mail and Redelivery Services. As changes are made to existing services, or as entirely new Hold or Redelivery Services are added, the Postal Service will determine what type of promotion is appropriate and will provide the awareness levels needed.

Target Completion Date: Since such advertisements are an ongoing activity, no final implementation date can be provided for this recommended action.

Recommendation 4:

We suggest the Vice Presidents, Delivery and Retail Operations:

Explore ways to expand the automated services available in the retail lobby.

Response:

Management agrees to do additional research around this recommendation. Our focus has been on providing customers with easy access to automated solutions for revenue-generating services. Retail Service Equipment will continue to investigate ways to expand automated services available in the retail lobby. As information, we currently have an RFI in process to determine interest in strategic partnerships to provide a print-on-demand kiosk. The results of our investigations/analyses conducted during FY07 will be provided to the OIG.

Target Completion Date: The OIG will be provided with the results of our research as well as any decisions to implement new automated services within the retail lobby by October 2008.

Recommendation 5:

We suggest the Vice Presidents, Delivery and Retail Operations, explore:

Installing parcel kiosks.

Response:

Management agrees to do additional research around this recommendation. Retail Service Equipment will work with Delivery Operations to conduct market research and determine the feasibility of offering kiosk-based parcel lockers.

Target Completion Date: The OIG will be provided with the results of our market research as well as any decisions to move forward with a parcel kiosk offering by October 2008.


This entire audit contains proprietary or other business information that may be exempt from disclosure under the Freedom of Information Act (FOIA).



Kathy Ainsworth
Vice President, Retail Operations



Jordan M. Small
Vice President, Delivery



Nicholas E. Barranca
Vice President, Product Development



Rodney G. DeVar
Manager, Advertising & Promotions

cc: Kathy Banks, Mgr. CARM

NICHOLAS F. BARRANCA
VICE PRESIDENT, PRODUCT DEVELOPMENT



March 20, 2008

JOHNSON JOHN

SUBJECT: Review of Business over the Counter
Report Number DR 07RG005MS000—MS-MA-08-DRAFT

This memo supplements the United States Postal Service (USPS) management response dated March 3, 2008, on the above subject, to include responses to Recommendations six and seven. As stated in our March 3 letter, we reviewed the Review of Business over the Counter Draft Audit Report (MS-MA-08-DRAFT) and agree with the report's findings.

Recommendation Six:

We suggest the Vice Presidents, Delivery and Retail and Product Development explore:

- Adding fee-based premium delivery options to available services.

Response:

Management agrees with the recommendation. With announcement of the two new organizations focused on our Shipping Services business—Expedited Mail and Ground Packages—each group is evaluating product offerings to determine new revenue generation opportunities, such as Sunday/Holiday Premium. As these organizations develop and further evaluate our offerings, new revenue opportunities through enhanced product offerings will be communicated. Responsibility for this item will change from the Vice President, Product Development to the Vice President, Expedited Mail and the acting Vice President, Ground Packages.

Target Completion Date: March 2009

Recommendation Seven:

We recommend the Vice Presidents, Delivery and Retail and Product Development explore:

- Giving customers the option to intercept their packages for redelivery for a fee.

Response:

Management agrees with the recommendation. We are exploring the technical capabilities of implementing a delivery intercept and re-route service through various Mail Processing Equipment (MPE). In addition, we will explore as an option the viability, costs and return on investment for implementation of the service by USPS. An exploratory team consisting of representatives from Expedited Mail, Ground Packages, Delivery, Retail Operations, Product Development, Pricing and Classification, and Consumer Advocate will determine the feasibility of offering the delivery intercept service. Responsibility for this item will change from the Vice President, Product Development to the Vice President, Expedited Mail and the acting Vice President, Ground Packages.

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Target Completion Date: March 2009

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for Nicholas F. Barranca

cc: Ms. Ainsworth
Mr. Cochrane
Mr. Reblin
Mr. Small
Ms. Banks