

Whew! No Postage Increase – What Now?

The USPS recently announced there would be no postage rate increases in 2010 for market-dominant mail. This includes First Class and Standard mail as well as periodicals. I think this was a good move. A postage increase now might have spurred an acceleration of mail moving to non-USPS delivery channels. That's still happening, but hopefully at a pace that will allow the Postal Service to adjust and adapt.

Did the postage rate freeze announcement cause you to re-think your short-term mailing strategies?

It certainly gives mailers a little more breathing room. But don't get too comfortable. There are changes coming. A significant price increase probably would have accelerated the decline in mail volumes, but holding the line on postage for the next year isn't likely to reverse the migration to alternative communication channels that is already underway.

Just as the USPS has had to anticipate a scenario of shrinking volume, mailers should be planning now for a world in which the measure of their success is changing. Going forward, the emphasis will be on the effectiveness of each mail piece instead of how many units can be produced at the lowest cost.

Cost and productivity will still be important of course. But making sure every mail piece contributes to the overall goals of the organization will be more prominent. And your volumes may decrease, making the remaining mail even more valuable.

DID YOU PLAN ON PAYING MORE FOR POSTAGE?

Chances are good you already budgeted for a postal increase, probably somewhere in the neighborhood of three to four percent, maybe more. Even though it is tempting to save that money now that you know rates will be stable, I recommend that you invest some of those budgeted funds in upgrading your operations.

Using more dollars for postage would have had absolutely no effect on the value of the service you provide to your in-house or outside customers. Why not take some of that money and use it more strategically?

One of the best ways to do that is to spend a little on an analysis and improvement project. You should do this first - before you start to make capital investments in hardware and software.

Here's why.

There is waste in your operation. Even after the gut-wrenching decisions you've made over the last year to comply with corporate cost-cutting directives, there is still more to do. Sometimes lots more. I have yet to visit a document operations center where we did not recognize an opportunity to lower costs, raise productivity, or both.

Decreasing waste and streamlining the workflow can result in a reduction or even the elimination of a planned investment in other areas. If you can improve your throughput in the finishing department, for instance, perhaps you can get by with a relatively inexpensive upgrade to your inserting equipment instead of a replacement.

That is why you should do a comprehensive analysis first. Funds are limited. Make sure that you get the maximum benefit from what you spend, not just a quicker way to do the wrong things.

THE SAVINGS ARE NOT SO OBVIOUS

Most document centers already reduced staff, eliminated travel, froze wages, and cut training to make their budget numbers.

But a document operation that has been around for any length of time has plenty of other savings opportunities hidden in the work they do every day. The trouble is that those opportunities are hard to recognize from the inside. And even if you do discover them, they are tough to fix on your own. The solutions often require the cooperation and consent of multiple departments. The competitive environment in most companies and the lack of influence that the print and mail center management has over other departments make progress extremely difficult or politically unwise. No one wants to make enemies or risk their jobs in an economy like this!

PUT SOME OF THAT MONEY TO WORK - FOR YOU

Document Operations managers often tell us they can't meet the needs of their organizations without upgrading their hardware or software. Eliminating waste in one part of your workflow frees up money that can be used to beef up other parts that allow you to meet the communications requirements of your customers. The money you need may already be there - you just have to find it!

Maybe you'll want to do matching. You can invest your discovered savings in cameras for your inserters. Or perhaps you've seen the value of intelligent mail and need get some help to develop processes to take advantage of some IMB features. Save some money by optimizing your existing operation and use those funds to acquire expert help to develop your new capabilities.

Think about the direction in which your operation must travel over the next two years in order to be successful without increasing mail volumes and make a plan to get there. Spending some already budgeted money on your own operation instead of on postage may be just the opening you need to take the first step.

Flash Forward – A New World of Communications

There's a new program on television called "Flash Forward". It's about a worldwide phenomenon where everyone on the planet blacks out for a couple of minutes and gets a glimpse of their own future. The characters keep asking each other, "What did you see?"

OK, so it's science-fiction and entertainment. But it got me thinking about what we might see if we could peek into the future of customer communications. It's really not that hard. You might try it sometime.

When I flashed forward, I saw an environment where communication between companies and their customers was much more strategic than it is today. Instead of just generating mail out of habit, Chief Document Officers in companies were asking, "Why are we producing this piece?", and, "Is this the best way to communicate what we're trying to say?"

Not only that, but I noticed that companies in the future had established strategies for capturing and recording information they got from their customers or about their customers, and they stored it in a central database. They were using that information to individually fine-tune subsequent outgoing communications with each customer.

Just as in the TV show, my flash forward isn't so bizarre or far out of the realm of possibilities that it couldn't happen. In fact, we've already got all the tools we need to accomplish what I saw – we don't really have to wait for the future!

The overriding question on the television program is what people would do if they were sure that what they saw during the blackout was really going to happen. Would this change the way they behaved in the present? You bet it would!

So, if your flash forward into the future of the document business was similar to mine, and you agree that what we saw is a reasonable expectation of reality, then what behavior have you changed? What are you doing differently? Or an even better question: What could you be doing differently?

Here are some ideas:

- If you don't have a Chief Document Officer, or someone in that capacity at your company yet (most don't), start making moves to consolidate all customer communications under a single point of responsibility. Eliminate the scattered management approach that often results in the optimization of one process at the expense of others.
- Develop an overall communications strategy that is appropriate for your type of business and supports your company's values and goals. Put it in writing and make sure it's well-publicized within the company.
- Look at every single piece of communication that happens today with your customers. Include physical mail, email, web presentment, text messages, social networking, events, advertising, customer service, and technical support. Compare the current message, timing, relevance, and the chosen channel against your communications strategy.

- Inspect every piece of software and hardware you use to create, deliver, or capture customer communication. Is it adequate to meet the requirements of your overall communications strategy? If not, do you buy new, upgrade, outsource, or re-engineer an entire process? Are there pieces missing where you need to add resources to be able to support the communications strategy?
- Evaluate the capabilities of the staff that will be responsible for implementing new strategies, coordinating efforts, and developing smooth production workflows. In many cases, your people can do much more than is being asked of them today. In other cases, you may need to do training and coaching, or bring on some additional expertise.

Companies and organizations who are not doing at least some of those things suggested above run the risk of losing market share or not participating as fully in the economic recovery as they could. The document business has become much more complex than ever before. There are a lot more decisions to make at just about every design, creation, production, and distribution step.

Flashing forward to the future using the same methods, processes, and mindset of the past two or three decades isn't going to make it. There's a lot to do. We need to start working on it now.

Maybe you'll see something different when you do your own flash forward – something I haven't thought of, something new and exciting. If you do, I'd love to hear about it.

Maybe I'll just ask you, "What did you see?"

Are you IMB-Challenged?

I've had an opportunity to talk to a number of mailers over the last month or so about their plans for implementing the Intelligent Mail Barcode. For a technology change that's been on the radar screen for so long, you'd think that most mailers would have pretty solid plans by now.

Not so. Companies are all over the map on this one. Some are already testing Full Service IMB with the Post Office while others haven't even begun to consider their IMB strategy.

Why aren't all mailers making similar IMB plans? Isn't that what has happened with new postal regulations and technology changes in the past?

Judging by some of the questions mailers have been asking us, it seems that many in the document industry have mistakenly viewed intelligent mail as simply a new postal technology to which one needs to convert. On the surface, IMB might seem to be similar to adding Zip+4 or Postnet barcodes to the mailing pieces. But it is much more than that.

We're helping our clients realize that this "postal technology" has potential effects and benefits that extend far beyond the mail center – deep into departments that mail center managers may never have worked with in the past. Any decisions or strategies about whether to go with Basic or Full Service, and what features of Full Service to utilize, need to take the needs of those other departments into consideration.

There are likely to be business processes that are performed in your company (or in your client's companies if you are a service bureau) which have nothing at all to do with how the work in the document print/mail center is done. And yet, the additional data that is available through IMB could be a significant source of cost savings, improved customer service, or untapped opportunity for lots of departments.

Finding these business processes, and talking with managers about how something like a postal barcode can affect their departments, is no easy task. Most document centers are operating with minimal staffing levels. Having little or no experience communicating with the management of departments such as legal, customer service, or accounts receivable makes the outreach effort uncomfortable. And these departmental managers may not give much thought at all to issues related to postal delivery, so getting their attention is difficult.

My advice:

1. Assess your readiness for IMB – Where are you at?
2. Call me to discuss your next steps

Even organizations who believe they have a solid IMB plan are missing out if they haven't fully explored all the ways that the program can bring value to internal or external business processes.

SERVICE BUREAUS: I can't stress this enough. If you haven't been talking to your clients about how IMB can make their organization better, your competition probably is! Don't lose work that is very difficult to replace - just because didn't seem to understand their business well enough.

HOW ENVELOPES ARE RELATED TO PRODUCTIVITY

Are you looking for a way to improve productivity in your inserting operation?

I encourage you to examine the envelopes you run. This is an area that is often overlooked as a productivity enhancing tactic. But fixing problems with materials often results in improvements that exceed the performance bumps that you can expect from the investments in new hardware. With little or no expense!

Here are six reasons envelopes can jam in an inserter:

- ☑ Insufficient clearance - For most inserters, less than 1/8" clearance is going to cause problems.
- ☑ Material catching on envelope seams or glassine – Diagonal seams usually work better than vertical seams.
- ☑ Not enough thickness capacity –Make sure the envelope can expand far enough to accommodate all the material that the equipment is attempting to shove into the envelope.
- ☑ Flap won't open – Flaps that are too long or too short will keep the mechanism from being able to properly pull it open.
- ☑ Material too tall for the envelope – You may need to adjust the folds, or reduce the size of the inserts.
- ☑ Inadequate glue – If the glue on the flap isn't applied consistently the flaps will pop open.