



# OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

## Premier Office Program

## Management Advisory Report

Report Number  
MS-MA-15-008

August 26, 2015





# OFFICE OF INSPECTOR GENERAL

## UNITED STATES POSTAL SERVICE

### Highlights

***The primary goals of the Premier Office program are to improve the customer experience and cost efficiency and to maximize revenue.***

### Background

The U.S. Postal Service has a national retail network of about 32,000 post offices. In 2013, the Postal Service selected 3,088 of these offices to be part of its newly created Premier Office program. The primary goals of this program are to improve the customer experience and cost efficiency and to maximize revenue.

Participating offices were selected based on revenue and geographic location to ensure that all areas of the country had access to a Premier Office. These offices represented about 10 percent of post offices and \$5.2 billion (46 percent) of total Post Office revenue in fiscal year 2014. The Postal Service plans to expand the program in the future to improve customer service in other offices.

Our initial objective – developed in conjunction with Postal Service management – was to identify characteristics of successful Premier Offices that other post offices could implement. Our subsequent analysis did not identify consistent characteristics of successful Premier Offices. We then focused our analysis, including our accompanying survey of Premier Office managers, on potential program improvements.

### What the OIG Found

The Postal Service has opportunities to improve the Premier Office program. First, the Postal Service lacks a comprehensive methodology for evaluating program performance. Currently, Premier Office program performance is measured using a customer service survey. Although survey results are important, this one indicator is not sufficient to measure program effectiveness. For example, two key program goals – revenue and cost efficiency – are not considered and other data which reflect key aspects of the customer experience are not included in the measurement. Creating a robust methodology that factors in this key information would help the Postal Service better evaluate the program's success and allow it to more effectively distribute program resources.

Second, the physical appearance of customer service areas at certain offices was lacking – some had visible cosmetic deficiencies such as chipped countertops and broken glass, and others had appearance issues, such as empty retail displays and litter. Management at half of the offices we visited (12 of 24) did not know they could request repair and alteration funds as part of the program. Since lobby appearance can improve overall customer experience, the Postal Service should better communicate procedures for funding repairs and alterations at these offices.



# OFFICE OF INSPECTOR GENERAL

## UNITED STATES POSTAL SERVICE

Our survey also provided the following information on the program:

- *Significant program awareness* – nearly all managers (98 percent) were at least somewhat familiar with the program.
- *Positive customer impact* – 63 percent of the managers believe the program assisted in improving overall customer satisfaction and experiences.
- *Moderate efficiency impact* – 57 percent of managers believe the program had a positive effect on improving sales and service associate efficiency.
- *Moderate revenue impact* – 42 percent of managers believe the program had a positive effect on increasing revenue.
- *Notable staffing concerns* – 26 percent of managers identified staffing concerns in their responses.

While we are not making recommendations based on these survey results, managers can use them when developing program improvements. We will conduct future work on specific aspects of the program's effectiveness.

### What the OIG Recommended

We recommended the Postal Service develop a more robust methodology for evaluating program performance that includes customer experience, cost efficiency, and revenue metrics; and better communicate procedures for requesting funds for repairs and alterations.


# Transmittal Letter



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

August 26, 2015

**MEMORANDUM FOR:** KELLY M. SIGMON  
VICE PRESIDENT, RETAIL AND CUSTOMER SERVICE  
OPERATIONS

E-Signed by Janet Sorensen  
VERIFY authenticity with eSign Desktop  


**FROM:** Janet M. Sorensen  
Deputy Assistant Inspector General  
for Revenue and Resources

**SUBJECT:** Management Advisory Report – Premier Office Program  
(Report Number MS-MA-15-008)

This report presents the results of our review of the Premier Office Program  
(Project Number 15RR002MS000).

We appreciate the cooperation and courtesies provided by your staff. If you have any  
questions or need additional information, please contact Joe Wolski, director, Retail, Sales,  
and International, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management



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# Findings

***The Premier Office program aligns with leading organizations that continually look at ways to improve and enhance retail operations, revenue, and customer experiences, particularly at their high-revenue, high-traffic locations.***

## Introduction

This report presents the results of our review of the Premier Office Program (Project Number 15RR002MS000). This project was developed in coordination with U.S. Postal Service management. Our initial objective was to identify characteristics of successful Premier Offices that other post offices could implement. Our subsequent analysis did not identify consistent characteristics of successful Premier Offices. We then focused our analysis, including our accompanying survey of Premier Office managers, on potential program improvements. See [Appendix A](#) for additional information about this review.

The Postal Service has a national retail network of about 32,000 post offices. In 2013, the Postal Service created the Premier Office program as part of its Delivering Results, Innovation, Value, and Efficiency (DRIVE) initiative<sup>1</sup> to make postal products and services more accessible to customers. The Postal Service planned to use the program to focus limited resources on select post offices with high customer traffic. The primary goals of the program are to improve the customer experience and cost efficiency and maximize revenue.

The Postal Service selected 3,088 offices based on their revenue geography. These offices represented about 10 percent of post offices and \$5.2 billion (46 percent) of total Post Office revenue in fiscal year (FY) 2014.

The Postal Service's Retail and Customer Service Operations group manages the Premier Office program. Each office was certified through a three-level process, focusing on various aspects of the retail experience such as lobby appearance, product replenishment and availability, improving sales skills, and employee professionalism. Offices are also expected to complete daily, weekly, monthly, quarterly, and annual tasks, although there is no regular reporting requirement. Examples of these tasks include visually inspecting Self-Service Kiosks (SSK) to ensure that no tampering has occurred, ensuring that Sales and Service Associates (SSA) are in full uniform with visible name tags, and requiring the postmaster or managers to conduct two or three customer business engagements each month based on office level.

The Premier Office program aligns with leading organizations<sup>2</sup> that continually look at ways to improve and enhance retail operations, revenue, and customer experiences, particularly at their high-revenue, high-traffic locations. Identifying program improvements will be particularly useful to the Postal Service as it plans to expand the program in the future to improve customer service in other offices.

## Conclusion

The Postal Service has opportunities to improve the Premier Office program. First, the Postal Service lacks a comprehensive methodology for evaluating program performance. Currently, Premier Office program performance is measured using the results of its customer service survey. Although survey results are important, this one indicator is not sufficient to measure program effectiveness. For example, two key program goals – revenue and cost efficiency – are not considered. Additionally, other data (such as Wait-Time-in-Line [WTIL] scores), which reflect key aspects of the customer experience, are not included in the measurement. Creating a robust methodology that factors in this key information would help the Postal Service better evaluate the program's success and allow it to more effectively distribute program resources.

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<sup>1</sup> DRIVE is a management process the Postal Service uses to improve business strategy, development, and execution. DRIVE initiatives include cost cutting, revenue generation, and capability enhancement. The Premier Office program directly relates to DRIVE Initiative 3, *Transform Access*.

<sup>2</sup> Leading practices based on a review of annual reports and articles for Wal-Mart, Costco, Walgreens, and McDonald's.

Second, the physical appearance of customer service areas at certain offices was lacking. Some had visible cosmetic deficiencies such as chipped countertops and broken glass and others had general appearance issues such as empty retail displays and litter. Management at half of the offices we visited (12 of 24) did not know they could request repair and alteration funds as part of the program. Managers we surveyed<sup>3</sup> from Premier Offices echoed these concerns about the appearance of their offices. Since lobby appearance can improve overall customer experience, the Postal Service should better communicate its procedures for funding repairs and alterations at these offices.

Finally, responses to our survey of Premier Office managers provided additional information on the program, including:

- *Significant program awareness* – nearly all managers (98 percent) were at least somewhat familiar with the program.
- *Positive customer impact* – 63 percent of managers believe the program assisted in improving overall customer satisfaction and experiences.
- *Moderate efficiency impact* – 57 percent of managers believe the program had a positive effect on improving SSA efficiency.
- *Moderate revenue impact* – 42 percent of managers believe the program had a positive effect on increasing revenue.
- *Notable staffing concerns* – 26 percent of managers identified staffing concerns in their narrative responses.

While we are not making recommendations based on these survey results, managers can use them when developing program improvements.

## Highly Successful Versus Less Successful Premier Offices

We found no consistent characteristics to distinguish between highly successful and less successful Premier Offices based on our data analysis and site visits. Specifically, in an attempt to gauge the success of a Premier Office, we evaluated Postal Service data on 10 metrics according to the three Premier Office program goals in consultation with Premier Office management. The ten metrics are as follows:

- Customer experience metrics
  - Average Retail Customer Experience (RCE) WTIL
  - RCE Image Score
  - RCE Promotion and Merchandising Score
  - RCE Overall Score
  - Point-of-Sale (POS) Survey Results (percent checking the top 2 box to the overall satisfaction question)

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<sup>3</sup> We worked with the Postal Service to survey management at all Premier Offices to capture insights on the program. Of the 3,088 Premier Offices, we received responses from 1,659 (a response rate of 54 percent). The survey results are summarized in this report and in [Appendix C](#).

#### ■ Cost efficiency metric

- *Window Operations Survey (WOS) Hours Earned Compared to Actual Hours*

#### ■ Revenue metrics

- Walk-In Revenue
- SSK Revenue
- Revenue Per Transaction
- Consumer Products Revenue (*Philatelic, Packaging Products, and Retail Merchandise*)

We then performed a regression analysis<sup>4</sup> to identify any relationship between these metrics. Our regression analysis did not identify any significant relationships between the metrics and found no consistencies between highly successful and less successful Premier Offices.

We visited 24 Premier Offices, including highly successful and less successful offices in rural and metropolitan areas based on our data analysis from above (see [Appendix D](#) for details on our methodology for selecting these sites). We found no consistent characteristics that determined an office's level of success.

During this fieldwork, however, we identified ways to improve the program, as described below.

### Evaluating Premier Office Program Performance

The Postal Service lacks a comprehensive methodology for evaluating Premier Office program performance. Currently, the Postal Service uses its POS survey scores to evaluate Premier Office performance. Although survey results are important, this one indicator is not sufficient to measure program effectiveness. For example, two key program goals – revenue and cost efficiency – are not considered. Additionally, other data, such as WTIL scores, which reflect key aspects of the customer experience, are not included in the measurement. The Postal Service has a variety of customer service, revenue, and cost efficiency data it could use to monitor program performance – data that more comprehensively aligns with program goals. Creating a robust methodology that factors in this information would help the Postal Service better evaluate the program's success and allow it to more effectively distribute program resources.

### Premier Office Repairs and Alterations

During site visits we observed that the physical appearance of customer service areas at certain offices was lacking. Some offices had cosmetic deficiencies such as chipped countertops and broken glass and others were untidy, with empty retail displays and littered areas (see [Figure 1](#)).

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<sup>4</sup> A statistical tool for investigating relationships between variables to determine the causal effect of one variable on another. We used regression analysis to determine if there was any relationship among various customer experience, cost efficiency, or revenue metrics.



## Figure 1. Deficiencies in Select Premier Offices' Appearances

***Some offices had cosmetic deficiencies such as chipped countertops and broken glass and others were untidy, with empty retail displays and littered areas.***

Source: U.S. Postal Service Office of Inspector General (OIG) photos taken in May 2015.

***We found nearly  
all respondents  
(98 percent) were at  
least somewhat familiar  
with the program.***

We also received several survey responses that supported our observations<sup>5</sup> such as:

Hover over a person to reveal staffing-related  
comments received from the survey narratives.

The Premier Office program emphasizes maintaining a clean and customer-friendly appearance. Recognizing the importance of a well-kept facility, Postal Service Headquarters established a fund for repairs and alterations at Premier Offices and spent about \$5.4 million in FY 2014 and \$2.1 million in the first 8 months of FY 2015 (through May 2015). Management at half of the offices we visited (12 of 24) did not know they could request repair and alteration funds as part of the program. Since lobby appearance can improve overall customer experience, the Postal Service should better communicate its procedures for funding repairs and alterations at these offices.

## Survey Results

In coordination with Postal Service Headquarters officials, we surveyed management at the 3,088 Premier Offices to capture a broader perspective of program performance. We received 1,659 responses (a 54 percent response rate). See [Appendix C](#) for a summary of the results. We found nearly all respondents (98 percent) were at least somewhat familiar with the program (see [Figure 2](#)) and:

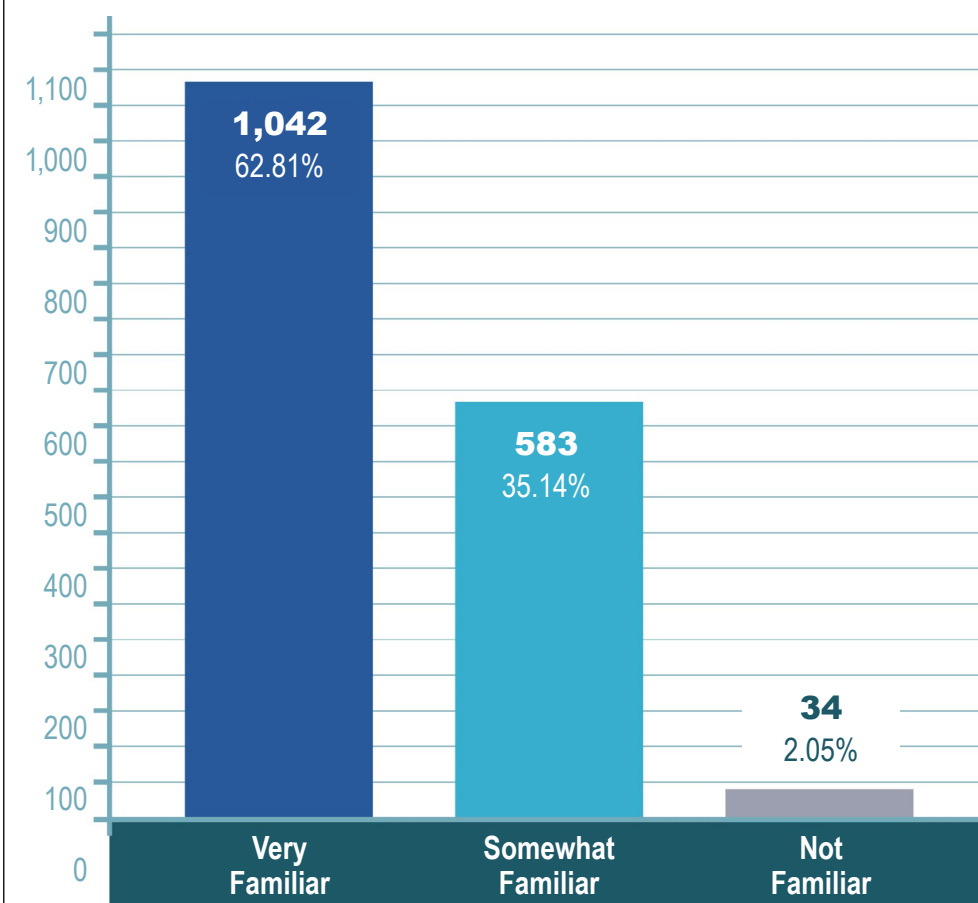
- Sixty-three percent believe the program assisted in improving overall customer satisfaction and experiences (see [Figure 3](#)).
- Fifty-seven percent believe the program had a positive effect on improving SSA efficiency (see [Figure 4](#)).
- Forty-two percent believe the program had a positive effect on increasing revenue (see [Figure 5](#)).

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<sup>5</sup> Quotes throughout this report are as submitted by survey respondents, including spellings, abbreviations, and acronyms.

**Figure 2: Familiarity With the Premier Office Program**

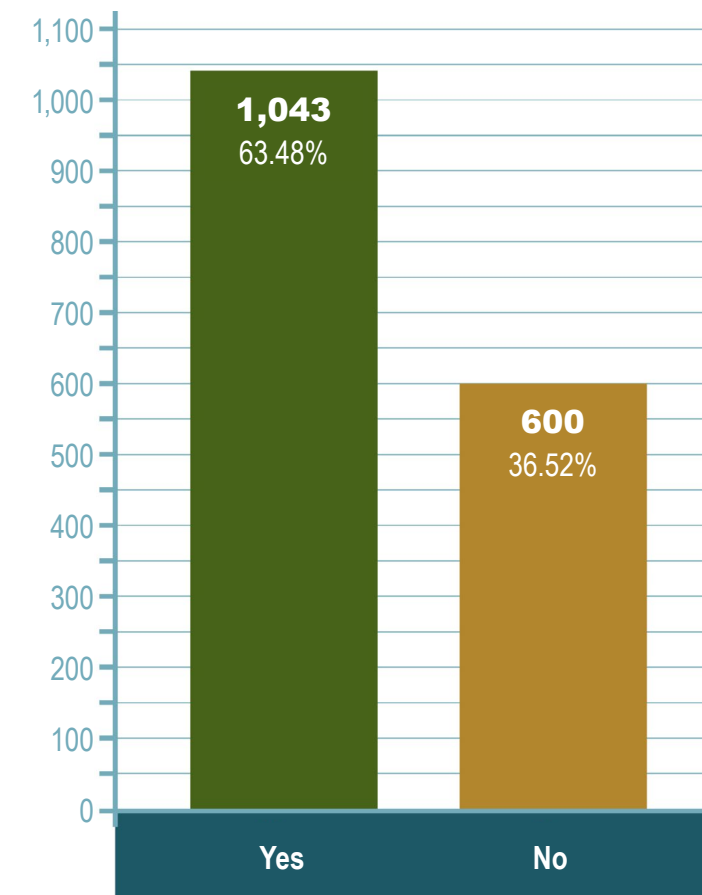
1. What is your familiarity with the Premier Office program?



Source: OIG Premier Office survey results.

**Figure 3: Premier Office Program Assistance in Improving Overall Customer Satisfaction and Experiences**

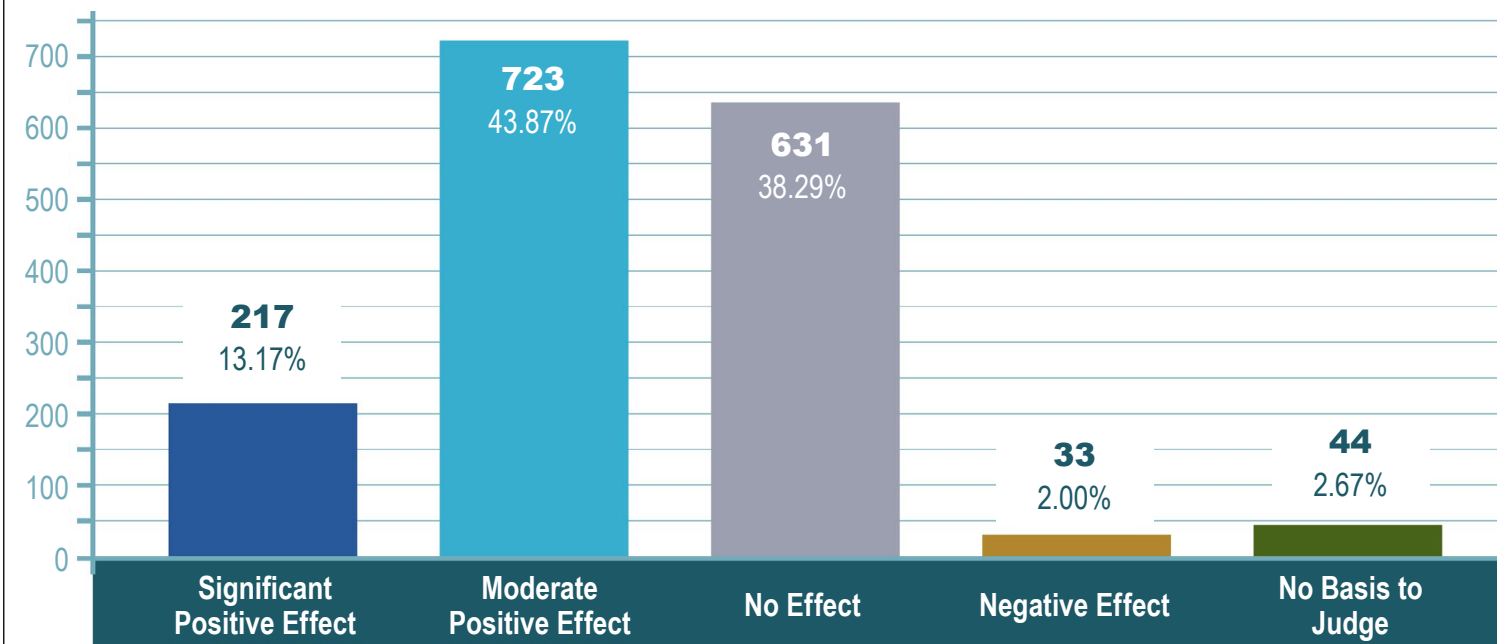
6. Do you think the Premier Office program has assisted in improving overall customer satisfaction and experience?



Source: OIG Premier Office survey results.

**Figure 4: Premier Office Program Effect on SSAs' Efficiency**

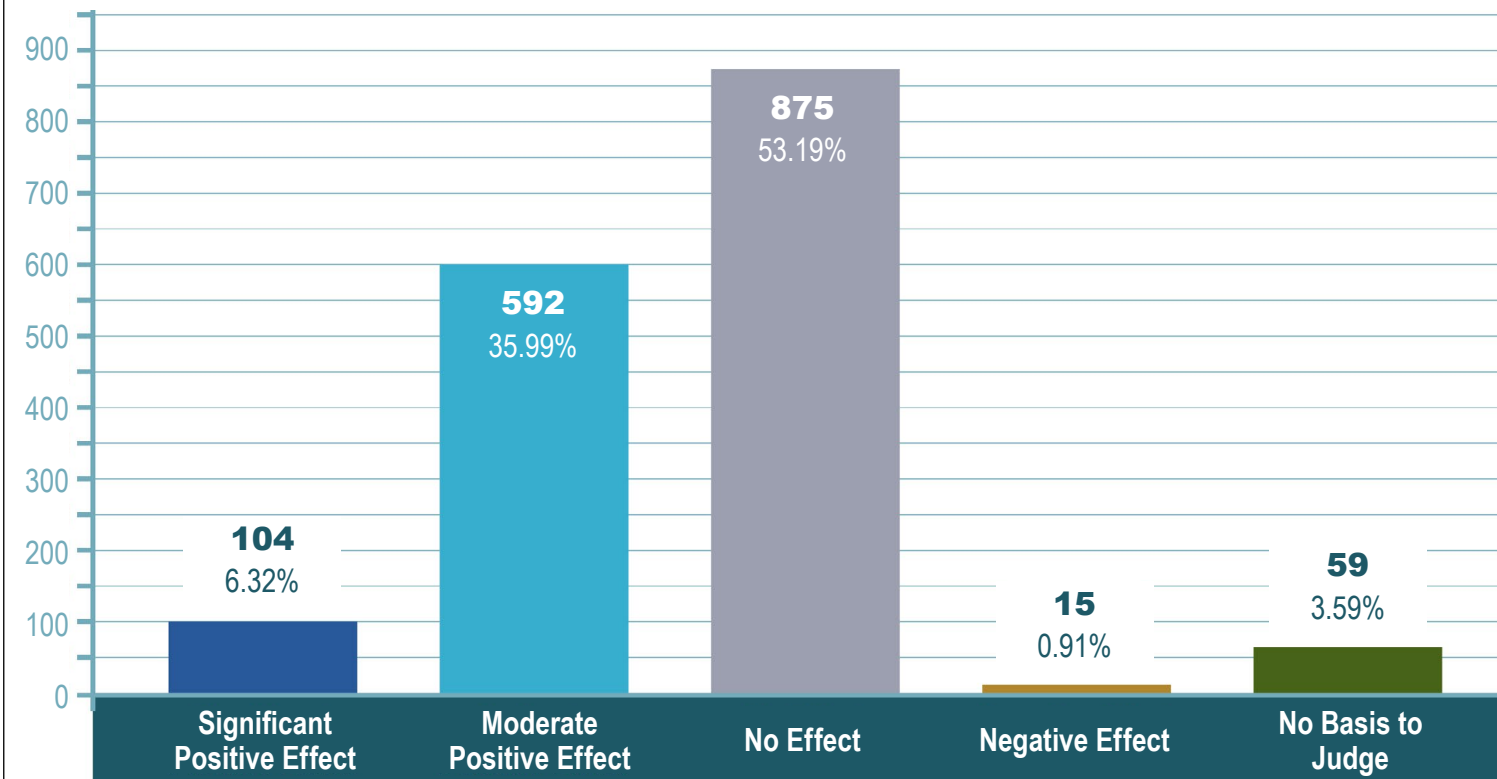
3. What effect has the Premier Office program had on your office for the following attribute?  
d. Improved SSA efficiency.



Source: OIG Premier Office survey results.

**Figure 5: Premier Office Program Effect on Increasing Revenue**

3. What effect has the Premier Office program had on your office for the following attribute?  
a. Revenue increase.



Source: OIG Premier Office survey results.

In addition, 205 of the 779 responses to question 7<sup>6</sup> (26 percent) raised concerns about staffing. Many comments in the narrative portions of the survey corroborated these concerns, which were also brought up at 11 of the 24 sites we visited.

The following illustrate staffing related comments received from the survey narratives:

The narratives also provided opportunity for positive feedback on the Premier Office program:

Although we are not making recommendations based on the survey results, program managers should take this information into account as they continue to develop program improvements.

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6 Question 7 was “What actions do you suggest that would help enhance the performance of less successful Premier Offices?”



# Recommendations

***We recommend  
management develop a  
more robust methodology  
and better communicate  
procedures for  
requesting funds.***

We recommend the vice president, Retail and Customer Service Operations:

1. Develop a more robust methodology for evaluating program performance that includes customer experience, cost efficiency, and revenue metrics.
2. Better communicate procedures for requesting funds for repairs and alterations.

## Management's Comments

Management agreed with the findings and recommendations.

Regarding recommendation 1, management agreed that they need a more detailed methodology for evaluating program performance. Management is creating a report to show operational and customer experience metrics. This Premier Office scorecard will have revenue, performance, and RCE metrics for all participating offices; and allow for evaluation at the national, area, and district levels. Management's target implementation date for these actions is September 30, 2015.

Regarding recommendation 2, management agreed that they need better communication procedures in order for post offices to get repairs to customer lobby areas. Management recognized that they need additional funding for and better communication regarding lobby maintenance and plans to send out specific communication to all postmasters and managers requesting a response for funding for itemized lobby repairs. Management's target implementation date for the communication is October 31, 2015, with repairs to be completed by September 30, 2016.

See [Appendix E](#) for management's comments in their entirety.

## Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report.

# Appendices

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## Appendix A: Additional Information

### Background

The Postal Service has about 32,000 post offices, which are the foundation of its nationwide retail network. In the spring of 2013, the Postal Service selected 3,088 of these offices to be in its newly created Premier Office program. The Postal Service developed this program as part of a broader DRIVE initiative to make postal products and services more accessible to customers. The primary goals of this program are to improve the customer experience and cost efficiency and to maximize revenue. To accomplish these goals offices were required to complete three levels of certification:

- Bronze - Organize lobby appearance and cleanliness, focus on product replenishment and availability, and perform service talks on courtesy.
- Silver - Enhance lobby processes, train employees to improve sales skills and customer interactions, conduct district site visits for additional lobby recommendations, provide lobby assistance where possible, and establish SSK processes and best practices.
- Gold - Promote Postal Service brand image through employee professionalism, refine for consistent positive lobby environment, have SSAs and local managers provide onsite leadership and ownership, organize lobby processes to streamline customer traffic, and implement sales skills best practices.

While it is critical to ensure a good customer experience at all post offices, the intent of the Premier Office program is to focus the Postal Service's limited resources on offices with high customer traffic. Sites were chosen to provide geographic coverage throughout the country and categorized into three tiers based on their annual revenue.

The offices selected represent about 10 percent of post offices and \$5.2 billion (46 percent) of FY 2014 total Post Office revenue. The Postal Service plans to expand the program in the future to improve customer service at other offices.

### Objective, Scope, and Methodology

Our initial objective was to identify characteristics of successful Premier Offices that other post offices could implement. Our subsequent analysis did not identify consistent characteristics of successful Premier Offices. We then focused our analysis on potential program improvements.

To accomplish our objective, we:

- Reviewed the history of the Premier Office program, including interviewing the program coordinator at Postal Service Headquarters.
- Surveyed managers at all of the 3,088 Premier Offices to get their thoughts about the program. The survey received a response rate of 54 percent (see [Appendix B](#) for survey questions and [Appendix C](#) for a summary of survey results).
- Ranked Premier Offices according to various metrics to determine highly successful and less successful offices (see [Appendix D](#) for additional details).

- Conducted site visits at 24 Premier Offices where we observed customer service and employee areas and held discussions with management and SSAs (see [Appendix D](#) for details on our methodology for selecting these site visits).
- Performed a regression analysis to determine if there was any relationship among various customer experience, cost efficiency, or revenue metrics.

We conducted this review from February through August 2015, in accordance with the Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation*. We discussed our observations and conclusions with management on July 28, 2015, and included their comments where appropriate.

We assessed the reliability of RCE, WOS, and POS survey data by reviewing assessments conducted in prior OIG reports and discussing the data with Postal Service officials. We determined that the data were sufficiently reliable for the purposes of this report.

## Prior Audit Coverage

| Report Title  | Report Number                | Final Report Date | Monetary Impact<br>(in millions) |
|---|------------------------------|-------------------|----------------------------------|
| <i>Window Retail Customer Service</i>   | <a href="#">MS-AR-15-001</a> | 1/29/2015         | None                             |
| <b>Report Results:</b> Our report found that an increasing number of Postal Service customers were dissatisfied with the service at retail facilities. While the Postal Service's goal was 90 percent customer satisfaction, in FY 2013, more than 20 percent of customers who responded to surveys stated they had been treated "worse than other retailers" at Postal Service retail counters. We recommended the Postal Service provide continual, formal customer service refresher training to sales associates to improve customer service; create a mandatory process for observing, tracking, and providing feedback on performance; and develop a plan to leverage POS customer survey results to improve customer service at retail counters. Management disagreed with recommendations 1 and 3 and agreed with recommendation 2. |                              |                   |                                  |
| <i>Retail Customer Service Management Alert</i>   | <a href="#">MS-MA-15-002</a> | 10/17/2014        | None                             |
| <b>Report Results:</b> Our report found that SSAs did not always inform customers about the availability and location of the POS survey link at the end of their transaction receipt and did not provide consistent guidance about the use and communication of POS survey information to area, district, and unit level offices. We recommended the Postal Service reinforce the requirement that SSAs inform customers of the availability and location of the POS survey link and provide guidance to the areas, districts, and units on using POS survey information to increase Postal Service customer satisfaction. Management agreed with both recommendations.   |                              |                   |                                  |
| <i>Retail Customer Experience Program</i>   | <a href="#">MS-AR-13-010</a> | 7/9/2013          | \$54.4                           |
| <b>Report Results:</b> Our report found that the Postal Service could improve the effectiveness of its RCE program by emphasizing customer satisfaction and revenue generation variables in its scoring system. We recommended the Postal Service reassess the RCE program to include additional emphasis on customer satisfaction and revenue generation. Management disagreed with our recommendation.  |                              |                   |                                  |

## Appendix B: Survey Questions



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

Office of Inspector General

USPS Premier Office Program  
(Project Number: 15RR002MS000)

The U.S. Postal Service Office of Inspector General is conducting this survey to collect information for a review of the USPS Premier Office program. Our objective is to identify characteristics of successful Premier Offices that could be implemented by other Post Offices to become more successful. As your office was identified as a Premier Office, your help completing this survey will provide valuable information to us and the Postal Service on this program.

Please complete the survey no later than June 12, 2015. If you have any questions, please contact Chad Stroup at [cstroup@uspsoig.gov](mailto:cstroup@uspsoig.gov) or 312-601-3918.

All of the survey replies are anonymous. If you would like to be contacted for additional information, please complete the contact information at the end of this survey.

1. What is your familiarity with the Premier Office program?

|                          |                   |
|--------------------------|-------------------|
| <input type="checkbox"/> | Very Familiar     |
| <input type="checkbox"/> | Somewhat Familiar |
| <input type="checkbox"/> | Not Familiar      |

2. What are your overall views of the effect of the Premier Office program on the performance of your office?

|                          |                             |
|--------------------------|-----------------------------|
| <input type="checkbox"/> | Significant Positive Effect |
| <input type="checkbox"/> | Moderate Positive Effect    |
| <input type="checkbox"/> | No Effect                   |
| <input type="checkbox"/> | Negative Effect             |
| <input type="checkbox"/> | No Basis to Judge           |





3. What effect has the Premier Office program had on your office for each of the attributes listed below?

| Attribute   | Significant Positive Effect | Moderate Positive Effect | No Effect | Negative Effect | No basis to Judge |
|---|-----------------------------|--------------------------|-----------|-----------------|-------------------|
| 3a. Revenue increase  |                             |                          |           |                 |                   |
| 3b. Improved customer experience                            |                             |                          |           |                 |                   |
| 3c. Improved POS scores                                     |                             |                          |           |                 |                   |
| 3d. Improved Sales and Service Associates' (SSA) efficiency |                             |                          |           |                 |                   |
| 3e. Improved SSA product knowledge                          |                             |                          |           |                 |                   |
| 3f. Improved the use of the lobby assistant                 |                             |                          |           |                 |                   |
| 3g. Mobile Point-of-Sale (mPOS) transactions                |                             |                          |           |                 |                   |
| 3h. Improved retail operations                              |                             |                          |           |                 |                   |
| 3i. Improved overall retail communications                  |                             |                          |           |                 |                   |

After all questions in number 3 are answered, open subsequent windows for each attribute where "Negative Effect" was checked, asking the following:

- 3a: Your response indicated "Negative Effect" for **Revenue increase**, please explain.  
3b: Your response indicated "Negative Effect" for **Improved customer experience**, please explain.  
3c: Your response indicated "Negative Effect" for **Improved POS scores**, please explain.  
3d: Your response indicated "Negative Effect" for **Improved Sales and Service Associates' (SSA) efficiency**, please explain.  
3e: Your response indicated "Negative Effect" for **Improved SSA product knowledge**, please explain.  
3f: Your response indicated "Negative Effect" for **Improved the use of the lobby assistant**, please explain.  
3g: Your response indicated "Negative Effect" for **Mobile Point-of-Sale (mPOS) transactions**, please explain.  
3h: Your response indicated "Negative Effect" for **Improved retail operations**, please explain.  
3i: Your response indicated "Negative Effect" for **Improved overall retail communications**, please explain.



4. To what extent do the following metrics reflect the success of a Premier Office?

| Attribute  | Significant Positive Effect | Moderate Positive Effect | No Effect | Negative Effect | No basis to Judge |
|--|-----------------------------|--------------------------|-----------|-----------------|-------------------|
| 4a. Retail Customer Experience – Wait Time in Line               |                             |                          |           |                 |                   |
| 4b. Retail Customer Experience – Image                           |                             |                          |           |                 |                   |
| 4c. Retail Customer Experience – Promotion and Merchandising     |                             |                          |           |                 |                   |
| 4d. Retail Customer Experience – Overall                         |                             |                          |           |                 |                   |
| 4e. POS, Question 1, “What was your overall satisfaction today?” |                             |                          |           |                 |                   |
| 4f. Windows Operations Survey Hours Earned vs. Actual            |                             |                          |           |                 |                   |
| 4g. Walk-in Revenue  |                             |                          |           |                 |                   |
| 4h. Self-Service Kiosk Revenue                                   |                             |                          |           |                 |                   |
| 4i. Revenue per Transaction                                      |                             |                          |           |                 |                   |
| 4j. Lobby assistant  |                             |                          |           |                 |                   |
| 4k. Mobile Point-of-Sale transactions                            |                             |                          |           |                 |                   |

5. What other metrics do you consider significantly reflect the success of a Premier Office?



6. Do you think the Premier Office program has assisted in improving overall customer satisfaction and experiences?

|                          |     |
|--------------------------|-----|
| <input type="checkbox"/> | Yes |
| <input type="checkbox"/> | No  |

6a. If yes to 6, what components have had the most impact? (Check all that apply)

|                          |                                       |
|--------------------------|---------------------------------------|
| <input type="checkbox"/> | Standardized Retail Process checklist |
| <input type="checkbox"/> | 5 S visual workplace methodology      |
| <input type="checkbox"/> | Package pick-up best practices        |
| <input type="checkbox"/> | Facilities Database certification     |
| <input type="checkbox"/> | Training                              |
| <input type="checkbox"/> | mPOS                                  |
| <input type="checkbox"/> | Lobby assistant                       |
| <input type="checkbox"/> | Deferred maintenance                  |

7. What actions do you suggest that would help enhance the performance of less successful Premier Offices?

|  |
|--|
|  |
|--|

8. Add any additional comments you have about the Premier Office program.

|  |
|--|
|  |
|--|



OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

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9. Contact Information (Voluntary)

**Post Office Name:** \_\_\_\_\_  
**Preparer Name:** \_\_\_\_\_  
**Preparer Title:** \_\_\_\_\_  
**Post Office Location:** \_\_\_\_\_  
**Telephone Number:** \_\_\_\_\_  
**Email Address:** \_\_\_\_\_

## Appendix C: Summary of Survey Responses

### Postmaster Survey

|  | Count        | Percent        |
|--|--------------|----------------|
| <b>1. What is your familiarity with the Premier Office program?</b>  |              |                |
| Very Familiar  | 1,042        | 62.81%         |
| Somewhat Familiar  | 583          | 35.14%         |
| Not Familiar   | 34           | 2.05%          |
| <b>Total Responses</b>   | <b>1,659</b> | <b>100.00%</b> |
| <b>2. What are your overall views of the effect of the Premier Office program on the performance of your office?</b> |              |                |
| Significant Positive Effect  | 293          | 17.65%         |
| Moderate Positive Effect   | 872          | 52.53%         |
| No Effect  | 411          | 24.76%         |
| Negative Effect  | 37           | 2.23%          |
| No Basis to Judge  | 47           | 2.83%          |
| <b>Total Responses</b>   | <b>1,660</b> | <b>100.00%</b> |
| <b>3. What effect has the Premier Office program had on your office for each of the attributes listed below?</b>     |              |                |
| <b>3a. Revenue increase</b>  |              |                |
| Significant Positive Effect  | 104          | 6.32%          |
| Moderate Positive Effect   | 592          | 35.99%         |
| No Effect  | 875          | 53.19%         |
| Negative Effect  | 15           | 0.91%          |
| No basis to Judge  | 59           | 3.59%          |
| <b>Total Responses</b>   | <b>1,645</b> | <b>100.00%</b> |
| <b>3b. Improved customer experience</b>  |              |                |
| Significant Positive Effect  | 297          | 18.02%         |
| Moderate Positive Effect   | 844          | 51.21%         |
| No Effect  | 440          | 26.70%         |
| Negative Effect  | 23           | 1.40%          |
| No basis to Judge  | 44           | 2.67%          |
| <b>Total Responses</b>   | <b>1,648</b> | <b>100.00%</b> |



|  | Count | Percent |
|--|-------|---------|
| <b>3c. Improved POS scores</b>                     |       |         |
| Significant Positive Effect                        | 161   | 9.78%   |
| Moderate Positive Effect                           | 668   | 40.58%  |
| No Effect  | 722   | 43.86%  |
| Negative Effect                                    | 36    | 2.19%   |
| No basis to Judge                                  | 59    | 3.58%   |
| Total Responses                                    | 1,646 | 100.00% |
| <b>3d. Improved SSA efficiency</b>                 |       |         |
| Significant Positive Effect                        | 217   | 13.17%  |
| Moderate Positive Effect                           | 723   | 43.87%  |
| No Effect  | 631   | 38.29%  |
| Negative Effect                                    | 33    | 2.00%   |
| No basis to Judge                                  | 44    | 2.67%   |
| Total Responses                                    | 1,648 | 100.00% |
| <b>3e. Improved SSA product knowledge</b>          |       |         |
| Significant Positive Effect                        | 275   | 16.70%  |
| Moderate Positive Effect                           | 762   | 46.27%  |
| No Effect  | 558   | 33.88%  |
| Negative Effect                                    | 11    | 0.67%   |
| No basis to Judge                                  | 41    | 2.49%   |
| Total Responses                                    | 1,647 | 100.00% |
| <b>3f. Improved the use of the lobby assistant</b> |       |         |
| Significant Positive Effect                        | 242   | 14.71%  |
| Moderate Positive Effect                           | 545   | 33.13%  |
| No Effect  | 639   | 38.84%  |
| Negative Effect                                    | 87    | 5.29%   |
| No basis to Judge                                  | 132   | 8.02%   |
| Total Responses                                    | 1,645 | 100.00% |

|   | Count        | Percent        |
|---|--------------|----------------|
| <b>3g. Mobile Point-of-Sale (mPOS) transactions</b>                                       |              |                |
| Significant Positive Effect   | 189          | 11.49%         |
| Moderate Positive Effect  | 521          | 31.67%         |
| No Effect   | 545          | 33.13%         |
| Negative Effect   | 136          | 8.27%          |
| No basis to Judge   | 254          | 15.44%         |
| <b>Total Responses</b>  | <b>1,645</b> | <b>100.00%</b> |
| <b>3h. Improved retail operations</b>   |              |                |
| Significant Positive Effect   | 204          | 12.42%         |
| Moderate Positive Effect  | 790          | 48.08%         |
| No Effect   | 570          | 34.69%         |
| Negative Effect   | 37           | 2.25%          |
| No basis to Judge   | 42           | 2.56%          |
| <b>Total Responses</b>  | <b>1,643</b> | <b>100.00%</b> |
| <b>3i. Improved overall retail communications</b>   |              |                |
| Significant Positive Effect   | 300          | 18.26%         |
| Moderate Positive Effect  | 863          | 52.53%         |
| No Effect   | 418          | 25.44%         |
| Negative Effect   | 25           | 1.52%          |
| No basis to Judge   | 37           | 2.25%          |
| <b>Total Responses</b>  | <b>1,643</b> | <b>100.00%</b> |
| <b>4.To what extent do the following metrics reflect the success of a Premier Office?</b> |              |                |
| <b>4a. RCE - Wait Time in Line</b>  |              |                |
| Significant Positive Effect   | 314          | 19.09%         |
| Moderate Positive Effect  | 619          | 37.63%         |
| No Effect   | 616          | 37.45%         |
| Negative Effect   | 56           | 3.40%          |
| No basis to Judge   | 40           | 2.43%          |
| <b>Total Responses</b>  | <b>1,645</b> | <b>100.00%</b> |

|   | Count        | Percent        |
|---|--------------|----------------|
| <b>4b. RCE - Image</b>  |              |                |
| Significant Positive Effect   | 559          | 33.94%         |
| Moderate Positive Effect  | 739          | 44.87%         |
| No Effect   | 300          | 18.21%         |
| Negative Effect   | 16           | .97%           |
| No basis to Judge   | 33           | 2.00%          |
| <b>Total Responses</b>  | <b>1,647</b> | <b>100.00%</b> |
| <b>4c. RCE - Promotion and Merchandising</b>                            |              |                |
| Significant Positive Effect   | 441          | 26.94%         |
| Moderate Positive Effect  | 742          | 45.33%         |
| No Effect   | 410          | 25.05%         |
| Negative Effect   | 10           | 0.61%          |
| No basis to Judge   | 34           | 2.08%          |
| <b>Total Responses</b>  | <b>1,637</b> | <b>100.00%</b> |
| <b>4d. RCE - Overall</b>  |              |                |
| Significant Positive Effect   | 392          | 23.96%         |
| Moderate Positive Effect  | 803          | 49.08%         |
| No Effect   | 386          | 23.59%         |
| Negative Effect   | 17           | 1.04%          |
| No basis to Judge   | 38           | 2.32%          |
| <b>Total Responses</b>  | <b>1,636</b> | <b>100.00%</b> |
| <b>4e. POS, Question 1, "What was your overall satisfaction today?"</b> |              |                |
| Significant Positive Effect   | 274          | 16.84%         |
| Moderate Positive Effect  | 774          | 47.57%         |
| No Effect   | 498          | 30.61%         |
| Negative Effect   | 18           | 1.11%          |
| No basis to Judge   | 63           | 3.87%          |
| <b>Total Responses</b>  | <b>1,627</b> | <b>100.00%</b> |

|   | Count        | Percent        |
|---|--------------|----------------|
| <b>f. Windows Operations Survey Hours Earned vs. Actual</b> |              |                |
| Significant Positive Effect                                 | 127          | 7.71%          |
| Moderate Positive Effect                                    | 551          | 33.45%         |
| No Effect   | 766          | 46.51%         |
| Negative Effect   | 143          | 8.68%          |
| No basis to Judge   | 60           | 3.64%          |
| <b>Total Responses</b>                                      | <b>1,647</b> | <b>100.00%</b> |
| <b>4g. Walk-in Revenue</b>                                  |              |                |
| Significant Positive Effect                                 | 150          | 9.13%          |
| Moderate Positive Effect                                    | 588          | 35.79%         |
| No Effect   | 826          | 50.27%         |
| Negative Effect   | 26           | 1.58%          |
| No basis to Judge   | 53           | 3.23%          |
| <b>Total Responses</b>                                      | <b>1,643</b> | <b>100.00%</b> |
| <b>4h. Self-Service Kiosk Revenue</b>                       |              |                |
| Significant Positive Effect                                 | 152          | 9.29%          |
| Moderate Positive Effect                                    | 471          | 28.77%         |
| No Effect   | 533          | 32.56%         |
| Negative Effect   | 22           | 1.34%          |
| No basis to Judge   | 459          | 28.04%         |
| <b>Total Responses</b>                                      | <b>1,637</b> | <b>100.00%</b> |
| <b>4i. Revenue per Transaction</b>                          |              |                |
| Significant Positive Effect                                 | 129          | 7.89%          |
| Moderate Positive Effect                                    | 596          | 36.45%         |
| No Effect   | 821          | 50.21%         |
| Negative Effect   | 20           | 1.22%          |
| No basis to Judge   | 69           | 4.22%          |
| <b>Total Responses</b>                                      | <b>16,35</b> | <b>100.00%</b> |

|  | Count        | Percent        |
|--|--------------|----------------|
| <b>4j. Lobby assistant</b>   |              |                |
| Significant Positive Effect  | 213          | 13.06%         |
| Moderate Positive Effect   | 570          | 34.95%         |
| No Effect  | 614          | 37.65%         |
| Negative Effect  | 61           | 3.74%          |
| No basis to Judge  | 173          | 10.61%         |
| <b>Total Responses</b>   | <b>1,631</b> | <b>100.00%</b> |
| <b>4k. mPOS transactions</b>   |              |                |
| Significant Positive Effect  | 166          | 10.17%         |
| Moderate Positive Effect   | 523          | 32.03%         |
| No Effect  | 595          | 36.44%         |
| Negative Effect  | 79           | 4.84%          |
| No basis to Judge  | 270          | 16.53%         |
| <b>Total Responses</b>   | <b>1,633</b> | <b>100.00%</b> |
| <b>6. Do you think the Premier Office program has assisted in improving overall customer satisfaction and experiences?</b> |              |                |
| Yes  | 1,043        | 63.48%         |
| No   | 600          | 36.52%         |
| <b>Total Responses</b>   | <b>1,643</b> | <b>100.00%</b> |
| <b>What components have had the most impact? (Check all that apply)</b>  |              |                |
| Standardized Retail Process checklist  | 591          | 18.71%         |
| 5 S visual workplace methodology   | 498          | 15.77%         |
| Package pick-up best practices   | 342          | 10.83%         |
| Facilities Database certification  | 172          | 5.45%          |
| Training   | 504          | 15.96%         |
| mPOS   | 377          | 11.94%         |
| Lobby assistant  | 447          | 14.15%         |
| Deferred maintenance   | 227          | 7.19%          |
| <b>Total Responses</b>   | <b>3,158</b> | <b>100.00%</b> |



## Appendix D: Methodology for Ranking Premier Offices and Selecting Site Visits

To try to gauge the success of a Premier Office, in consultation with Premier Office management, we selected Postal Service data on the 10 metrics below according to the three program goals.

### Goal: Customer Experience

1. *RCE Average WTIL* – FY 2015, Quarter (Q)1
2. *RCE Image Score* – FY 2015, Q1
3. *RCE Promotion and Merchandising Score* – FY 2015, Q1
4. *RCE Overall Score* – FY 2015, Q1
5. *POS* – FY 2015, Q1 percent checking the top two boxes to the overall satisfaction question

### Goal: Cost Efficiency

6. *WOS Hours Earned Compared to the Actual Hours* – FY 2015, Q1 compared to same period last year (SPLY)

### Goal: Revenue

7. *Walk-In Revenue* – FY 2015, Q1 compared to SPLY
8. *SSK Revenue* – FY 2015, Q1 compared to SPLY
9. *Revenue per Transaction* – FY 2015, Q1 compared to SPLY
10. *Consumer Products Revenue (Philatelic, Packaging Products, and Retail Merchandise)* – FY 2015, Q1 compared to SPLY

We then ranked each Premier Office from 1 to 3,085<sup>7</sup> for each metric, with 1 being the most successful. We took the average ranking for each Premier Office across those 10 metrics and ranked each office (meaning the “most successful” Premier Office could have scored a 1 and the “least successful” Premier Office could have scored a 3,085). A list of the resulting top and bottom 10 Premier Offices and their scores is displayed in [Table 1](#).

## Methodology for Selecting Site Visits

After ranking each office, we judgmentally selected five from the top 10 and seven from the bottom 10 (see highlighted sites in [Table 1](#)). In addition, we selected seven sites based on their local location or proximity to other sites (see [Table 2](#)) and related OIG fieldwork at five other sites (see [Table 3](#)).

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<sup>7</sup> There are a total of 3,088 Premier Offices; however, three offices did not return data for a majority of the metrics; therefore, they were excluded for ranking purposes.

**Table 1: Top 10 and Bottom 10 Premier Offices per OIG Analysis**

| Rank                                | District       | City              | Office Name                      | State | Average Office Score<br>(per metric*) |
|-------------------------------------|----------------|-------------------|----------------------------------|-------|---------------------------------------|
| <b>10 HIGHLY SUCCESSFUL OFFICES</b> |                |                   |                                  |       |                                       |
| 1                                   | HOUSTON        | RIVERSIDE         | RIVERSIDE                        | TX    | 136.33                                |
| 2                                   | DALLAS         | SULPHUR SPRINGS   | SULPHUR SPRINGS MAIN OFFICE      | TX    | 278.89                                |
| 3                                   | CAPITAL        | WASHINGTON        | L'ENFANT PLAZA STATION           | DC    | 280.40                                |
| 4                                   | OKLAHOMA       | WOODWARD          | WOODWARD MAIN OFFICE             | OK    | 295.78                                |
| 5                                   | SANTA ANA      | SANTA ANA         | SANTA ANA RETAIL                 | CA    | 300.20                                |
| 6                                   | MISSISSIPPI    | GRENADA           | GRENADA MAIN OFFICE              | MS    | 301.22                                |
| 7                                   | NEW YORK CITY  | NEW YORK          | WEST VILLAGE                     | NY    | 304.50                                |
| 8                                   | NORTHERN OHIO  | SAINT CLAIRSVILLE | SAINT CLAIRSVILLE MAIN OFFICE    | OH    | 317.44                                |
| 9                                   | FORT WORTH     | BORGER            | BORGER MAIN OFFICE               | TX    | 319.56                                |
| 10                                  | NORTHLAND      | HUTCHINSON        | HUTCHINSON                       | MN    | 333.22                                |
| <b>10 LEAST SUCCESSFUL OFFICES</b>  |                |                   |                                  |       |                                       |
| 3076                                | SALT LAKE CITY | DRAPER            | DRAPER MAIN OFFICE               | UT    | 2,439.30                              |
| 3077                                | SAN FRANCISCO  | SAN RAFAEL        | SAN RAFAEL MAIN OFFICE           | CA    | 2,445.20                              |
| 3078                                | ATLANTA        | CEDARTOWN         | CEDARTOWN POST OFFICE            | GA    | 2,445.89                              |
| 3079                                | SOUTH FLORIDA  | FORT LAUDERDALE   | FORT LAUDERDALE MAIN POST OFFICE | FL    | 2,448.10                              |
| 3080                                | SOUTH FLORIDA  | MIAMI             | COUNTRY LAKES BRANCH             | FL    | 2,465.00                              |
| 3081                                | TRIBORO        | BROOKLYN          | BLYTHEBOURNE STATION             | NY    | 2,528.80                              |
| 3082                                | LAKELAND       | SKOKIE            | SKOKIE MAIN OFFICE               | IL    | 2,544.90                              |
| 3083                                | CONNECTICUT    | NEW HAVEN         | YALE STATION                     | CT    | 2,576.11                              |
| 3084                                | TRIBORO        | BROOKLYN          | METROPOLITAN STATION             | NY    | 2,578.56                              |
| 3085                                | LOS ANGELES    | LOS ANGELES       | VILLAGE STATION                  | CA    | 2,619.44                              |

Source: Offices we visited are highlighted in yellow.  
 \*A lower score indicates stronger office performance.

**Table 2: Additional Offices Selected Based on Local Location or Proximity to Other Sites**

| Rank | District         | City         | Office Name              | State | Average Office Score<br>(per metric*) |
|------|------------------|--------------|--------------------------|-------|---------------------------------------|
| 60   | DALLAS           | DALLAS       | WHITE ROCK STATION       | TX    | 516.20                                |
| 83   | FORT WORTH       | FORT WORTH   | JACK D WATSON STATION    | TX    | 561.40                                |
| 151  | CENTRAL ILLINOIS | ALGONQUIN    | ALGONQUIN                | IL    | 648.10                                |
| 637  | CENTRAL ILLINOIS | NAPERVILLE   | NAPERVILLE STATION       | IL    | 905.30                                |
| 1019 | CENTRAL ILLINOIS | MELROSE PARK | MELROSE PARK MAIN OFFICE | IL    | 1,051.67                              |
| 2029 | LAKELAND         | VERNON HILLS | VERNON HILLS BRANCH      | IL    | 1,389.70                              |
| 2614 | CENTRAL ILLINOIS | NAPERVILLE   | NAPERVILLE MAIN OFFICE   | IL    | 1,656.60                              |

Source: OIG analysis.

\*A lower score indicates stronger office performance.

**Table 3: Additional Offices Selected Based on Related OIG Fieldwork**

| Rank | District         | City          | Office Name               | State | Average Office Score<br>(per metric*) |
|------|------------------|---------------|---------------------------|-------|---------------------------------------|
| 18   | CENTRAL ILLINOIS | PONTIAC       | PONTIAC MAIN OFFICE       | IL    | 401.67                                |
| 158  | SANTA ANA        | IRVINE        | NORTHWOOD STATION         | CA    | 653.70                                |
| 955  | SANTA ANA        | IRVINE        | IRVINE MAIN OFFICE        | CA    | 1,030.80                              |
| 1813 | SANTA ANA        | NEWPORT BEACH | NEWPORT BEACH MAIN OFFICE | CA    | 1,318.80                              |
| 2087 | SANTA ANA        | LAGUNA HILLS  | LAGUNA HILLS BRANCH       | CA    | 1,411.00                              |

Source: OIG analysis.

\*A lower score indicates stronger office performance.

## Appendix E: Management's Comments

KELLY M. SIGMON  
VICE PRESIDENT, RETAIL AND CUSTOMER SERVICE OPERATIONS



August 19, 2015

LORI LAU DILLARD  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Audit Report – Premier Office Program  
(Report MS-MA-15-DRAFT)

We have reviewed the subject draft audit report. In general, we agree with the recommendations and responded accordingly in this response letter.

### Recommendation 1

1. Develop a more robust methodology for evaluating program performance that includes customer experience, cost efficiency, and revenue metrics.

### Management Response/Action Plan:

Management agrees that a more detailed methodology is needed to evaluate the Premier Post Office program performance. A Retail Data Mart report is being created to be put into production that will show operational metrics and customer experience. This Premier Post Office Scorecard will have revenue metrics, performance metrics and Retail Customer Experience (RCE) metrics for all Premier locations, with a hierarchy on National, Area and District levels for evaluating performance.

Target Implementation Date: September 30, 2015.

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**Recommendation 2**

2. Better communication procedures for requesting funds for repairs and alterations.

Management agrees that better communications procedures are needed in order for Post Offices to get repairs to the customer lobby areas. The original deferred maintenance survey went out to Postmasters and Managers in March 2013 with a limited list of items that was in consideration for repairs. A follow-up message went out to perform additional cosmetic painting and writing table repair in 400 locations in the summer of 2015. However, in site visits and reviews, it has been determined that additional funding and communication is needed for lobby maintenance. In FY16, more specific communication will be sent out to all Postmasters and Managers requesting a response for funding for itemized lobby repairs for completion by the end of the Fiscal Year.

Target Implementation Date: Communication by October 31, 2015 with completion of deferred maintenance by September 30, 2016.



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Kelly M. Sigmon  
Vice President, Retail and Customer Service Operations

cc: David E. Williams  
Laura Graven



OFFICE OF  
**INSPECTOR  
GENERAL**  
UNITED STATES POSTAL SERVICE

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