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SUBJECT: Audit Report – Timeliness of Mail Processing at the Chicago, Illinois
Cardiss Collins Processing and Distribution Center
(Report Number NO-AR-07-012)

This report presents the results of our audit of the Cardiss Collins Processing and Distribution Center (P&DC), located in the Chicago District, Great Lakes Area (Project Number 07XG024NO000). Our objective was to determine whether the PD&C processed mail in a timely manner. This audit is one of several conducted based on a request from the Postmaster General and Chief Executive Officer and a congressional request.

The audit confirmed that the Cardiss Collins P&DC continues to have difficulty with the timely processing of mail, resulting in untimely mail delivery and service degradation. Although we found some periods in fiscal year 2007 with fewer First-Class® and Package Mail® delays, during the same periods, we found more delays in Standard Mail® and Periodicals. In addition, compared to other large plants, the Cardiss Collins P&DC remains one of the poorest performers in terms of service scores.

We made eight recommendations in this report. Management agreed with our recommendations and has initiatives in progress, completed, or planned addressing the issues in this report. We have included management's comments and our evaluation of these comments in the report.

The U.S. Postal Service Office of Inspector General (OIG) considers all of the recommendations 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 follow-up tracking system until the OIG provides written confirmation the recommendations can be closed.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions or need additional information, please contact Robert J. Batta, Director, Network Processing, or me at (703) 248-2100.



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EXECUTIVE SUMMARY

Introduction

The U.S. Postal Service Office of Inspector General reviewed mail processing operations at the Cardiss Collins Processing and Distribution Center (P&DC) at the request of the Postmaster General and Chief Executive Officer and in response to a congressional request. The Cardiss Collins P&DC is located in the Chicago District in the Great Lakes Area. (See Appendix A.) Processing plants in the Chicago District include the Cardiss Collins P&DC, the Chicago O'Hare Airport Mail Center, and the Chicago Metro Surface Hub. The Chicago District serves ZIP Code areas 606 through 608, covers 255 square miles, and serves more than 3 million customers.

Results in Brief

The Cardiss Collins P&DC continues to have difficulty with the timely processing of mail, resulting in untimely mail delivery and service degradation. Although we found some periods in FY 2007 with fewer First-Class® and Package Mail® delays, during the same periods, we found more delays in Standard Mail® and Periodicals. In addition, compared to other large plants, the Cardiss Collins P&DC remains one of the poorest performers in terms of service scores.

The Postal Service acknowledges these conditions and has taken a number of important actions to remedy the situation. They have conducted a top-to-bottom review of every aspect of mail processing from repairing equipment, to improving mail flows, to evaluating staffing and scheduling. These actions will increase capacity and efficiency and allow the Cardiss Collins P&DC to process more mail in less time.

39, U.S.C. Part 1, Chapter 1, § 101, states that the Postal Service “. . . shall provide prompt, reliable, and efficient services to patrons in all areas” In addition, the *Postal Service Strategic Transformation Plan*, dated September 2005, states, “The Postal Service will continue to provide timely, reliable delivery to every address at reasonable rates.”

Factors contributing to these conditions include inadequate supervision, accountability, and planning. As of Quarter 3, 2007, the Chicago District service scores started to show improvement.

Management Actions	Cardiss Collins P&DC continues to take action to streamline processing operations to improve service scores and ensure the timely processing of mail. Management assigned a new plant manager on May 17, 2007, after a series of six plant managers over the past 11 years. Management also has numerous initiatives in place or planned to make mail processing timelier.
Summary of Recommendations	To improve the timely processing of mail, we recommended the District Manager/Postmaster, Chicago District, and the Senior Plant Manager, Cardiss Collins P&DC: provide consistent, quality supervision and training; improve planning; make employees accountable; and continue monitoring and adjusting mail processing operations to ensure the timely processing of mail.
Summary of Management's Comments	Management agreed with our findings and recommendations. Management provided detailed actions for each of the recommendations. We have included management's comments, in their entirety, in Appendix L.
Overall Evaluation of Management's Comments	Management's comments are responsive to our recommendations. Management's actions in progress, completed, or planned should correct the issues identified in the report.

INTRODUCTION

Background

The Cardiss Collins Processing and Distribution Center (P&DC) is located in the Chicago District in the Great Lakes Area. Appendix A shows a map of the Great Lakes Area. The Chicago District serves ZIP Code areas 606 through 608 with more than 3 million customers.

The Cardiss Collins P&DC was opened in April 1996 and has over 1.7 million square feet. In fiscal year (FY) 2006, the Cardiss Collins P&DC processed 1.5 billion first handled pieces (FHP) using 3.2 million workhours. As of June 2007, Cardiss Collins P&DC had 2,401 paid employees. Cardiss Collins P&DC is the 30th largest mail processing plant in the postal network of 273 plants.

From FY 2004 to FY 2006, Cardiss Collins P&DC had a 7 percent decline in FHP volume compared to the national average FHP volume, which increased 2.7 percent. During the same period, Cardiss Collins P&DC workhours decreased by more than 17 percent compared to a national average workhour increase of 3.75 percent. Also during the same time, productivity (FHP divided by workhours) at Cardiss Collins P&DC increased by 13 percent, while the national average productivity decreased by 1 percent. In spite of this increase in productivity, the Cardiss Collins P&DC was well below national productivity averages¹ and performed poorly compared to similar sites. (See Appendix B.)

In December 2006, the Chicago District began receiving negative media coverage about mail delays.² This negative media attention expanded during calendar year 2007 and elected representatives requested the U.S. Postal Service take immediate corrective action. Subsequently, the Postal Service committed considerable resources³ to correct delayed mail problems. In addition, the Postmaster General and Chief Executive Officer made a commitment to resolve delayed mail problems in the Chicago District and requested a U.S. Postal Service Office of Inspector General (OIG) review.

¹ In FY 2006, the Cardiss Collins P&DC processed 469 FHP per workhour compared to the national FHP productivity of 672 pieces per workhour.

² Mail delays occur when mail is not processed or dispatched by its programmed delivery day. The Postal Service expects some delayed mail, although no specific targets have been established for large plants.

³ The Postal Service dedicated over 153 personnel from across the country to assist the Chicago District.

**Objective, Scope, and
Methodology**

The objective of the audit was to determine whether the Cardiss Collins P&DC processed mail in a timely manner. To accomplish the objective we: reviewed selected processing operations; conducted interviews and observations; and analyzed mail volume, workhours, productivity, service scores, and delayed mail trends.

We used computer-processed data from the National Work Hour Reporting System, Web Enterprise Information System, Web End-of-Run System, Web Mail Condition Reporting System (MCRS), Management Operating Data System (MODS), Origin-Destination Information System, Service Issue Record System, Revenue, Pieces, and Weight System, and the Enterprise Data Warehouse. We did not test controls over these systems. However, we checked the reasonableness of results by confirming our analyses and results with Postal Service managers and multiple data sources. In addition, an OIG review of MODS concluded that the data in this system was valid and reliable for the purposes for which the Postal Service uses it.⁴

We conducted this performance audit from April through September 2007 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 June 26, 2007 and included their comments where appropriate.

**Related Audit
Coverage**

The OIG has several on-going audits specifically addressing timeliness of mail service and financial accountability in the Chicago District.

⁴ *Management Operating Data System* (Report Number MS-AR-07-003, dated August 21, 2007).

AUDIT RESULTS

Assessment of the Timeliness of Mail Processing at the Cardiss Collins Processing and Distribution Center

During the period FY 2004 through June 2007, the Cardiss Collins P&DC had difficulty with the timely processing of mail, resulting in mail delays and service declines. Specifically, we found:

- The total amount of delayed mail increased from 3 million pieces in FY 2004 to 139 million pieces in FY 2006.⁵ As of Quarter 3, FY 2007, delayed mail totaled 379 million pieces for the year.
- Compared to similar-sized plants, the Cardiss Collins P&DC remains one of the lowest performers in processing mail in a timely manner.
- The Cardiss Collins P&DC generally had a sufficient number of employees and automated equipment capacity to process its mail in a timely manner.
- Opportunities existed to improve efficiencies and process mail more timely.
- The Cardiss Collins P&DC generally had effective internal controls over identifying and reporting delayed mail, although opportunities existed to improve color-coding.

The Postal Service acknowledges these conditions and has taken a number of important actions to remedy the situation. These actions have resulted in some improvements. From Quarter 1 FY 2007 to Quarter 3 FY 2007, First-Class® delayed mail decreased approximately 71 percent, and Package Mail® delayed mail decreased almost 100 percent. In addition, Quarter 3, FY 2007 service scores have improved in comparison to Quarter 4, FY 2006.

39, U.S.C. Part 1, Chapter 1, § 101, states that the Postal Service “. . . shall provide prompt, reliable, and efficient services to patrons in all areas . . .” In addition, the *Postal Service Strategic Transformation Plan*, dated September 2005, states, “The Postal Service will continue to provide timely, reliable delivery to every address at reasonable rates.”

⁵ Part of this increase can be attributed to processes implemented in August 2006 to better capture delayed mail volumes.

The excessive amount of delayed mail was due to inadequate and improper supervision, scarce accountability, and insufficient planning.

Delayed Mail Trends

While some delayed mail has decreased, the Cardiss Collins P&DC continues to experience significant amounts of delayed mail in all mail classes. For instance, total delayed mail at the Cardiss Collins P&DC increased from 3 million pieces in FY 2004 to 139 million pieces in FY 2006. As of Quarter 3, FY 2007, delayed mail totaled 379 million pieces for the year.

Cardiss Collins P&DC began reducing its delayed First-Class and Package Mail. For example, from Quarter 1 to Quarter 3, FY 2007, delayed First-Class Mail decreased by almost 9 million pieces, or 71 percent. During the same period, delays in Package Service Mail decreased by more than 1.6 million pieces, or almost 100 percent.

However, Periodical and Standard Mail delays increased. For example, from Quarter 1 to Quarter 3, FY 2007, Periodical Mail delays increased by 70,000 pieces (9 percent), and Standard Mail delays increased by almost 43 million pieces (56 percent). We concluded that Cardiss Collins P&DC needed to make greater efforts to process this mail in a timely manner.

The illustrations below show some delayed First-Class Mail (Illustration 1) and a substantial amount of delayed Standard Mail⁶ (Illustration 2) that were on hand during our observations.

⁶ On May 3, 2007, we observed some delayed Standard Mail dated April 16, 2007.

Illustration 1. Delayed First-Class Letter Mail



Three containers containing First-Class Mail were delayed on May 9, 2007. Cardiss Collins P&DC reduced the amount of delayed First-Class Mail by nearly 71 percent from Quarters 1 to 3, FY 2007.

Illustration 2. Delayed Standard Mail



Several containers of delayed Standard Mail observed on May 24, 2007. Standard Mail delays increased by 45 percent from Quarters 1 to 3, FY 2007.

Comparison to Similar-Sized Facilities	<p>Compared to other large plants, the Cardiss Collins P&DC remains one of the lowest performers in processing mail in a timely manner. Specifically, in FY 2006 and year-to-date (YTD) FY 2007,⁷ Cardiss Collins P&DC was:</p> <ul style="list-style-type: none">• The lowest performer in processing First-Class Mail, ranking 36th out of 36 group 1⁸ sites in both periods. In FY 2006, Cardiss Collins P&DC First-Class Mail delays were 3 percent compared to the national average of .5 percent, and in YTD FY 2007, delays were 4 percent compared to the national average of .4 percent.• The lowest performer in processing Package Services Mail, ranking 36th out of 36 group 1 sites in both periods. Cardiss Collins P&DC Package Mail delays represented nearly 18 percent of total Package Mail volume in FY 2006 and increased to approximately 23 percent in YTD FY 2007, compared to the national average of approximately .3 percent for both periods.• Ranked 17th out of 36 sites in processing Periodical Mail in FY 2006 but declined to 25th out of 36 sites YTD FY 2007. Cardiss Collins P&DC Periodical Mail delays in FY 2006 and YTD FY 2007 represented approximately 3 and 6 percent of total Periodical Mail volume, respectively, compared to the national average of approximately 12 and 6 percent of total Periodical Mail volume in these periods.• Ranked 33rd in Standard Mail delays out of 36 other group 1 sites in FY 2006, but then declined, becoming the lowest performer by Quarter 3, FY 2007. Cardiss Collins P&DC Standard Mail delays represented approximately 16 and 57 percent in FY 2006 and YTD FY 2007, respectively, compared to the national average of 7 and 6.5 percent of total Standard Mail in these periods. Illustration 3 shows that we found many sales catalogs that were still at the facility after the requested in-home date.
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⁷ YTD FY 2007 is through June 30, 2007.

⁸ The Cardiss Collins P&DC is a group 1 processing facility. A group 1 facility processes the largest amount of volume as compared to other processing and distribution facilities.

Illustration 3. Catalogs that Missed the Requested In-Home Date



Sales catalogs with a requested in-home date from April 30 to May 2, 2007, that were still at the Cardiss Collins P&DC on May 11, 2007.

**Automated Equipment
Capacity**

The Cardiss Collins P&DC generally had sufficient automated equipment capacity to process its mail in a timely manner, although opportunities existed to further increase capacity.

- If the Cardiss Collins P&DC operated at the average group 1 productivity level, it could have processed an additional 803 million mailpieces in FY 2006. (See Appendix C.)
- The Cardiss Collins P&DC had sufficient individual automated equipment capacity and used the majority of its available capacity. Appendix D shows that the Delivery Bar Code Sorter (DBCS) and Advanced Flat Sorter Machine (AFSM) operated at approximately 91 and 90 percent of available capacity, based on average group 1 productivity levels during FY 2006.

The AFSM 100 retrofit⁹ in March 2007 required withdrawing machines from service, temporarily reducing the Cardiss Collins P&DC's ability to process flat mail in a timely

⁹ The AFSM 100 retrofit refers to the installation of the automatic induction modification to the AFSM 100.

manner.¹⁰ To illustrate, in FY 2006, AFSM 100 throughput¹¹ at Cardiss Collins P&DC averaged 13,845 pieces per hour. During the retrofit (March to April 2007) AFSM 100 throughput averaged only 11,955 pieces per hour. Maintenance on the AFSM 100 also needed improvement. Illustration 4 shows an AFSM 100 that was in disrepair and had to be taken out of service.

Illustration 4. AFSM 100 in Disrepair



AFSM 100 awaiting maintenance repair on June 5, 2007. Of the three consoles on an AFSM 100, the first had a broken belt; the second read less than 50 percent of the mailpieces; and the third jammed excessively. These problems reduced the Cardiss Collins P&DC capacity to process flats.

The use of older DBCSs contributed to diminished capacity. Twenty-four of 45 DBCSs were nearly 16 years old and were prone to high reject rates, jams, and excessive breakdowns. For example, from FY 2003 to June 2007, the Cardiss Collins P&DC averaged 4.25 DBCS jams per 10,000 mailpieces, compared to the national average of 2.65 jams per 10,000 mailpieces (approximately 60 percent more jams). Illustration 5 shows a DBCS that was shut down to clear a letter jam.

¹⁰ Flat mail may include Priority, First-Class, Periodical, and Standard Mail.

¹¹ Throughput is the number of pieces processed by a machine per hour.

Illustration 5. Letter Jam in Delivery Bar Code Sorter



DBCSs jammed at a high rate. On May 11, 2007, we observed several jams within a 5-minute period that reduced capacity.

During our audit, management began to improve capacity by ensuring that the preventive maintenance schedule was followed, and by overhauling DBCS machines. Consequently, throughput on the DBCSs improved. For example, in FY 2006, the average throughput for a DBCS totaled 34,405 mailpieces per workhour, compared to an average throughput of 35,892 mailpieces per workhour from February to June 2007.

Human Resource
Capacity

Cardiss Collins P&DC had more than enough employees to process its workload. Specifically, in FY 2006, Cardiss Collins P&DC ranked 30th largest in FHP volume, 7th highest in workhours, and 11th highest in average number of employees among group 1 sites. This comparison showed that Cardiss Collins P&DC used more workhours than necessary to process its workload, compared to other group 1 sites. In FHP productivity, Cardiss Collins P&DC ranked 35th of the 36 group 1 sites in FY 2006. In order to

achieve the average FY 2006 FHP¹² of 720, Cardiss Collins P&DC would need to reduce workhours by 1.1 million, or the equivalent of 632 employees.¹³

Efficiency

The Cardiss Collins P&DC had opportunities to improve efficiencies and process mail in a timely manner. Specifically, we found that the Cardiss Collins P&DC had difficulty meeting:

- Outgoing mail clearance times.
- Transportation dispatch times.
- The national average for sorting letter mail into delivery sequence order.
- The national productivity average for DBCSs.¹⁴

Outgoing Clearance Times. From February to December 2006, Cardiss Collins P&DC met outgoing clearance times approximately 85 percent of the time, which was significantly below the national average of 92.5 percent. (See Appendix E.) While we noted improvements from April to June 2007, additional opportunities exist to meet this 24-hour clock target. This would further reduce mail delays and help improve service scores.

Transportation Clearance Times. The Cardiss Collins P&DC had difficulty ensuring that transportation dispatches met scheduled departure times. The transportation delays observed were the result of the Cardiss Collins P&DC not having all its mail processed in time to meet transportation dispatches. For example, we found instances where DBCSs were running past their clearance times. Consequently, mail was dispatched to carrier stations late, possibly causing delivery delays and poor service scores. (Note: Transportation issues are addressed further in a separate report.)

Delivery Point Sequencing. The Cardiss Collins P&DC consistently ranked below the national average for letters

¹² In FY 2006, the Cardiss Collins P&DC processed 469 FHP per workhour.

¹³ Based on the FY 2005 clerk craft work year of 1,767 hours.

¹⁴ This system includes the DBCS and the Combined Input/Output SubSystem.

sorted in delivery point sequence. (See Appendix F.)¹⁵ During FY 2006 and from October 2006 to June 2007, Cardiss Collins P&DC averaged approximately 69 and 72 percent, respectively, for letter mail processed in delivery point sequence. The national average for delivery point sequencing was 79.7 and 82.2 percent, respectively. Consequently, Chicago District mail carriers manually case a higher percentage of letter mail than their national counterparts, resulting in increased office time and possible mail delays. (Note: Delivery issues are addressed further in a separate report.)

DBCS Productivity The Cardiss Collins P&DC improved productivity on the DBCSs, but remained below the national productivity average.

- In FY 2006, Cardiss Collins P&DC processed 7,257 pieces per hour on the DBCS, compared to the group 1 average national productivity of 7,934 pieces per hour. (See Appendix G.)
- As of June 2007, the Cardiss Collins P&DC improved productivity by processing 7,471 pieces per hour, compared to the national average of 7,823 pieces.

Low productivity diminished Cardiss Collins P&DC's ability to sort mail in delivery point sequence and process all letter mail during the operational window.

Controls over
Identification and
Reporting of Delayed
Mail

The Cardiss Collins P&DC generally had effective internal controls over identifying and reporting delayed mail, although opportunities existed to improve color-coding.¹⁶

The amount of delayed and on-hand mail was accurately reported in the MCRS. We observed the counting of mail at the Cardiss Collins P&DC on May 9 and June 5, 2007. The mail counts fairly reflected conditions on the workroom floor. In addition, our interviews of two employees responsible for counting the mail each morning showed they understood the definition of delayed mail. Furthermore, Cardiss Collins

¹⁵ Delivery Point Sequencing consists of mail that is sorted in delivery order, reducing or eliminating the need for carriers to sort it by hand at the post office.

¹⁶ The Postal Service uses color-coding to facilitate the timely processing, dispatch, and delivery of Standard Mail to meet established service standards. Color-coding allows mail to be put in sequence to ensure first-in, first-out processing. Mail is properly color-coded when it bears a color-code tag showing the date and time the mail arrived at the facility.

P&DC had a system for the Manager, Distribution Operations, to review mail inventories and confirm counts before entering the data in the MCRS. We confirmed that the data entered matched the amounts in the MCRS.

Cardiss Collins P&DC needs to improve controls over color-coding. During our observations, 141 out of 491 containers examined (29 percent) were not properly color-coded. Specifically, 120 containers had no color-code tag, and 21 containers had no date and time stamped on the color-code tag. Improved color coding will allow the Cardiss Collins P&DC to prioritize its workload and ensure first-in, first-out mail processing. Illustration 6 shows mail not bearing the proper color-code tags during our observations.

Illustration 6. Cardiss Collins P&DC Mail Was Not Always Properly Color-Coded



From May 2 through 6, 2007, we found that 141 out of 491 containers examined were not properly color-coded.

Causes of Delayed Mail

Several factors contributed to the Cardiss Collins P&DC's ability to process mail in a timely manner. These factors were inadequate and improper supervision, scarce accountability, and insufficient planning.

Inadequate Supervision. The Cardiss Collins P&DC had significant management turnover, which resulted in inadequate supervision. Since its opening in 1996, Cardiss Collins P&DC has had seven different plant managers, as well as numerous different managers and supervisors, overseeing mail processing operations. As of June 2007, Cardiss Collins P&DC had 22 management vacancies,

indicating that management oversight had not stabilized. Cardiss Collins P&DC supervisors used large amounts of sick leave.¹⁷ In FY 2006, Cardiss Collins P&DC supervisors' sick leave ratio was 8.28 percent of workhours, more than twice the national average of 3.63 percent.

Improper Supervision. During our observations, we often found employees who were not being supervised. In some cases, we found it difficult to locate a supervisor. Consequently, supervisors at Cardiss Collins P&DC did not ensure:

- Employees properly removed all mail from machine bins after processing, which resulted in mail delays. (See Illustration 7.)

Illustration 7. Mail Left in Delivery Bar Code Sorter Bins



First-Class and Standard Mail was often left in the machine reject bins after completion of sorting and dispatching of mail. Not removing all mail from machine bins after processing indicated poor supervision.

- Employees were actively engaged in processing mail. Unofficial break rooms were created, making it easier for employees to take unauthorized breaks. (See Illustrations 8 through 11.)

¹⁷ Sick leave hours divided by total supervisory workhours.

Illustration 8. Idle Employee



Employee found idle on June 5, 2007, at 2:30 a.m.

Illustration 9. Unauthorized Break Room



Makeshift break area constructed by employees on the 2nd floor behind the Finance Station. Cardboard lines the railing, obstructing the supervisor's view of the unauthorized area. (June 5, 2007, 7:33 a.m.)

Illustration 10. Unauthorized Break Room



Hidden break area with chair on the dock. (June 5, 2007, 7:30 a.m.)

Illustration 11. Unauthorized Break Room



Makeshift employee break area with chairs and a plant surrounded by general purpose containers. (June 5, 2007, 6:38 p.m.)

- Proper staffing of operations. Illustration 12 shows that AFSM 100 preparing, feeding and clearing positions were often not properly staffed to maintain machine throughput.

Illustration 12. AFSM 100 Preparation Operation Not Properly Staffed



Prepping stations not staffed on AFSM 100 on June 5, 2007, at 4:47 a.m. Observations revealed that AFSM 100 prepping, feeding, and sweeping positions were often not properly staffed to maintain machine throughput.

- Employee schedules matched the requisite workload. In comparing the percentages of workhours used and volume processed (if applicable) at Cardiss Collins P&DC to similar sites, we found that employee scheduling could be improved. For example, in FY 2006, Cardiss Collins P&DC Labor Distribution Code (LDC) 11¹⁸ Total Pieces Handled (TPH) volume represented 85 percent of total volume, which was comparable to the group 1 LDC 11 TPH volume of 87 percent. Yet Cardiss Collins P&DC used 13 percent of its workhours in LDC 11 compared to the national average of 17 percent, indicating LDC 11 operations were understaffed. Conversely, LDCs 17 and 18¹⁹ workhours were excessive compared to other sites. For example, Cardiss Collins P&DC used 42 and 15 percent of total workhours in these two operations, compared to the group 1 averages of 38 and 9 percent. (See Appendices I and J.) Our observations confirmed this analysis.

¹⁸ LDC 11 is used to record hours and volumes associated with automated letter distribution.

¹⁹ LDC 17 is used to record hours spent in mail processing other direct operations. LDC 18 is used to record hours spent in mail processing, indirect/related operations.

For example, Illustration 13 shows dock employees who were idle, indicating that too many employees may have been scheduled for this operation.

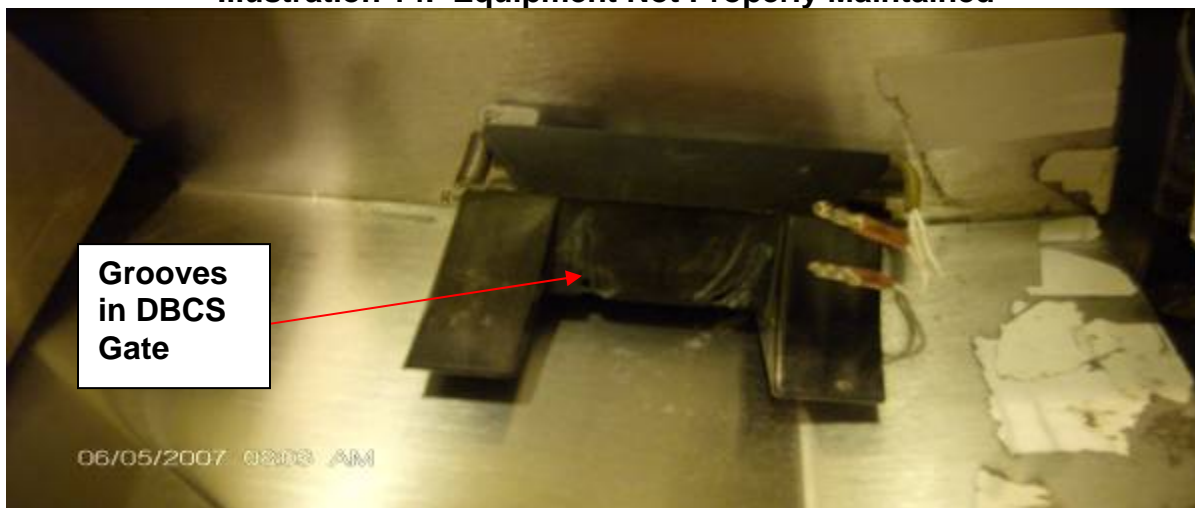
Illustration 13. Idle Dock Employees



Employees assigned to dock operations were idle, indicating that too many employees may be assigned to this operation. (May 24, 2007, 7:24 a.m.)

- Adequate maintenance of automated equipment, which contributed to excess machine downtime. For example, one DBCS had not received preventive maintenance since its overhaul 3 weeks earlier. Illustrations 14 and 15 document the need to improve preventive maintenance.

Illustration 14. Equipment Not Properly Maintained



Badly grooved DBCS gate removed from the machine during overhaul, indicating the need for regular preventive maintenance. This gate should have been replaced before the overhaul. Parts this badly worn can cause jams and can reduce machine throughput. (June 5, 2007, 8:08 a.m.)

Illustration 15. Equipment Not Properly Maintained



Spliced wire harness needing replacement was a safety hazard and should have been replaced. (This wire harness was replaced during our audit.)

- Overtime workhours were adequately adjusted to changes in workload. For example, from FY 2004 to FY 2006, overtime workhours at Cardiss Collins P&DC increased by more than 39 percent, in spite of a 7 percent decrease in FHP volume. Because of high overtime usage, 169 mail handlers earned more

than \$70,000²⁰ in FY 2006. Thus, Cardiss Collins P&DC ranked first for the highest number of mail handlers earning more than \$70,000 among all other group 1 sites. (See Appendix J.)

Scarce Accountability

The Cardiss Collins P&DC managers did not always hold supervisors and craft employees accountable for achieving goals. Specifically, we found:

- Supervisors and craft employees were unaware of productivity goals. While the Cardiss Collins P&DC had displayed daily service score achievements, productivity data for individual operations was not displayed or discussed with employees. This made it difficult to reward good performance or correct poor performance.
- Many employees did not show a sense of urgency to process mail. At various operations, we found employees not performing their duties even though there were significant amounts of backlogged mail. Illustration 16 shows an example of employees with an insufficient sense of urgency.

Illustration 16. Insufficient Sense of Urgency



We found that many employees generally did not have a sense of urgency to complete their assignments. This picture shows employees engaged in conversation and not processing the mail. (May 11, 2007, 11:29 a.m.)

²⁰ FY 2006 base salaries for these employees ranged from \$43,512 to \$49,095.

Insufficient Planning

The Cardiss Collins P&DC management insufficiently planned for mail processing changes, contributing to problems with the timely processing of mail. Specifically, these changes included:

- Transferring letter mail from the Irving Park P&DC.
- Withdrawing the Automated Package Processing System (APPS) from service.
- Retrofitting the AFSM 100s.
- Adjustments in personnel.

Transfer of Letter Mail from Irving Park P&DC. In July 2006, the Postal Service began transferring letter mail processing from the Irving Park P&DC to the Cardiss Collins P&DC. However, this transfer was not well planned, creating significant delays and a bottleneck in letter operations. For example, in the 10 months preceding this transfer of letter mail, delayed letter mail at Cardiss Collins P&DC averaged 4.8 million pieces per month. After the transfer, delayed letter mail averaged 20.3 million pieces, an increase of 316 percent.

APPS Withdrawn from Service. On June 4, 2007, we observed that the APPS had been removed from the Cardiss Collins P&DC. The supervisor overseeing the APPS operation told us he was unaware it was being withdrawn from service. The supervisor also said that because the APPS had been removed, the sort plan for the Small Parcel Bundle Sorter (SPBS) had to be changed in order to maintain mail processing of small bundles and packages. As a result, as shown in Illustration 17, as many as 15 employees were idle for over 2 hours until the SPBS sort plan was completed. Cardiss Collins P&DC missed an opportunity to reduce its total amount of delayed mail by not redirecting these resources.

Illustration 17. Employees Idle Because APPS Was Withdrawn from Service



As many as 15 employees were idle for over 2 hours on June 4, 2007, because the APPS was withdrawn from service without proper planning.

Retrofit of the AFSM 100s. In February 2007, the Cardiss Collins P&DC began retrofitting the flat²¹ sorting machines. This retrofit required withdrawing four AFSM 100s from service, one machine at a time. During the retrofit, significant mail delays occurred. Illustration 18 shows a portion of the 1.5 million delayed flats caused in part by the AFSM 100 retrofit. Better planning, such as redirecting this mail processing to other facilities, could have prevented this temporary processing situation.

²¹ Flat mail may include Priority, First-Class, Periodicals, and Standard Mail.

Illustration 18. Flats in Queue for Processing



Some of the over 1.5 million flats that were delayed, due in part to the retrofit of the AFSM 100s. (May 8, 2007, 3:54 a.m.)

Personnel Changes. Cardiss Collins P&DC did not have a succession plan in place to fill vacancies promptly. For example, 53 percent of mail processing and 40 percent of maintenance supervisors were eligible to retire in FY 2006. By FY 2010, the data shows these percentages jump to 80 and 70 percent of supervisors in these categories. We found similar trends for mail processing and maintenance personnel.²² Cardiss Collins P&DC must ensure that employees are available to process mail and maintain the machines, and needs to plan for the possible retirement of a major portion of its managers and staff.

Delayed Mail Impact

Mail processing delays adversely affected service scores. To illustrate, the Chicago District's service scores as of Quarter 3, FY 2007, were significantly below Quarter 4, FY 2004, levels for each of the four service categories.

However, recent management efforts improved mail processing timelines and increased service scores in all four categories as of Quarter 3, FY 2007, compared to the prior three quarters. Further, the Chicago District's service

²² Forty-two percent of mail processing and 34 percent of maintenance employees were eligible to retire in FY 2006. By FY 2010, 60 percent of these employees will be eligible to retire.

scores were also significantly below the national average service scores. The Chicago District continues to have a low performance ranking in comparison to other districts. Table 1 shows the Chicago District scores and rankings from Quarter 4, FY 2004, to Quarter 3, FY 2007.

Mail delays²³ resulted in poor customer service, and customer complaints increased. For example, the average number of complaints totaled 183 from Quarter 1 to Quarter 3 in FY 2006. During the same period in FY 2007, the average number of complaints rose to 293, an increase of nearly 60 percent. Similarly, the average number of complaints regarding mail delays in excess of 9 days totaled 990 from Quarter 1 through Quarter 3, FY 2006. During the same period in FY 2007, the average number of complaints rose to 1,731, an increase of nearly 75 percent.

²³ Includes mail delays that may have been caused by delivery, mail processing operations, or both. Delays are classified from 2 days to more than 12 days.

**Table 1. Chicago District's Service Performance in Comparison to National Average Service Trends,
Postal Quarter 4, FY 2004, to Postal Quarter 3, FY 2007**

Service Category	Postal Quarter	Fiscal Year	Chicago Ranking Compared to National	Chicago Service Score	National Average Service Scores
Overnight	Quarter 3	2007	79 of 79	92.65	95.91
	Quarter 2	2007	79 of 79	89.84	95.16
	Quarter 1	2007	79 of 79	88.88	95.06
	Quarter 4	2006	79 of 79	91.12	95.42
	Quarter 4	2005	74 of 79	93.89	95.21
	Quarter 4	2004	58 of 79	94.87	95.4
2- and 3-Day	Quarter 3	2007	78 of 80	87.80	92.28
	Quarter 2	2007	80 of 80	76.35	89.44
	Quarter 1	2007	78 of 80	77.17	88.36
	Quarter 4	2006	78 of 80	83.62	90.85
	Quarter 4	2005	72 of 80	88.25	90.53
	Quarter 4	2004	46 of 80	91.14	91.23
2-Day	Quarter 3	2007	77 of 78	89.94	93.25
	Quarter 2	2007	78 of 78	80.99	91.17
	Quarter 1	2007	78 of 78	81.41	90.79
	Quarter 4	2006	78 of 78	85.86	91.71
	Quarter 4	2005	64 of 78	90.14	91.49
	Quarter 4	2004	30 of 78	92.86	91.98
3-Day	Quarter 3	2007	78 of 80	84.48	91.39
	Quarter 2	2007	80 of 80	69.10	87.57
	Quarter 1	2007	79 of 80	70.58	86.17
	Quarter 4	2006	77 of 80	80.44	90.24
	Quarter 4	2005	76 of 80	85.46	89.80
	Quarter 4	2004	67 of 80	88.81	90.62

Postal Service Actions Cardiss Collins P&DC continues to streamline processing operations to improve service scores and ensure the timely processing of mail. Management assigned a new plant manager on May 17, 2007, after a series of six plant managers during the past 11 years. Management also has numerous initiatives in place or planned to improve the timely processing of mail. (Appendix K explains these initiatives.)

Recommendations

To improve the timely processing of mail, we recommend the District Manager/Postmaster, Chicago District, and the Senior Plant Manager, Cardiss Collins Processing and Distribution Center:

1. Monitor delayed mail on a daily basis and develop action plans, if necessary, to ensure the timely processing of mail.
2. Improve supervision by ensuring that supervisors are properly trained and held accountable for results in their operation.
3. Ensure that employees are held accountable by establishing performance goals, monitoring achievement of those goals, and rating performance based on goals.
4. Ensure that timely and proper preventive maintenance is conducted on mail processing equipment.
5. Ensure proper staffing and use of overtime in relation to workload.
6. Ensure that proper plans are developed and followed for events that will affect mail processing operations, such as flat sorter refurbishment, removal of equipment, sort plan changes, retrofits, new equipment installations, and employee attrition.
7. Develop contingency plans in the event that mail cannot be processed timely at the Cardiss Collins Processing and Distribution Center, including the redirection of the mail processing to other facilities.
8. Provide consistent supervision.

**Management's
Comments**

Management agreed with our findings and recommendations.²⁴ Management conducted supervisory training to ensure proper monitoring of operations, trained maintenance personnel, hired a new maintenance manager, and established processes ensuring proper maintenance of mail processing equipment. Management also created a

²⁴ In a subsequent correspondence regarding the response in Appendix L, management explicitly agreed with all recommendations.

standard operating procedure to address overtime approval and new operational industrial engineer positions responsible for operational changes.

Management also agreed to develop preventive processes to ensure the timely processing of mail; set goals for employees; and monitor goal achievement. Management will review scheduling and staffing to ensure proper staffing of operations and develop a facility offload contingency plan to ensure the timely processing of mail. Finally, management will stabilize supervision by increasing the number and level of positions and reducing the number of acting supervisors.

**Evaluation of
Management's
Comments**

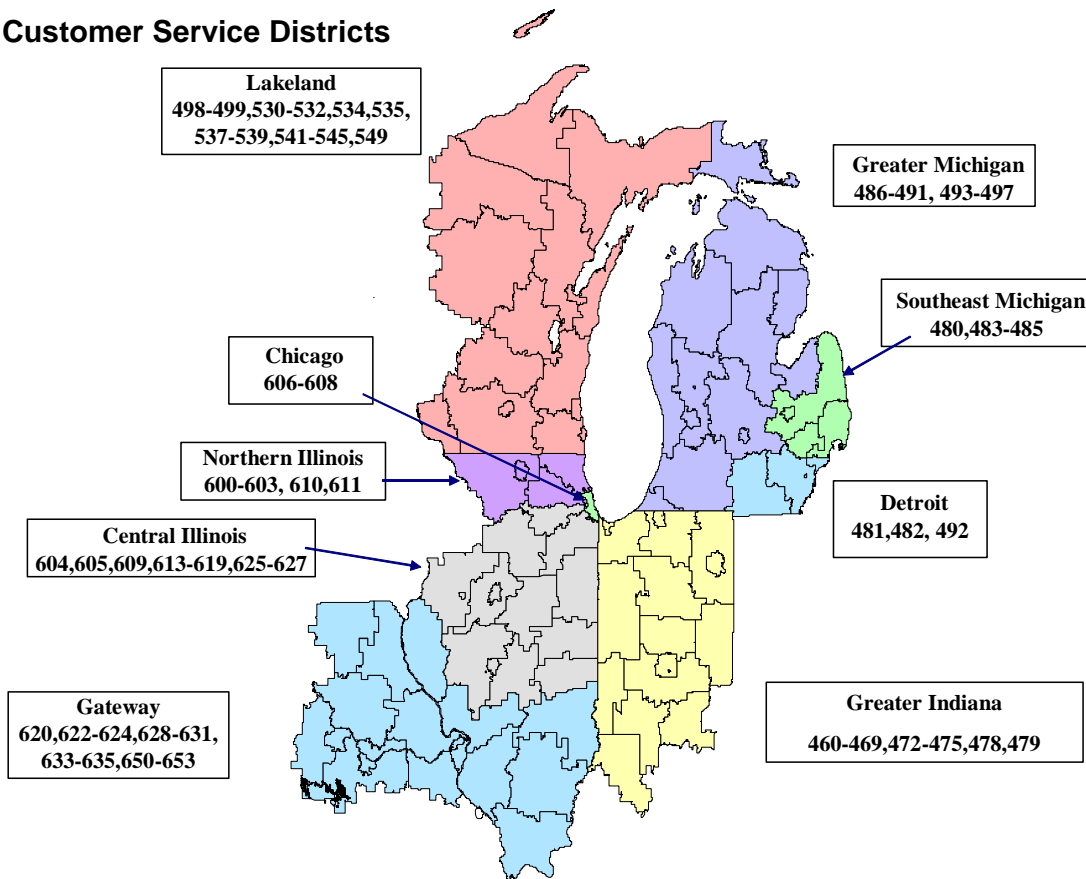
Management's comments are responsive to our recommendations. Management's actions in progress, completed, or planned should correct the issues identified in the findings.

APPENDIX A

GREAT LAKES AREA DISTRICTS BY THREE-DIGIT ZIP CODE AREA

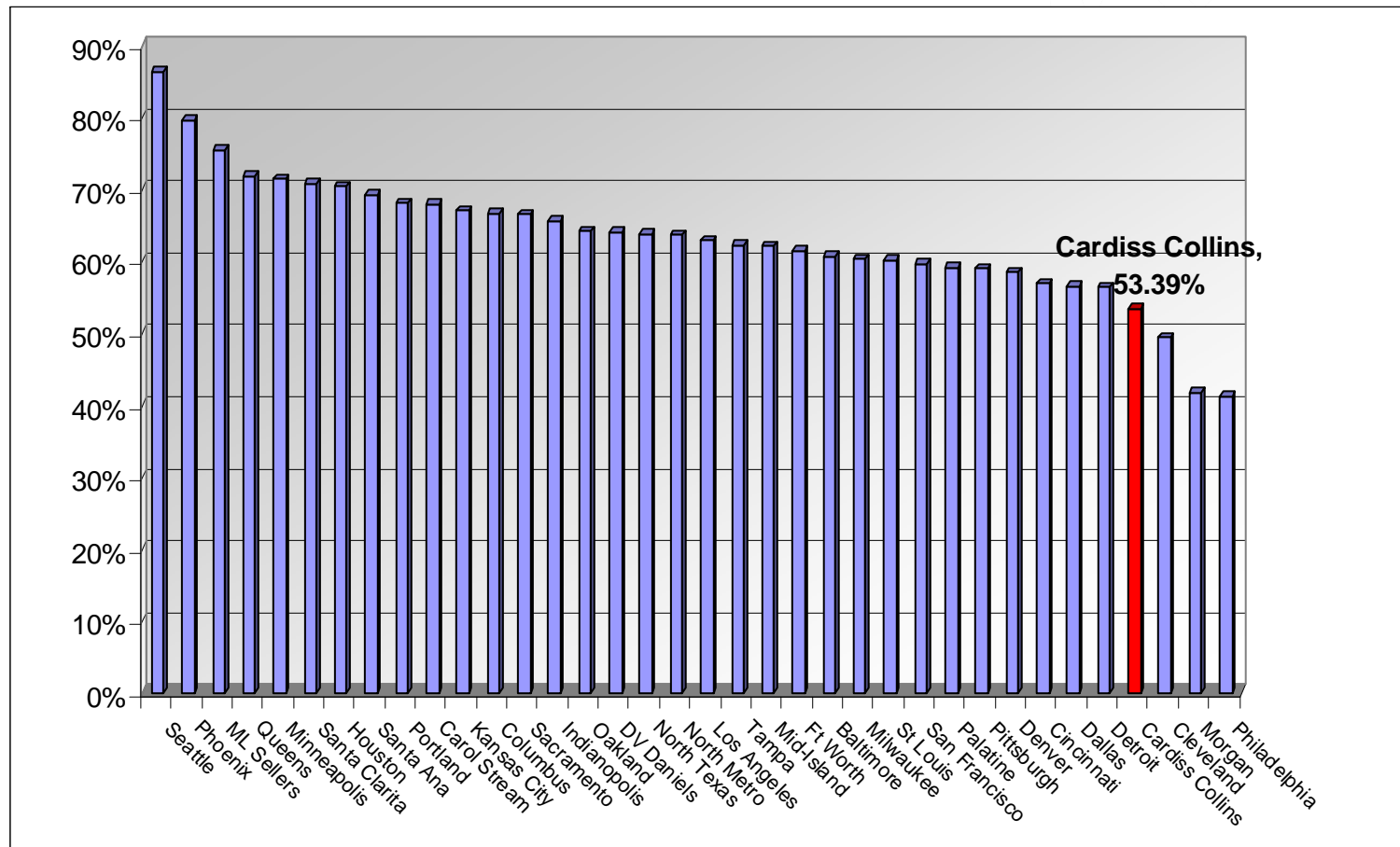
Great Lakes Area

Customer Service Districts



APPENDIX B

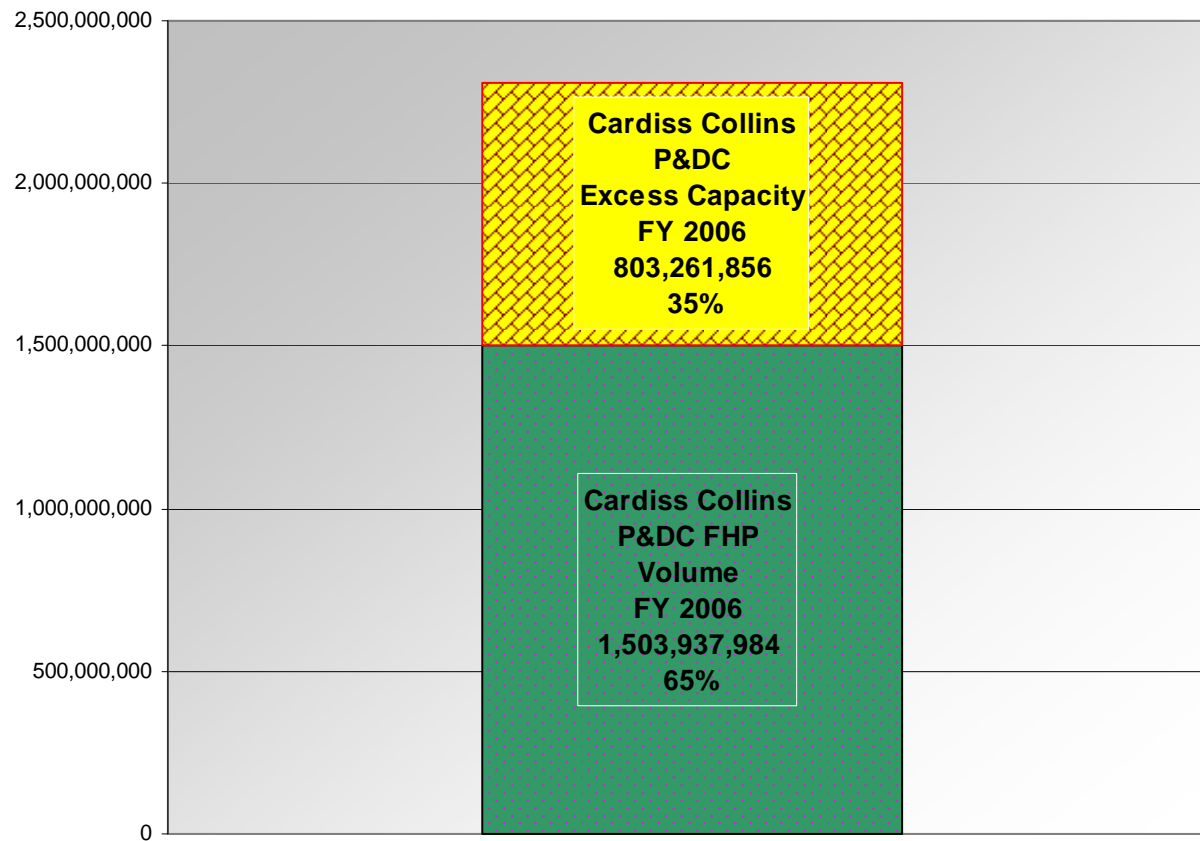
FY 2006 GROUP 1 BREAKTHROUGH PRODUCTIVITY INDEX ACHIEVEMENT



Source: Enterprise Data Warehouse

APPENDIX C

EXCESS CAPACITY AT CARDISS COLLINS P&DC – FY 2006



Note: Excess capacity is based on the Cardiss Collins P&DC achieving the Group 1 average FY 2006 FHP productivity of 720 pieces per workhour as compared to Cardiss Collins P&DC FY 2006 productivity of 469 pieces per workhour.

APPENDIX D

SELECTED AUTOMATED EQUIPMENT CAPACITY AT CARDISS COLLINS P&DC FY 2006

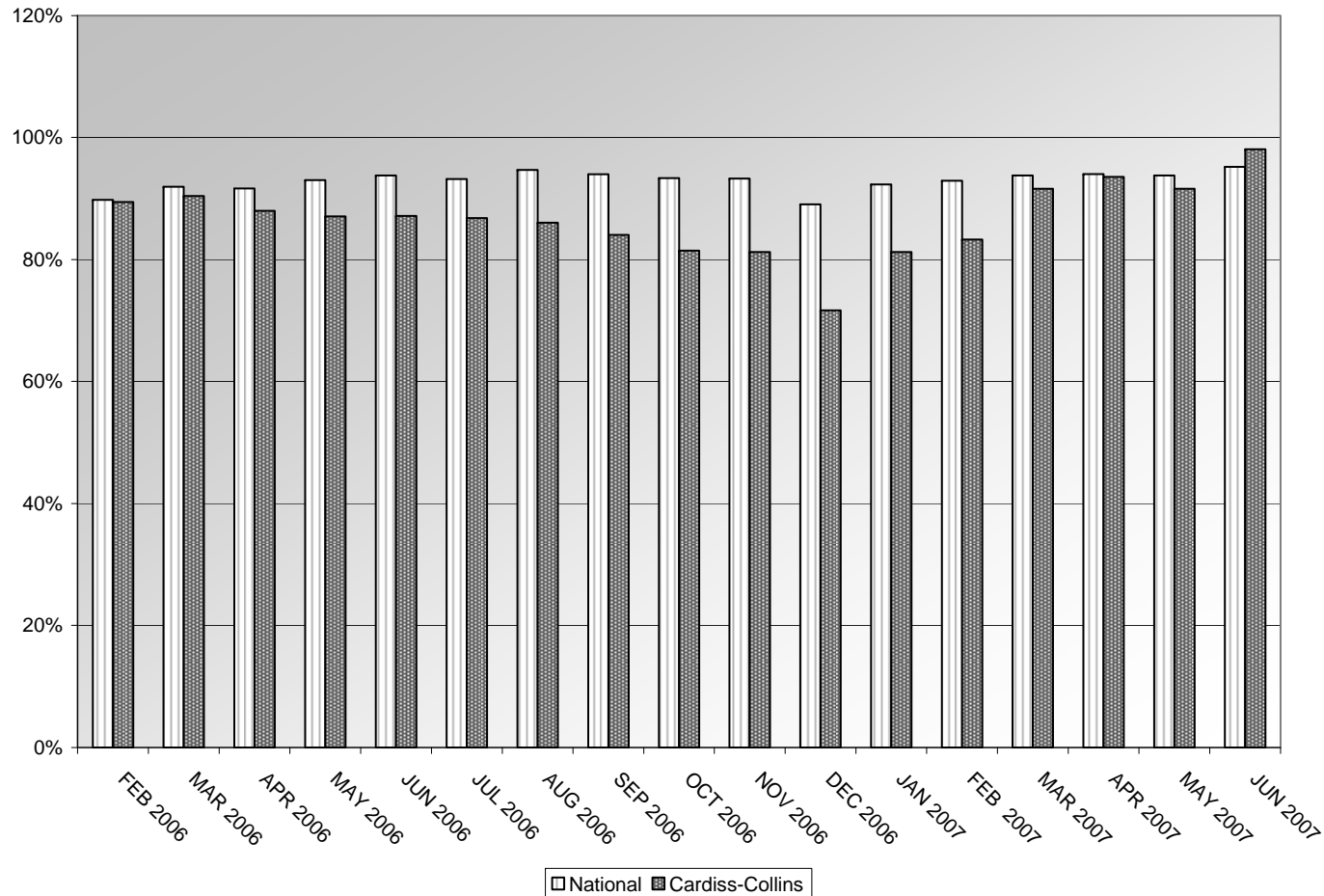
	TPH*	Average TPH Productivity Group 1	TPH Productivity	Workhours	Potential Volume	Additional Capacity	Percentage of Capacity
DBCS	2,442,786,832	7,953	7,257	336,624	2,677,112,382	234,325,550	91.25
APPS	16,069,728	428	425	37,794	16,166,344	96,616	99.40
SPBS	12,262,348	271	215	56,905	15,437,271	3,174,923	79.43
AFSM 100	223,341,334	2,107	1,903	117,372	247,333,026	23,991,692	90.30

Note: *TPH is Total Pieces Handled

Percentage of capacity for each type of automated equipment was based on the average group 1 productivity computed for each type of equipment.

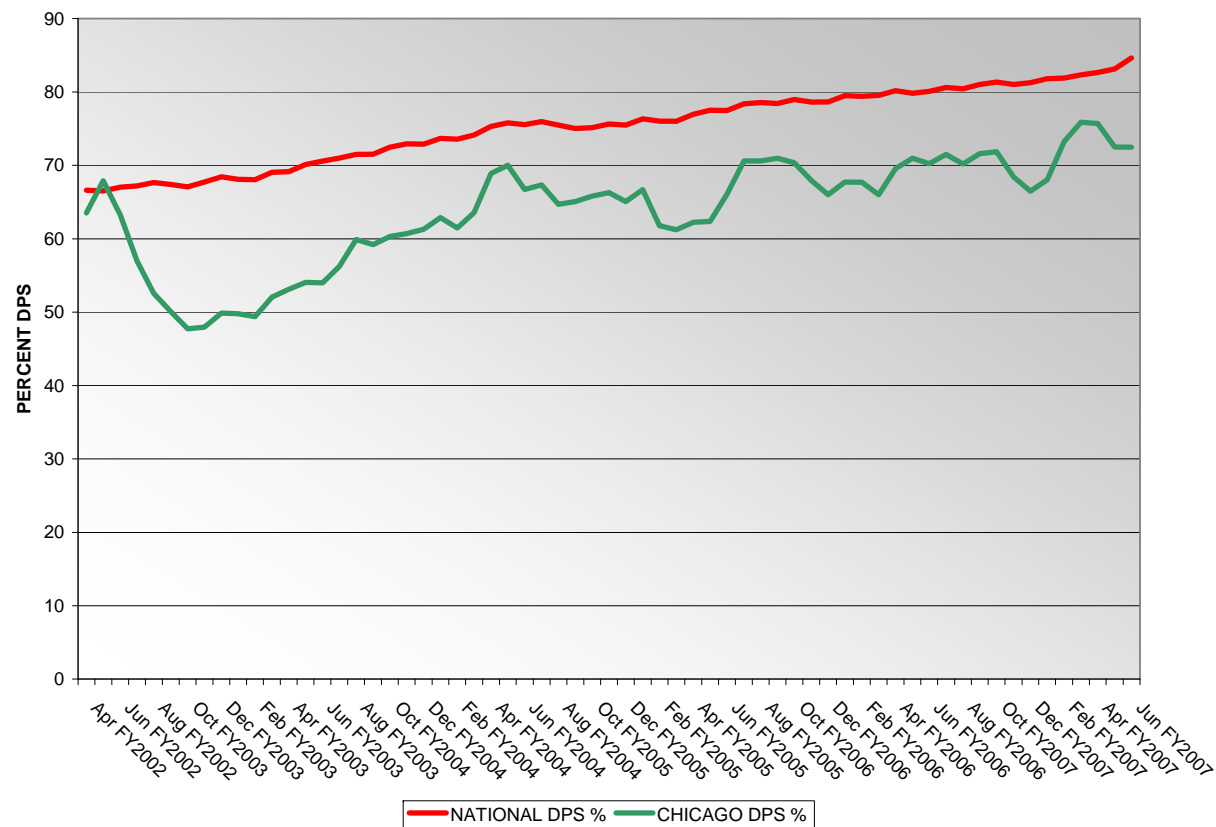
APPENDIX E

OUTGOING MAIL CLEARED BY 11 P.M. FEBRUARY 2006 TO JUNE 2007 NATIONAL VERSUS CARDISS COLLINS P&DC



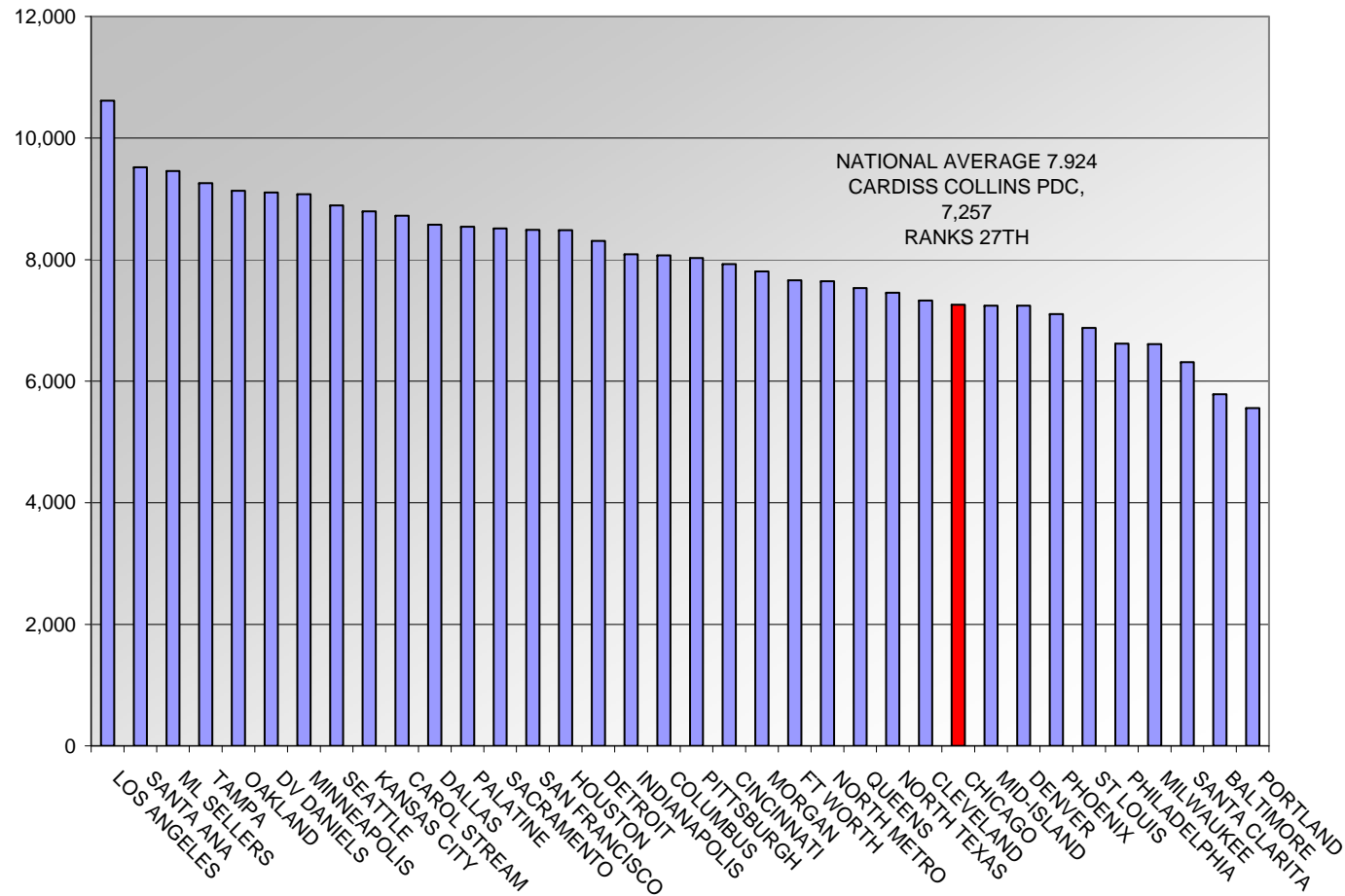
APPENDIX F

PERCENTAGE OF DELIVERY POINT SEQUENCING – NATIONAL VERSUS CARDISS COLLINS P&DC FY 2003 TO JUNE FY 2007



APPENDIX G

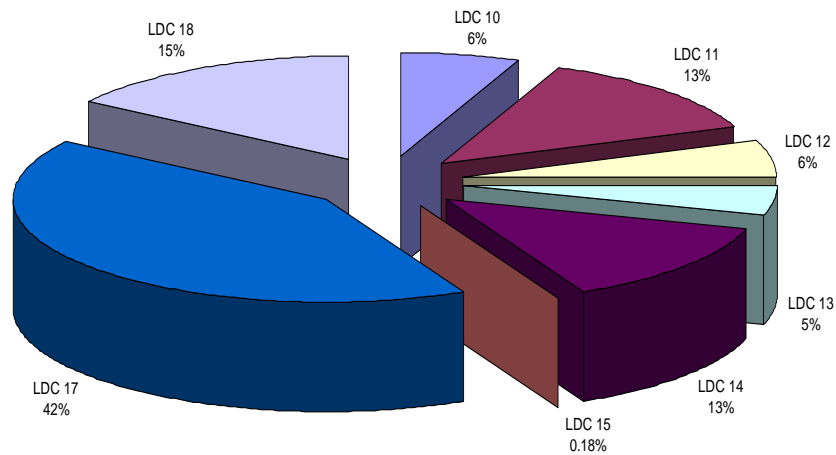
BREAKTHROUGH PRODUCTIVITY INDEX PERFORMANCE FOR DBCS – CARDISS COLLINS P&DC – FY 2006



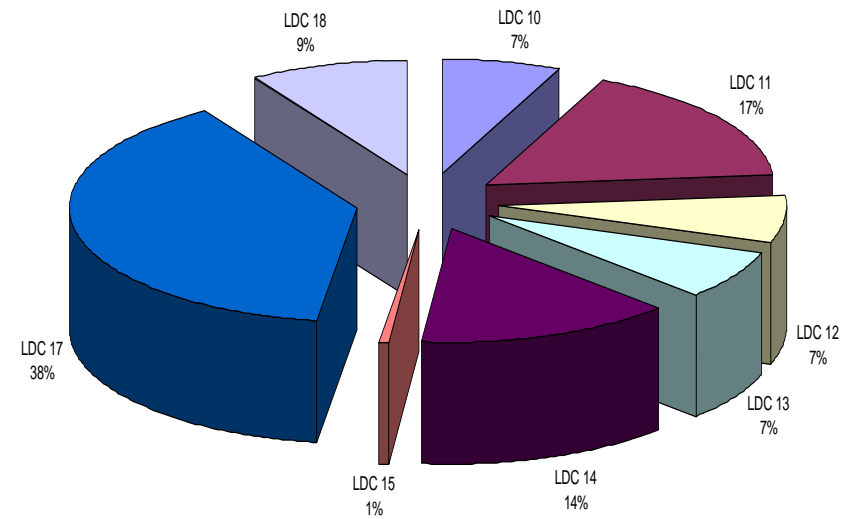
APPENDIX H

FY 2006 WORKHOUR COMPARISON BY LDC CARDISS COLLINS P&DC VERSUS GROUP 1 WORK HOUR USAGE

CARDISS COLLINS P&DC



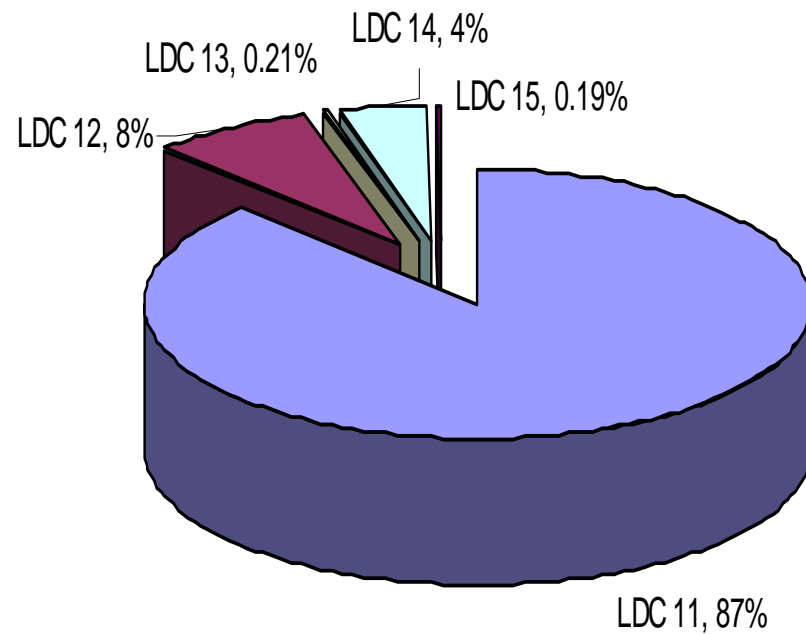
GROUP 1 SITES



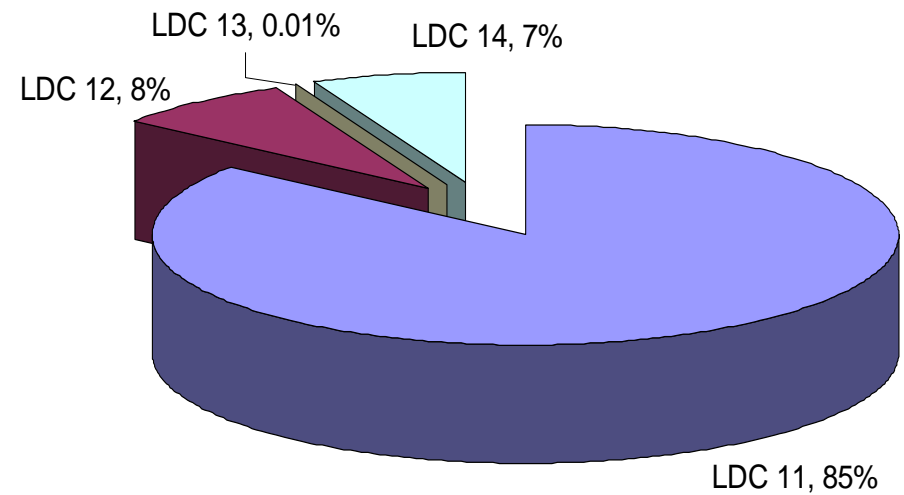
APPENDIX I

FY 2006 TPH VOLUME COMPARISON BY LDC CARDISS COLLINS P&DC VERSUS GROUP 1 TPH VOLUME

GROUP 1 SITES

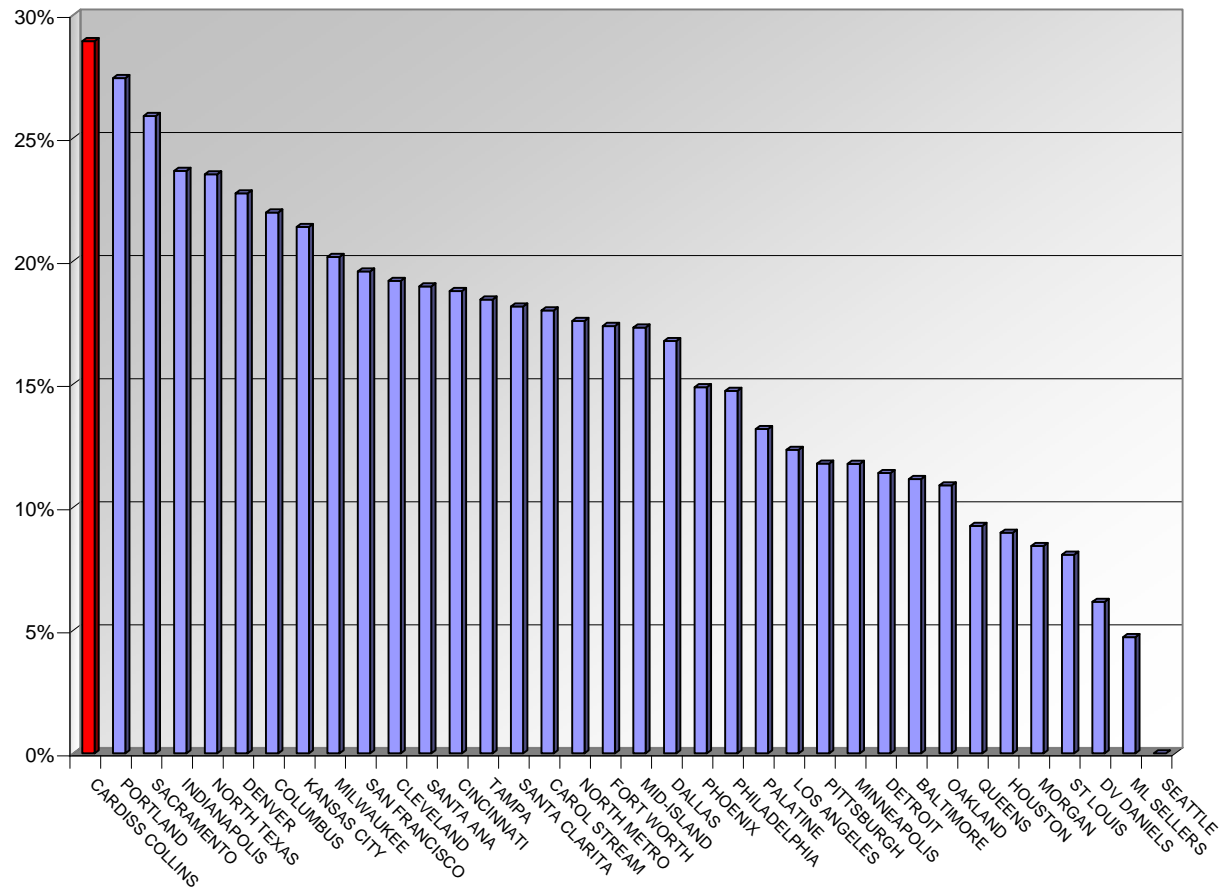


CARDISS COLLINS P&DC



APPENDIX J

FY 2006 RANKING OF GROUP 1 MAIL HANDLERS WHO EARNED MORE THAN \$70,000 (AS A PERCENTAGE OF MAIL HANDLERS AT EACH SITE)



APPENDIX K

POSTAL SERVICE INITIATIVES

- Accounting for and updating staffing and scheduling for clerks and mail handlers; posting and filling executive and administrative salary (EAS) positions; and opening test registers for maintenance positions.
- Tracking penalty and overtime usage.
- Utilizing managers of distribution operations from other Postal Service Areas to improve service and mentor current managers, supervisors, and craft employees.
- Establishing a requirement for all EAS to communicate expectations and accountability.
- Improving maintenance employees' knowledge of machine performance and holding them accountable for performance.
- Establishing and conducting training on automation systems performance proficiencies for managers, supervisors, and craft employees.
- Implementing new procedures and providing training on mail condition reporting.
- Providing training on proper placarding and color-coding.
- Providing training and establishing a signage system on trays sent through mechanized systems to reduce the reject rate.
- Creating a plan to resolve incorrect containerization and incorrect flow into the plant.
- Developing a plan to have earlier delivery point sequence completion time and ending Tour 1 at 5:30 a.m.
- Overhauling DBCS equipment.
- Updating and streamlining sort plans to decrease rehandling.

APPENDIX K

POSTAL SERVICE INITIATIVES (CONTINUED)

- Establishing a system to monitor performance level at each DBCS after overhaul and hold employees accountable for performance.
- Establishing a system to track and record late mail arrivals from other facilities.
- Developing a system to monitor missent mail from stations to ensure that stations are not sending mail back to the plant.
- Analyzing flat mail for improvements.
- Implementing a plan to improve communication between EAS and craft employees on service goals.
- Examining current design, capacity, and floor space for improvements.

APPENDIX L. MANAGEMENT'S COMMENTS

GREAT LAKES AREA



September 25, 2007

KIM H. STROUD
DIRECTOR OF AUDIT REPORTING
OFFICE OF INSPECTOR GENERAL

SUBJECT: OIG Audit – Chicago Delayed Mail Report

The following response addresses the findings detailed in the audit conducted by the OIG regarding timely processing of mail.

RECOMMENDATIONS:

1. Monitor delayed mail on a daily basis and develop action plans, if necessary, to ensure the timely processing of mail.

In order to ensure that delayed conditions are avoided/prevented, we will institute a formal volume projection, machine scheduling, and operational follow up processes. These processes will be discussed and reviewed during daily "Tour Turnover" meetings. During Friday "Tour Turnover" meetings, volume projection data for the following week will be provided to each MDO, for their by operation by day. Using these volume projections, In Plant Support will prepare and provide a "packing model" for each operation – this will provide the daily plans for running the projected volumes by machine. During the "Tour Turnover" meetings, the Senior Managers of Distribution Operations (Sr. MDOs) will discuss with the MDOs their performance executing the packing model and the resulting mail conditions. Adjustments that are needed to the daily operating plan, to eliminate any delayed mail, will be made during the "Tour Turnover" meeting and executed during the next tour.

In addition to planning properly for the projected volume, machines and operators need to run at requisite performance levels. The overhaul of the mail processing equipment, retraining of maintenance employees, and retraining of machine operators has been completed. Machine, operator, and maintenance technician specific data will be used in the "Tour Turnover" meetings to identify and address performance issues. Random audits of operators and maintenance will be completed to ensure compliance to required procedures. These audits are the responsibilities of the Lead Sr. MDO and the Manager of Maintenance.

MDOs will ensure all Supervisors, Distribution Operations (SDOs) and craft employees are working the mail according to the operational schedule and in the proper order to prevent delayed volumes. Lead Sr. MDOs and In Plant Support will ensure that individuals responsible for completing mail conditions are well trained and report volume accurately.

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2. Improve supervision by ensuring that supervisors are properly trained and held accountable for results in their operation.

It is imperative to our continued service improvement efforts that our supervisors are up to speed on all of the latest technological developments, process enhancements or changes, and data tools to do their job most effectively. Technical and interpersonal training are keys to success in Chicago. The Chicago P&DC has already completed training for all EAS employees to improve processes which impact service: out-of-sequence prevention, jogging and edging, Managing Automation for Postal Supervisors (MAPS), Automation Systems Performance Managements (ASPM), and DBCS certification. Training has been provided and will continue to be provided to operations supervisors, maintenance supervisors, and support personnel. Lead Sr. MDO, Human Resources, and Manager, In Plant Support will meet quarterly to assess performance and define necessary training, and will implement training to drive service performance. The training will be targeted and aligned with the supervisor's roles/responsibilities.

The newly introduced "Tour Turnover" meetings created the forum for the daily accountability for EAS employees – Senior MDOs with MDOs, MDOs with SDOs, Manager of Maintenance with his supervisors, and Manager, In Plant Support with MDOs. These meetings will also further the cross-functional accountability of the support functions to drive for success in the plant.

We have implemented daily reports detailing machine and operator performance which are shared with employees via work unit discussions, posting equipment/operator performance, employee informational boards, etc. Given clear goals and expectations, performance will be monitored to ensure objectives are met. If goals are not being met after training and support have been provided, appropriate accountability actions will be taken. The Lead Sr. MDO will work with the MDOs and Human Resources accordingly.

3. Ensure that employees are held accountable by establishing performance goals, monitoring achievement of those goals, and rating performance based on goals.

All employees have been informed of the overall service goals for Chicago. Performance to the overall goals are posted and shared with all employees. All employees will be provided with the goals that relate specifically to their work unit or operation. Their individual or work unit performance will be monitored and discussed daily. If individual performance does not meet expectations, it will be the SDOs and SMOs responsibility to address poor performance. The MDOs and MMOs are responsible for monitoring SDO performance and addressing poor performance. The core goals established for FY 08 will be appropriate for each EAS employee using the HQ core operational indicators. The Senior Plant Manager is responsible for ensuring that appropriate core goals are established, monitored, and driven.

4. Ensure that timely and proper preventive maintenance is conducted on mail processing equipment.

To ensure that timely and proper preventive maintenance is conducted on all mail processing equipment, maintenance employees and supervisors have been re-trained. Training needs, training completion, and post training performance will be closely monitored and managed by the newly selected Manager, Maintenance. The Manager, Maintenance and his MMOs and SMOs are responsible for completing random audits to ensure the preventive maintenance is done fully and accurately. Operations managers will be joining maintenance managers in the review/inspection of equipment following preventive maintenance work.

The Great Lakes Area Maintenance staff will continue to monitor equipment performance and will continue to conduct unannounced maintenance audits to ensure compliance with all maintenance requirements.

Employees and supervisors have been assigned to defined equipment sets and will be held accountable for their machine's performance.

An assessment of maintenance EAS managers will be conducted and all weaknesses found will be addressed.

5. Ensure proper staffing and use of overtime in relation to workload.

Based on our response to recommendation 1, proper staffing and the use of overtime to ensure timely mail processing will be based on volume projections by operation. Each work unit's SDO and MDO will be responsible for managing their operation(s) to the workhours and OT appropriate for the projected/actual workload.

A Standard Operating Procedure (SOP) was created July 26, 2007 to address overtime approval procedures. The monitoring of OT utilization relative to the budgeted hours as well as the compliance to the overtime SOP are owned by the Sr. Plant Manager and Sr. Lead MDO with the support of the Chicago Finance Manager.

The Sr. Plant Manager, Sr. Lead MDO, and Human Resources Manager will complete and implement a scheduling and staffing study for Cardiss Collins to ensure the proper number of employees with the right skills at the right times of day are in place to ensure timely and accurate mail processing.

6. Ensure that proper plans are developed and followed for events that will affect mail-processing operations, such as flat sorter refurbishment, removal of equipment, sort plan changes, retrofits, new equipment installations, and employee attrition.

Solid plans for operational changes are crucial to consistent service. The planning and execution of operational changes will be owned jointly by In Plant Support, specifically the newly created Operational Industrial Engineers (OIEs), and the Lead Sr. MDO. Three new OIE positions have been established for Chicago. The individuals selected for these positions will have the technical and operational knowledge to develop and successfully implement operational changes, implement new processes, and plan complement to drive service at the right cost. The OIEs will partner with operations, maintenance, transportation, finance, and human resources to develop and execute these plans to ensure that there are no adverse service

impacts. The OIEs and MDOs will be held accountable for the successful implementation of changes.

7. Develop contingency plans in the event that mail cannot be processed timely at the Cardiss Collins Processing and Distribution Center, including the redirection of the mail processing to other facilities.

Cardiss Collins will develop a thorough facility offload plan. The plan will define processing offloads by mail category, shape, and processing window in the event that actual volumes in Cardiss Collins exceed capacity or in the event of temporary power or equipment losses. This plan will include specific offload thresholds and parameters to maximize the processing equipment available in the Chicago metroland area and to minimize impact on service and cost. The plan will be shared with all MDOs to execute based on the volumes and conditions. The Sr. Plant Manager and Lead Sr. MDO are responsible for monitoring mail conditions and ensuring the offload plan is activated when warranted.

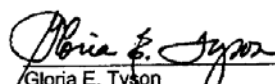
Cardiss Collins will update their COOP (Continuation of Operations Plan) which covers longer term operational offloads in the event of an Act of God.

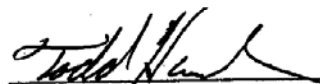
8. Provide consistent supervision.

The Cardiss Collins MDO structure was increased by five positions and the job levels for key positions were increased. The increased number of managers and higher levels of the positions will allow Cardiss Collins to attract and retain high caliber managers. The retention of these key managers will create more consistency throughout the plant.

Manager and supervisor schedules will be evaluated and adjusted to ensure that titled, experienced management is on the floor every day.

Managers and supervisors who have not been working in their positions (due to illness, details, etc) will be returned to duty so that the number of craft employees acting as supervisors can be reduced.


Gloria E. Tyson
District Manager, Chicago


Todd S. Hawkins
Senior Plant Manager, Chicago