DMNews

Belt tightening reaches USPS

Bryan Yurcan October 10, 2008

Facing a $2 billion loss this year and an uncertain economy, the US Postal Service is forced to get creative in its efforts to balance its budget.

The postal ser-vice has offered a voluntary early retirement option avail-able to employees in clerk, mail handler, supervisor of distribution operations and supervisor of cus-tomer services positions.

Things are not looking much better economically in other areas of the shipping industry. DHL is in the midst of a restructuring effort, while FedEx Office has announced layoffs.

The USPS offer, which had to be approved by the federal Office of Personnel Management, is open to employees who are at least 50 years of age with 20 years of creditable federal service, or any employee with 25 years of creditable federal service.

The USPS sent out a total of 156,000 early retirement solicita-tions in three stages. Responses from the first stage of solicitations began to reach the agency by a September 30 deadline.

Out of the 72,000 offers sent out in the first stage, 3,685 accepted the early retirement — about a 5% rate, according to USPS spokes-man Greg Frey.

“We thought we'd get between 3% and 5%, so that response is within the range of what we expected,” he said.

Regarding talk of possible lay-offs for the first time in its history, Frey said the postal service will explore “all other avenues” before considering that option. Employees with more than six years of experience are protected from layoffs through a collective bargaining agreement.

The “other avenues” the USPS is implementing or exploring and cutting back hours for part-time employ-ees, Frey explained.

“We take all this very seriously, and [mak-ing layoffs] is not a light decision here,” he said. “Postal em-ployees are generally here for life, and there is a sense of a postal family. Because of that, this is a situa-tion we take very seriously.”

But William Burrus, president of the American Postal Workers Union, said the postal service is not doing enough to save money where it can in other places.

He has advised members of the union, which represents clerks, maintenance employees, motor vehicle operators, and non-mail processing employees of the postal service, not to accept the voluntary early re-tirement.

Burrus' position is based on his conten-tion that none of the savings the postal service receives from an employee accept-ing the early retirement, which he estimates at about $75,000 a year, would be passed on to the retiring employee.

“There should be some sort of incentive attached,” he said. “That's the case in any [other] business.”

The postal service recently released its five-year plan, titled “Visions 2013,” which looks at broad plans it can take to remain fiscally stable in a changing economy. (see story, p. 8).

These plans include more use of the Web — for example, designing mailing and ship-ping services to complement it — and pursu-ing new ways to build printed applications and options into the Web experi-ence.

The plan also calls for customizing indi-vidual post offices with services to fit their regional demographics, and promoting sustainable business practices.

Frey said that, especially in a shaky economy, pursuing these plans is vital for the health of the postal ser-vice.

“Our situation reflects the general state of the general economy, which is in bad shape,” he said. “Mail volume is off, and when you add to that oil prices and the fact we have 220,000 vehicles, it has added real urgency to the situation.”

However, Burrus thinks the postal ser-vice is too deferential to large mailers, giv-ing them “sweetheart” deals to continue using the USPS, which is contributing to its financial problems.

One example he gave was the Intelligent Mail Barcode (IMB), which he believes only provides a benefit to companies doing large mailings and not individual mailers. Burrus said large mailers should bear the cost of implementing the IMB, rather than the postal service itself Burrus contends the postal service doesn't need to cater to large mailers to continue getting their business. He believes that companies will always choose market-ing methods based on what is economi-cally viable for them.

“The large mailers don't choose us because we have a relationship with them or because we're nice,” he said. “They use us because we provide a service.” Ultimately, Burrus believes, “it's the economy that drives volume, not these relationships.”

Other shippers are facing woes as well. DHL and UPS are negotiating a contract through which UPS would provide air transport services for DHL's North Ameri-can business for 10 years.

DHL said the agreement is part of a company restructuring plan it is in the midst of. DHL has said it will lose about $1.3 billion this year.

In an e-mail to *DMNews*, a DHL spokes-person said, “DHL Express US continues to make solid progress with these restruc-turing efforts. However, our business, like that of many others and the overall air ex-press industry, is feeling the impact of the weakening US economy and rising fuel prices. In order to counter this additional challenge, we have identified additional rationalization measures to support the overall process.”

FedEx Office, a subsidiary of FedEx, said last month that it is cutting 650 jobs, including 200 domesti-cally. It also said that it might close 20 US retail locations within the next nine months.

The company, which operates 2,000 stores formerly known as FedEx Kinko's, has already pulled out of Mexico, Australia and the Netherlands.

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