U.S. POSTAL SERVICE

Addressing Policy Gaps Could Improve Pilot Design and Evaluation for Postal Innovations

Why GAO Did This Study

USPS faces a challenging business environment that has led to reduced demand for its traditional services and significant financial losses. USPS aims to address this challenge by offering innovative products and services. The success of these efforts will depend, in part, on how effectively USPS tests each innovation's performance on a small scale to determine whether, how, and when to launch an innovation more broadly—a practice known as "piloting."

GAO was asked to review USPS's efforts to develop postal innovations. This report (1) describes key innovations that USPS recently piloted and (2) examines the extent to which USPS's policies reflect leading practices for pilot design and evaluation. GAO analyzed information on USPS pilots from fiscal years 2013 through 2017; compared USPS policies for piloting innovations to leading practices for pilot design and evaluation in prior GAO work and relevant standards for internal control; and selected four key innovations based on various characteristics (e.g., innovation type) to serve as illustrative examples of USPS's piloting efforts.

What GAO Recommends

GAO recommends that USPS (1) develop policies that fully reflect leading practices for pilot design and evaluation and (2) develop tools or training to ensure consistent documentation of lessons learned from pilots. USPS neither agreed nor disagreed with the recommendations but described actions it plans to take related to each.

What GAO Found

From fiscal years 2013 through 2017, the U.S. Postal Service (USPS) piloted 24 key innovations intended primarily to generate revenue or improve customers' experience. The following four selected innovations illustrate these efforts:

- **Same-Day Delivery:** USPS delivered goods consumers bought online or in stores. The pilot sought to test the product's feasibility and revenue potential.
- **Grocery Delivery:** USPS delivered groceries to consumers in metropolitan areas. The pilot sought to test the product's feasibility and revenue potential.
- **Informed Delivery:** USPS emailed customers an advance image of the mail they would receive. The pilot sought to test the service's potential benefits, such as generating new revenue from advertisers that may use the service.
- **Keyless Parcel Lockers:** USPS is testing lockers where customers can independently pick up packages at post offices. The pilot seeks to test the service's operation and potential benefits for USPS and customers.

(From Left to Right) Metro Post (same-day delivery), Grocery Delivery Tote Bag, Informed Delivery Email Notification, and Keyless Parcel Locker Unit

Sources: United States Postal Service and GAO. | GAO-19-293

USPS's policies for piloting innovations do not fully reflect the five leading practices for pilot design and evaluation identified in GAO's prior work. The policies fully reflect two of the leading practices because they require articulating a methodology for evaluating pilot performance and documenting lessons learned. The policies do not fully reflect the other three practices because they do not require: (1) linking pilot objectives to identified performance measures; (2) documenting conclusions based on pilot results; or (3) communicating with key external stakeholders, as appropriate. These policy gaps limit the extent to which USPS can ensure that it is making good resource allocation decisions based on pilot experiences. For example, GAO found that USPS did not document its conclusions based on the results of its pilots of same-day delivery, grocery delivery, and Informed Delivery. Documenting conclusions can be especially important when USPS continues to offer the product or service after the pilot has concluded, even though the pilot did not achieve all of its objectives, as was the case with these three innovations. Further, while USPS's policies require documenting lessons learned from its pilots, USPS did not do so for some pilots GAO reviewed. Senior USPS officials said that USPS did not consistently follow this policy because it had not developed tools or training that could help ensure such consistency. As a result, USPS risks losing information that could be relevant to future innovation efforts.

_____ **United States Government Accountability Office**