



Highlights of [GAO-05-261](#), a report to congressional requesters

U.S. POSTAL SERVICE

The Service's Strategy for Realigning Its Mail Processing Infrastructure Lacks Clarity, Criteria, and Accountability

Why GAO Did This Study

With declining mail volumes, increasing compensation costs, and a more competitive marketplace, the need for the U.S. Postal Service (Service) to increase efficiency and reduce expenses is a matter of increasing importance and concern. According to the Service, one area where it can become more efficient is in its mail processing and distribution infrastructure. The objectives of this report are to (1) describe major business and demographic changes and their effect on the Service's mail processing and distribution infrastructure; (2) describe what actions the Service is taking in response to these changes, and what challenges exist; and (3) discuss the Service's strategy for realigning its infrastructure.

What GAO Recommends

To enhance the Service's transparency of its decisions related to realigning its infrastructure, the Postmaster General should establish a set of criteria for evaluating realignment decisions and a mechanism for informing stakeholders as decisions are made.

To enhance accountability for these decisions, the Postmaster General should develop a process for implementing these decisions that includes evaluating and measuring the results, as well as the actual costs and savings resulting from the decisions.

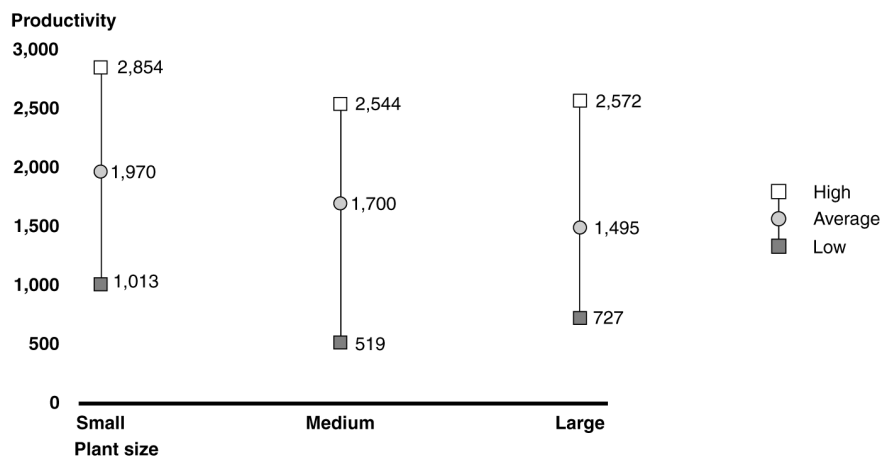
www.gao.gov/cgi-bin/getrpt?GAO-05-261.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Katherine Siggerud, (202) 512-6570, siggerudk@gao.gov.

What GAO Found

Several major changes have affected mail processing and distribution operations including marketplace changes, such as declines in First-Class Mail and increased competition; increased automation and mail processing by mailers; and shifts in population demographics. Effects of these changes include excess capacity in the mail processing and distribution infrastructure and variations in productivity among plants.

Total Pieces Handled per Person per Hour in Processing Plants for Fiscal Year 2004



Source: GAO analysis of U.S. Postal Service data.

The Service is exploring ways to realign its infrastructure by closing annexes, consolidating operations, and employing tools to model its infrastructure needs, while at the same time attempting to increase efficiencies in its current operations by expanding automation, improving material handling operations, creating a comprehensive transportation network, and introducing standardization programs. Also, as the graph above illustrates, there is a large range in productivity among plants. Reducing this range is difficult due to the complexity of operations and differences in plant layout. In addition, the Service faces challenges in eliminating excess capacity, while maintaining service standards, due to workforce rules and resistance to plant closings.

Questions remain about how the Service intends to realign its processing and distribution infrastructure and workforce. The Service's strategy for realigning has not been clear because the Service has outlined several seemingly different strategies over the past 3 years. None of these strategies include criteria and processes for eliminating excess capacity, which may prolong inefficiencies. Also, the strategy lacks sufficient transparency and accountability, excludes stakeholder input, and lacks performance measures for results.