OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

May 4, 2012

Package Delivery Growth

Report Number MS-AR-12-003

IMPACT ON:

U.S. Postal Service package revenue and operations.

WHY THE OIG DID THE AUDIT:

Our objectives were to assess the effectiveness of the Postal Service's strategies for growing its package delivery business, identify opportunities for growth, and estimate the resulting potential additional net revenue if the Postal Service increased its market share.

WHAT THE OIG FOUND:

The Postal Service's strategies for growing its package business have helped it keep pace with competitors in growing domestic and international package markets. Although the strategies are sound, their effectiveness has been impacted by (1) lack of a strategic decision-making process for evaluating new sale opportunities, (2) sales tracking system shortcomings, and (3) chronic sales staff vacancies. The Postal Service can grow its package business by stabilizing Sales staffing levels and adding new products. We estimate it could increase revenue by $217 million in fiscal year (FY) 2012 and by $340 million in FY 2013. This would be in addition to the $90 million in additional revenue it did not capture in FY 2011 because of sales staffing shortages. Furthermore, we estimate the Postal Service could [redacted] within its key lightweight segment.

WHAT THE OIG RECOMMENDED:

We recommended the Postal Service establish a strategic decision-making process for evaluating new sales opportunities, enhance the CustomerFirst! System, reassess sales staffing levels, continue to pursue legislative change that will allow it to ship beer and wine, and evaluate offering prepayment of customs duties and taxes and a local delivery product.

WHAT MANAGEMENT SAID:

Management agreed with our findings and recommendations and set forth its plans for corrective actions. Management disagreed with the monetary impact in subsequent correspondence stating that, even with a reduced sales force, they have been able to increase sales by focusing on higher value sales and sales execution.

AUDITORS' COMMENTS:

Management's comments are responsive to the recommendations and corrective actions should resolve the issues identified in the report. While progress has been made, we continue to believe the Postal Service could further increase revenue if it fills vacant sales staff positions.