Balanced Scorecard and Performance Management in the U.S. Postal Service

Office of Strategic Planning
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Balanced Scorecard in the USPS: Overview

- A Question of Metrics
- Development of Mission Based Metrics
- Validating Performance Measurements
- Implementing Reliable, Verifiable Measurement Systems
- Focusing and Aligning Organizational Initiatives
- Maintaining Balance Among Goals and Objectives
- Establishing a Performance Management System
- Holding Individuals and Units Accountable
- Generating Results
### One View
- “a bloated bureaucracy, with lousy service.”
- “The most anti-consumer organization in the country.”
- “full of waste, fraud, and abuse.”
- “the last dinosaur.”

### Counterpoint
- “one of the best managed agencies in government.”
- “the most improved service of all measured industries.”
- “rated extremely favorably by consumers.”
- “essential to a growing economy.”

See CATO, Lexington Institute, CAGW, etc. See Government Executive, American Service Quality Center, President’s Commission, Department of Commerce
Developing Mission Based Metrics: Measuring What Really Matters

Mission (PRA)
- Provide timely, reliable delivery service
- Efficient operations
- Financially self-supporting (break-even)
- Safe and secure workplace
- Fair working environment

GPRA Metrics
- On-Time Service Performance
- Total Factor Productivity (TFP)
- Revenue Performance
- OSHA Illness/Injury Rates
- Voice of the Employee Survey Index
Validating Performance Measurements: Customer Focused Goals

- Large Commercial Mailers
- Medium and Small Business Mailers
- Consumers
- Recipients

- Mailing Industry
- Suppliers

- USPS

- Competitors
- Regulators
  - Auditors (GAO, OIG)
  - External Auditors

- Congress
- The Public
- Communities

External Auditors
Validating Performance Measurements: Methods

- Market Research and Competitive Intelligence
- Customer Satisfaction Measurement (CSM)
- We Want to Know (Comments/Complaints) and CSC/BSN
- National Postal Forum
- Postal Customer Councils
- Mailers’ Technical Advisory Council
- Mailing Industry Task Force
- Suppliers’ Council
- Industry Conferences
- Account Managers
Valid, Reliable Measurement Systems: Using Third-Party Systems Where Possible

- **Service**
  - External First-Class Measurement System (EXFC)
  - Priority-End-to-End (PETE)
  - Express Mail Product Tracking System (PTS)

- **Safety**
  - OSHA Illness/Injury Rates

- **Workplace Environment**
  - Voice of the Employee Survey Index

- **Revenue**
  - Audited Financial Systems
Focusing and Aligning Programs: Creating Interdependencies

National Performance Assessment Program

- Headquarters Officers and Direct Reports
- Postal Career Executives (PCES)
- Individual Post Offices, Plants
- Managers and Supervisors
- All Executive and Administrative Employees
- Eventually (through bargaining) all employees

Common Output (Results) Goals
- Service Improvement
- Productivity
- Safety
- Workplace Environment
- Revenue
Balancing Goals and Objectives: Priorities and Cross-Functional Focus

**USPS**

**Mission**  
Universal delivery service

**Challenge**  
Declining revenue, growing network

**Vision**  
Trust, Transformation, Partnership

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**Improve Service**  
**Manage Costs**

**Generate Revenue**

**Enhance Performance-Based Culture**

**Seek Reform (PMA)**
Balancing Goals and Objectives: Strategic Transformation Initiatives

“Direct Report” Pool (Overall USPS Performance) + Individual Contribution to Corporate Goals

Service
- EC satisfaction with planning process/ planning documents

Productivity
- Budget performance

Workplace
- Staff training and development
- Safety
- VOE rating
Cascading Goals: Delivery Supervisor

Unit (local post office) + Personal Objectives

Service
- Delivery Service Performance

Productivity
- Delivery Productivity

Safety
- OSHA Illness/Injury Rate

Workplace Improvement
- Voice of the Employee Survey

Revenue Generation
- Carrier sales program results
Performance Management Systems: Not Business as Usual

- CustomerPerfect! Annual Management Cycle
  - Based on Baldridge Review Process
  - Establish, Deploy, Implement, Review

- Linking Performance with Budgets
  - Program Performance Assessment (similar to PART)
  - Investment Management and Program Evaluation
  - Transformation Program Integration and Implementation

- National Performance Assessment (NPA)
  - Unit and individual contributions to organizational goals
## Holding Individuals and Units Accountable: National Performance Assessment (NPA)

<table>
<thead>
<tr>
<th></th>
<th>Unacceptable (0)</th>
<th>Contributor (4 - 9.99)</th>
<th>High Contributor (10 - 12.99)</th>
<th>Exceptional Contributor (13.0 +)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Service</strong></td>
<td></td>
<td>Express Mail</td>
<td>FCM 3 Day</td>
<td>Priority Air</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Priority Mail</td>
<td>FCM ON</td>
<td>FCM 2 Day</td>
</tr>
<tr>
<td><strong>Safety</strong></td>
<td></td>
<td></td>
<td>OSHA Illness and Injury Rate</td>
<td></td>
</tr>
<tr>
<td><strong>Workplace</strong></td>
<td></td>
<td></td>
<td>VOE Survey Results</td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>National Total Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Productivity</strong></td>
<td></td>
<td></td>
<td></td>
<td>Total Factor Productivity</td>
</tr>
</tbody>
</table>

*Corporate Summary: 9.93 (Contributor) – HQ (PMG and Direct Reports)*
### Generating Results
#### Service Performance (Customer Satisfaction)

Percent Consumers Rating Overall Postal Performance (Good, Very Good, or Excellent)

<table>
<thead>
<tr>
<th>Customer Segment</th>
<th>1998 (%)</th>
<th>1999 (%)</th>
<th>2000 (%)</th>
<th>2001 (%)</th>
<th>2002 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>93</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>93</td>
</tr>
<tr>
<td>Business</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>88</td>
<td>91</td>
</tr>
</tbody>
</table>

Source: Customer Satisfaction Measurement System, USPS Consumer Advocate
## Generating Results:
**Service Performance (Customer Satisfaction)**

### Overall Customer Satisfaction Index Ratings

<table>
<thead>
<tr>
<th>Firm/Industry</th>
<th>Baseline (First Measurement)</th>
<th>2003</th>
<th>Change from Baseline (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U. S. Postal Service</td>
<td>61</td>
<td>72</td>
<td>18</td>
</tr>
<tr>
<td>U. S. Postal Service (Parcel/Express Services)</td>
<td>69</td>
<td>75</td>
<td>8.7</td>
</tr>
<tr>
<td>Parcel/Express Delivery Service Industry</td>
<td>81</td>
<td>79</td>
<td>-2.5</td>
</tr>
<tr>
<td>Scheduled Airlines</td>
<td>72</td>
<td>66</td>
<td>-6.9</td>
</tr>
<tr>
<td>Telecommunication Services</td>
<td>75</td>
<td>72</td>
<td>-1.4</td>
</tr>
<tr>
<td>Energy Utilities</td>
<td>75</td>
<td>73</td>
<td>-2.7</td>
</tr>
<tr>
<td>Hotels</td>
<td>75</td>
<td>73</td>
<td>-2.7</td>
</tr>
<tr>
<td>Transportation, Communication and Utilities Industry</td>
<td>75.5</td>
<td>70.9</td>
<td>-6.1</td>
</tr>
<tr>
<td>Service Industry</td>
<td>74.4</td>
<td>72.8</td>
<td>-2.2</td>
</tr>
</tbody>
</table>

**Source:** 2003 Transportation/Communication/Utilities and Services Industry Report, American Society for Quality
Most Have A Favorable View of the U. S. Postal Service

Source: President's Commission Survey, Peter D. Hart Research Associates, Inc./American Viewpoint
### Generating Results: Affordable Prices

#### Rates/CPI

**Real Postal Rates**  
(adjusted for inflation in 2003 dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972-1975</td>
<td>0.348</td>
</tr>
<tr>
<td>1976-1980</td>
<td>0.386</td>
</tr>
<tr>
<td>1981-1985</td>
<td>0.368</td>
</tr>
<tr>
<td>1986-1990</td>
<td>0.366</td>
</tr>
<tr>
<td>1991-1995</td>
<td>0.377</td>
</tr>
<tr>
<td>1996-2000</td>
<td>0.363</td>
</tr>
<tr>
<td>2001-2003</td>
<td>0.365</td>
</tr>
</tbody>
</table>

**Source:** USPS Finance

#### Rates/Comparison

**Postage rates in U. S. dollars for 20-gram letter**

<table>
<thead>
<tr>
<th>Country</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>0.68</td>
</tr>
<tr>
<td>Germany</td>
<td>0.64</td>
</tr>
<tr>
<td>New Zealand</td>
<td>0.46</td>
</tr>
<tr>
<td>Great Britain</td>
<td>0.46</td>
</tr>
<tr>
<td>Netherlands</td>
<td>0.46</td>
</tr>
<tr>
<td>United States</td>
<td>0.37</td>
</tr>
<tr>
<td>Canada</td>
<td>0.35</td>
</tr>
<tr>
<td>Australia</td>
<td>0.33</td>
</tr>
</tbody>
</table>

**Source:** USPS International Services, postage and exchange rates as of June 11, 2003.
Generating Results: Managing Costs (Productivity)

Reduced 60,000 employees since FY2000

Despite adding 3.6 million new deliveries

Total cost increasing by annual average of 3.1 percent over the last five years

### Comparative Productivity Performance, 1998-2002

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USPS Total Factor Productivity</strong></td>
<td>-1.0</td>
<td>-0.1</td>
<td>2.2</td>
<td>1.7</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: USPS Finance
### Performance Trends on OSHA Illness and Injury Rate

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>Baseline</td>
<td>2.04</td>
<td>1.90</td>
<td>7.86</td>
<td>8.41</td>
</tr>
<tr>
<td>Actual</td>
<td>1.84</td>
<td>1.92</td>
<td>1.93</td>
<td>8.58</td>
<td>7.72</td>
</tr>
</tbody>
</table>

Note: FY1998-2000 target and performance rates are Lost Workday Injuries; FY2001-2002 target and performance rates are OSHA Injury and Illness Rates.
Generating Results:
Workplace Improvement (VOE Survey)

Voice of the Employee (VOE) Survey Rating

<table>
<thead>
<tr>
<th>Actual</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survey under development</td>
<td>57.3</td>
<td>57.5</td>
<td>58.1</td>
<td>58.8</td>
<td></td>
</tr>
</tbody>
</table>

VOE Survey Index
- Recognition
- Accountability
- Exclusion
- Sexual Harassment
- Being treated with dignity and respect
- Communication
Generating Results:
Revenue

98 percent of plan over last five years

Increased competition
  – Direct (UPS, FedEx)
  – Indirect (EBBP, E-Mail)

■ Decline of economy
  – Collapse of dotcoms
  – Reduction in advertising
  – Financial sector problems
  – Declining consumer confidence

■ War/Terrorist/Anthrax Shocks
Lessons Learned (So Far)

- **Top Management and Stakeholder Support** (measure the right things)
- **Consistency** (we’ve been at this since 1992)
- **Performance Management Discipline** (not an add-on)
- **Simplicity** (we are talking to 700,000 employees and millions of customers)
- **Clarity and Focus** (limit the number of top-line goals)
- **Cross-Functional Integration and Alignment** (what do most of the people in the organization do, and what does each contribute?)
- **Performance Accountability** (manage what you measure and reward performance)
- **Communications** (constant)
THANK YOU VERY MUCH

QUESTIONS?