

Is It Time to Privatize the U.S. Postal Service?

By Harry Stephens / President & CEO / DATAMATX

We all realize that knowing you need to do something—and then actually doing it—are two different things. The best example of this that comes to mind is the ongoing conversation about the financial difficulties of the U.S. Postal Service (USPS) and what to do about it. We know something needs to be done. The USPS has been losing billions of dollars a year for more than a decade. In fairness, there are several legitimate reasons for these losses—the decline of First-Class mail, the USPS requirement to pay down unfunded liabilities for retiree healthcare, the inability to get costs under control with approval to close certain post offices or eliminate six-day delivery. So as a business person, I have to ask the question: Is it time to take some action and privatize the USPS?

Anyone who knows me well knows I love everything about the mail. Even when I travel, I like to visit the local post offices to see how they operate—particularly in countries outside the U.S. Two years ago, I was in Italy on a trip where we drove from Rome to hilltop towns built up to 10 centuries ago and finally to Florence. Our driver was patient with me as I asked to stop in each town along the way to see how they managed their mail and let me just report that the post offices in Italy don't resemble those we have here in the United States.

Here, we view the post office as a place to buy stamps and send our mail and packages. The Poste Italiane is a veritable hub of activity because it is place where you can accomplish all sorts of tasks.

Why Can't We?

At the Poste Italiane you can purchase things from the post office like books, CDs and even cell phones. You can pay

certain bills, collect a pension check and even buy health insurance. There are posters all around promoting these services, as well as employees there to help you with whatever you need. Is this model an option that might help alleviate some of the financial burden the USPS continues to carry? If European towns use the post office to make money on other things besides mail, why can't we?

Well, let's think about it. What would happen if the USPS entered the private sector and utilized methods that are considered acceptable in private business. Private businesses can adjust their operations to coincide with demand. As a private business owner myself, I can see many problems in adopting this model. Given the financial state of affairs of the USPS, some consolidation or major restructuring would be necessary to continue to stay in business.

This might mean that smaller rural post offices would have to close and private

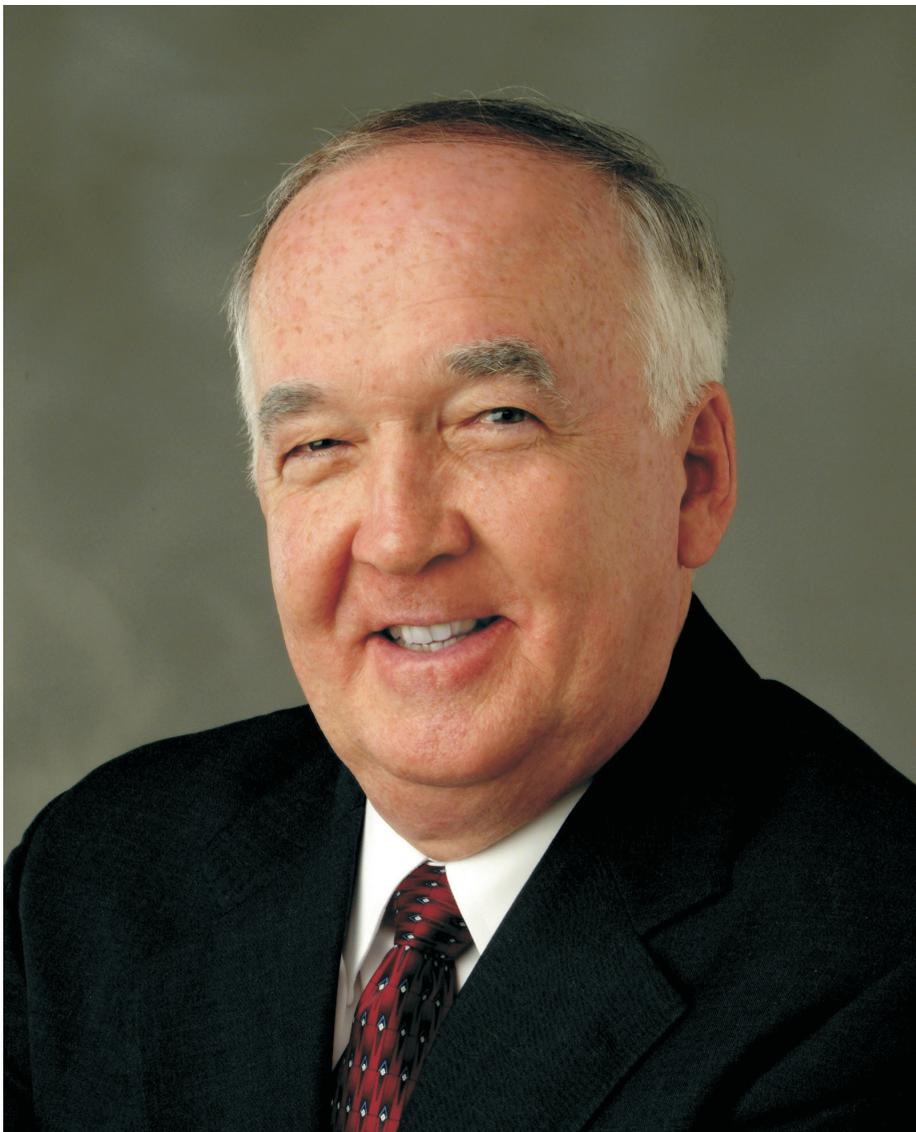
delivery for these areas could go away altogether. It also might mean that the guarantee for equal access to our mail could disappear along with the speed and reasonable cost of delivery that we have become accustomed to. I am all for private business and I am all for fiscal responsibility, but the USPS is in a different situation than any other enterprise. If the USPS as a private business would be forced to go bankrupt, where would we go from there?

Our country is larger than the European countries that have moved to privatization. The USPS reaches all 150 million American households because it's a public system that has been a part of our Constitution for 200 years. As a Federal government organization, there are many regulations in place that ensure universal services to all Americans, regardless of their location.

For example, the USPS can deliver to places competitive carriers like UPS and Fed Ex can't. A few years ago, there was a survey that found at least 6,000 post offices in the U.S. served a volume of only 3.3 people each day. 3.3! If I know one thing for sure, I know people don't want to lose their post office.

So what can be done?

Two articles in the Washington Post and The Wall Street Journal reported that the latest entrant into this controversial conversation is President Trump, by way of his 2018 budget plan. The plan leaves the door open for reducing the current six-day day mail delivery "where there is a business case for doing so." You can expect that if reducing mail delivery is ever approved, it will be met with the same upset Postmaster General Patrick Donahoe was hit with when he attempted to end Saturday mail delivery in 2013. This move was met with such strong resistance from members of Congress and the National Rural Letter Carriers' Association that it ultimately failed. Since then, proposals to address the USPS'



financial situation have not included reducing delivery, despite the fact many believe (myself included) that it may be a necessary step to help end the financial struggles of the USPS.

Whether six-day delivery is ever eliminated or not, we still need to continue to find solutions that improve the situation for the USPS and for all of us who depend on it. One bright spot is while First-Class mail continues to decline, the USPS is experiencing strong growth in package mail revenue and remains committed to growing its package business. Another good move has been to offer value-added services like Informed Delivery for people receiving mail. This program, introduced in February of this year, leverages existing mail imaging processes to provide you with a digital preview of mail arriving soon. Just like a physical

mailbox, the feature is for households based on a delivery point address, so multiple residents can sign up. Informed Delivery creates new opportunities for Mailers to increase their marketing campaign reach with a synchronized physical and digital touch point. The USPS reports that 70% of those who have signed up use Informed Delivery to be more aware of incoming mail.

The financial struggles of the USPS have been a problem for more than a decade now. However, the financial viability of the USPS isn't just the USPS' issue to solve. Corporate enterprises as well as postal customers, especially rural America, may need to give up something to keep postage rates affordable. Mail is important to all of us for many different reasons so it is an issue for everyone who relies on the mail, whether for business or personally. It is our issue, and I think the

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one thing we can agree on is that something needs to be done to address it. The problem is that actually doing something, as we all know, is a very different thing.

We've got to continue to find ways to make mail more valuable—and viable—to ensure it remains relevant in today's world. Business leaders take action by doing things that support the future security of our customers and our employees when things are tough. This situation is no different. There are challenges the USPS faces to be sure, but there are also opportunities to do things more efficiently and effectively. Only by continuing to seek them will we not miss out on them.

Harry Stephens is President/CEO, and founder of DATAMATX, one of the nation's largest privately held, full-service providers of printed and electronic billing solutions. As an advocate for business mailers across the country, Stephens serves on the Executive Board of the Greater Atlanta Postal Customer Council, Board Member of the National Postal Policy Council (NPPC), Member of Major Mailers Association (MMA), and member of the Coalition for a 21st Century Postal Service. He is also immediate past president of the Imaging Network Group (ING). As an expert on high-volume print and mail, he has frequently been asked to speak to various USPS groups, including the Board of Governors, about postal reform and other business mailer issues. Find DATAMATX at www.datamatx.com.