



# OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

## U.S. Postal Service's DRIVE 25 – Improve Customer Experience

### Audit Report

Report Number  
MI-AR-16-001

November 16, 2015





# OFFICE OF INSPECTOR GENERAL

## UNITED STATES POSTAL SERVICE

## Highlights

***DRIVE Initiative 25 is suppose to increase customer satisfaction with how complaints and inquiries are resolved.***

### Background

In fiscal year (FY) 2011, the U.S. Postal Service established 36 Delivering Results, Innovation, Value, and Efficiency (DRIVE) initiatives to improve its business strategy. DRIVE aims to reduce the reported \$20 billion gap between revenue and expenses by FY 2016, through strategic initiatives with measurable outcomes.

DRIVE Initiative 25 – Improve Customer Experience consists of three projects aimed at developing new systems, tools, and processes to anticipate customer behavior and predict future needs. The goals are to achieve 90 percent customer satisfaction by 2019 based on how complaints and inquiries are resolved and build brand loyalty and revenue.

Our objective was to determine whether the DRIVE Initiative 25 used established DRIVE project management processes.

### What The OIG Found

DRIVE Initiative 25 managers did not follow DRIVE project management processes when planning DRIVE Initiative 25 goals. Specifically, Consumer and Industry Affairs management based project goals on daily business operations in the Consumer and Industry Affairs group instead of identifying goals to improve business performance. In addition, DRIVE Initiative 25 is intended to measure call center operations and customer

satisfaction, but managers did not develop processes to enhance the Postal Service brand and increase loyalty and revenue.

In FY 2014, the Postal Service established a 2-year contract for about \$3.3 million to administer customer call center surveys. Although 14 different surveys were designed to improve the customer experience, management only used one of the surveys to support DRIVE Initiative 25 and has not realized a significant change in that area. For example, in FY 2015, the Postal Service planned to achieve 80 percent customer satisfaction with complaint and inquiry resolution, yet the results are less than half of the goal. The Postal Service could put about \$6.6 million to better use over the next 4 years by not renewing the customer survey contract. We also found inconsistencies with data reported in the Technology Management Office System and changes made to project goals without proper authorization.

These issues occurred because the Strategic Management Office did not ensure DRIVE Initiative 25 managers followed governance and documentation procedures. They believed other controls in place could ensure accurate reporting of goals and project contributions toward overall program goals. As a result, DRIVE Initiative 25 might not positively impact the customer experience and the Executive Leadership Team cannot accurately evaluate the initiative.



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### What The OIG Recommended

We recommended management ensure that DRIVE initiative goals improve business performance. Management should also expand DRIVE Initiative 25 to rely on all surveys to improve the customer experience or allow the customer survey contract to

expire, monitor reported results in the Technology Management Office System for accuracy, and complete all appropriate forms and obtain all necessary approvals when changing initiative and project goals.

# Transmittal Letter



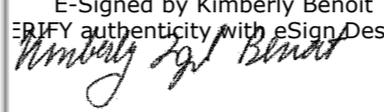
OFFICE OF INSPECTOR GENERAL  
UNITED STATES POSTAL SERVICE

November 16, 2015

**MEMORANDUM FOR:** JAMES A. NEMEC  
VICE PRESIDENT, CONSUMER AND INDUSTRY AFFAIRS

SUSAN M. BROWNELL  
VICE PRESIDENT, SUPPLY MANAGEMENT

EMIL J. DZURAY, JR  
DIRECTOR, STRATEGIC PLANNING

E-Signed by Kimberly Benoit  
VERIFY authenticity with eSign Desktop  


**FROM:** Kimberly F. Benoit  
Deputy Assistant Inspector General  
for Technology, Investment, and Cost

**SUBJECT:** Audit Report – U.S. Postal Service’s Delivering Results,  
Innovation, Value, and Efficiency Initiative 25 – Improve  
Customer Experience (Report Number MI-AR-16-001)

This report presents the results of our audit of the U.S. Postal Service’s Delivering Results, Innovation, Value, and Efficiency Initiative 25 – Improve Customer Experience (Project Number 15TG024MI000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Michael L. Thompson, director, Major Investments, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

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# Findings

***The Postal Service uses DRIVE to manage strategic programs to close a projected \$20 billion revenue and expense gap by FY 2016.***

***DRIVE Initiative 25 has objectives to build brand loyalty and revenue by improving how customer complaints are handled.***

## Introduction

This report presents the results of our self-initiated audit of the U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 25 – Improve Customer Experience (Project Number 15TG024MI000). Our objective was to determine whether DRIVE Initiative 25 used established DRIVE project management processes. See [Appendix A](#) for additional information about this audit.

The Postal Service uses DRIVE to manage strategic programs designed to close a projected \$20 billion gap between revenue and expenses by fiscal year (FY) 2016. About \$16 billion of this amount depends on legislative action to reduce the Postal Service's obligation to prefund employee retirement benefits and healthcare. In FY 2011, the Postal Service defined 36 key DRIVE initiatives, each addressing a strategic program area.

Each initiative consists of roadmaps and projects with specific annual and cumulative goals for cutting costs and growing revenue. An initiative's charter outlines the goals of these projects and identifies the roadmaps the Postal Service should follow to reach the goals. DRIVE initiatives should have goals to improve business performance, with specific measurable outcomes that are realistic and include deadlines. The Strategic Management Office (SMO) tracks the Postal Service's performance and progress toward achieving these goals. The SMO also provides project management guidance and standardized processes for managing initiatives and reporting to the Executive Leadership Team (ELT).<sup>1</sup>

The Technology Management Office System (TMOS) is a dashboard reporting and monitoring tool that allows executive-level management to monitor the health, quality, and timeliness of DRIVE projects on an ongoing basis. The SMO or roadmap owners manually enter project information into TMOS, which uses a color-coded traffic light report to show progress to the ELT.

DRIVE Initiative 25 has three roadmaps aimed at developing new systems, tools, and processes to improve the customer experience. They include projects to replace the current system for handling customer complaints, capture issues reported at local post offices, and provide real-time information on carrier routes and package status.

Project roadmaps are intended to contribute to the overall initiative goals of building brand loyalty and revenue by:

- Achieving 90 percent customer satisfaction by 2019 based on how complaints and inquiries are resolved;
- Reducing repeat customer complaints by 50 percent;
- Meeting or exceeding industry standards for average wait time and abandoned calls; and
- Improving the customer experience and increasing first call resolution by providing tools and real time information on carrier route and package status.

To help manage the customer experience, management uses a contractor to conduct 14 surveys that measure customer interactions. The contract provides for detailed analyses of customer care center performance and customer experience.

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<sup>1</sup> *DRIVE Governance Guide*, September 30, 2014, establishes the requirements and procedures for the DRIVE process.

***DRIVE Initiative 25 managers did not set performance goals aligned with the Postal Service's strategic plan.***

## Summary

DRIVE Initiative 25 managers did not follow DRIVE project management processes when planning DRIVE Initiative 25 goals. Consumer and Industry Affairs (C&IA) management based project goals on C&IA's daily business operations instead of identifying goals to improve business performance, enhance the brand, and increase loyalty and revenue. Additionally, we identified \$6.6 million the Postal Service could put to better use by not renewing a customer survey contract. We also found inconsistencies with data reported in the TMOS for 12 of 21 goals and identified eight changes that were made to project goals without proper authorization.

These issues occurred because the SMO did not ensure that employees follow DRIVE governance and documentation procedures. The SMO believes there were other controls in the DRIVE process to ensure that goals are reported accurately and projects contribute to overall program goals. Because employees are not following DRIVE governance and documentation procedures, DRIVE 25 might not improve the customer experience and the ELT cannot accurately evaluate progress toward goals and make informed decisions.

## Delivering Results, Innovation, Value, and Efficiency Initiative 25 Planning Process

DRIVE Initiative 25 managers did not follow DRIVE project management processes when planning goals for the initiative. Specifically, C&IA management based project goals on daily business operations in the C&IA group instead of identifying goals to improve business performance. In addition, management intends to use DRIVE Initiative 25 to measure customer call center operations and customer satisfaction without developing processes to enhance the Postal Service brand and increase loyalty and revenue.

The SMO performs an initial assessment (rigor testing) during the planning phase to ensure a project contributes to overall program goals. This testing assesses how the initiative's objectives line up with the Postal Service's strategic goals; however, during the rigor testing process in January 2015, the SMO did not require the initiative lead to set performance goals that aligned with the Postal Service's strategic plan.<sup>2</sup> Instead, DRIVE Initiative 25 projects are based on strategies already in place for resolving customer complaints and meeting or exceeding industry standards for average wait time and abandoned calls. These project goals do not align with DRIVE guidance because they are not strategic.

For example, the projects and reportable metrics related to handling inquiries at call centers were limited to daily business operations and did not seek to increase customer satisfaction, strengthen the brand, or anticipate consumer behavior. We also found that DRIVE Initiative 25 managers established an initiative to reduce employee sick leave; however, the initiative was only a pilot program to measure improvements at one facility. Further, DRIVE Initiative 25 managers established the same goals in two projects for customer first call resolution. The Postal Service recognized this during the course of the audit and removed the goals from one project.

DRIVE initiatives are designed to significantly improve performance outside the normal course of business. These initiatives should create forward thinking and actionable metrics to enhance the Postal Service brand, increase loyalty and revenue, and create a customer responsive culture. But DRIVE Initiative 25 and its goals only measure ongoing daily business operations. In a July 2015 review of the Postal Service's performance plans, the Postal Regulatory Commission stated that the strategic initiatives are temporary projects designed to help the Postal Service achieve its performance goals.<sup>3</sup> The report also stated that the Postal Service has not identified cross-functional performance indicators to measure the success of DRIVE Initiative 25 in the DRIVE portfolio.

<sup>2</sup> These are financial and performance goals established in the *Five Year Business Plan* dated April 2013, and the FY 2015 *Integrated Financial Plan (IFP)*.

<sup>3</sup> Analysis of the Postal Service's FY 2014 Program Performance Report and FY 2015 Performance Plan, July 7, 2015.

Further, the Postal Service has spent about \$1 million since January 2015 to improve the customer experience without a significant change in the reported results (see Figure 1).

**Figure 1: FY 2015 Customer Complaint Resolution Success**



Source: DRIVE 25 Charter and TMOS milestone report.

The C&IA group established a 2-year contract<sup>4</sup> in FY 2014 for about \$3.3 million to administer customer call center surveys. These surveys measure many elements of customer satisfaction, including agent performance, interactive voice response reliability, enterprise customer care (eCC)<sup>5</sup> resolution, and the customer online experience. The goal of the DRIVE Initiative 25 charter was

<sup>4</sup> *Customer Care Analytics*, 2ATECS-14-B-003, April 1, 2014.

<sup>5</sup> The eCC application is a case management system that is used to manage customer inquiries and provides Consumer Affairs offices and local post offices with email functionality for resolving customer inquiries.

***DRIVE Initiative 25 does not use all data from a customer survey contract designed to measure customer satisfaction.***

to measure various customer interactions including improving call handling and increasing first call resolution. However, C&IA management stated they are only using the eCC survey for DRIVE Initiative 25, which only measures the customer complaint resolution success.

The base period for the customer survey contract ends in March 2016, with four 1-year options costing about \$1.7 million each year. Since management is not using all of the customer care data provided by the contract for DRIVE Initiative 25, the Postal Service could put about \$6.6 million to better use over the next 4 years by not renewing this contract.

These issues occurred because the SMO did not ensure that employees followed DRIVE governance and documentation procedures. The SMO manager stated that all DRIVE initiatives are reviewed annually to ensure that planned goals contribute to the priorities of the Postal Service; however, the SMO did not state how DRIVE Initiative 25 aligns with strategic plans to increase profitability, improve operational efficiencies, and reduce costs.<sup>6</sup> DRIVE initiatives should significantly improve business strategies and help reduce the projected \$20 billion gap between revenue and expenses. Because DRIVE governance and documentation procedures were not followed, the initiative might not improve the customer experience and the ELT cannot accurately evaluate progress toward goals and make informed decisions.

## **Delivering Results, Innovation, Value, and Efficiency Initiative 25 Monitoring and Controlling**

Monitoring and controlling processes were not followed to validate reported results and changes to project goals. Specifically, we found that data reported in TMOS did not match supporting documentation for 12 of 21 goals. For example, management reported an 84 percent decrease in calls related to USPS.com, Postal Store, Click-n-Ship, & Post Office Online; however the number of calls actually increased by 85 percent. Further, in two instances results were given a color-coded status different than what was provided to the ELT.

SMO personnel stated that roadmap owners are responsible for accurately reporting results; however, the SMO was established to monitor DRIVE performance and ensure goals are accurately reported.<sup>7</sup> Yet, the SMO does not have an independent process to validate the results reported in TMOS.

In addition, eight changes were made to project goals without proper authorization by the ELT sponsor or roadmap owner. During the course of the year, roadmap owners and initiative leads submit change request forms when they need to change or remove goals or milestones.<sup>8</sup> Each request can affect multiple project goals or milestones and DRIVE governance includes a process for documenting such requests that promotes accountability and ensures visibility to all stakeholders. This process establishes a separation of duties and specifies approval levels based on the nature of the request. For example, the ELT sponsor must approve a change request 30 days or more from a project's due date<sup>9</sup>; however, eight of the 17 change requests made in FY 2015 were not properly approved (see [Table 1](#)).

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<sup>6</sup> FY 2015 IFP.

<sup>7</sup> The original *DRIVE Governance Guide*, dated June 20, 2012, established that the SMO is responsible for the DRIVE process and integrity of the roadmap data.

<sup>8</sup> Checkpoints along a project's timeline.

<sup>9</sup> *DRIVE Governance Guide*, Section 7, Charter/Roadmap Change Requests.

***Separation of duty requirements were not followed when changing project goals.***

**Table 1: DRIVE Initiative 25 Change Requests Not Properly Approved**

Roadmap Number	Roadmap Name	Number of Requests	Number of Milestones Affected
25.13	Meet or exceed industry standards for average wait time and abandoned calls by increasing resources and productivity and reducing call volume	4	10
25.14	Leverage delivery management system to enable customer call center to own customer calls from issue to resolution by integrating two-way communications with delivery personnel.	4	12
<b>Totals</b>		<b>8</b>	<b>22</b>

Source: U.S. Postal Service Office of Inspector General (OIG) analysis.

Roadmap owners did not follow the required separation of duties policies in five of the 17 requests, while 14 of the 17 change request forms were missing stakeholder concurrence and two were missing sections identifying risks. The SMO is responsible for ensuring that change request forms are complete before making changes in TMOS; however, the SMO did not ensure that established DRIVE governance and documentation procedures were followed. We identified this issue in previous audits of DRIVE initiatives (see [Prior Audit Coverage](#)). After the exit conference, the SMO provided us an approval for one of the roadmap 25.13 change requests.

The SMO manager stated that the ELT, initiative lead, and roadmap owners have frequent discussions concerning DRIVE Initiative 25 goals and plans. The SMO relies on this project management process to help monitor and control changes to initiative plans, but documentation is needed to guarantee that all key planning considerations have been taken into account before the change occurs and that senior management has the correct information to manage the project.

In previous audits we recommended that the SMO ensure the DRIVE governance policy is followed when making changes to initiative and project goals.<sup>10</sup> Management contends that all changes were approved by the appropriate stakeholder; however, they did not always have documented change requests to verify the changes were approved.

<sup>10</sup> U.S. Postal Service's DRIVE Initiative 30 - Achieve 100 Percent Customer and Revenue Visibility (Report Number MI-AR-15-004, dated June 12, 2015); and U.S. Postal Service's DRIVE Initiative 43, Building a World-Class Package Platform (Report Number MI-AR-15-003, dated May 4, 2015).

# Recommendations

***We recommend management ensure that DRIVE initiative goals improve business performance. Management should also expand DRIVE Initiative 25 to rely on all surveys to improve the customer experience or allow the customer survey contract to expire, monitor reported results in the Technology Management Office System for accuracy, and complete all appropriate forms and obtain all necessary approvals when changing initiative and project goals.***

We recommend the vice president, Consumer and Industry Affairs, in coordination with the vice president, Supply Management:

1. Expand Delivering Results, Innovation, Value, and Efficiency Initiative 25 to rely on all 14 surveys to improve the customer experience or allow the customer survey contract to expire in March 2016.

We recommend the director, Strategic Planning:

2. Ensure initiative leads set performance goals that align with the Postal Service's strategic plan.
3. Establish an independent review process to validate the accuracy of Technology Management Office System inputs.
4. Require initiative leads and roadmap owners to complete all appropriate change request forms and obtain all necessary approvals before changing project goals.

## Management's Comments

Management disagreed with part of our findings, recommendations 1 and 2, and the \$6.6 million in funds put to better use. Management agreed with recommendations 3 and 4. See [Appendix B](#) for management's comments, in their entirety.

Regarding the findings, management stated seven of the eight change requests we identified as unsupported were supported with emails and that incomplete sections of change requests were not necessary.

In response to recommendation 1, management disagreed that they do not use data from all 14 customer call center surveys to improve the customer experience and that the customer survey contract includes 14 surveys they use to develop focused customer experience improvement activities.

In response to recommendation 2, management stated that initiative leaders and the ELT are responsible for setting specific targets, including alignment to the strategic plan, and determining appropriate thresholds for the boldness or aggressiveness of a DRIVE initiative.

In response to recommendation 3, management stated they would update the independent review process to review all charter level metrics by March 2016.

In response to recommendation 4, management stated they will reinforce the requirements when making changes to project goals as part of the ongoing training of DRIVE initiative teams.

## Evaluation of Management's Comments

The OIG considers management's comments responsive to recommendations 3 and 4, but unresponsive to recommendations 1 and 2. Management's corrective actions for recommendations 3 and 4 should resolve the issues identified in the report.

Management stated there is no need to expand DRIVE Initiative 25 to rely on all 14 surveys or allow the contract to expire because the data is used in areas other than DRIVE 25 to improve the customer experience. However, DRIVE Initiative 25 is the

Postal Service's primary way of measuring and developing the business strategy aimed at anticipating customer behavior and improving the customer experience. As we noted, the Postal Service has spent about \$1 million since January 2015 to improve the customer experience without a significant change in the reported result.

Management also stated the ELT and initiative lead are responsible for setting specific targets for each initiative and determining the appropriate threshold for boldness and aggressiveness. However, DRIVE governance documentation assigns the SMO the responsibility to promote a rigorous roadmap development process. This process is designed to ensure roadmaps are well-defined and support DRIVE charter objectives and impacts. Further, it is the responsibility of the SMO to oversee the DRIVE process and ensure DRIVE initiatives are on track to meet the Postal Service's performance and financial goals. Yet, as we noted, the planned goals were not outside of ordinary business goals for the Consumer and Industry Affairs group and, in one case, were only a pilot program.

Management stated they provided support for change requests and that missing parts were not necessary. The missing parts required stakeholder concurrence and stakeholder participation in evaluating risks. As stated in the report, approving officials make more informed decisions when forms are completed.

The OIG considers recommendations 1 and 2 closed and not implemented by Postal Service management. We will evaluate the effectiveness of the customer survey data and DRIVE performance goals in future audit work. The OIG considers recommendation 3 significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed. We consider recommendation 4 closed with the issuance of this report.

# Appendices

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## Appendix A: Additional Information

### Background

The Postal Service established 36 DRIVE initiatives in FY 2011 to improve its business strategy. DRIVE aims to reduce the Postal Service's reported \$20 billion gap between revenue and expenses by FY 2016 through data-driven program and project management; however, almost \$16 billion of that gap depends on legislative action by Congress. Annually, the Postal Service reviews and adjusts the portfolio of initiatives to achieve its strategic objectives. The program management process is designed to measure progress through clearly defined goals and objectives. It applies leading program management principles to increase the chance of success while providing executive visibility and early risk indicators, and involving different functional areas. There are 17 DRIVE initiatives in FY 2015 aligned with four core strategies<sup>11</sup> and seven operational objectives<sup>12</sup>.

The DRIVE organizational structure refers to three levels of management as initiatives, roadmaps, and projects. Roadmaps are the collection of program-level activities critical to the success of an initiative. They consist of projects with clearly identified impacts and indicators, milestones, interdependencies, and risks (see Figure 2).

**Figure 2: DRIVE Pyramid**



Source: TMOS DRIVE User Guide, page 8.

Each year ELT sponsors present their recommended initiatives for inclusion in the DRIVE portfolio.

The Postal Service established DRIVE in FY 2011 to improve its business strategy by identifying initiatives that:

- Are bold and have significant and measurable outcomes that:
  - Have greater than \$50 million in revenue contribution or cost reduction.
  - Improve key stakeholder alignment.

<sup>11</sup> Invest in the future, speed the pace of innovation, engage and empower employees, and support product growth through network efficiency.

<sup>12</sup> Grow revenue from innovation, core products, and markets; optimize the value of infrastructure; build competitive workforce of the future; improve customer experience; leverage technology to drive business value; strengthen financial and risk management capabilities; and assure executive transparency.

- Greatly enhance key capabilities.
- Grow revenue from new products, markets, and customers.
- Aggressively address cost in the next few years to get ahead of the revenue plan.
- Are critical to either the short- or long-term success of the Postal Service.
- Require extensive cross-enterprise coordination and ELT visibility.
- Merit using top staff and resources.

Additionally, the Postal Service originally established DRIVE with five key project management phases. The phases are:

**Initiation** - define a new project, complete a project charter with measurable objectives, and authorize project launch.

**Planning** - define the course of action to achieve project objectives; and create and receive approval for the project scope, schedule, budget, resources, quality standards, and risk management plan.

**Executing** - perform the defined work, including managing the team and approving any changes to the plan.

**Monitoring and Controlling** - track, review, and report on the progress of the project. Analyze changes to plan schedules, costs, and scope; and manage necessary course corrections.

**Closing** - receive sign-off that project outcomes have met the objectives, close all activities, and archive documents and lessons learned.

However, the director, Strategic Planning, stated these requirements and processes are not in the current DRIVE governance process for managing corporate initiatives. We plan to evaluate these changes to DRIVE processes and governance in a separate audit report.

The SMO manages projects through the TMOS by tracking performance and progress on milestones, risk, impacts, and roadmap completion. The TMOS is a color-coded traffic light dashboard view for executive and cross-functional insight into strategies, programs, and projects. The red, yellow, and green traffic light colors show changes from planned financial and non-financial metrics. The SMO has standardized processes for managing program initiatives and reporting to the ELT. These include criteria to approve and manage initiatives, such as formatting charters uniformly, reporting metrics quarterly, and communicating with project managers. The SMO prefers that each initiative be staffed with a person who has completed DRIVE project management training. The SMO provides this training using classroom and virtual training sessions, online resources, and individual guidance.

## Objective, Scope, and Methodology

Our objective was to determine whether DRIVE Initiative 25 used established DRIVE project management processes. The scope of this audit was the FY 2015 DRIVE Initiative 25 charter and three roadmaps and their associated goals. To accomplish our objective we:

- Reviewed procedures and criteria related to establishing DRIVE initiatives.
- Reviewed and evaluated the three DRIVE Initiative 25 roadmaps and their respective goals in TMOS.
- Discussed DRIVE Initiative 25 project management with C&IA personnel, including establishing metrics and milestones that align with overall portfolio goals.
- Reviewed, evaluated, and discussed the testing of roadmap milestones and established metrics with SMO to determine whether the DRIVE planning processes were followed and whether established goals within the DRIVE portfolio aligned.
- Reviewed and evaluated requests submitted to the SMO for changes to established milestones and metrics as well as the subsequent approval process. We discussed the approval process with SMO personnel and roadmap owners.
- Reviewed project management information, guidelines, training material, and support provided by the SMO.
- Reviewed available reports in TMOS to obtain information on DRIVE Initiative 25 project management and project lifecycles.
- Discussed the validation of reported results with roadmap owners and SMO personnel.
- Reviewed and compared supporting documentation of project metrics with the metrics reported in TMOS.
- Discussed and assessed the reliability of data systems and reports used to measure success of DRIVE Initiative 25 with the roadmap owners.

We conducted this performance audit from April through November 2015, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on October 7, 2015, and included their comments where appropriate.

We assessed the reliability of computer-generated data from the TMOS by comparing key information against separately prepared documents provided by management. We found project information is manually entered in TMOS by the SMO or roadmap owners. Although we identified discrepancies, 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
<i>U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 30 - Achieve 100 Percent Customer and Revenue Visibility</i>	<a href="#">MI-AR-15-004</a>	6/12/2015	None
<p><b>Report Results:</b> This report found that DRIVE Initiative 30 managers did not always follow established DRIVE governance process when planning, monitoring, and controlling overall project milestones and goals. We found large gaps between project dates, incomplete change request forms, and goals not based on any activities that would exceed past performance. Management partially agreed with the recommendations but stated that all change requests were communicated to and approved by the appropriate stakeholders. They further stated that ELT members and initiative leaders are responsible for setting specific initiative targets.</p>			
<i>U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 43, Building a World-Class Package Platform</i>	<a href="#">MI-AR-15-003</a>	5/4/2015	None
<p><b>Report Results:</b> This report found that DRIVE Initiative 43 managers established cumulative goals for a 35 percent increase in domestic package volume and a \$13.6 billion domestic revenue net contribution by FY 2016, but did not include these goals in the underlying projects or establish a way to accurately measure progress toward meeting the revenue net contribution goal. In addition, changes to and removal of project goals occurred without proper authorization and separation of duties. We recommended management ensure the DRIVE governance policy is followed by requiring initiative leads and roadmap owners to include initiative goals in the underlying projects, ensure all projects have at least one goal measured in the initiative charter, and complete all appropriate forms and obtain all necessary approvals when making changes to initiative and project goals. Management partially agreed with the recommendations; however they stated they will revise DRIVE governance guidelines to clarify the relationship between goals and charters.</p>			
<i>U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 42, Market New and Existing Services</i>	<a href="#">DP-AR-14-005</a>	9/10/2014	None
<p><b>Report Results:</b> This report found that DRIVE Initiative 42 managers did not follow DRIVE project management processes when planning and evaluating overall project metrics and revenue goals. Management established a FY 2014 revenue goal of \$5.2 billion without a system in place to accurately measure achievement. Another goal was not aggressive and the cumulative goal of DRIVE Initiative 42 was \$8 billion less than the combined goals of the five underlying projects. We recommended management include goals that can be accurately measured and reflect the \$24.6 billion total of the projects. We also recommended requiring initiative leads to follow established criteria to set bold and aggressive roadmap goals beyond past performance. Management partially agreed with the recommendations; however they stated that initiative leaders and the ELT are responsible for setting specific initiative targets.</p>			

Report Title	Report Number	Final Report Date	Monetary Impact
<i>U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 6, Improve Employee Availability</i>	DP-AR-14-001	3/7/2014	None
<p><b>Report Results:</b> This report found that DRIVE Initiative 6 managers did not use established DRIVE project management practices and there was no independent internal audit process to oversee DRIVE management. We recommended the director, Strategic Planning, establish a process to ensure DRIVE project management roles such as the initiative lead and roadmap owner are independent. We also recommended management evaluate implementing regular audits and controls for each project at the project management level. Management agreed with our recommendations, but disagreed that changes to projects were not made because the same person was both initiative lead and roadmap owner. Management also stated that they used established DRIVE project development management processes and asserted that DRIVE governance does not prohibit initiatives that existed prior to DRIVE.</p>			
<i>Delivering Results, Innovation, Value, and Efficiency Management</i>	DP-AR-13-008	6/19/2013	None
<p><b>Report Results:</b> This report found that the Postal Service's DRIVE program compares favorably to best-in-class program management practices; however, it does not ensure that projects will be successful. DRIVE does not use an important best practice that requires regular audits and controls for each project at the program manager level. Further, a formal policy supporting the overall program management process has not been developed. We recommended management evaluate implementing the additional best practice within the DRIVE program of regular audits and controls for each project at the program manager level and develop and implement a Postal Service-wide program management policy. Management agreed with our findings and recommendations but thinks DRIVE controls projects and provides reviews or "audits" of strategic programs and projects through bi-weekly deep-dive meetings.</p>			

## Appendix B: Management's Comments

Emil J. Dzuray, Jr.  
Director  
Strategic Planning



October 30, 2015

LORI LAU DILLARD  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Management Response to Draft Audit Report – U.S. Postal Service's Delivering Results, Innovation, Value, and Efficiency Initiative 25 – Improve Customer Experience (Report Number MI-AR-16-DRAFT)

Thank you for the opportunity to review and provide comments on the draft audit report. The report identifies four recommendations. We agree with recommendations 3 and 4, disagree with recommendations 1 and 2, and disagree with the associated monetary impact.

Prior to responding to your recommendations, we would like to comment on the audit report to correct factual errors.

**OIG Delivering Results, Innovation, Value, and Efficiency Initiative 25 Planning Process: Page 4, Paragraph 2**

The OIG reports states: "Since management is not using all of the customer care data provided by the contract for DRIVE Initiative 25, the Postal Service could put about \$6.6 million to better use over the next 4 years by not renewing this contract."

This is a factually inaccurate statement. The Postal Service is, in fact, using data from all of 14 surveys to improve various aspects of customer experience throughout the organization. The survey results are used to develop focused customer experience improvement activities.

**OIG Finding: Page 5, Paragraph 4 (and various other similar statements in the report)**

The OIG report states "*In addition, eight changes were made to project goals without proper authorization by the ELT sponsor or roadmap owner.*"

This statement is factually inaccurate. The SMO provided documented evidence of the appropriate approvals to the OIG for seven of the change requests. There was one change request lacking correct documentation. The SMO has taken steps to provide the proper training to ILs, RMOs, and SMO staff to ensure correct processes are followed.

**OIG Finding: Page 6, Paragraph 1**

The OIG report states "*..14 of the 17 change request forms were missing stakeholder concurrence and two were missing sections identifying risks.*"

This statement is factually inaccurate. Fourteen (14) of the changes were not missing stakeholder concurrence because stakeholder concurrence was not required in these instances. The current governance process requires stakeholders to concur only to those portions of the change request that impact the stakeholder. Also, at the time of the change requests, the initiative had already documented all appropriate risks in the risk register housed in the TMOS system of record, therefore no additional risks were required as a result of the changes.

Emil J. Dzuray, Jr.  
Director  
Strategic Planning

Our responses to the recommendations are below.

**Recommendation 1:**

Expand Delivering Results, Innovation, Value, and Efficiency Initiative 25 to rely on all 14 surveys to improve the customer experience or allow the customer survey contract to expire in March 2016.

**Management Response/Action Plan:**

Management disagrees. All 14 surveys play a key role in making this possible, allowing for customer insight on aspects important to the customer. These factors are key aids that the enterprise uses to make decisions.

**Target Implementation Date:** N/A

**Responsible Official:** N/A

**Recommendation 2:**

Ensure initiative leads set performance goals that align with the Postal Service's strategic plan.

**Management Response/Action Plan:**

Management disagrees. The SMO does and will continue to provide recommendations and guidelines to both the ELT and IL on how to set appropriate targets, including alignment to the strategic plan. However, it is the responsibility of each of the ELT members and Initiative Leader to set specific targets and determine appropriate thresholds for 'boldness or aggressiveness'. The metrics documented in this initiative were approved by all ELT members during the annual Portfolio Refresh process.

**Target Implementation Date:** N/A

**Responsible Official:** N/A

**Recommendation 3:**

Establish an independent review process to validate the accuracy of Technology Management Office System inputs.

**Management Response/Action Plan:**

Management agrees with this recommendation. The current DRIVE governance process has established an independent review process for charter-level financial metrics reported in TMOS. The SMO will update the process to include non-financial Charter level metrics.

**Target Implementation Date:**

March 2016

**Responsible Official:**

Director, Office of Strategic Planning.

Emil J. Dzuray, Jr.  
Director  
Strategic Planning

**Recommendation 4:**

Require initiative leads and roadmap owners to complete all appropriate change request forms and obtain all necessary approvals before changing project goals.

**Management Response/Action Plan:**

Management agrees with this recommendation since it is part of our current DRIVE governance process. The SMO will also reinforce these requirements as part of the on-going execution training provided to DRIVE initiative teams.

**Target Implementation Date:**

On-going

**Responsible Official:**

Director, Office of Strategic Planning.



Emil Dzuray  
Director  
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