Customer Complaint Resolution Process

Audit Report

September 10, 2012

Report Number MS-AR-12-007

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

September 10, 2012

Customer Complaint Resolution Process

Report Number MS-AR-12-007

BACKGROUND:

U.S. Postal Service customers can initiate complaints through a variety of mechanisms, including the Postal Service's Internet site (USPS.com) or toll-free number (1-800-ASK-USPS), at retail units, and through congressional representatives and letters. The Postal Service received about 3 million customer complaints in fiscal year 2011 from residential and small business customers throughout the country.

Our objective was to evaluate the effectiveness of Postal Service policies and procedures for handling residential and small business customer complaints and the corrective actions taken in response to related prior U.S. Postal Service Office of Inspector General recommendations.

WHAT THE OIG FOUND:

The Postal Service is not efficiently and effectively resolving customer complaints. Specifically, staff members are closing complaints before customers consider their cases resolved. We found nearly 6 percent of complaints (180,000 cases) where customers lodged follow-up complaints after the Postal Service 'closed' their initial complaint. We estimate the Postal Service could have avoided costs of $8.8 million for the 12-month period ending March 31, 2012, if they handled complaints more efficiently.

The Postal Service also did not adequately monitor complaint resolution. Its processes and procedures for conducting quality control reviews and customer follow ups are inconsistently applied, are sometimes not followed, and are outdated. We identified similar concerns in a 2009 audit and, while the Postal Service agreed to take corrective action at that time, the corrective action was later discontinued as headquarters staff chose not to enforce them. Lastly, system performance and data issues, including outages and slow performance, have hindered the Postal Service's ability to efficiently address and resolve complaints.

WHAT THE OIG RECOMMENDED:

We recommended the Postal Service develop a mechanism to incorporate customer feedback regarding complaint resolution into the system; require current policies and procedures to be followed until planned updates are finalized; identify system deficiencies and desired enhancements and work to correct them; develop a strategy for reducing repeat complaints; and develop a mechanism for tracking system usage and response wait times and ensuring that ongoing actions related to archiving data and monitoring outages continue.

Link to view entire report.

September 10, 2012

MEMORANDUM FOR: MAURA ROBINSON
VICE PRESIDENT, CONSUMER AND INDUSTRY
AFFAIRS

JOHN EDGAR
VICE PRESIDENT, INFORMATION TECHNOLOGY

FROM: Darrell E. Benjamin, Jr.
Deputy Assistant Inspector General
for Revenue & Systems

SUBJECT: Audit Report – Customer Complaint Resolution Process
(Report Number MS-AR-12-007)

This report presents the results of our audit of the Customer Complaint Resolution
Process (Project Number 12RG021MS000).

We appreciate the cooperation and courtesies provided by your staff. If you have any
questions or need additional information, please contact Janet Sorensen, director,
Marketing and Service, or me at 703-248-2100.

Attachments

cc: Corporate Audit and Response Management

TABLE OF CONTENTS

Introduction

This report presents the results of our audit of the U.S. Postal Service's Customer Complaint Resolution Process (Project Number 12RG021MS000). Our objective was to evaluate the effectiveness of Postal Service policies and procedures for handling residential and small business customer complaints. We also evaluated corrective action taken as a result of a previous U.S. Postal Service Office of Inspector General (OIG) audit report issued July 10, 2009.[1] This self-initiated audit addresses strategic risk.

Each day millions of transactions occur between the Postal Service and its customers, mostly through mail delivery to their homes or businesses or visits to post offices. Customers can initiate complaints about these transactions or other issues through a variety of mechanisms, including the Postal Service's Internet site (www.USPS.com), its toll-free number (1-800-ASK-USPS), retail units, congressional representatives, and letters. Unless the complaint can be handled and resolved immediately, it must be entered into the Enterprise Consumer Care (eCC) system[2] within 24 hours of receipt.[3] Generally,[4] customer complaints are routed to a designated Post Office within the customer's Zip Code. Postal Service guidelines[5] require responses to customer complaints to be issued within specified timeframes:

- Internet, telephone, and walk-in complaints within 3 business days.
- Congressional inquiries within 7 business days.
- Letters within 10 days.
- Publishers[6] between 9 and 36 days.

The Postal Service received about 3 million customer complaints in fiscal year (FY) 2011 from small business and residential customers throughout the country. The top five complaint types accounted for 92 percent of all complaints made in FY 2011 (see Table 1). These complaints encompass such issues as non-delivered mail, poor customer service, and misdelivered mail.

---

[1] *Customer Complaints* (Report Number MS-AR-09-009, dated July 10, 2009).
[2] Records and tracks customer complaint information for small businesses and residential customers.
[3] *eCC Quick Reference Guide*, page 2, October 2009.
[4] Exceptions include requests for verbal information related to ZIP Codes, postage rates, mail matter dimensions, products and services, telephone numbers, track and confirm, and hours and location; calls for other personnel/departments; procedures for filing claims (including money orders); and congressional inquiries involving personnel issues of any kind.
[5] Consumer Affairs *Standard Operating Procedures Complaint Handling Process*, page 2, September 2009.
[6] Publishers can request documented delivery information for a periodical addressed to a specific subscriber.

Table 1. Complaint Types in FY 2011

Complaint Type	Complaints	Percentage of Total
No Delivery/No Attempt[7]	1,647,317	57%
Sending Domestic Mail	303,153	10%
Customer Service Support	301,118	10%
Change of Address	308,165	11%
Misdelivered Mail	110,633	4%
Other	235,850	8%
Total	**2,906,236**	**100%**

Source: OIG analysis of eCC data.

The Postal Service relies on its Consumer and Industry Affairs officials working in district offices throughout the country to oversee the customer complaint program. District Consumer Affairs (DCA) officials are responsible for:

- Responding to customer complaints, inquiries, and suggestions.

- Coordinating the collection, tracking, and analysis of customer issues and making recommendations for corrective action.

- Overseeing compliance with policies and reporting complaint trends to the district marketing manager.

- Ensuring that complaints requiring follow up are entered into the eCC system and addressed.

See Appendix A for additional information about this audit.

Conclusion

The Postal Service is not efficiently and effectively resolving customer complaints. Specifically, Postal Service staff are closing complaints before customers consider their cases resolved. We examined about 3 million complaints for a 12-month period[8] and found that nearly 6 percent of them (about 180,000[9] cases) were follow-up complaints to those previously submitted to the Postal Service after it 'closed' the initial complaint. We estimate the cost of handling repeat complaints added to be about $8.8 million in unnecessary costs in FY 2011.

---

[7] An example of a No Attempt is when the customer alleges that the carrier did not make a sufficient attempt at delivery to their address.
[8] April 1, 2011 through March 31, 2012.
[9] The total number of repeat complaints was 180,418. We rounded the number to 180,000.

While we appreciate the Postal Service's efforts to quickly close customer complaints within designated timeframes, inadequate resolution may result in repeat complaints that add costs to the Postal Service, negatively impact customers' perception of the Postal Service, and possibly drive these customers away. Implementing a mechanism to incorporate customer feedback into the eCC system will help reduce the risk of repeat complaints and increase the overall efficiency of the complaint resolution process.

The Postal Service is also not adequately monitoring complaint resolution by consistently conducting quality control reviews and follow-up surveys with customers. For example, only two of seven areas are currently conducting follow-up surveys and quality reviews in accordance with the Consumer Affairs Standard Operating Procedures. According to Postal Service Headquarters staff, since 2010, they have not enforced the survey and quality control review requirements and, consequently, left the completion of these tasks to the discretion of field staff. Furthermore, the link between these activities and an employee's appraisal system was eliminated. Consumer and Industry Affairs Headquarters officials stated they plan to institute revised policies and procedures for all locations to follow in September 2012. However, until these outdated policies and procedures are updated, the Postal Service will not have a clear, consistent understanding of the effectiveness of its customer complaint process.

We raised similar issues about the Postal Service's complaint resolution process in our 2009 report. We reported that the Postal Service did not always take appropriate action to resolve customer complaints and that policies did not require management to provide oversight by performing quality control reviews of closed cases. Although the Postal Service implemented corrective action to update its Standard Operating Procedures in 2009 to require quality reviews and follow-up surveys, these actions were discontinued in 2010 and the aforementioned issues have re-emerged.

We also determined that eCC system performance and data issues, including outages and slow performance, have hindered the Postal Service's ability to efficiently address and resolve complaints. Although the Postal Service has recently taken action to archive data and monitor system outages, it still does not track the number of users who log onto the system each day simultaneously or their wait times. Without this information, the Postal Service may not have a clear understanding of eCC system performance or what is causing performance issues.

Complaints Closed Prior to Resolution

The Postal Service is not effectively and efficiently resolving customer complaints. Specifically, Postal Service staff members closed complaints before customers considered them to be resolved. We found that nearly 6 percent of complaints (about 180,000 cases) for the 12-month period ending March 31, 2012, were follow-up complaints resulting from the Postal Service 'closing' the customer's initial complaint without a satisfactory resolution. We estimate the cost of handling repeat complaints added $8.8 million in unnecessary costs to the Postal Service over a 12-month period

(see Appendix B for more information). Furthermore, inadequate resolution will add unnecessary costs to the Postal Service for handling these repeat complaints and negatively impact public perception of the Postal Service and may eventually drive customers away.

The following examples illustrate repeat complaints:

- A customer called the local Post Office to report that home mail delivery had stopped. When no one contacted the customer, they called 1-800-ASK-USPS and the complaint was logged into the eCC system. The case was routed to the local Post Office and the supervisor contacted the customer to let them know that their mail could not be delivered because it is Postal Service policy not to deliver mail to a property that appears to be vacant. The customer stated that her home was not vacant. The case was closed in the eCC system the following day, with notes in the resolution field indicating that the Postal Service "*would speak with the customer and the mail would continue to be on hold.*" The customer called that same day and registered a second complaint because of non-delivery. After no action, the customer called 5 days later to register a third complaint. The Postal Service closed the second and third complaints that same day. The resolution field for the second complaint did not state what was done to resolve the issue, but only restated the customer's issue. The resolution field for the third complaint stated this was a repeat case, but did not state how the case was resolved.

- A customer called 1-800-ASK-USPS to register a complaint that mail was not being collected from his mailbox. The complaint was logged into the eCC system that day. The complaint was closed the next day with the resolution field stating "*I left a message with the customer stating that I will talk to the mail carrier to see what is going on.*" The customer called 13 days later to register a second complaint. The complaint was closed the following day in the eCC system, with the resolution field stating "*regular carrier off today will speak to him.*"

Postal Service staff responsible for managing customer complaints attribute repeat complaints to a variety of factors including the staff being focused on closing complaints in accordance with the designated timeframes and certain customers or issues being prone to repeat complaints.[10] We believe the risk of closing cases too soon to meet the performance metric could be mitigated if a mechanism to incorporate customer feedback of the resolution into the resolution field in the eCC system was developed. Such a mechanism could reduce the number of repeat complaints, increase the overall efficiency of the customer complaint process (staff handling repeat complaints would likely have to devote less time and resources to resolving them because they have a more complete understanding of the initial resolution available to them in the eCC system), and enhance customer service.

---

[10] Additional information on these specific targets is provided in Appendix A.

Complaint Resolution Not Adequately Monitored

The Postal Service is also not adequately monitoring complaint resolution. Specifically, they are not consistently conducting follow-up surveys with customers and performing quality control reviews in accordance with Standard Operating Procedures (SOP). According to Postal Service Headquarters staff, since 2010, they have not enforced the survey and quality control review requirements and, consequently, left completion of these tasks to the discretion of field staff. Furthermore, the link between these activities and the employee appraisal system was eliminated. Postal Service officials stated that they are reviewing their current needs and expect to have new policies and procedures in place in September 2012. Until these policies and procedures are updated, the Postal Service should follow existing policies and procedures related to monitoring complaint resolutions. Absent additional actions, the Postal Service will still not have a clear understanding of the effectiveness of their customer complaint resolution process, which may contribute to repeat complaints.

Follow-Up Surveys

Employees are not consistently completing follow-up surveys. Postal Service policy recognizes the importance of customer follow up and requires DCA officials to send follow-up surveys to customers who submit complaints that have been closed. The follow-up surveys were sent to ensure that customers were satisfied in a timely manner with a quality response.[11] Specifically, (1) a follow-up survey should be sent out for a minimum of 25 cases per clerk, per month, between 2-4 weeks after final resolution; and (2) survey responses should be documented, analyzed, and shared with the appropriate managers each month. We spoke with officials from 10 district offices and found that only four completed the follow-up surveys. Postal Service officials did state, however, that they were relying on the surveys as part of the Customer Experience Measurement (CEM) program to gauge customers' views of the resolution process.[12] CEM surveys; however, randomly select Postal Service customers and not customers who submit specific complaints. Follow-up surveys related to specific complaints would provide greater insight into customers' views of how complaints are handled and resolved.

Quality Control Reviews

Quality control reviews of how effectively complaints are handled are not consistently performed. Currently, only two of the seven Postal Service areas (Southern and Great Lakes) have a quality control review process in place. This condition mirrors what we found in our July 2009 audit, which reported that Postal Service policies did not require

---

[11] Consumer Affairs *Standard Operating Procedures Complaint Handling Process*, page 6, September 2009.

[12] The CEM program is an integrated model for collecting customer experience data through customer surveys. The program is focused on the end-to-end customer experience and will effectively evaluate what contributes to a positive customer experience.

management to provide oversight by performing quality control reviews of closed cases. We recommended the Postal Service revise its SOP to incorporate a quality control process to review closed cases to ensure they are properly resolved and documented. At that time, the Postal Service agreed with our findings and recommendations and took appropriate action to close the recommendations. Postal Service policy currently states that field staff is required to conduct quality reviews of 25 cases per clerk, per month. As stated earlier, Consumer and Industry Affairs field staff throughout the country are not conducting quality control reviews. The two areas that are conducting some form of a quality control review are doing so by their own initiative.

The Great Lakes Area, which has been performing these quality control reviews the longest, has one of the lowest percentages of repeat complaints for the 12-month period ending March 31, 2012 (see Table 2).

Table 2. Repeat Complaints by Area, April 1, 2011 to March 31, 2012

Area	Repeat Complaints	Total Complaints	Percentage of Total
Northeast	31,002	454,445	6.8%
Southern	44,046	646,648	6.8%
Capital Metro	23,711	349,585	6.8%
Pacific	25,052	427,867	5.9%
Eastern	20,312	357,168	5.7%
Great Lakes	15,515	299,460	5.2%
Western	20,779	415,650	5.0%
Total	**180,418**	**2,950,823**	**6.1%**

Source: OIG analysis of eCC data.

Enterprise Consumer Care Performance and Data Issues

Some eCC system performance and data issues — including outages, slow system performance, and incomplete data fields — have hindered the Postal Service's ability to efficiently address and resolve complaints. For example, we noted the following which we identified to be causing slow performance in the eCC system:

- *More users may be accessing the system simultaneously than originally intended.* The eCC system is expected to accommodate 2,700 users logging in at the same time, with a wait time of 5 seconds or less for system responses.[13] The Postal Service estimates that there are about 79,000 users, but does not track the number of users who log onto the system each day simultaneously or their wait times. They also stated the system typically slows down between 11:30 a.m. – 3:00 p.m. Eastern Standard Time, when users on the Pacific Coast start logging onto the system.

---

[13] eCC Application Pre-Pilot Launch Load Test Waiver, July 2009, states that about 2,700 concurrent users should be accommodated with a system wait time of 5 seconds or less.

- *Data archiving was delayed.* The Postal Service did not perform the required[14] archiving of customer complaints. Postal Service Information Technology (IT) requirements stated that 1 year's worth of data should be maintained online. During our audit, there were over 30 months of data online in the eCC system, so 18 months of data should have been archived. Officials stated there was a delay in archiving this data because they were anticipating replacement of the eCC system. The Postal Service began archiving complaint cases in early 2012 (during our audit) to relieve capacity issues.

- *eCC system performance was not monitored sufficiently.* Postal Service policy[15] requires eCC servers and supporting environments to be consistently monitored, but the Postal Service did not provide evidence that eCC system outages were being monitored until April 2012, during our audit. Postal Service IT officials did not create an eCC outage report, which tracked outages prior to April 2012, because Consumer and Industry Affairs managers did not previously request it.

In addition, personnel were not adequately following guidance for entering data into the resolution field in the eCC system. Per eCC guidance, "*Resolution Notes must be detailed in describing the steps taken to investigate and resolve the issue.*" The guidance also instructs employees to *"document the actions taken to address and resolve the case in the Resolution Notes box, to include your name and contact Information."*[16] However, information in the resolution field did not comply with the guidance. Specifically, we reviewed a statistical sample of 115 repeat complaints and found that 75 percent[17] of them did not include language stating whether the complaint had been resolved, nor did they include enough information to determine whether the complaint was resolved. Some examples of resolutions included:

- "Regular carrier off today will speak to him."
- "Customer told to wait."
- "Unable to assist."
- "Will call customer."
- "Supervisor is addressing issue."
- "Will investigate."
- "See notes."
- "Resolved."

An area Consumer and Industry Affairs official also stated that the information in the resolution field was often insufficient and did not provide adequate insight into the complaint's resolution, which hindered their performance of oversight duties. As stated earlier, we also believe the guidance itself should be updated to include customer

---

[14] *Technology Solutions Requirements*, June 2009, Section 5.1, states that 1 year of data will be kept online in the eCC and 2 years of historical data will be stored offline.
[15] *Technology Solutions Requirements*, June 2009, Section 4.6, states that eCC servers and supporting environments need to be consistently monitored.
[16] *eCC Quick Reference Guide*, page 8, October 20, 2009.
[17] We analyzed a statistical sample of 115 complaints lodged from April 1, 2011 through March 31, 2012, and found that 86 (or 75 percent) had inadequate resolution notes. See Appendix B for more details on this sample.

feedback on the Postal Service's resolution of customer complaints into the eCC system. Such information could help reduce the number of repeat complaints and improve efficiency and customer service.

Although the Postal Service has taken action to address some of these eCC system deficiencies and data issues, additional information would be valuable in assessing eCC performance and long-term user needs. For example, data on the number of daily users, how many of them are logging onto the system simultaneously, and their wait times would let the Postal Service know whether the system needs additional capacity and is meeting its performance targets. Furthermore, identifying the enhancements needed based on the eCC system's current functionality would help users and IT staff develop appropriate system modifications and updates. Without this information, system performance issues may remain, which could result in the Postal Service not meeting its targets for closing customer complaints, incurring additional costs from not handling complaints efficiently, and having aggrieved customers whose complaints were not handled in a timely manner.

Recommendations

We recommend the vice president, Consumer and Industry Affairs:

1. Develop a strategy for reducing the number of repeat complaints that would include specific actions to:

▪   Update and implement procedures to incorporate customer feedback on the Postal Service's resolution of customer complaints into the Enterprise Consumer Care system.

▪   Finalize updates to policies and procedures for collecting, analyzing, and resolving customer complaints to include guidance for conducting quality control reviews and performing customer follow-up surveys; and, in the interim, require staff to follow the current policies for conducting quality control reviews and performing customer follow-up surveys.

2. Identify deficiencies and desired enhancements for the Enterprise Consumer Care system and take necessary action to notify the Information Technology department.

We recommend the vice president, Consumer and Industry Affairs, and the vice president, Information Technology:

3. Develop a mechanism for tracking Enterprise Consumer Care system usage and wait times and ensure that current archiving processes and system outage records are continued.

Management's Comments

Management agreed with the findings, recommendations, and monetary impact. Regarding recommendation 1, management stated it will provide additional guidance on the timely resolution of complaints to areas and districts. This will include recommendations and best practices focused on resolving issues including customer follow up. Management trained district Consumer and Industry Contact managers during FY 2012 on the appropriate resolution of complaints and plans to provide additional training by January 31, 2013.

Regarding recommendation 2, management stated it is currently evaluating the eCC system to identify deficiencies and improvements and will evaluate the projected cost of system changes and prioritize needed changes by September 30, 2013.

Regarding recommendation 3, management stated that the Postal Service's IT group will develop a process to measure actual daily concurrent users and will measure usage against system limitations. IT will also add additional monitoring to detect performance issues by September 30, 2013.

See Appendix C for management's comments in their entirety.

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendations in the report.

The OIG considers all recommendations significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendix A: Additional Information

Background

The Postal Service's ability to collect, process, and resolve customer complaints is key to retaining customers and increasing revenue. The Postal Service receives numerous complaints from business and residential customers each year. The Postal Service received about 3 million complaints in FY 2011 from residential and small business customers on issues such as non-delivered mail, poor customer service, and misdelivered mail.

Each day, millions of transactions occur between the Postal Service and its customers, mostly through mail delivery to their homes or businesses or visits to post offices. Postal Service customers can initiate complaints about these transactions or other issues through a variety of mechanisms, such as USPS.com; the 1-800-ASK-USPS Customer Contact Center; the local Post Office; or through congressional representatives and letters, and publishers. Unless the complaint can be handled and resolved immediately, it must be entered into the eCC system within 24 hours of receipt. Generally,[18] customer complaints are routed to a designated Post Office based on the customer's zip code. Postal Service guidelines require responses to customer complaints to be issued within required timeframes.[19] If the Post Office has not resolved a complaint after two customer contacts, it is forwarded to the DCA office. The DCA office is responsible for:

- Responding to customer complaints, inquiries, and suggestions.

- Coordinating the collection, tracking, and analyzing of customer issues and making recommendations for corrective action.

- Overseeing district compliance with policies.

- Reporting complaint trends to the district marketing manager.

Objective, Scope, and Methodology

Our objective was to evaluate the effectiveness of Postal Service policies and procedures for handling customer complaints. We also evaluated corrective actions taken as a result of an OIG audit report issued July 10, 2009.[20]

---

[18] Exceptions include requests for verbal information related to ZIP Codes, postage rates, mail matter dimensions, products and services, telephone numbers, track and confirm, and hours and locations; calls for other personnel/departments; procedures for filing claims (including money orders); and congressional inquiries involving personnel issues of any kind.

[19] Internet, telephone calls, and walk-ins require resolution within 3 business days; congressional inquires require resolution within 7 business days; letters require resolution within 10 business days; and Publication Watch requires resolution within 9-36 business days.

[20] *Customer Complaints* (Report Number MS-AR-09-009, dated July 10, 2009).

To accomplish our objective we:

▪ Reviewed customer complaint policies, procedures, and processes.

▪ Interviewed headquarters, area, district, and local Post Office officials.

▪ Reviewed the eCC system for storing and tracking customer complaints and analyzed eCC data on customer inquiries for the period April 1, 2011 to March 31, 2012.

▪ Reviewed customer satisfaction data from other applicable systems, including CEM.

We conducted this performance audit from January through September 2012 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We discussed our observations and conclusions with management on August 9, 2012, and included their comments where appropriate.

We assessed the reliability of eCC data by testing for missing data, outliers, and errors. We also tested a random sample of repeat complaints for accuracy and traced a complaint to the local Post Office for completeness. We also interviewed agency officials knowledgeable about the data. We determined the data were sufficiently reliable for the purposes of this report.

To determine repeat complaints, we obtained data on customer inquiries from the eCC system from April 1, 2011 through March 31, 2012. The data contained 3.4 million inquires in five categories: compliments, information, suggestions, unknown, and problems. Through our analysis of the data and subsequent discussions with Postal Service officials, we determined that the 'problem' category had the most customer complaints (about 3 million). We then sorted the complaints into two categories: (1) those handled at the local Post Office and district levels; and (2) those we determined were made by the same individuals by matching customer names, addresses, and telephone numbers. We reviewed the data to identify which consecutive complaints were filed within 31 days either on or after the due date or the resolved date of the previous complaint. We then analyzed a statistical sample of these resulting complaints and determined that about 180,418 were repeat complaints.[21]

---

[21] To obtain our number of 180,418 repeat complaints we analyzed a statistical sample of 115 complaints extracted from our universe of 201,438 potential duplicate complaints and reviewed case notes to find that 103 (or 89.6 percent) were determined to be duplicate). We multiplied the 89.6 percent by our universe of 201,438, which gave us 180,418 repeat complaints.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact
Allegations Concerning Operations and Service in the Philadelphia Customer Service District	NO-MA-09-001	March 30, 2009	None

Report Results: The Philadelphia Customer Service District experienced periods of increased customer complaints from October 2007 through December 2008. While many allegations were not substantiated, the negative exposure can still be detrimental to the Postal Service's brand/image and damaging to its reputation. Management agreed with our findings and recommendations.

Report Title	Report Number	Final Report Date	Monetary Impact
Customer Complaints	MS-AR-09-009	July 10, 2009	None

Report Results: The Postal Service did not resolve all complaints closed as required. DCA officials and Post Office employees closed complaints without resolving issues because they did not want their assigned cases to appear on the *Overdue Service Issue Record* report. Established policies did not make it mandatory for management to provide oversight by performing quality control reviews of closed cases as required. Management agreed with our findings and recommendations.

Appendix B: Monetary Impacts

Monetary Impacts

Recommendation	Impact Category	Amount
1	Questioned Costs[22]	$8.8 million
1	Funds Put to Better Use[23]	$17.6 million

We estimated that the cost of handling repeat complaints added about $8.8 million in unnecessary costs for the Postal Service during the 12-month period from April 1, 2011 through March 31, 2012. To do so, we first estimated the time it took for Postal Service staff at local Post Office and district levels to handle repeat complaints:

- *Local Post Office officials* – the Postal Service estimated the average time to handle a complaint was 55 minutes (or 0.92 hours).

- *District staff* – we calculated 1.5 workhours, on average, per complaint by dividing the total number of complaints handled by district employees by the number of hours worked.

We then multiplied the average hours spent handling complaints by the number of complaints handled by each local post office (102,838) and by the district office (77,580) over this 12-month period (see Table 3). Then we calculated the average hourly pay rate of a bargaining unit clerk to handle these complaints to be $41.82 per hour. We then multiplied the total hours spent handling customer complaints by this average hourly pay rate. In summary, it cost the Postal Service about $8.8 million ($4.87 million at the district level and $3.96 million at the local Post Office level) to handle customer complaints during that time.

Table 3. Estimated Staff Costs for Handling Repeat Customer Complaints, April 1, 2011 through March 31, 2012

	District Office	Local Post Office
Average hours spent per complaint	1.50	0.92
Number of complaints	77,580	102,838
Subtotal – hours spent handling complaints	116,370	94,611
Average hourly pay rate*	$41.82	$41.82
Estimated Staff Cost	**$4,866,593**	**$3,956,632**

Source: OIG estimate based on Postal Service data.
*Average Pay Rate for bargaining unit clerk.

---

[22] Unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, or contract. May be recoverable or unrecoverable. Usually a result of historical events.
[23] Funds that could be used more efficiently by implementing recommended actions.

We then estimated that the Postal Service would have incurred similar costs of $8.8 million for the 12-month period that included the first 6 months of FY 2011 (October 1, 2010 to March 31, 2011) and the last 6-month period of FY 2012 (April 1 to September 31, 2012). Thus, we designated $17.6 million in total costs ($8.8 for a 12-month period and $17.6 million for a 24-month period) as funds that could have been put to better use.

Appendix C: Management's Comments

UNITED STATES POSTAL SERVICE

September 5, 2012

Lucine M. Willis
Director, Audit Operations
1735 North Lynn Street
Arlington, VA 22209-2020

SUBJECT: Draft Audit Report—Customer Complaint Resolution Process
(Report Number MS-AR-12-DRAFT)

Management agrees with the Office of the Inspector General's conclusions that opportunities for improvement in the Postal Service's policy and procedures and for handling residential and small business customer complaints exist and that the Enterprise Customer Care (eCC) system could be enhanced to improve the tracking and resolutions of customer complaints.

Management has been reviewing the current complaint processes and agrees that repeat complaints are not only costly; but also do not promote a positive customer experience. The Office of the Inspector General calculated the costs of handling repeat complaints as $8.8 million for a 12 month period ($17.6 million for a 24 month period). This cost estimate presumes that the time needed to handle a repeat complaint is approximately equal to the average time needed to handle a complaint. However, under this assumption, we do not disagree with the estimated costs of handling repeat complaints.

Recommendation 1:

Develop a strategy for reducing the number of repeat complaints that would include specific actions to:

- Update and implement procedures to incorporate customer feedback on the Postal Service's resolution of customer complaints into the Enterprise Consumer Care system.
- Finalize updates to policies and procedures for collecting, analyzing, and resolving customer complaints to include guidance for conducting quality control reviews and performing customer follow-up surveys; and, in the interim, require staff to follow the current policies for conducting quality control reviews and performing customer follow-up surveys.

475 L'Enfant Plaza SW
Washington DC 20260

Page 1 of 3

Management Response/Action Plan:

Management agrees with this recommendation. The Postal Service intends to provide additional guidance and instruction to the Areas and Districts on the proper and timely resolution to the customer complaints raised in the eCC system. This will include recommendations and best practices focusing on resolving issues including appropriate follow up with customers on the quality of the resolution. We trained district Consumer and Industry Contact Managers during FY2012 on the appropriate resolution of eCC complaints and plan to provide additional training in FY2013.

Target Implementation Date:

January 2013

Responsible Official:

Laurie Timmons, Consumer Advocate and manager, Customer Relations

Recommendation 2:

Identify deficiencies and desired enhancements for the Enterprise Consumer Care system and take necessary action to notify the Information Technology department.

Management Response/Action Plan:

Management agrees with this recommendation. The Postal Service is currently evaluating the Enterprise Customer Care system to identify deficiencies and potential enhancements to improve functionality. Based on this assessment and an evaluation of the projected cost of system changes, the Postal Service will prioritize needed changes.

Target Implementation Date:

September 2013

Responsible Official:

Ivonne Gonzalez, manager, Customer Engagement and Strategic Alignment

Recommendation 3:

Develop a mechanism for tracking Enterprise Consumer Care system usage and wait times and ensuring that current archiving processes and system outage records are continued.

Management Response/Action Plan:

Management agrees with this recommendation. USPS IT will develop a ROM to measure actual daily concurrent users. After program development, concurrent daily users will be measured against stress test limits. With the migration to new servers and infrastructure IT will add additional monitoring to detect performance issues. Archiving began in January 2012 as part of the effort to improve performance and will continue. Outage reporting started in April of 2012 and will continue.
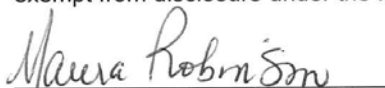
Target Implementation Date:
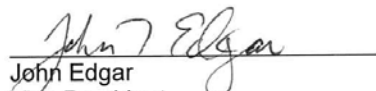
September 2013

Responsible Official:

Hadi Alsegaf, manager, HR/Enabling Business Relationship Management

This report and management's response do not contain information that may be exempt from disclosure under the FOIA.

Maura Robinson
Vice President
Consumer and Industry Affairs

John Edgar
Vice President
Information Technology

cc: Ronald Stroman
    Joseph Corbett
    Sally Haring

Page 3 of 3