

**STATEMENT OF
LOUIS ATKINS, EXECUTIVE VICE PRESIDENT
NATIONAL ASSOCIATION OF POSTAL SUPERVISORS**

**SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT,
GOVERNMENT INFORMATION, AND INTERNATIONAL SECURITY**

UNITED STATES SENATE

JULY 25, 2007

Chairman Carper, Ranking Member Coburn and Members of the Subcommittee:

Thank you for holding this hearing today and for the opportunity to appear on behalf of the 35,000 postal supervisors, managers and postmasters who belong to the National Association of Postal Supervisors.

Throughout its 99-year history as a management association, NAPS has sought to improve the operations of the Postal Service and the compensation and working conditions of our members. Many of our members are involved in the management and supervision of mail processing and delivery operations. We also represent the interests of men and women engaged in every functional unit in the Postal Service, including customer service, marketing, human resources, training, corporate relations, law enforcement, and health and safety.

The sweeping reforms brought about by the new postal law, the first major change in over 30 years, will require greater financial, service and operational accountability on the part of the Postal Service. The new rate-setting system established under the law will provide for more stability and predictability for

mailers and rate-payers, while ensuring universal service at affordable rates. These and other reforms would not have been possible, Mr. Chairman, without your leadership and that of others on the Subcommittee.

Indeed, the Postal Service indeed stands at the beginning of a new era. The new law – crafted on the basis of principle and compromise – presents opportunity and challenge to the Postal Service: opportunity in the sense of greater flexibility within the Postal Service to design and price its products and services; and challenge because of the heightened competition the Postal Service faces in an increasingly wired world.

The Postal Service stands unique as time-tested public institution. Paramount in its distinctiveness is its obligation to satisfy an iron-clad public mandate existing since the birth of the republic – to provide mail service to all Americans at uniform and affordable rates – while at the same time operating like a business without the aid of taxpayer funds.

Now, the creation of a new pricing framework under the reform law – a price cap limiting increases to no more than the rate of inflation – will require the Postal Service to be more creative and focused than ever in growing new business and expanding revenue. At the same time, the price cap framework will place new demands upon the Postal Service to become smarter in how and where it spends its funds and serves its customers. These demands will extend from the front counter to the back office, from post offices to plants, from Maine to Alaska.

The Postmaster General, his leadership team, and the postal workforce have done an excellent job over the past six years in increasing productivity, reducing

costs and focusing attention on mail as the core business of the Postal Service. Two transformation plans – promoted by GAO and mandated by Congress – have paved the way for policy and operational changes that have permitted the Postal Service since 2001 to serve an additional 12 million delivery points with a dedicated workforce that is approximately ten percent smaller than it was in 1999.

For a successful Fortune 500 company, the dynamics of growing and reshaping its business and operations goes with the terrain. Innovation, agility and speed are the ingredients of business success, especially in the service sector. For the Postal Service, the will to innovate, accelerate and compete for success has not come as easily. Historically, America's indispensable reliance on mail, the comfort of a quasi-monopoly, and the size of the USPS bureaucracy have spawned a culture more resistant to change. To survive and thrive, however, and especially under the new law, the Postal Service will need to change faster and smarter, undergoing a greater transformation of its people and operations than ever before.

What does this mean for Postal Service managers and supervisors? Undoubtedly, the financial pressures – especially to remain within the price cap, will place new demands upon managers and supervisors to continue to reduce costs, yet continue to deliver universal service at the same high levels of quality. We are already seeing these financial pressures play out within the current policy debate over contracting out of delivery services. Unacceptable service levels in Chicago also have demonstrated what happens when service quality is allowed to deteriorate. The next big structural challenge within the Postal Service is yet to come, involving the potentially massive realignment and consolidation of processing plants and post offices, along with the postal transportation network.

The increasing insistence to do more with less, to maintain and exceed expectations with fewer resources, to cut costs, all are placing unprecedented demands upon managers and supervisors, demands that are not healthy, either in the long-run for the Postal Service and its customers, or the vitality and loyalty of its employees.

When performance goals are arbitrarily set, staffing needs go unmet, demands increase to “make your numbers” – all within a context of pay for performance – the conduct of managers and supervisors is likely to be skewed in perverse ways, getting some supervisors into trouble through time clock falsification and other unacceptable behavior. This is not a path toward progress. All of us within the Postal Service – corporate executives, mid-level managers and front-line supervisors – need to be increasingly sensitive to avoid the creation of expectations and incentives that bring about these kinds of negative outcomes.

The broader solution to success within the Postal Service will rely upon realistic, jointly-arrived-at goal-setting, better communication at all levels, less paperwork, training and genuine support for problem-solving, and greater teamwork at all levels. These are the building blocks of an organization whose business success will rely upon sharp-edged focus on the bottom line, merged with a realistic sense about what is possible today, and what we need to work together to achieve tomorrow. These things cannot be legislated; they can come about only through the desire and determination of Postal Service employees at all levels to work together in ways that reflect courtesy, dignity and respect, joined together for a common purpose: the timely and affordable delivery of mail to all Americans.

In that same sense, as the new law becomes implemented, and as the Postal Service and the Postal Regulatory Commission undertake their responsibilities, Congress may find it necessary to retool the reform law in remedial ways, recognizing that a statute as sweeping and comprehensive as the postal reform law is never quite perfect.

In the meantime, Mr. Chairman, we look forward to continuing to work with you and the Congress in making the Postal Service stronger than ever.

I will be happy to answer any questions you and members of the Subcommittee may have.