

NAPS Meeting CPDO Briefing

**Dane Coleman – VP Regional
Processing Operations - Eastern**

April 26, 2023

DELIVERING FOR **AMERICA**

Our vision and ten-year plan to achieve service excellence
and financial sustainability

Our Greatest Asset



Our People Are Our Greatest Asset

Our success depends on investing in the future of our workforce. We strive to be an “employer of choice” that hires, develops, and retains the most capable and diverse set of employees. Our plan focuses heavily on improving our collaboration and engagement within the workplace and strengthening the employee experience through the following measures:



Conversions: from pre-career employees to career status



Frontline Supervisor Empowerment: new training program, better tools, and more resources



Workforce Development: defined career paths, enhanced and expanded training, career conferences, and strengthened succession planning



Engaged, Collaborative Leaders: installing a culture of organizational focus, transparency, and accountability



Executive Diversity Council: building a diverse pipeline of talented candidates, focused on leadership positions



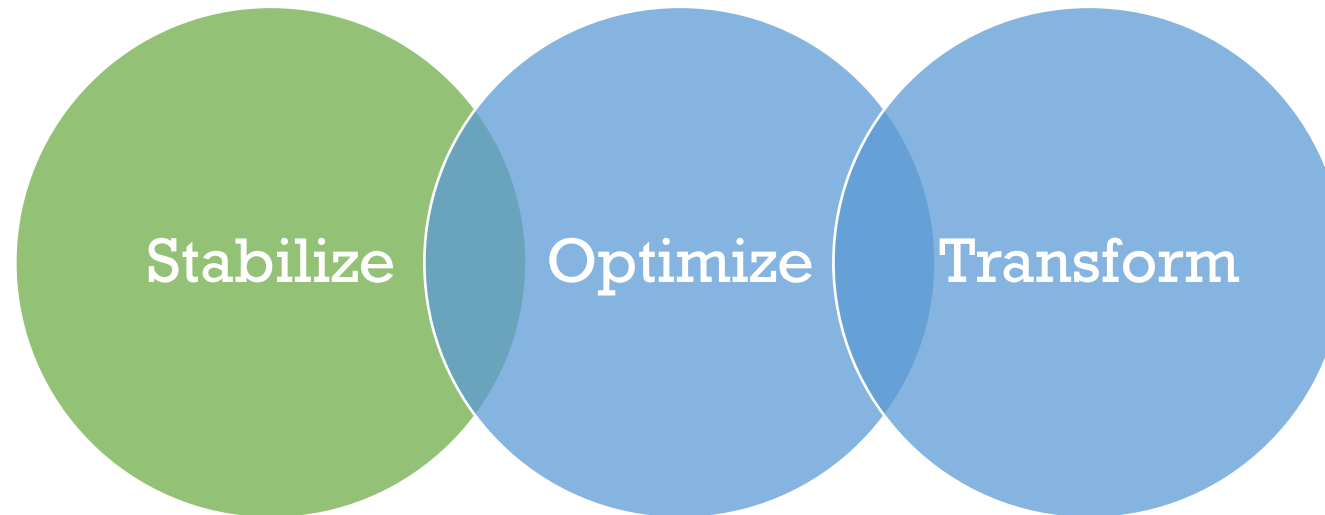
Building a Stable and Empowered Workforce

Processing, Distribution & Maintenance Operations: Vision Statement

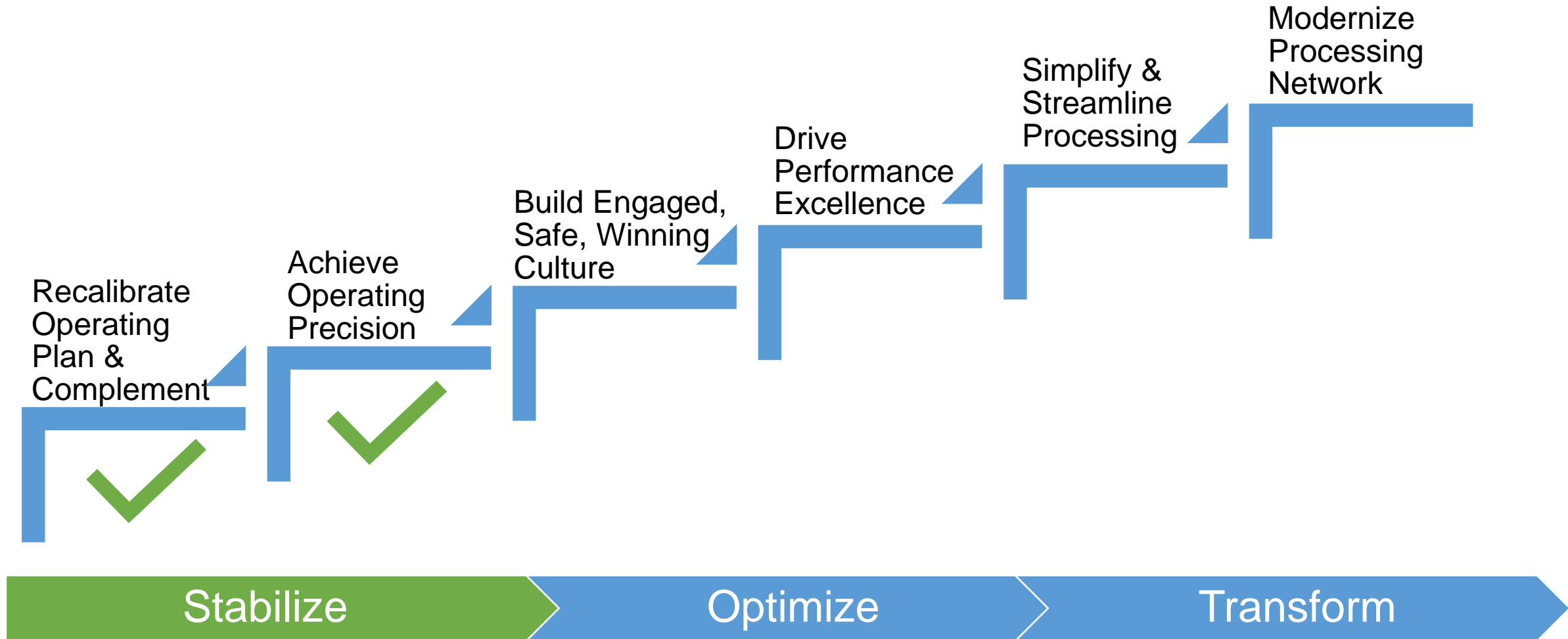
Our vision is to provide precise, efficient, predictable processing and maintenance performance, that enables logistics and delivery operations to provide world class service to our customers and positions USPS for service excellence and financial sustainability

Build on our operational stability and precision by...

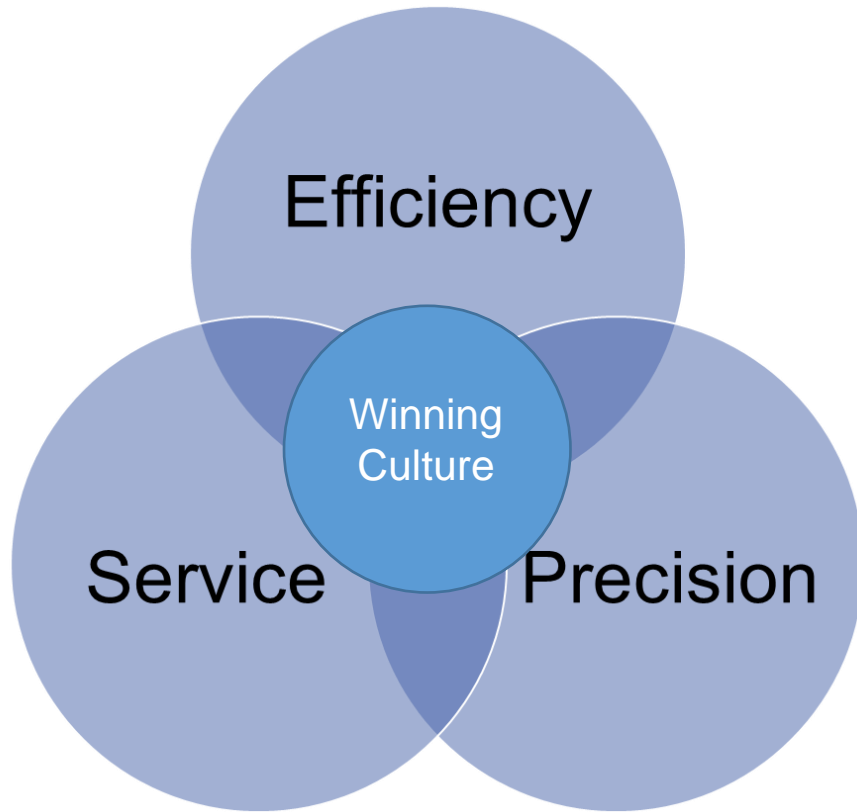
- **Empowering, developing, retaining and engaging our people; ensuring employee safety and building a winning culture**
- Driving performance, precision, effectiveness and efficiency by fully leveraging people, technology and analytics
- Simplifying and streamlining operations to enable the transformation and modernization of our processing network



Processing, Distribution & Maintenance Operations: Path to Service Excellence and Financial Sustainability

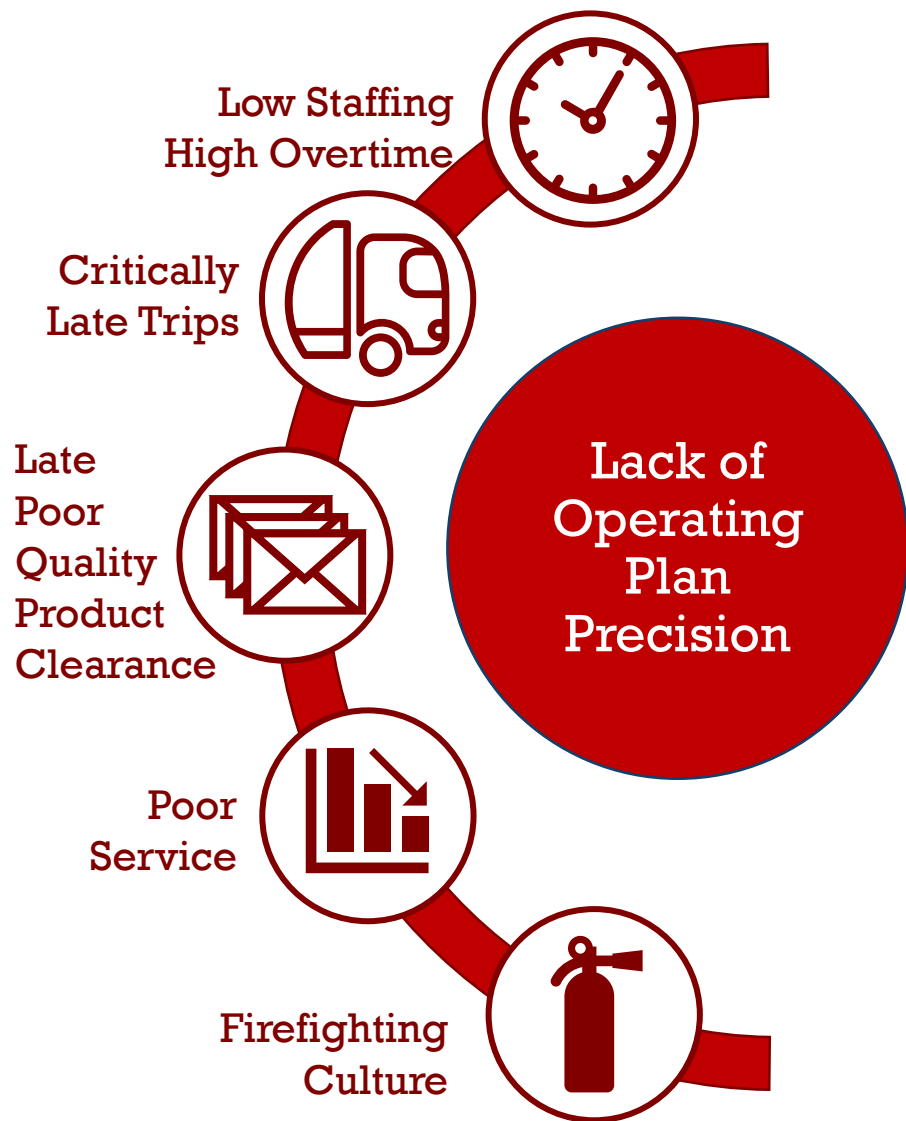


CPDO – Recent Wins



- **Improved workforce stability and efficiency**
 - ✓ Historically low peak overtime – highest week was 17.3% first time in at least 5 years that it did not exceed 20%
 - ✓ Less reliance on temporary peak resources ~ 9k vs 32k last year
 - ✓ Improved efficiency to last peak +2.5%
 - ✓ Reduced workhours by 9.5% to last peak and 2.8% below FY23 plan
 - ✓ \$66 Million under S&B plan for Q1
- **Improved operating precision and achieve service improvements**
 - ✓ Highest Quarter 1 for Marketing Mail ever
 - ✓ First Class Mail Q1 service improved 1.5% pts
 - ✓ 20% pts improvement on peak precision
 - ✓ 46% reduction in package delays during peak
 - ✓ Improved days to delivery for all packages

Achieving Operating Plan Precision



Operating Plan Precision

- Achieve our processing plan at each facility every day; processing all expected volume by the expected clearance time
- Precision in processing enables trucks to leave on time and mail to get to destination timely
- Effective planning and daily execution; aligning staffing with workload, achieving throughput and clearance times by ensuring quality maintenance operations and standardized operator performance



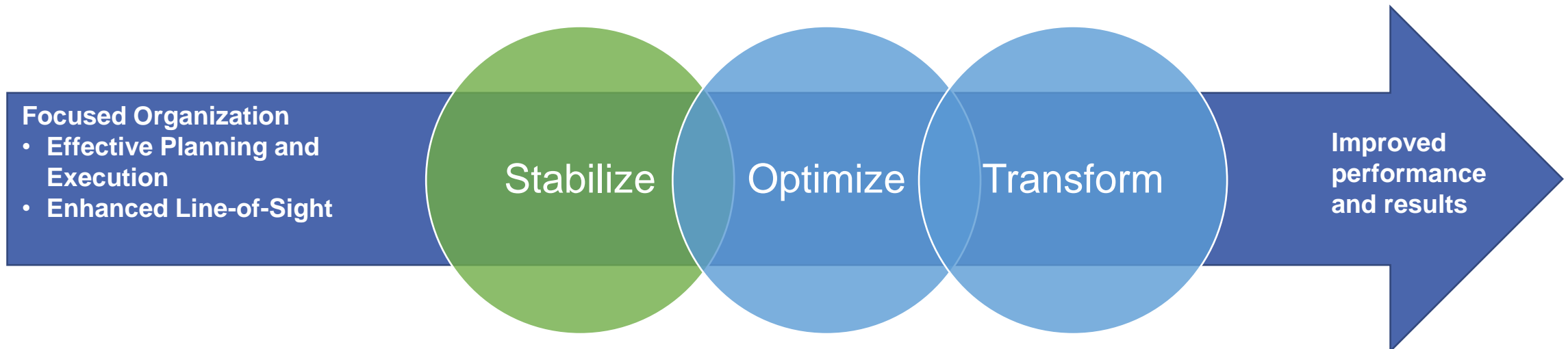
CPDO – Summary of FY23 and Beyond Transformative Initiatives

People and Productivity

- Improve retention with focus on career advancement and development
- Implement cost reduction strategies
- Continue to implement standard processing and maintenance operating procedures and equipment sets
- Optimize staffing models to match workload by location
- Develop clear and achievable operational goals

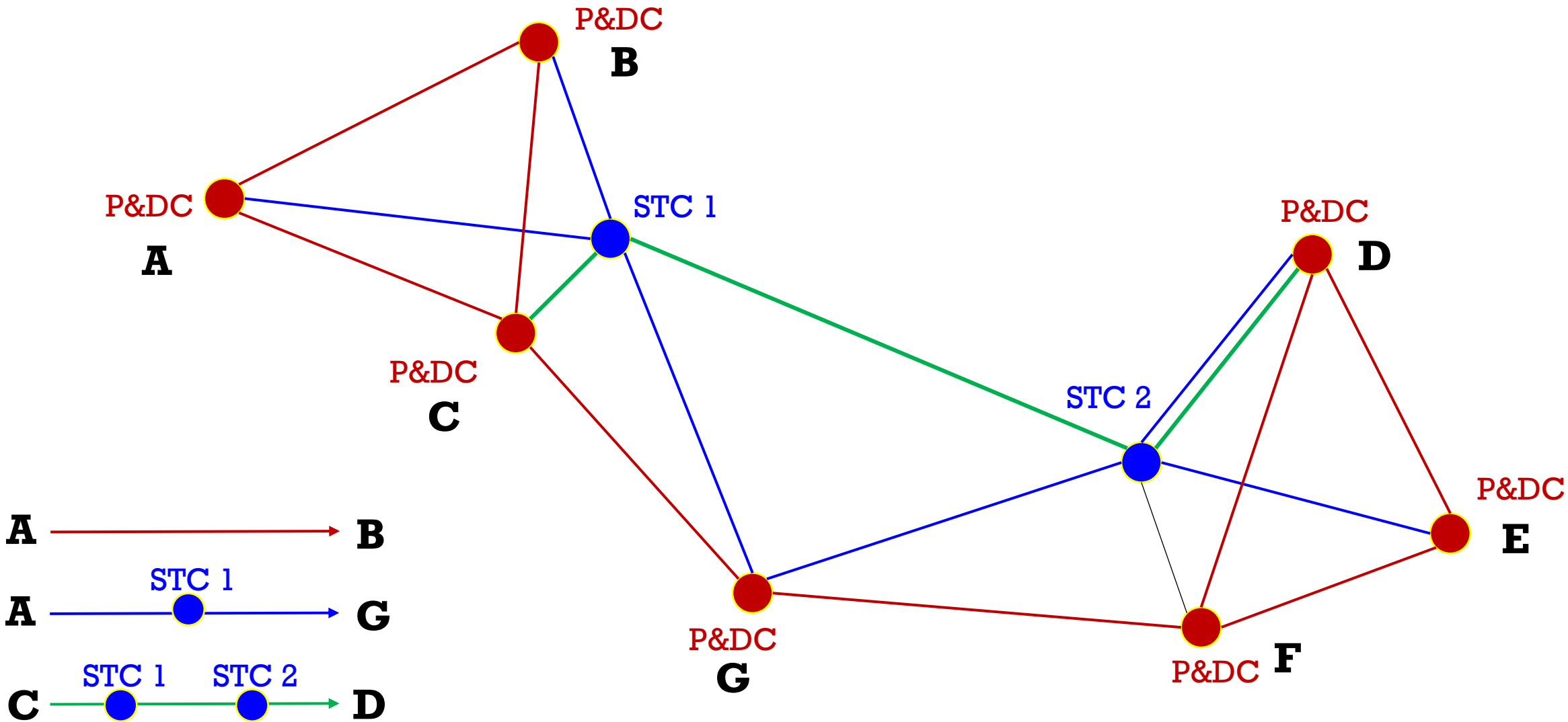
Service

- Improve on processing precision to support end-to-end service improvements and clearance of volume
- Collaborate with Logistics to identify and eliminate non-service responsive transportation routings
- Continue to implement strategies to monitor “hot spot” locations and mitigate impacts expeditiously

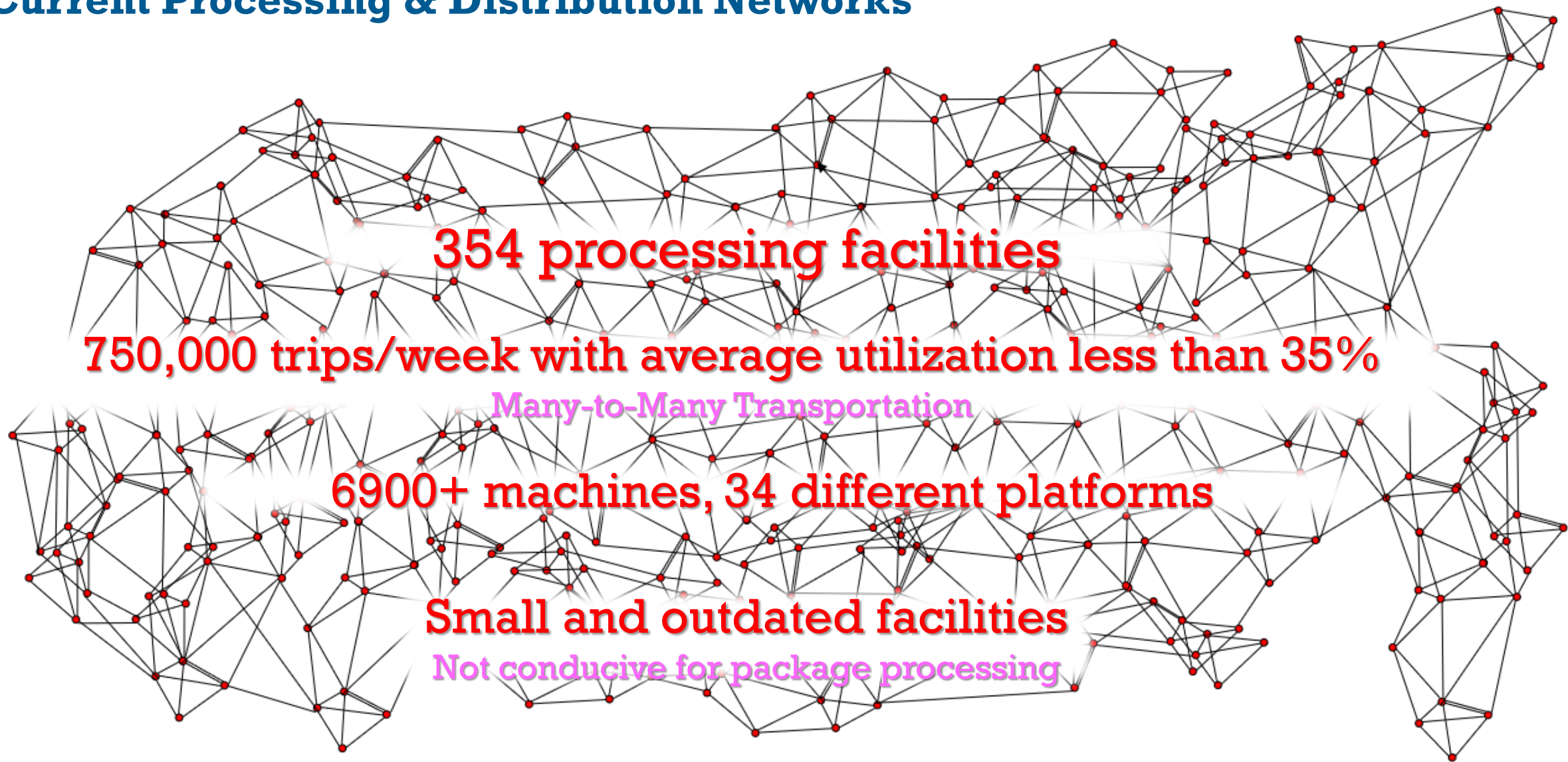


RPDC/LPC Modernization

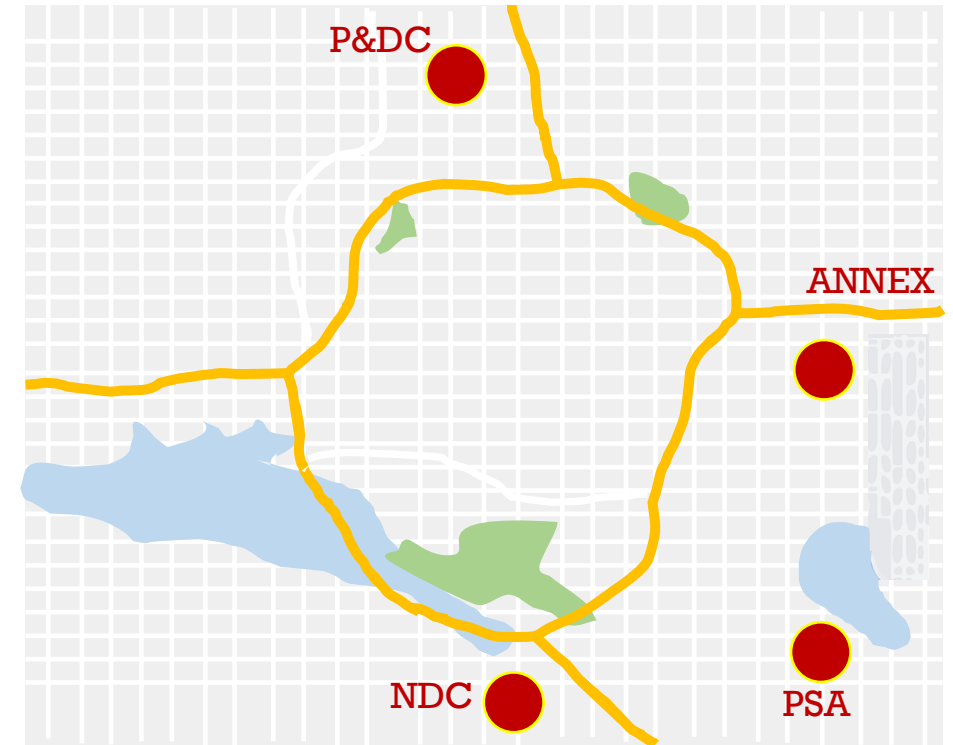
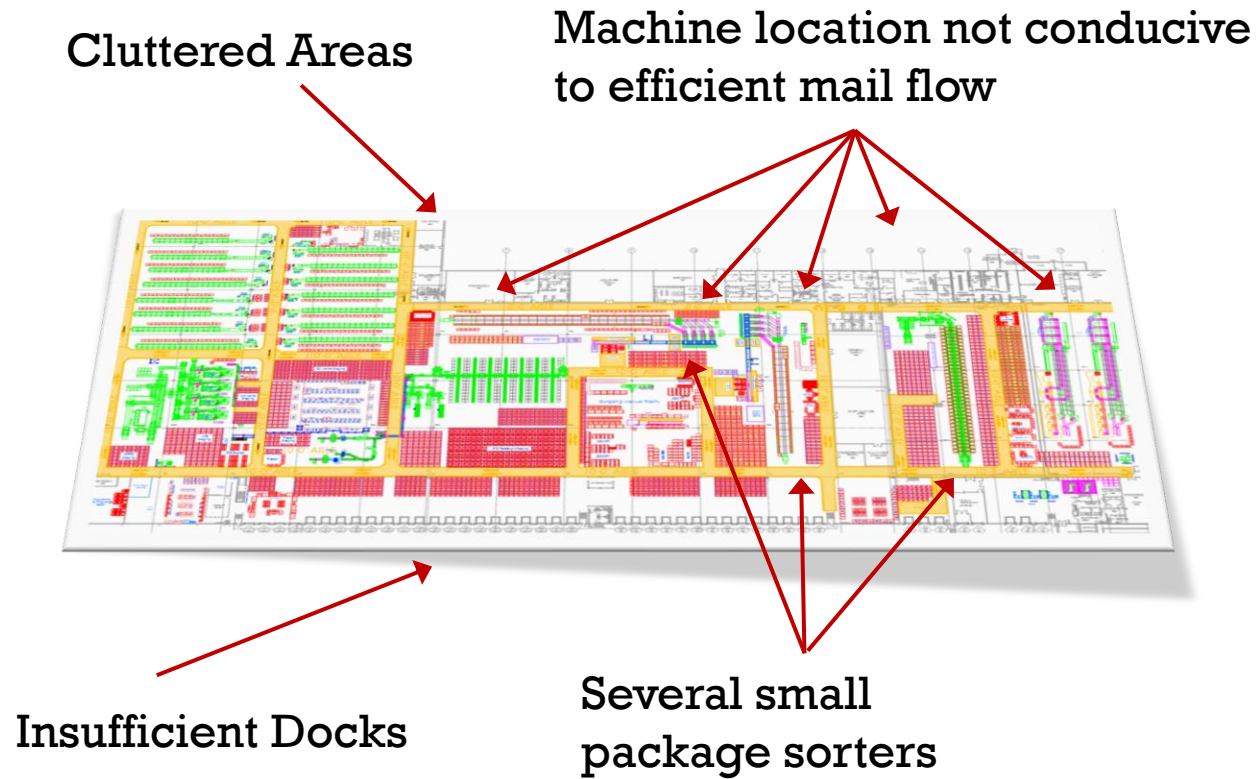
Current Processing & Distribution Networks



Current Processing & Distribution Networks

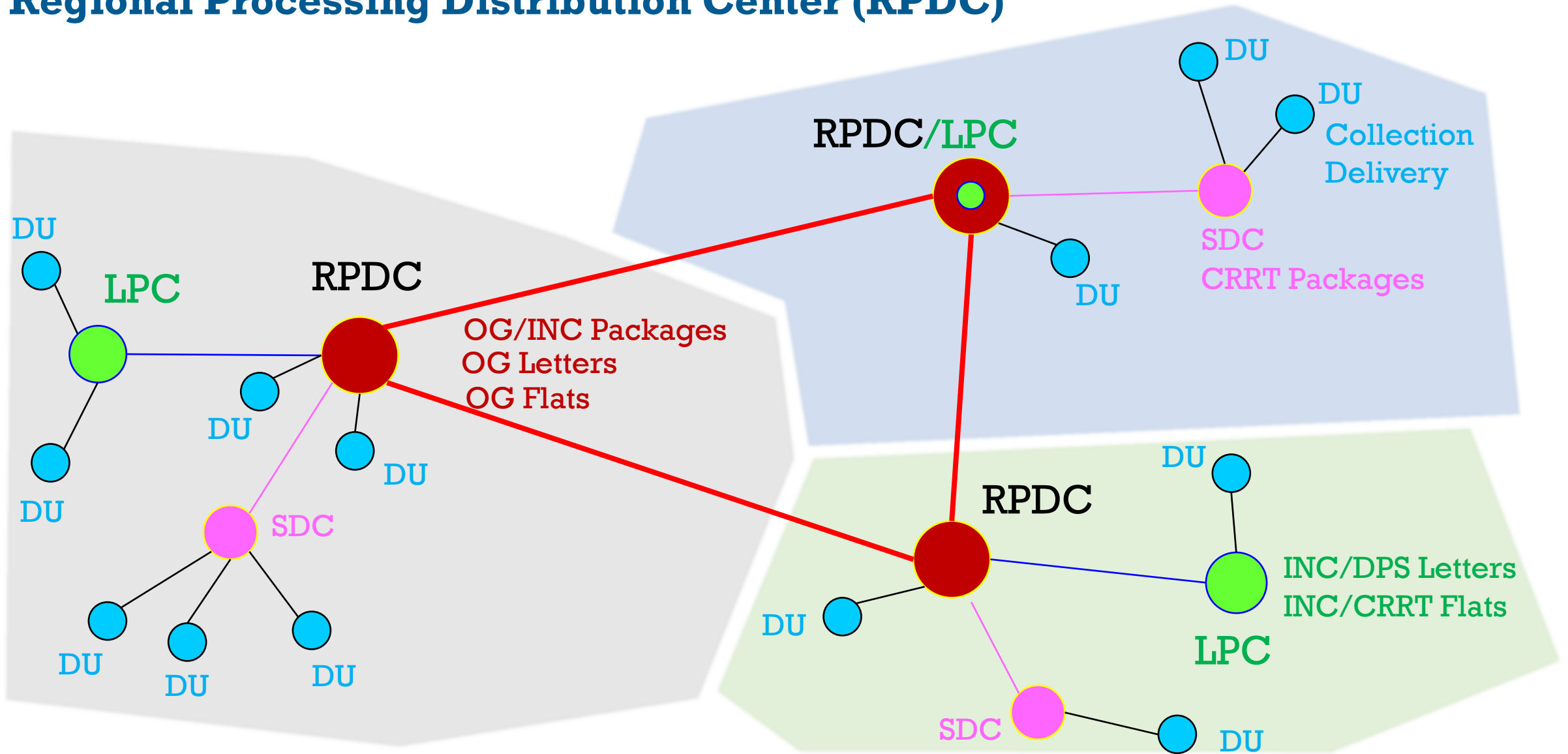


Current Processing & Distribution Networks

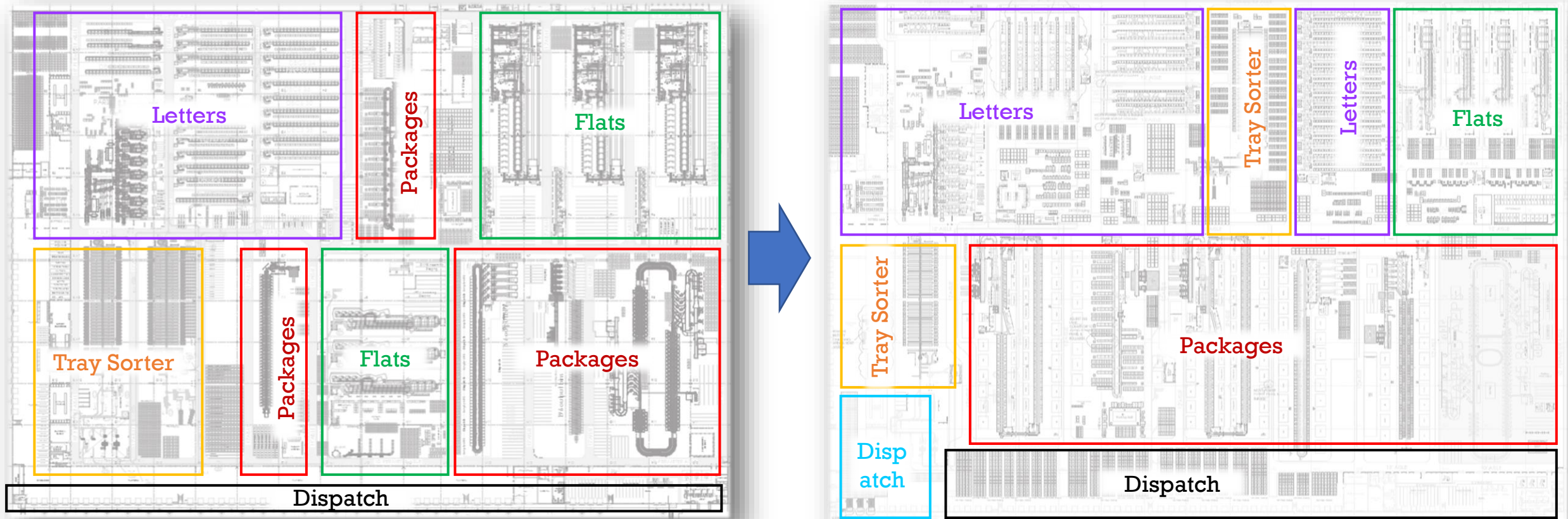


Multiple Processing Facilities in the same vicinity

Regional Processing Distribution Center (RPDC)



Regional Processing Distribution Center (RPDC)



Peak Season Summary

FY23 Processing Peak Highlights



50

**Additional Package
Sorters**



+13.1% pts

Improved Precision



+2.5% pts

Improved Efficiency



-21%

**Processing Delay
Reduction**



75%

Fewer Peak Hires

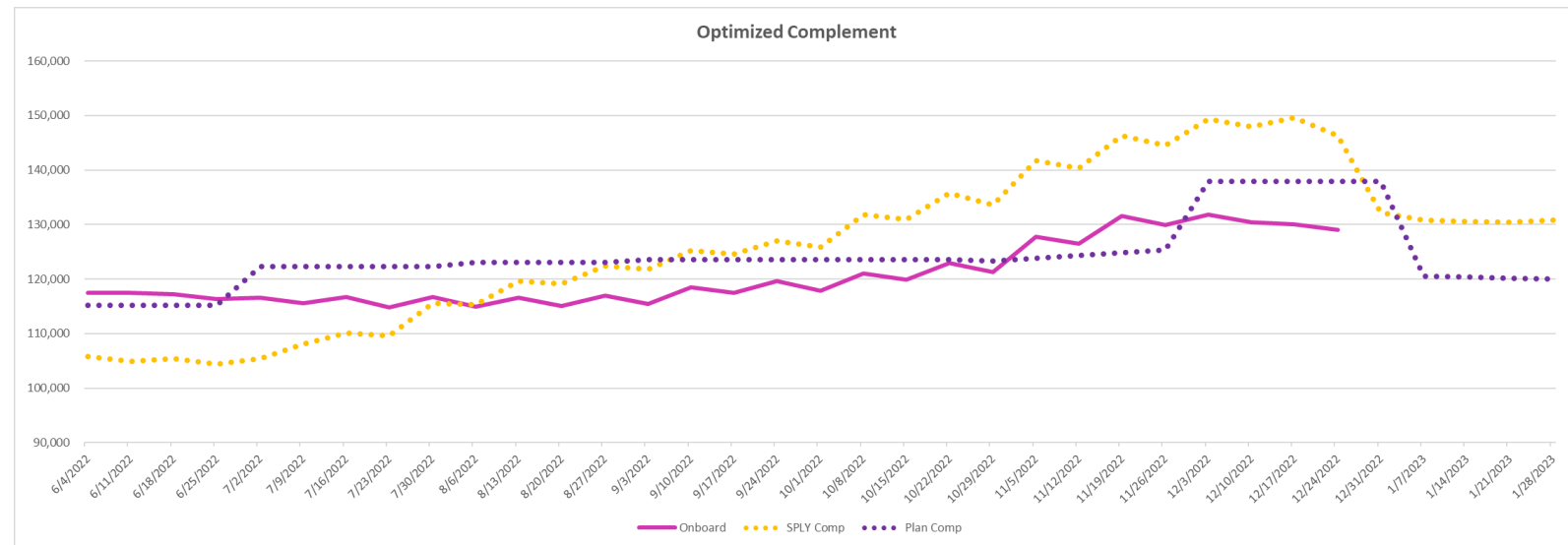


-2% pts

Overtime Usage

Processing Peak Staffing

- Reduced reliance on peak season staffing
- Employed 6K PSE clerks
- Employed 7K MHA mail handlers
- Reduced peak staffing enables increased efficiencies and reduced cost



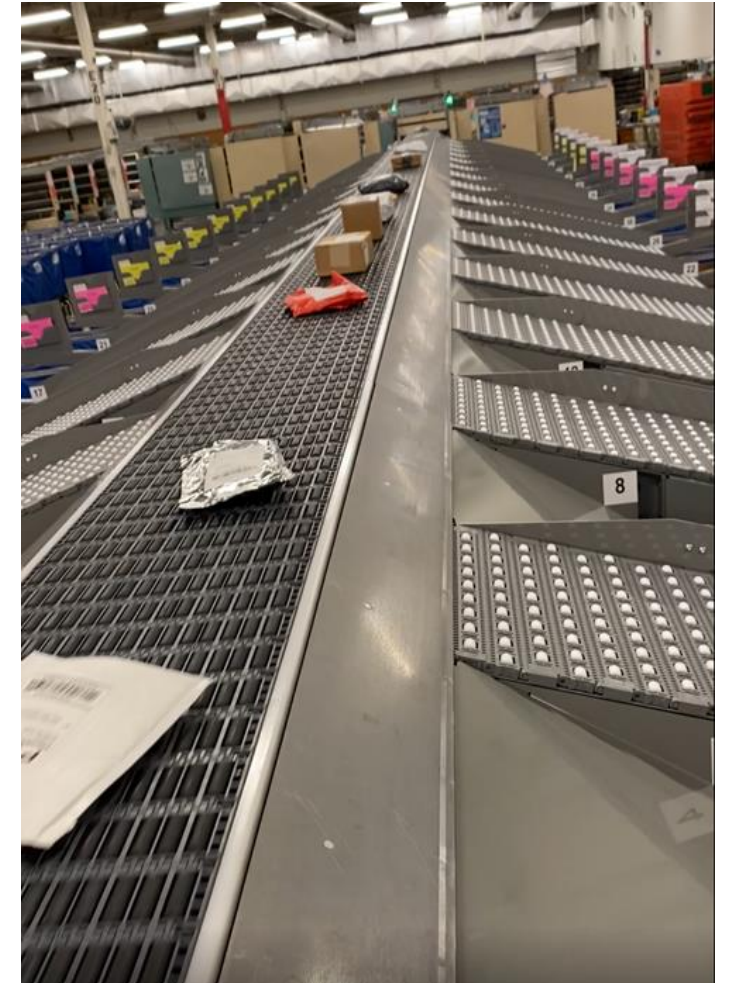
Processing Equipment

Additional package sorting equipment deployed prior to Peak

Package Sorting Equipment deployed in 2022

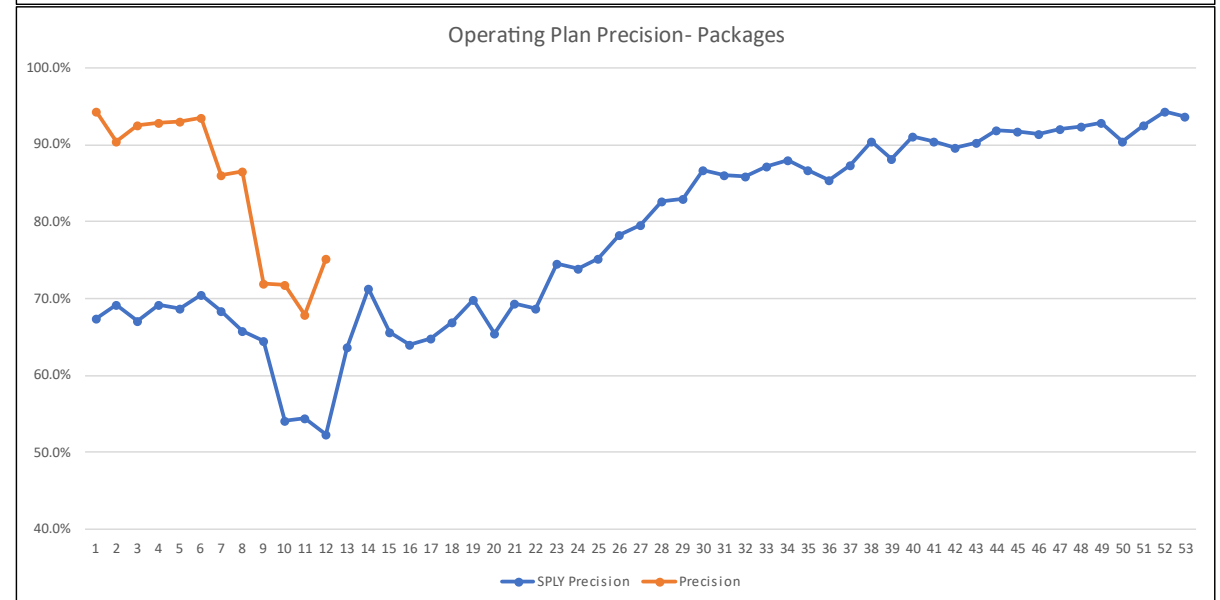
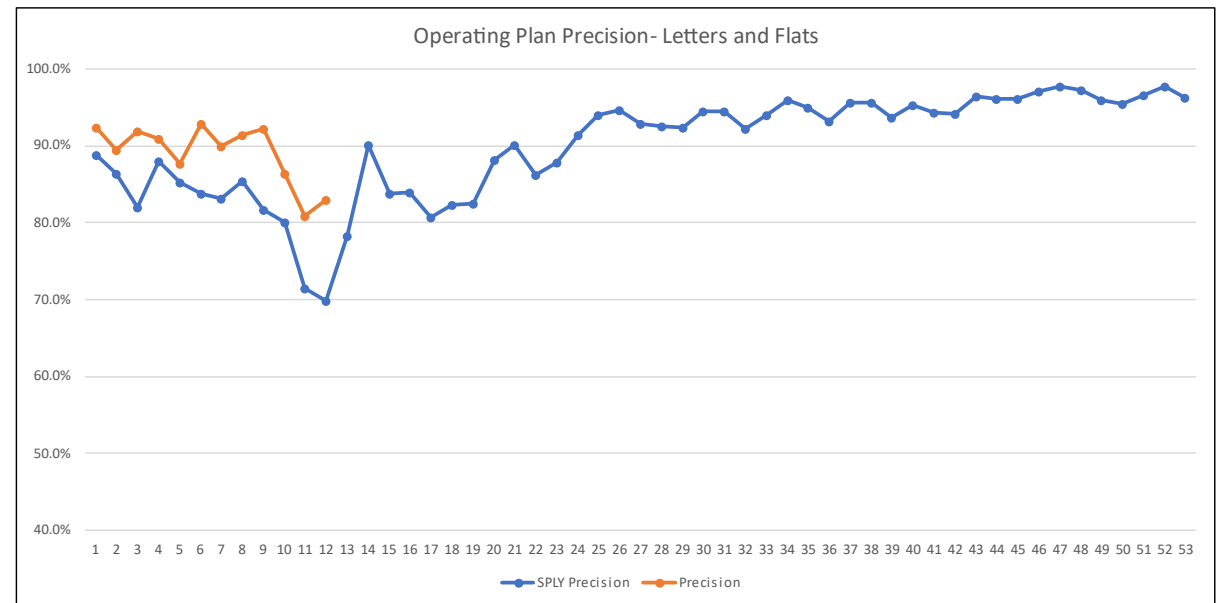
- 41 Single Induction Package Sorter (SIPS)
- 5 Automated Delivery Unit Sorters (ADUS)
- 4 High Output Package Sorter (HOPS)

- Reduces Manual Handling and Improves Productivity
- Improves Service and Operational Precision

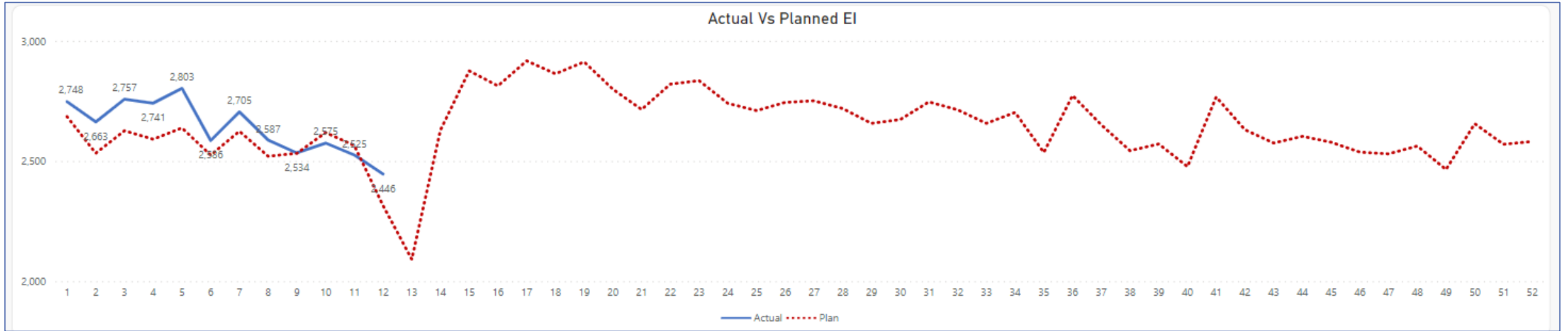


Processing Precision

- Significantly improved precision compared to last year and well positioned for Peak
- Achieve our processing plan at each facility every day; processing all expected volume by the expected clearance time
- Precision enables trucks to leave on time and mail to get to destination timely
- Peak Period Precision up 13.1% to last Peak



Operational Efficiency



- Driving productivity by Division and Plant
- Matching workhours to workload
- Improved Efficiency to last peak +2.5%

Source: WebEOR

Peak Season Processing

Strategies	Results
<ul style="list-style-type: none">• Year-round employee complement strategy• Continued service improvement since last peak• Optimize use of additional operational space• Leverage additional package processing capacity• Focus on efficiency and precision	<ul style="list-style-type: none">• Reduced reliance on temporary peak season employees by 75%• Improved employee availability > 80%• Reduced workhours by 9.5%• Reduced overtime by 2% points• Plants remained fluid throughout• Reduced processing delays: 21% reduction for all products and 46% reduction for packages• Significant improvement for processing precision• Improved service• Improved days to delivery• Reduced tail - next day recovery on service failures

Thank You