

May 30, 2000

PATRICIA M. GIBERT
VICE PRESIDENT RETAIL, CONSUMER AND SMALL
BUSINESS

SUBJECT: Postal Service Dallas District Plan for Retail
Operations Performance
(Report Number MK-LA-00-001)

This letter advisory report presents the results of our review of the Postal Service's Dallas District, Retail Operations (Project Number 00RA002RG000). The report responds to a request from the vice president, Retail, Consumer and Small Business to review the implementation of the Dallas District's Plan for Retail Operations Performance.

Results in Brief

In accordance with program guidance, Dallas District managers were effectively making progress to implement the initial phase of the Postal Service Plan for Retail Operations Performance by the end of fiscal year 2000. As part of its implementation efforts, the district created a team that assessed its retail operations and developed a retail operations improvement plan. The team identified sales skills and product knowledge as the district's major retail weaknesses. To address these weaknesses, the team developed a pilot program to provide training to postal facility managers and window clerks in sales skills and product knowledge.

At the time we completed our review, the team was assessing the correlation between the additional sales skills and product knowledge training and retail revenue to determine the focus needed for additional retail operations training.

Background

The Plan for Retail Operations Performance is a Postal Service national initiative to improve retail profitability and

performance. The Plan for Retail Operations Performance was developed at the request of the vice president, Retail, Consumers and Small Business and included four levels of implementation. The first three levels identified specific metrics to measure retail operation performance in the field. Level four represent an optimal desired state of performance at the end of the first three levels. Our review focused on level one, which established requirements for minimum basic retail service through the following initiatives:

- Cleaning facilities, displaying merchandise and promotional material, making sure core products and services are available, and effectively managing product inventory.
- Establishing and adhering to standard retail operating procedures, clearly communicating job requirements, providing necessary training, setting unit retail revenue and customer service targets and communicating the targets to employees.
- Mapping market profiles of the top 20 percent of revenue markets targeted, expanding the use of alternate access points and involving retail marketing in the facility five-year plans.
- Reporting retail revenue/cost and national costing analysis on a weekly basis.

Level one is scheduled to be implemented by the end of FY 2000 and levels two through four are scheduled to be implemented by the end of FY 2003.

Objective, Scope, and Methodology

The objective of this audit was to assess the Dallas District's progress in implementing the Plan for Retail Operations Performance. To accomplish our objective, we interviewed the District Plan for Retail Operations Performance Team members and personnel at ten post offices in the Dallas District. The selected post offices accounted for approximately \$157 million of the \$258 million (61 percent) of FY 1999 total retail revenue for the Dallas District. We

also used results of Mystery Shopper Reports¹ for the first quarter of FY 2000. Program guidance identified the Mystery Shopper Report as a measurement tool the District could use to assess their implementation of the Plan for Retail Operations Performance. However, we did not validate any of the results from the Mystery Shopper Report.

This review was conducted from October 1999 through May 2000 in accordance with the President's Council on Integrity and Efficiency, Quality Standards for Inspections. We discussed our conclusions and observations with management officials and included their comments, where appropriate.

**Implementation of
Dallas Retail
Operations
Performance**

At the time of our review, the Dallas District was in the initial phase of implementing the Postal Services Plan for Retail Operations Performance. In accordance with the plan, the Dallas District created a Retail Operations Performance Team to improve profitability and performance of retail operations. The team's initial focus was to assess the district's retail operations and to develop an action plan for improving retail operations. The district's action plan included an incremental approach to improve retail operations in the areas of customer service, employee skills, access, and profitability.

To assist in assessing retail operations, district officials used the Postal Service National Mystery Shopper Report for the first quarter of FY 2000. Using this report the team determined that sales skills and product knowledge were the weakest areas of retail performance. Mystery Shopper scores² for the first quarter of FY 2000 showed that the Dallas District score for sales skills and product knowledge was 13.6 percent versus the district goal of 64.2 percent. The national Mystery Shopper score for sales skills and product knowledge was 20 percent versus a 51.2 percent national goal. The district's Plan for Retail Operations Performance is designed to improve basic retail service by the end of FY 2000 and to reach an optimal level of retail performance by the end of FY 2003.

¹ Mystery Shopper Reports rate operational efficiency, employee sales skills and product knowledge, courtesy and professionalism, retail products and services, and facility appearance.

² The precision of Mystery Shoppers scores was not reviewed.

To improve Mystery Shopper scores, the district judgmentally selected four postal facilities where employees would receive additional training. Managers of the selected postal facilities received program awareness training to help employees understand and improve performance. The training focused on the five questions that make up the sales skills and product knowledge section of the Mystery Shopper Report, as follows:

- How soon do you need this article to arrive?
- How much insurance do you need?
- Do you need proof of delivery?
- Would you like a book of stamps while you are here today?
- Will you be using your credit or debit card?

In addition, facility managers and window clerks were given verbal response training designed to generate additional revenue through the sale of expedited services, insurance, delivery confirmation, and other postal product services. The test period for the pilot program was scheduled to end on May 19, 2000.

Furthermore, the district trained additional personnel to conduct "Mystery Shops" at the selected postal facilities, as customers, to assess the performance of the retail operations. The results of their visits were intended to assist management in focusing training on specific weakness identified at the facilities. According to the Plan for Retail Operations Performance team coordinator, the results of the district Mystery Shops at the four selected units were to be evaluated to determine the correlation between scores for sales skills and product knowledge and retail revenue.

District postal officials also developed a program overview that was briefed to district postmasters. The briefing included a description of program requirements and responsibilities. Postmasters were also provided a manual that included guidance for setting and achieving retail goals and managing retail performance, including the performance of window clerks. While Mystery Shopper scores had not been reevaluated before the completion of our review, the district planned to reevaluate its scores before the end of May 2000. Based on our review of

actions taken to improve the scores, we concluded that the Dallas District managers were effectively making progress to implement level one of its Plan for Retail Operations and Performance.

We appreciated the cooperation and courtesies provided by your staff during the review. If you have any comments on this report, please forward them to this office no later than June 6, 2000. If you have any questions, please contact Larry Chisley, director, Marketing or me at (703) 248-2300.

Robert L. Emmons
Acting Assistant Inspector General
for Business Operations

Attachment

cc: John R. Gunnels

**Major Contributors to [REDACTED]
This Report**

