

## Industry Trends Podcast Transcript

Hello, everyone. My name is Aaron Anfinson with the U.S. Postal Service Office of Inspector General as part of its 10-year strategic plan called Delivering for America, the Postal Service is making one of the biggest investments ever in this processing network. And I'm excited to be here today with my colleague Kevin Mersol-Barg by to talk about a recent research paper published by the OIG on industry trends related to major investments in postal processing networks. Kevin, please tell us more about your research.

Thanks for having me on, Erin. As you mentioned, the agency plans to invest \$20 billion over the next 10 years towards modernizing its processing network. This investment will help the Post Office sort more packages to inform this effort. We looked at the trends that are driving major investments in other organizations, both in the United States and abroad.

We looked at the practices of several postal operators in other countries, including Australia Post, Deutsche Post in Germany and LA Post and France. Back in the United States, we examined the practices of domestic competitors like FedEx and UPS, using insights from these operators. We then identified their best practices for planning, implementing and evaluating these investments in their processing networks.

Wow. That's really fascinating. And you spoke with so many different operators that play such a prominent role in the industry. Was there a common theme?

So, yes, we did find a common theme across our interviews with operators. The several trends over the last several years emerged, including slowing economic growth, record levels of inflation and labor shortages across the logistics industry.

And as a result, postal operators have found it harder to predict and adjust to a changing mail mix as mail volume declines and package volume increases.

But how are operators responding to these challenges? You know, mail is declining. I imagine they will need to make up for that lost revenue somehow.

That's right. So, operators at various stages of responding to the decline in mail revenue to make up for this lost revenue that they're investing in processing capacity that's expected to help them grow their package business and make their infrastructure more flexible when adjusting to changes in volume.

So, flexibility is key as they are making these investments, how do they ensure that they are effective?

So, to make the most effective investments, we saw operators follow certain best practices. We identified best practices across the industry for managing major

investments in processing networks. These best practices fall into three interconnected categories, which are people process and technology.

Fascinating. So, what role do people play? I imagine that's a really important point.

Right. So, in terms of the role people in the investment process, we identified three best practices. The first involves using cross functional teams to align operations. Another best practice is to engage internal stakeholders, which includes field employees, managers, and labor unions through all phases of the investment process.

Lastly, operators should engage external stakeholders such as customers, partners, and government entities affected by the investments.

Interesting. So, after people, you identified a focus on operational processes. What does that entail?

Right. So, in terms of operational processes, we saw three best practices. Those include analyzing industry trends and competitors' strategies, using data to adapt to changes in volume and capacity and doing so more efficiently.

And lastly, monitoring investment performance in real time.

Well, so people process and technology, right? What about the technological aspect?

Yeah. So, technologies that last piece and we saw for best practices in that area including implementing innovative network designs, standardizing facility layouts, adopting flexible technology, and of course promoting environmentally sustainable technology.

Very interesting. I can see this research being especially important as Postal Service leadership makes such transformative investments in its processing network.

That's right. And so when reviewing these best practices by other operators that can help the Postal Service improve its own practices and learning from the challenges and successes of others. We also help improve operation efficiency and create more revenue for the agency.

I can't wait to read the whole report. Where can someone go to learn more?

So, to learn more, you can read our full report published on our website, [www.uspsoig.gov](http://www.uspsoig.gov). Once you're there on the website, you can select white papers from the pop up menu and then find this white paper along with all of our other work. Right. You know this better. Very informative discussion. Thank you for your time, Kevin, and thanks to other listeners for joining us. Yes, thank you.