

NPPPC

NATIONAL
POSTAL



POLICY
COUNCIL

2002

ANNUAL REPORT

NPPC Celebrates 20th Anniversary With Reception for Postal Officials on May 9

The National Postal Policy Council celebrated its 20th Anniversary with a reception for postal officials. Postmaster General Jack Potter addressed the group, thanking NPPC members for the constructive role the organization has played over the years.

Literally dozens of other top USPS executives attended the May 9 event, which was held in Arlington, VA—notably including Deputy Postmaster General John Nolan, a longtime NPPC Board member during his years with Merrill Lynch.

NPPC took the opportunity to express its appreciation for the dedication of the men and women of the United States Postal Service and their contribution to our nation by presenting the Postmaster General with a plaque commemorating “20 Years of Partnership.” ✉



Postmaster General Jack Potter addresses NPPC reception.

NPPC HAS MOVED!

NATIONAL POSTAL POLICY COUNCIL

Executive Director: Arthur B. Sackler

7113 Deer Crossing Court
Bethesda, Maryland 20817

phone: 301-469-2078

fax: 301-365-1321

email: SacklerArt@aol.com

URL: www.postalcouncil.org



NPPC Chair Laurel Kamen of American Express presents a plaque to Postmaster General Potter at the NPPC 20th Anniversary Reception.



Officers & Board Elected in February for Coming Year; CMO Anita Bizzotto and Other USPS Officials Speak

The National Postal Policy Council conducted its first quarterly membership meeting of 2002 at the Ritz-Carlton Pentagon City Hotel in Arlington, VA.

The group conducted its Board election for 2002. Elected and re-elected as officers and Board members were: Laurel Kamen of American Express (Chair), Chuck Fattore of Donnelley Logistics (Vice Chair), Jim Cole of Verizon (Treasurer), Susan Bogden of Mellon Financial (Secretary), Ken Metroff of State Farm Insurance, John DePiazza of DST Output, Ron Goglia of Cigna, Larry Conyers of First Union Bank, and Lynn Chandley of Total System Services.

Following the election, Council members conducted a lengthy discussion of the many working groups examining key postal issues. NPPC members participate on virtually all of these groups relating to First Class mail, frequently in leadership positions.

Sue Taylor of Prudential described the Address Quality task force work, and reported to NPPC members regarding the new requirements for CASS and Move Update. Jay Oxtan of PSI next presented a summary of the pricing strategy task force subcommittee. He also noted specific items in the product redesign groups that were of interest to the subcommittee.

Mail security issues were then discussed by Sue Taylor and by Ernie Rojas of Pitney Bowes. Jim Prevost of DST Output discussed the work in the Intelligent Mail working group. Ken Metroff of State Farm discussed service measurement.

The membership then welcomed Don O'Hara, USPS Executive Director of Product Redesign. O'Hara, who addressed the membership in 2001 just after the product redesign effort was announced, quickly provided an overview of the purpose of the effort and the working groups examining key issues. O'Hara said that the intention is to provide mailers with more options when they mail, and that this flexibility should help boost mail volume and postal revenues. He then reviewed some of the draft work being done in the working groups and alluded to specific items, asking for NPPC member input.

USPS Chief Marketing Officer Anita Bizzotto was the next speaker. She began by briefly detailing each of the divisions she leads: market research, advertising, pricing & classification, product development, service & market development, sales and international. She explained that with this reorganization she is just now filling jobs, and this follows a substantial downsizing as well.

Bizzotto, who has frequently spoken at NPPC meetings over the years, said on the issue of national account managers, and their role, a key issue for NPPC members, that the USPS is moving to a new model, with all resources of this kind based in the Areas. She said there needs to be a clear differentiation between sales and service. She agreed to follow up with NPPC members on some of the dynamics in the changes effecting NAMs. Bizzotto also said that on measurement issues, her office will be involved, because it is a key to success for the Postal Service.

Following lunch, the membership welcomed Senior VP (Operations) John Rapp. Rapp talked in some detail about efforts to deal with problems of three-day service, given airline cutbacks and other challenges. He also described their major Network Redesign efforts, and said that he will take responsibility for following up on service measurement. Rapp also answered NPPC member questions relating to service issues.

The day was concluded with a discussion of various timely issues including MERLIN, the Transformation Plan, preparation for the NPPC 20th Anniversary reception in May, and features of the soon-to-be-launched NPPC Web site. ☒

NPPC Welcomes Deputy Postmaster General John Nolan for May Meeting Following 20th Anniversary Reception

The National Postal Policy Council conducted its second quarterly meeting of 2002 on May 10 in Arlington, VA. The meeting was held on the morning after the group's 20th Anniversary Reception.

The meeting was called to order at 8:15 AM by Council Chair Laurel Kamen. Council members began by discussing various timely issues including "accuracy of delivery" committee initiatives, the Mailing Industry Task Force, systems optimization, etc. NPPC executive director Cavanagh also took a moment to read a letter from American Express Vice Chairman Jonathan Linen congratulating the Council on its 20th Anniversary, and commending Laurel Kamen for her many years chairing the organization.

The Council then welcomed the featured speaker for the somewhat abbreviated Council membership meeting (shortened due to the activities of the afternoon and evening before), Deputy Postmaster General John Nolan, a longtime NPPC Board member during his time as an executive at Merrill Lynch. Nolan previewed some of the issues that would be addressed in the upcoming USPS/PRC Rate Summit. He also emphasized the difficulties of the USPS financial situation, but noted that a clear strategy was in place to meet immediate challenges. He emphasized the importance of remittance mail to postal finances.

Following Nolan's appearance, the Council membership discussed priority topics. It was agreed that Business Mail Measurement was a key issue, and should be a priority for the Council through the balance of the year.

Further, it was agreed that an effort should be made to delineate what can be done to keep First Class Mail in the system, a discussion that also led to the issue of tracking and reliability.

This led to the discussion of the USPS Transformation Plan, a voluminous document that members had not yet fully digested. Following member comments, it was agreed that a working group would meet via conference call within two weeks to begin a process that would permit an NPPC response to the document. Representatives of nine NPPC member companies volunteered to participate.

The session concluded with discussion of performance measurement survey work, addressing quality issues, MERLIN and negotiated service agreements. ☒

October Meeting Features Postal Service Officials

USPS Vice President (Pricing & Classification) Steve Kearney kicked off the program at the NPPC's final quarterly membership meeting of 2002 in Arlington, VA on October 8. He provided Council members with a detailed look at key issues in the pricing arena, and noted the accomplishments of recent months, namely the rate summits and the filing of the Capital One negotiated service agreement (NSA).

Kearney told NPPC members that the goal of achieving predictable price changes has led to serious examination of the options including phased rates. He said that predictability may well be beneficial for both mailers and the USPS. He went on to detail key issues in the Capital One NSA and the analysis the USPS used for approving the filing of this first NSA, and the way they will address others in the future. Kearney also noted the Confirm classification proposal and the subscription pricing methodology used. He also outlined some approaches being used for periodicals.

The Council then heard from Don O'Hara, USPS executive director for product redesign. O'Hara, a frequent speaker at NPPC meetings, provided an update on the product redesign initiative. He detailed issues currently being examined by the Postal Service, including flats vs. letters and address quality.

Discussion of address quality continued with presentations by Sue Taylor of Prudential and Brad Rappaport of Bank One. They outlined key issues being deliberated in the Mailing Industry Task Force's committee on address quality. A survey on NCOA was

discussed, and the question of accurate completion of the change of address form highlighted. Problems relating to matching logic were also noted. Taylor and Rappaport discussed PARS (Postal Automated Redirection Systems) and its progress.

NPPC Chair Laurel Kamen of American Express next took time to present outgoing executive director Mike Cavanagh with NPPC's Superior Achievement Award for his over 20 years of service to NPPC.

Michele Denny, USPS manager, marketing technology & channel management, next spoke to the membership. She discussed MERLIN, including deployment schedule nationwide and performance. She also

discussed the status of PostalOne! and urged NPPC members to assist in helping to define the success of the program.

The membership then heard from USPS BSN manager Robin Ware, who reviewed the meetings on NAM-BSN issues that have been taking place in recent months with USPS and NPPC participation. To continue this initiative, Ware explained, the meeting would break into two working groups, one focusing on input from "mail preparers" and the other "mail owners." The meeting then did break into these working groups for the approximately one hour before adjournment. NPPC members made recommendations, as well as responding to USPS questions, during these sessions. ☒

Strasser, Wargo Address NPPC Members in July

USPS Vice President (Service & Market Development) John Wargo opened NPPC's July 30 membership meeting in Arlington, VA. Wargo provided members with a variety of key issues facing his department. A lengthy discussion of Business Service Network and National Account Manager (BSN and NAM) issues led Wargo to decide to establish a working group on the topics. He promised that postal officials would meet with NPPC representatives the following week, at MTAC, to further examine the situation and plan steps to improve areas that needed work.

Following Wargo's presentation, in member-only discussion, it was decided to form NPPC's working group on these issues immediately and schedule a conference call to be held within 48 hours to begin NPPC preparation for the following week's meeting with postal officials. (This work continued throughout the balance of the year. By the end of 2002, considerable progress had been made in developing new approaches for mailer/USPS interaction.)

NPPC members then addressed a draft outline of comments on three dozen points from the USPS Transformation Plan. The outline was drafted by NPPC executive director Mike Cavanagh based on comments during three conference calls on the topic by an NPPC working group, and from other observations made by other Council members as well. Notably discussed were issues such as phased rates, NSA's, intelligent mail, productivity, succession planning, transaction options, the logistics network, etc. Based on this work, NPPC stood ready to act as USPS management initiates action consistent with the Transformation Plan recommendations.

The next topic for NPPC discussion was member input on the issue of a successor for executive director. Cavanagh had notified the membership the prior week that he would be resigning from his post on December 31, 2002, after 21 years and two months on the job. NPPC Chair Kamen reported to the membership that the Board had met on the subject, and was planning a search effort, and solicited comments and recommendations from the membership.

Following lunch, the Council welcomed USPS Chief Financial Officer Richard Strasser. Strasser outlined the challenging financial picture facing the Service. He noted that the USPS has made substantial cuts in work years and total employees reduced through attrition. This will be the lowest employment level since 1995. He also described the various retiree liabilities facing the Service in the years ahead. Strasser went on to address some of the key issues facing the USPS in various Washington arenas, and he answered a number of member questions. ☒

NPPC Web Site Debuts!



Visit www.postalcouncil.org



Sackler Named Executive Director of NPPC; Former Time Warner VP to Start in January

The National Postal Policy Council has named Arthur B. Sackler as its new Executive Director. He assumes his new responsibilities on January 1. Sackler is former Vice President for Law and Public Policy of Time Warner and former Executive Director of the Mailers Council.

Sackler's career has included more than twenty years in postal affairs. During his longer than 18-year tenure at Time Warner, postal issues were one of his prime responsibilities. He was Executive Director of the Mailers Council for seven years during the 1990s, where he led the mailing community's effective effort to stabilize costs and prices at USPS. Prior to his service at Time Warner, he was General Counsel to the National Newspaper Association, whose primary policy and operational concern was postal affairs.

Cavanagh Departs After 21 Years as Executive Director

The National Postal Policy Council's founding executive director, Mike Cavanagh, announced his decision to resign, effective December 31, in mid-year. Cavanagh served as executive director since the group was founded in 1981.

"Mike has been invaluable to the NPPC for twenty years, producing positive results while exhibiting integrity, knowledge and creativity," said Council Chair Laurel Kamen of American Express. "While we are sad to see Mike leave NPPC, we are grateful that he will continue to be an active voice in the postal community."

Cavanagh said that while it was very difficult to leave an organization that focused on such challenging issues, and was comprised of so many longtime friends, the timing made sense. The recent 20th Anniversary celebration by the group presented a logical milestone to now venture off into new directions, he said. ☒

NPPC Chair Laurel Kamen said: "We're delighted that Art has agreed to become our next Executive Director. He brings with him lengthy, in-depth postal experience, an excellent reputation in the community, and an extensive corporate background that will position him extremely well for representing our group. He is the right person to continue the fine work done over the years by Mike Cavanagh and move us to the next level."

Sackler said: "I am very pleased to be joining NPPC, the leading organization representing First Class mailers. NPPC's collaborative style and cooperative spirit have enabled it to work very consistently and successfully with the Postal Service toward goals that are beneficial not only to First Class mail users, but to USPS and the public it serves. It will be a welcome challenge to sustain that record of achievement and build upon it. So, I look forward to working with the Board and members of NPPC to do just that." ☒



NPPC Executive Director
Arthur B. Sackler

NPPC 2002 Members

Aetna Insurance
American Express
ADP
Bank of America
Bank One
Bell & Howell
BellSouth
Capital One
Certegey
Chase Manhattan
CIGNA Systems
Citibank
DST Output
Fidelity Investments
First Data Resources
Kern International
KeySpan Corporation
MBNA Bank
Mellon Financial
Metropolitan Life
Nationwide Insurance
Pitney Bowes
Prudential
PSI Group
RR Donnelley
Sears
Sprint
State Farm Insurance
TIAA-CREF
The Travelers
Total System Services
Verizon
Wachovia

MISSION STATEMENT — National Postal Policy Council, Inc.

- NPPC promotes a continued and improved national postal system with quality service at an affordable price.
- NPPC views its mission as maintaining a trusted partnership with the USPS for the benefit of all Americans. This partnership between the USPS and NPPC seeks to drive continuous improvement.
- NPPC focuses primarily on its area of most expertise, First Class mail, viewed as part of a healthy overall system.
- NPPC believes that a key element for the members' business success for the foreseeable future is a healthy national postal system.
- NPPC will continue to pursue its traditional mission of partnership and its operational focus. As to competitive or "non-traditional" new initiatives, individual member companies will take positions and actions appropriate to their business interests.

Updated statement text, adopted July 1999, based on original NPPC mission statement approved at first Council meeting in March 1982.

NATIONAL POSTAL POLICY COUNCIL

Executive Director: Arthur B. Sackler • 7113 Deer Crossing Court, Bethesda, Maryland 20817
phone: 301-469-2078 • fax: 301-365-1321 • email: SacklerArt@aol.com • URL: www.postalcouncil.org