



OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

Business Service Network

Audit Report

Report Number MS-AR-14-005

July 9, 2014





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UNITED STATES POSTAL SERVICE

Highlights

Background

The U.S. Postal Service’s Business Service Network (BSN) of 300 employees supports nearly 23,000 large customers for service issues, information, and other requests. The Postal Service reported \$37.6 billion in revenue from this customer segment in fiscal year (FY) 2013, and the BSN provides a single point of contact to serve these customers. The BSN staff resolved 156,703 of about 170,000 service requests submitted in FY 2013.

BSN staff is part of the Consumer and Industry Affairs group and frequently coordinates with other functional areas to handle service requests. The ability to provide quality service is crucial

to fostering customer satisfaction, improving customer retention, and increasing revenue.

Our objectives were to evaluate the effectiveness of the BSN and identify opportunities for improvement.

What the OIG Found

There are significant opportunities to increase the effectiveness of the BSN. First, the average resolution time for customer service requests was 5 days – 2 days longer than BSN guidance requires – because BSN staff depends on input from operational staff to resolve issues. Second, we found up to 53 percent of accounts that require outreach were not contacted

Opportunity Knocks!

The effectiveness of the Business Service Network can be increased and could generate up to \$382 million in additional revenue in FY 2014!

Roll over the doors to see what the OIG found.

...it takes, on average, 5 days to resolve a customer issue.

...up to 53 percent of accounts that require outreach were not contacted proactively.

...the BSN customer experience survey excludes a large percentage of BSN customers.

... the BSN employee performance evaluation is based on the results of the customer experience survey at either the area or the district level and can be the results of only a few responses.



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proactively because staff focuses on resolving requests instead. Third, the BSN customer experience survey excludes a large percentage of BSN customers, because it focuses on larger accounts, and only covers recently closed service requests. Finally, the BSN employee performance evaluation is based on the results of the customer experience survey at either the area or the district level and can be the result of only a few responses because the survey does not address metrics for individuals.

The BSN is a valuable element in the Postal Service's strategy to grow revenue and retain customers and its structure and processes are consistent with leading practices. However, we estimate that increasing customer outreach to all BSN accounts could generate \$382 million in additional revenue for FY 2014.

What the OIG Recommended

We recommend the vice president, Consumer and Industry Affairs, develop a strategy to increase BSN effectiveness by reducing the time it takes to resolve requests; conducting customer outreach; enhancing the customer experience survey; and expanding the performance evaluation methodology for BSN staff.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

July 9, 2014

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

E-Signed by Janet Sorensen
VERIFY authenticity with eSign Desktop


FROM: Janet M. Sorensen
Deputy Assistant Inspector General
for Revenue and Resources

SUBJECT: Audit Report – Business Service Network
(Report Number MS-AR-14-005)

This report presents the results of our audit of the Business Service Network (Project Number 14RG003MS000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Joe Wolski, director, Sales and Marketing, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

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Findings

The BSN provides a single point of contact to serve its customers, including investigating and resolving their service requests and initiating contact with them.

Introduction

This report presents the results of our self-initiated audit of the Business Service Network (BSN) (Project Number 14RG003MS000). Our objectives were to evaluate the effectiveness of the BSN and identify opportunities for improvement. See [Appendix A](#) for additional information about this audit.

The U.S. Postal Service's BSN supports nearly 23,000 large mailing customers for service issues, information, and other requests. These customers generated revenue of \$37.6 billion for the Postal Service in fiscal year (FY) 2013. Postal Service guidelines state that a customer account is assigned to the BSN if it has projected annual volume of 680,000 pieces or projected annual revenue of \$120,000 and three additional qualifying elements, such as having a negotiated service agreement, being a mail service provider, and using Commercial Plus pricing.¹

The BSN provides a single point of contact to serve its customers, including investigating and resolving their service requests² and initiating contact with them.³ Customer requests most often pertain to service, single package lookup, and delivery concerns. BSN employees, part of the Postal Service's Consumer and Industry Affairs group, frequently coordinate with other functional areas to resolve customer requests. For example, BSN representatives coordinate with retail staff regarding certain business reply mail requests and with delivery staff regarding certain mail delivery requests. The BSN staff resolved 156,703 service requests and initiated communication with 11,844 BSN customers in FY 2013.

The Postal Service has segmented BSN customers into four groups based on mail volume, revenue, and customer service needs. Strategic and area strategic accounts include large mailers with complex service issues; tactical accounts include large mailers with less complex mailing issues; and technical accounts include more localized customers with less volume and fewer complex service issues. [Table 1](#) provides a summary of key BSN information for these accounts. The strategic, area strategic, and tactical accounts represented about 95 percent of total BSN revenue in FY 2013. Additional information for these account groups is in [Table 3](#) of [Appendix A](#).

1 The following is a complete list of the customers that could be considered for a BSN account: mail service provider; permit user; meter/personal computer postage user; Express Mail Corporate Account user; Official Mail Accounting System user; international user; centralized account processing system user; detached mail unit user; Mail Transport Equipment Support System user; returns customer; Priority Mail cubic pricing customer; Commercial Plus pricing customer; customers with negotiated service agreements; and Global Expedited Package Service – Contracts Price Tier 3-8 customer.

2 BSN staff record and track all requests for assistance from BSN customers as a service request in the CustomerFirst! application.

3 Proactive customer outreach involves a scheduled communication between BSN staff and the customer about the account, Postal Service news, or other information.

Table 1: BSN Summary, FY 2013

The Business Service Network and Summary of Performance for FY 2013

<i>Roll over the Account Group category to learn more about their function and performance in FY 2013.</i>	Account Group	Number of BSN Accounts	Revenue (in millions)	Number of Service Requests	Accounts With Proactive Customer Outreach
	Strategic	370	\$14,247	31,266	185
	Area Strategic	427	\$6,079	25,190	201
	Tactical	11,989	\$15,260	91,623	10,135
	Technical	10,220	\$2,000	8,624	1,323
	Total	23,006	\$37,586	156,703	11,844

Source: Postal Service data for numerous BSN accounts and revenue amounts obtained from the Corporate Business Customer Information System (CBCIS); the number of service requests and accounts with proactive customer outreach were obtained from the CustomerFirst! application.

The BSN's ability to provide quality service to its customers is crucial to fostering customer satisfaction and retention and growing revenue. Enhancing the BSN is a component of Delivering Results, Innovation, Value, and Efficiency (DRIVE) Initiative 25,⁴ Improve Customer Experience.

Conclusion

There are significant opportunities to increase the effectiveness of the BSN. First, the average time for resolving customer service requests was 5 days, which is 2 days longer than BSN guidance requires. Second, we found no customer outreach on up to 53 percent of some account types, although BSN guidance requires outreach to all accounts in these categories. Third, the BSN customer experience survey excludes a large percentage of BSN customers and focuses on recently closed service requests. Finally, the BSN employee performance evaluation is based on the results of the customer experience survey at either the area or the district level and can be the result of only a few survey responses.

The BSN is a valuable element in the Postal Service's strategy to grow revenue and retain customers. Customers we surveyed valued the single point of contact the BSN offers, as BSN staff members understand their business needs. Further, the BSN's structure and process are consistent with leading practices,⁵ which suggest that personalizing customer service and allowing customers to choose the communication channel⁶ improve customer satisfaction, thus promoting customer loyalty. However, we estimate that increasing customer outreach to all BSN accounts could generate \$382 million in additional revenue for FY 2014. See [Appendix B](#) for additional information on this calculation.

⁴ DRIVE is a management process the Postal Service uses to improve business strategy, development, and execution. The initiatives include cost cutting, revenue generation, and capability enhancement.

⁵ Leading practice refers to a process or method that has been adopted by a large number of organizations. We collected leading practices via research on leading organizations, including customerexperienceinsight.com, Incontact.com, Voxeo.com, Kaiser Associates, and Special Access Program Community Network.

⁶ BSN customers mostly initiate inquiries regarding their customer accounts by telephone, an online tool called eService, or email.

The average time for resolving customer service requests was 5 days, which is 2 days longer than BSN guidance requires. There was no customer outreach to up to 53 percent of some account types, and the BSN customer experience survey excludes a large percentage of BSN customers. Additionally, the BSN employee performance evaluation can be based on the results of only a few survey responses.

Customer Service Request Resolution Time

Opportunities exist to improve BSN effectiveness by reducing the time it takes to resolve customer service requests. We found it takes an average⁷ of 5 days to resolve a customer service request compared to the 1-3 days BSN guidance suggests. Delays occurred in resolving customer service requests because BSN staff did not have sufficient access to relevant data or information for timely resolution. BSN staff members often rely on operational staff members to help resolve customer service issues. Operational staff members have other priorities, are not accountable for responding to BSN inquiries, and do not always respond in a timely manner.

We originally raised the issue of BSN timeliness in a 2012 report,⁸ stating that prompt and responsive feedback to customers is critical to preserving revenue for the Postal Service. The Postal Service implemented corrective action by providing frequent training webinars and at least one district released a memorandum addressing the importance of responding to BSN staff requests within 24 hours. As a result, the Postal Service has made progress in this area. According to the Postal Service's BSN customer experience survey, 85 percent of respondents stated that the Postal Service closed their customer service requests within 2 days. In addition, we conducted a BSN satisfaction survey and responses⁹ received from higher-revenue BSN account customers suggest the Postal Service is making progress in improving the quality of service for these customers.

The Postal Service should continue to develop strategies to decrease the time it takes to resolve customer service requests. These could include providing BSN staff with access to relevant data or information from the Intelligent Mail barcode (IMb), PostalOne!, Transportation Information Management Evaluation System (TIMES), and Service Performance Diagnostics (SPD).¹⁰ Additional access to relevant data or information for at least some BSN staff members would allow them to handle service requests more independently and efficiently and decrease their reliance on other staff.

⁷ We obtained information on the average number of days to resolve a customer service request from the Postal Service's CustomerFirst! application. This average was as of August 30, 2013.

⁸ U.S. Postal Service Office of Inspector General (OIG) report, *Management Alert – Customer Service Feedback* (Report number [NO-MA-13-001](#), dated December 17, 2012).

⁹ See [Appendix C](#) for more details about our survey methodology and results.

¹⁰ The IMb system tracks mailpieces through the mailstream. The PostalOne! system provides detailed account information and tracks the business needs of business mailers and mail acceptance employees. Uniform access to this system could prevent BSN reliance on business mail entry units. TIMES provides access to transportation information such as arrival and departure of mailings. SPD provides detailed information on commercial mail activity and processing conditions. Other systems where access would also be beneficial include the following: the Enterprise Data Warehouse system, which provides mailing and account activity research, the Facility Access and Shipment Tracking system, which provides access to delivery appointment information, and the Web Box Activity and Tracking System, which provides account activity associated with post office boxes and caller service activities.

Customer Outreach

The Postal Service has an opportunity to improve the effectiveness of the BSN by increasing customer outreach – communication initiated by BSN staff to discuss a customer’s account. Although national guidance¹¹ suggests there should be at least one customer outreach per quarter for the three largest types of accounts, we found no customer outreach recorded in FY 2013 for many of these BSN accounts. Specifically, in FY 2013, BSN staff did not reach out to half of strategic accounts, 53 percent of area strategic accounts, 15 percent of tactical accounts, and 87 percent of technical accounts (see Table 2).

Table 2: BSN Customer Outreach, FY 2013

Account Group	Accounts With No Customer Outreach	Total Active Accounts	Percentage of Customers Not Contacted
Strategic	185	370	50%
Area Strategic	226	427	53%
Tactical	1,854	11,989	15%
Technical	8,897	10,220	87%
Total	11,162	23,006	49%

Expanding and promoting customer outreach to all BSN accounts could generate \$382 million in additional revenue for FY 2014.*

*See Appendix B



Source: Accounts with no customer outreach performed obtained from CustomerFirst! application and total BSN active accounts obtained from CBCIS.

Based on our analysis and conversations with BSN staff, we found the following factors contributed to these results:

- Because of workload challenges, BSN staff focuses on resolving customer service requests. While a phone call initiated by the BSN may only take a few minutes, effective outreach requires familiarity with the account, which takes additional time.
- Some customer outreach is not documented in CustomerFirst! For example, electronic outreaches to customers as a group are only documented in customers’ accounts when those contacts are added manually.
- Nationwide BSN guidance does not promote reaching out to customers with technical BSN accounts.

Regularly initiated outreach with all BSN accounts could have multiple benefits for the Postal Service. First, leading practices suggest initiating contact with customers is an effective way to obtain sales leads. For example, in FY 2013, the BSN initiated contact with 11,844 accounts; these accounts generated \$26.2 billion more in revenue than accounts the BSN did not contact proactively.¹² Second, additional outreach would increase opportunities to promote Postal Service products and services, and potentially decrease the need for customers to initiate service requests.

¹¹ National guidelines suggest conducting customer outreach quarterly, monthly, or weekly, depending on mail volume, the number and priority of customer service requests, customer expectations, and current events affecting the customer. Area or district managers have additional discretion in determining the frequency of customer outreach.

¹² To account for large revenue customers, we identified the median revenue of the accounts receiving proactive contact that had positive revenue amounts, assumed a 50 percent chance that converted accounts would produce revenue below the median, and assumed their average revenue would be roughly equivalent to the average of the below median revenue. This median was used as a benchmark to identify the relationship between proactive contacts and additional revenue. Additional information contained on this calculation is included in [Appendix B](#).

We estimate the Postal Service missed revenue opportunities of about \$382 million in FY 2013 because it did not effectively reach out to all BSN accounts. Furthermore, initiating contact with all BSN accounts could generate \$382 million in additional revenue for FY 2014. See [Appendix B](#) for monetary impact and detailed calculations.

Business Service Network Customer Experience Survey

The Postal Service has an opportunity to enhance the BSN customer experience survey, the mechanism for collecting information from customers regarding their level of satisfaction, as the current structure may not reflect customers' overall views of the BSN. Specifically:

- The current survey methodology excludes 44 percent of BSN accounts, as technical accounts are not included in the survey sample. Leading practices suggest all major customers should be encouraged to provide feedback on their recent customer experiences. The Postal Service could gain insight from this group of customers if it included them in the survey.
- The current survey only collects customer information related to a specific service request. While this information is valuable in assessing the most recent interaction between the customer and the BSN, the Postal Service is missing an opportunity to gain useful insight into the customer's overall view of the BSN. Additionally, the Postal Service does not survey customers without customer service requests. Leading practices advocate providing all large customers an opportunity to comment on their complete customer experiences.

The Postal Service recently updated the BSN customer experience survey, reducing the number of questions and modifying the recipient sampling methodology so more customers have the opportunity to provide feedback. Recent data from this survey showed 96 percent of the respondents are satisfied with BSN services. While these are positive steps, the Postal Service should consider further enhancing the survey by including all BSN customers. It should also collect information on customers' overall views of the BSN process. This information would help the Postal Service gain a broader perspective on BSN performance and understand BSN technical account customers' viewpoints.

Business Service Network Employee Performance Evaluation Methodology

The Postal Service could further enhance the effectiveness of the BSN by modifying the variables used to evaluate its staff performance. The variables used in FYs 2013 and 2014 might not accurately reflect individual BSN staff performance. For example:

- The FY 2013 customer experience surveys (which were based on customer experience survey results) were not a complete measure of BSN performance as they excluded technical accounts and only focused on the most recent service requests.
- FY 2013 numerical ratings at the area or district level could be the result of only a few survey responses. For example, the numerical rating for one district was based on three BSN customer experience responses and another district's rating was based on 174 BSN customer experience responses. Furthermore, the survey did not accurately measure individual performance.

In FY 2014, the Postal Service expanded the basis of the performance evaluations and included the percentage of service requests submitted through an online tool (eService) and the quantity of sales leads. Nearly half of BSN survey respondents (49 percent), however, were not familiar with or could not provide feedback on eService.

Leading practices suggest using other metrics to evaluate BSN performance. For example, timeliness in resolving service requests, the quantity of completed customer outreach, and revenue growth may be more useful in improving BSN effectiveness. Modifying the performance evaluation methodology by factoring in variables to evaluate the performance of individual BSN staff members would further enhance the value of this evaluation system and the overall effectiveness of the BSN.

Recommendations

We recommend management develop a strategy to increase BSN effectiveness by reducing the time it takes to resolve requests; conducting customer outreach; enhancing the customer experience survey; and expanding the performance evaluation methodology for BSN staff.

We recommend the vice president, Consumer and Industry Affairs, develop a strategy to improve Business Service Network effectiveness that includes:

1. Improving the time it takes to resolve customer service requests by providing Business Service Network staff with access to resources such as Intelligent Mail barcode data, PostalOne!, Transportation Information Management Evaluation System, and Service Performance Diagnostics.
2. Increasing customer outreach to include all Business Service Network accounts.
3. Enhancing the Business Service Network (BSN) customer experience survey process by including all BSN customers in its survey methodology and collecting information on BSN customers' overall views of the BSN process.
4. Expanding the performance evaluation methodology for Business Service Network staff by factoring in variables that would allow evaluation of the performance of individual staff members.

Management's Comments

Management agreed with the findings and recommendations 1 and 4, and partially agreed with recommendations 2 and 3.

Regarding recommendation 1, management will create and distribute a tool listing various databases, systems, and reporting tools to aid BSN staff in resolving customer service issues. They have begun training employees on the use of these tools and will schedule additional sessions as needed. Management began implementing these actions on October 1, 2013, and related improvements are ongoing.

Regarding recommendation 2, management explained the BSN has expanded customer outreach to all BSN account categories through email notifications as part of the Postal Service's Network Rationalization efforts. Furthermore, management is making additional contacts with customers at risk of churn/defection through a joint customer retention program with Sales. They implemented this program in 17 districts with plans to expand the retention contacts in the remaining 50 districts by the end of FY 2014. The targeted implementation date for these actions is September 30, 2014.

Management disagreed with the calculated monetary impact for recommendation 2, stating the main mission of the BSN is to retain revenue and identify leads and opportunities, not to generate revenue. Furthermore, management stated the BSN is not currently staffed to properly make the contacts described in the report and estimated that an additional 462 full-time equivalents (FTEs) would be needed to support the level of contact we recommended.

Regarding recommendation 3, management partially agreed, stating the BSN recently revamped its survey process to make it easier for customers and increase response rates. Furthermore, management is committed to revising the survey criteria based on their new customer segmentation plan and any area/district account with a BSN contact will be eligible to receive a survey. Management also stated that following the recommendation would require surveying customers whether they have interacted with BSN or not. Management will consider conducting a perception-based survey twice a year to all BSN customers. Management began implementing these actions on November 20, 2013, and related improvements are ongoing.

Regarding recommendation 4, management agreed with our recommendation but stated the current Performance Evaluation System process does not allow individual evaluation indicators for area and field personnel. Management stated, however, that

individual performance indicators would be useful in assessing BSN effectiveness and coaching BSN staff and they will create and implement a performance dashboard BSN Operations can use for evaluations at the unit and individual levels. The targeted implementation date for these actions is March 31, 2015. See [Appendix D](#) for management's comments, in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report and corrective actions should resolve the issues we identified.

Regarding management's disagreement with the monetary impact estimate, we continue to believe the BSN has a role in generating revenue and that increasing customer outreach will help generate additional revenue. We think our estimate is reasonable and the best estimation of additional revenue if management implemented the recommendations.

Regarding management's comments that 462 additional staff would be needed to implement recommendation 2, current guidance already suggests there should be at least one customer outreach per quarter for the three largest types of accounts. As such, current resources should support those contacts, particularly if BSN representatives become more efficient at handling customer issues from implementing improvements for recommendation 1. For the technical accounts—those BSN accounts with no current guidance for customer outreach—we believe that providing resources to contact these customers could lead to additional revenue that would offset these costs. Those resources could come from allowing more time from current BSN representatives to contact these customers or by budgeting for additional FTEs.

Regarding management's comments on recommendation 4 related to the Performance Evaluation System (PES) not allowing for individual evaluation indicators, the actions proposed by management to implement a performance dashboard and to examine reintroducing individual indicators for BSN staff meet the intent of our recommendation.

The OIG considers all 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 Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendices

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Appendix A: Additional Information

Background

The Postal Service's ability to provide quality customer service is crucial to fostering customer satisfaction, improving customer retention, and increasing revenue. The Postal Service's BSN receives numerous customer service requests from large customers each year and is responsible for reaching out to these customers. The BSN managed 23,006 accounts, representing an estimated \$37.6 billion in annual revenue, in FY 2013.

The Postal Service segments its BSN accounts into four customer account groups: strategic, area strategic, tactical, and technical. This segmentation is based, predominantly, on the customer's mail volume, revenue, and service needs (see Table 3). All customers receive the same services from the BSN staff, with the exception of technical accounts. Nationwide BSN guidance does not promote customer outreach for technical accounts; however, BSN staff does initiate contact with some of these accounts. Furthermore, technical BSN customers are excluded from the BSN customer experience survey.

Table 3: BSN Account Group Classification

Strategic	Area Strategic	Tactical	Technical
National mailings	National mailings	Significant mail volume or revenue	Less volume than tactical
Mailings cross area boundaries	Mailings geographically centralized	Mailings geographically centralized	Mailings geographically centralized
Complex service issues	Complex service issues	Service issues relate to mail acceptance or equipment needs	Service issues are minimal or customers have infrequent needs
Multiple mailing sites	Multiple mailing sites	District level activity	Local level activity

Source: BSN Account Management Processes, FY 2013.

BSN customers generally initiate inquiries by telephone, an online tool called eService, or email. These inquiries can involve many issues but most often pertain to customer service, single package lookup, and delivery concerns. Once the inquiry is made, a BSN staff member enters it into the CustomerFirst! application and it becomes a customer service request. If a BSN staff member cannot resolve the request independently, he or she will collaborate with relevant Postal Service experts. In FY 2013, BSN staff resolved 156,703 customer service requests.

The *BSN Account Management Process Guide*, FY 2013, states the BSN shall update the customer at least every 24 hours until the request is resolved. These same guidelines state that, depending on the type of issue, the service request should be resolved within 24-72 hours.

The Postal Service conducts a BSN customer experience survey to measure the BSN customer's satisfaction regarding customer service requests. The BSN customer experience survey is limited to customers who:

- Had service requests recently resolved in the CustomerFirst! application.
- Are classified as strategic, area strategic, or tactical accounts.
- Did not receive recent customer experience survey requests.
- Did not participate in recent customer experience surveys.
- Did not request exclusion from the customer experience survey.

The results of the BSN customer experience survey can trigger an alert if the customer requests a follow-up contact or ranks the BSN poorly. The alert is sent to the area manager of the BSN staff member who serviced the request, along with the BSN headquarters team. Responses to each area- or district-specific question are summarized and given a numerical value. Management use this value as a unit performance measurement to evaluate BSN performance.

In addition to resolving customer service requests, BSN staff perform proactive and special customer outreach on certain BSN accounts. Proactive customer outreach is a regularly scheduled communication the BSN initiates to discuss the customer's account and other related topics. The area or district manager determines the frequency of this outreach, but guidelines suggest quarterly, monthly, or weekly contact. Special customer outreach occurs when a unique event takes place, such as a natural disaster, product or service update, or security threat. In these circumstances, the BSN staff determines which customers are impacted and informs them of the occurrence.

According to industry standards, anticipating customer needs and preferences and addressing them proactively can enhance the customer experience and promote customer loyalty, thereby increasing revenue. Furthermore, customers stated they value on-site customer outreach. Onsite visits increase BSN staff members' understanding of customer needs and can help them resolve service requests faster. The lack of outreach to BSN accounts can result in missed opportunities and potential revenue at risk.

Objectives, Scope, and Methodology

Our objectives were to evaluate the effectiveness of the BSN and identify opportunities for improvement.

To accomplish our objectives, we:

- Reviewed BSN-related policies and procedures, including how the Postal Service evaluates performance and effectiveness, and associated metrics, targets, and surveys.
- Obtained and analyzed data from the CustomerFirst! application to determine the number and type of BSN accounts and staff, the quantity, type, and location of service requests, and how service requests are recorded, tracked, and resolved.
- Interviewed BSN managers, staff, and customers.
- Obtained and analyzed FY 2013 BSN revenue generated from CBCIS.
- Obtained customers viewpoints on the BSN by sending digital surveys and summarizing the results (see [Appendix C](#)).
- Reviewed and assessed the accuracy, reliability, and sufficiency of the customer experience survey the Postal Service uses to evaluate BSN performance.
- Collected information on leading practices.
- Estimated monetary impact.

We conducted this performance audit from October 2013 through July 2014, 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We discussed our observations and conclusions with management on June 2, 2014, and included their comments where appropriate.

We assessed the reliability of the customer service request data downloaded from the CustomerFirst! application along with BSN revenue amounts obtained from CBCIS by summarizing the data and comparing it to Postal Service reports. We also interviewed agency officials knowledgeable about the data. We determined the data were sufficiently reliable for the purposes of this report.

To identify BSN accounts where there was customer outreach, we obtained a list of active BSN accounts and the associated revenue from the Postal Service and obtained customer outreach information from the CustomerFirst! application. Some BSN accounts showed more than one outreach attempt throughout FY 2013, but other accounts did not. To be conservative we determined there was a customer outreach in FY 2013 if it was documented in CustomerFirst!.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Management Alert – Customer Service Feedback</i>	NO-MA-13-001	12/17/12	None

Report Results: This report identified concerns that some large business mailers raised about the mail operations' feedback system during the FY 2013 fall mailing season. We found the system the BSN used was not designed to provide timely, well-informed feedback to customers, nor was it set up to provide maximum mail visibility to customers. We recommended the Postal Service give BSN representatives training and access to Postal Service data systems such as IMb and Web Mail Condition Reporting systems. We also recommended the Postal Service ensure all field personnel respond to customer service requests from BSN representatives within 24 hours. Management agreed with our findings and recommendations and set forth plans for corrective actions.

<i>Customer Complaint Resolution Process</i>	MS-AR-12-007	9/10/12	\$8.8
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Report Results: This report found the Postal Service was not efficiently and effectively resolving customer complaints and did not adequately monitor complaint resolution. We recommended the Postal Service develop a mechanism to incorporate customer feedback regarding complaint resolution into the system; require current policies and procedures to be followed until planned updates are finalized; identify system deficiencies and desired enhancements and work to correct them; develop a strategy for reducing repeat complaints; and develop a mechanism to track system usage and response wait times and ensuring ongoing actions related to archiving data and monitoring outages continue. Management agreed with the recommendations.

Appendix B: Monetary Impact

Recommendation	Impact Category	Amount
2	Revenue Loss ¹	\$381,982,243
2	Increased Revenue ²	381,982,243
Total		\$763,964,486

¹ Amount Postal Service is (or was) entitled to receive but was underpaid or not realized because policies, procedures, agreements, requirements, or good business practices were lacking or not followed. May be recoverable or unrecoverable.

² Increased revenue from existing functions or revenue generated from new sources.

We estimate that, because the BSN did not reach out to all accounts during FY 2013, the Postal Service missed revenue opportunities of about \$382 million. Furthermore, expanding and promoting customer outreach to all BSN accounts could generate \$382 million in additional revenue for FY 2014.

To determine these estimates we obtained FY 2013 revenue of \$37.6 billion from the CBCIS application for each of the 23,006 BSN accounts and removed 788 accounts containing zero or negative reported revenue.¹³ Using CustomerFirst! data, we determined which of the 22,218 accounts received at least one proactive or special customer outreach in FY 2013 and which did not:

- 11,592 accounts, with revenue of \$31.9 billion, reported a proactive or special customer outreach¹⁴ – we calculated that in FY 2013, on average, these accounts generated revenue of \$141,956.¹⁵
- 10,626 accounts, with revenue of \$5.7 billion, did not report a proactive or special customer outreach¹⁶ – we calculated that in FY 2013, on average, these accounts generated revenue of \$107,654.

Accounts with customer outreach generated, on average, \$34,303 more in FY 2013 revenue than those without this outreach. We applied the \$34,303 to all 11,162 accounts not contacted proactively in FY 2013 (the 536 accounts that reported zero or negative revenue and 10,626 accounts that reported revenue). We estimated that if the BSN reached out to all BSN accounts, revenue would increase by \$382,890,086.

¹³ Accounts could generate a loss due to administrative adjustments. Of the 788 removed accounts, 252 had at least one documented proactive or special contact in FY 2013 and 536 did not.

¹⁴ The BSN proactively contacted 11,844 BSN accounts. Of these, 252 reported zero or negative revenue and were removed from the methodology to calculate monetary impact. Thus, for monetary impact purposes, the BSN proactively contacted 11,592 BSN accounts.

¹⁵ To account for large revenue customers we identified the median revenue of the 11,592 accounts, assumed a 50 percent chance that converted accounts would produce revenue below the median, and assumed the average revenue would be roughly equivalent to the average of the below median revenue.

¹⁶ The BSN did not proactively contact 11,162 BSN accounts. Of these, 536 reported zero or negative revenue. These 536 accounts were removed from the methodology to calculate monetary impact. Thus, for monetary impact purposes, the BSN did not proactively contact 10,626 BSN accounts.

We then calculated the expected costs for conducting quarterly outreach, with each contact taking 20 minutes, or three outreaches per hour. We identified that Postal Service BSN staff members are executive and administrative schedule (EAS) employees at either the 16 or 19 Level. Then, using national average labor rates, we identified an hourly salary of \$61, including benefits, for an EAS 19¹⁷ employee. We estimate that if the BSN proactively contacted all BSN accounts, revenue would increase by \$382,890,086 and costs would increase by \$907,843, resulting in a revenue increase of \$381,982,243.¹⁸

Because the BSN did not initiate contact with all BSN accounts during FY 2013, the Postal Service missed revenue opportunities of about \$382 million. Furthermore, expanding and promoting customer outreach to all BSN accounts could generate \$382 million in additional revenue for FY 2014.

¹⁷ To be conservative we used the higher salary at the EAS 19 level as opposed to EAS 16.

¹⁸ Increase in costs could involve additional BSN staff.

Appendix C: Office of Inspector General Business Service Network Survey

To obtain insight into customers' views of the BSN and identify BSN improvement opportunities, we conducted an anonymous survey of Postal Service BSN customers. We obtained BSN customers' primary email addresses from CustomerFirst! and sent the surveys to 13,495 BSN customers electronically. We received survey responses from 1,126 BSN customers for an 8.3 percent response rate.

The survey provided background information regarding the BSN customers:

- Eighty percent of the survey respondents mail First-Class/Standard letters or flats.
- Eighty-one percent of the survey respondents have been BSN customers for more than 3 years.
- Thirty-seven percent of the survey respondents contact the BSN one or two times monthly.
- Seventy-nine percent of the survey respondents know their assigned BSN staff.
- Twenty-six percent of the survey respondents frequently contact non-BSN Postal Service staff to handle or resolve service issues.
- Forty-nine percent of survey respondents are not familiar with, or cannot provide feedback on, the eService/Web system.

The survey provided feedback on the characteristics of the BSN service request process (see [Table 4](#)).

Table 4: Selected BSN Survey Responses

Question ("The BSN")	Strongly Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Strongly Disagree
Acknowledges service requests timely	56%	22%	7%	2%	2%
Accepts service requests efficiently	40%	19%	15%	4%	3%
Provides adequate communication throughout resolution process	52%	18%	9%	6%	4%
Resolves service requests timely	47%	23%	9%	6%	3%
Resolves service requests accurately	47%	23%	10%	5%	3%
Resolves service requests efficiently	46%	24%	12%	4%	3%

Source: OIG BSN customer survey results.

The following are examples of comments we received from the survey:

- "Very responsive and customer friendly."
- "Our BSN staff never hesitates to help; he/she is thorough and keeps us updated throughout the resolution process."
- "The BSN staff needs more authority to make decisions."
- "There is no contact between us unless we initiate it for problem resolution."

The survey concluded that larger customers value the Postal Service's BSN and 53 percent of the respondents are satisfied with the BSN's overall performance.

Appendix D: Management's Comments

JAMES NEMEC
VICE PRESIDENT
CONSUMER & INDUSTRY AFFAIRS



June 25, 2014

JUDITH LEONHARDT
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Business Service Network (Report Number MS-AR-14-DRAFT)

Thank you for the opportunity to respond to the recommendations contained in the Draft Audit Report – Business Service Network (BSN). Management agrees with the audit findings. Management agrees with recommendations 1 and 4. Management agrees in part with recommendations 2 and 3.

Recommendation 1:

Improving the time it takes to resolve customer service requests by providing Business Service Network staff with access to resources such as Intelligent Mail barcode data, PostalOne!, Transportation Management Evaluation System, and Service Performance Diagnostics (SPD).

Management Response/Action Plan:

Consumer & Industry Affairs (C&IA) will ensure Business Customer Service & Support (BCSS) creates and distributes a Job Aid tool listing various databases, systems, and reporting tools to aid BSN staff in resolving customer service issues. BCSS will implement training programs for the various tools to provide BSN staff with the proper use and analysis strategies to make the best use of these resources. The BCSS team started this process through its BSN Enhancement program underway throughout FY 2014. The BSN staff has already provided multiple training sessions on SPD and WebAPats (used to pull images from bundle sorter equipment). As needed, additional future sessions will be scheduled for these programs and other systems of value for the BSN staff.

Target Implementation Date:

Implemented October 2013 and ongoing

Responsible Official:

Manager, Business Customer Support & Service

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Recommendation 2:

Increasing customer outreach to include all Business Service Network accounts.

Management Response/Action Plan:

C&IA and BCSS have expanded proactive contacts to all account categories as part of the Network Rationalization (NR) efforts in FY 2012 and FY 2013. Most of these contact efforts were email notifications of NR related changes but could not be documented in CustomerFirst! due to system limitations preventing "batch" documentation of such contacts. This system issue will be addressed as part of the requirements being used to create the new Customer Relationship Management (CRM) system scheduled for October 2014.

Additionally, BCSS has worked jointly with Sales to implement a customer retention program which conducts "retention" contacts with customers determined to be at risk of churn/defection. This program is implemented in 17 Districts currently and the 50 remaining districts by the end of FY 2014.

Management does not agree with the lost revenue opportunities calculated in the audit. Revenue generation has not been the focus of the BSN. The main mission of the BSN has been revenue retention and lead/opportunity identification. Administrative staff reductions have dropped the original BSN national staffing from 440 positions to its current staffing of 290 and it is not staffed properly to conduct the personal contacts required to support this finding. According to the OIG, an additional 462 FTE would be required to provide this level of contact.

Target Implementation Date:

September 2014

Responsible Official:

Manager, Business Customer Support & Service

Recommendation 3:

Enhancing the Business Service Network (BSN) customer experience survey process by including all BSN Customers in its survey methodology and collecting information on BSN customers' overall views of the BSN process.

Management Response/Action Plan:

C&IA, BCSS, and the Customer Engagement & Strategic Alignment (CESA) teams have completely revamped the BSN survey process during FY 2013 and FY 2014. The survey was implemented in November 2013, FY 2014 will be the baseline year for performance prior to inclusion in National Performance Assessment (NPA). The current corporate emphasis for USPS customer experience measurements has focused on event-based surveys to eliminate perception based surveys which could skew performance. Currently, Strategic account or Tactical account who has a service request with the BSN, is eligible to receive a survey. The survey process was redesigned to simplify ease of use for customers and increase response rates. BCSS has committed to revising this criteria based on its new segmentation plan and any Area/District account (regardless of spend or sub-stratification) with a BSN contact will be eligible to receive a survey request. Following this recommendation would require surveying customers whether they have interacted with BSN or not.

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Management will investigate the possibility of conducting a perception-based survey twice a year to all BSN customers as a measure of customer satisfaction outside of the NPA based measurement process.

Target Implementation Date:

Implemented November 2013 and ongoing

Responsible Official:

Manager, Business Customer Support & Service

Recommendation 4:

Expanding the performance evaluation methodology for Business Service Network staff by factoring in variables that would allow evaluation of the performance of individual staff members.

Management Response/Action Plan:

The current Performance Evaluation System (PES) process does not allow for individual evaluation indicators for Area and Field personnel. C&IA and BCSS agree individual performance indicators would be useful in assessing BSN effectiveness and coaching BSN staff. C&IA will ensure BCSS creates and implements a performance dashboard for BSN Operations to use in improved performance evaluation at the unit and individual level. This dashboard will include workload-based process indicators reflective of the unit level and individual activities performed to support customer service efforts. They will also work with Human Resources about plans to reintroduce individual "core" performance indicators for BSN Staff.

Target Implementation Date:

March 2015

Responsible Official:

Manager, Business Customer Support & Service

This report and management's response do not contain information that may be exempt from disclosure under the Freedom of Information Act (FOIA).



James A. Nemeck
Vice President, Consumer & Industry Affairs

cc: *Manager, Corporate Audit Response Management*



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