

Overcoming the Postal Rate Increase

**Let an expeditor help —
so you don't break the bank**

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Even in the age of e-mail, not all correspondence has gone electronic. At San Jose State University — deep in the heart of Silicon Valley — an avalanche of nearly five million pieces of outgoing mail cascades through the system each year. And it's not slowing; that barrage continues to pile higher.

Manually processing each outgoing mailpiece is labor-intensive and costly. Add to that, it doesn't begin to take into account the effort required by the University's mail center staff to physically track outgoing mail to ensure that one of the more than 300 departments on campus is properly charged for its share of the postage. And don't forget about a tremor that's already shaking the mountain... a postal rate increase. A 5.4% across-the-board surge that happened in January, which raised the cost of a First Class stamp by 2¢.

What if that meant that each of those nearly five million mailpieces at San Jose State would require an additional 2¢ in postage or, based on the heavier mail, an even greater increase of 6¢ to 8¢? Pennies don't sound like much — until you multiply it hundreds, or even millions, of times. In San Jose State's case, it could cost several hundred thousands of dollars to make up the difference. Even the healthiest of budgets would have difficulty absorbing a hit like that.

What is your company's annual mail volume? What will the postage increase look like on your balance sheet? If you don't know, you may want to schedule your mail center operations for an in-depth review. And, even if you do know, now might be a good time to take a closer look anyway. San Jose State did just that. What the University learned was that it was less expensive and more efficient to turn over its outgoing mail processing to a global postal logistics provider.

Thanks, But We Can Handle It Ourselves
Many companies are hesitant to turn over any piece of

their operations. They are resistant to running things in any way other than the way they always have. Their conclusion: Things are fine just as they are.

That may be true. But in a cost-conscious business world, there is a persistent need to achieve consistently higher results using smaller and smaller resources. When they've exhausted their own remedies, companies consult business experts to counsel and often provide alternate cost-cutting measures. Why should mail be any different?

Postal logistics providers, also referred to as mail expeditors, can help companies more efficiently and effectively move mail, while achieving substantial postage savings. This is done through participation in the U.S. Postal Service's workshare programs and through relationships with international postal authorities. The international reach is a plus both for companies doing business worldwide and for those just branching out in today's expanding global marketplace.

Companies realize those savings because their mail — combined with other companies' mail — collectively provides them with the volume needed for each to qualify for workshare discounts. It's a rate few companies could achieve on their own.

Mail expeditors sort and weigh the pieces, affix appropriate postage and transport mailpieces to both domestic and international postal authorities closest to their destination for final delivery — all at speeds within First Class plus a day. It means that time once spent internally preparing and moving outgoing mail can be used for other duties. Transportation costs are eliminated, and mail still reaches its final destination quickly.

Three Good Reasons to Leave It to the Experts
I've spoken theoretically about what can be achieved by

outsourcing mail services. But let's revisit San Jose State and see what the results were. The University saved a significant amount of money, reduced the workload of its staff and helped relieve what had been the headache of tracking individual departments' postage costs.

Here are the three key benefits realized by the university in greater detail:

1. Significant cost savings on postage. A critical analysis of San Jose State's outgoing mail found that nearly 25% was Bound Printed Matter and flats — or mail that is larger than a letter but weighing less than a pound. By co-mingling its qualified mail with that of other customers, San Jose State became eligible for reduced U.S. Postal Service rates. That translated to a 20% savings in postal costs alone for the University.

2. Enhanced mail center productivity. No longer processing flats on its own, San Jose State used the freed up hours to funnel its mail center staff into more time-critical jobs like sorting incoming mail. And mail center staff members are no longer required to separate the mail by department for billing purposes. Instead, our technology does it for them.

3. Streamlined accounting practices. That technology enabled the University's departmental information to be downloaded into the processing system, where it is captured for each outgoing mailpiece. This important step not only saves time and money but gives San Jose State increased visibility and a more manageable accounting process. Instead of having to track and allocate each mailpiece internally, the University now receives up-to-date billing information each day, broken down into departments.

What's really great about these results is that they are attainable whether your company hails from the finance, insurance, health care, government, retail or virtually any other industry or sector. Do you send mail? Then your company most likely would benefit from outsourcing its mail services.

As 2006 has begun — and brought a postal rate increase with it — it's not too late to make a resolution to find out just how much you stand to gain.

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