

**Testimony of
The National Association of Postmasters of the United States
Walter Olihovik, National President**

Before

The President's Commission on the United States Postal Service

Tuesday, April 29, 2003

I am Wally Olihovik, President of the 42,000 member National Association of Postmasters of the United States (NAPUS). It is an honor to share with you my thoughts about the Postal Service and its workforce.

In a recent message to the 1,200 postmasters who attended our 2003 Leadership Conference, President George W. Bush applauded NAPUS for "recognizing the importance of quality mail service to local communities and our Nation." Moreover, the President wrote that this Commission "is committed to strengthening the postal service and ensuring its long-term viability." It is my hope that my comments will assist you in this task.

The nation's 27,000 postmasters are the "managers-in-charge" of post offices. A postmaster may manage a small rural retail facility, or administer a cluster of stations, mail-processing units, and the main post office. The size and location depends on the demographics and mailing needs of the community. Whether or not a specific post office earns a profit does not, and should not determine its existence. For many Americans, a post office is the sole nexus between a community and the federal government. Community identity and postal accountability are contingent on the presence of post offices. Interaction with frontline postal managers assures postal customers, large and small, that their mailing needs will be addressed promptly. Cost-savings attributable to closing the 10,000 smallest post offices are minimal – \$ 567 million – compared to substantial savings that could be realized from mail-processing plant consolidations.

As a postal employee who began his career in a mail processing plant, I can attest to achievable savings and efficiencies through plant realignment. Moreover, these goals can be attained without jeopardizing service to our customers. I respectfully remind you of comments made earlier this year by R.R. Donnelley regarding the magnitude of the savings: "The upstream processing network is a major contributing factor to many other problems that plague the U.S. Postal system. ... there are savings to be realized in the range of \$6-8 billion if upstream processes were realigned."

Therefore, post office closings and consolidations should not be pursued solely as a cost-cutting strategy. Indeed, the current post office closing and consolidation procedures work and should not be modified. The Postal Service closed approximately 14,000 post

offices over the past 30 years. Indeed, the current law balances the need of the Postal Service to adjust its infrastructure, while also taking into account the due process needs of impacted communities. The direct customer contact with the postmaster, the letter carrier, and window-clerk is what resonates loudest, enhances the value of postal products, and reaps the Postal Service's high marks in public confidence.

The underlying question of this hearing is how can we optimize the use of postal labor, using 21st century management techniques, while also protecting the important public service the Postal Service provides? Accountability, authority, and flexibility are the answers. The Postal Service must create an environment where everyone is accountable for their work; the Postal Service must provide its employees, especially managers with the authority to make decisions in the field; and the Postal Service must work with the unions to revise outdated work rules to promote greater flexibility in personnel deployment. Successful performance-based organizations have adopted these strategies.

The Postal Service has experimented with a handful of different pay systems to provide incentives for exemplary performance. The most recent attempt was the much-criticized EVA – economic value added – compensation system for managers and supervisors. EVA failed for a variety of reasons. The Postal Service must clear these hurdles to employ an effective compensation system that promotes efficiency and quality. Primarily, objective performance standards would provide an unprecedented level of accountability up and down the postal workforce ladder. Postmasters need to take a more active role in helping to design these principles and a new managerial pay system, thus creating proper incentives. The pending Postmasters Equity Act, S. 678, provides a new tool by which postmasters and Headquarters can develop pay schedules and programs to meet their mutual needs.

Modern managers recognize the fact that employees perform differently. Employees, management level or rank-and-file, have different skills, aptitudes, and performance levels. “One size fits all” pay raises are not effective in promoting accountability or rewarding exemplary performance. Moreover, it is damaging to the entire organization to hold one segment of its workforce accountable for performance, yet insulate the other from the same yardstick. It is crucial that the Postal Service and all employee groups work together to develop a credible and consistent pay system. It must include sensible and clear criteria, so performance can be rewarded fairly. Experimental compensation programs should be tested with the constructive input of employee associations.

Over the past three decades, the Postal Service has mutated into a costly multi-layered bureaucracy that has distanced postmasters from Postal Headquarters. Consequently, mid-level postal managers positioned in area and district positions often interfere with successful post office management and can undermine a postmaster's authority. It can be as petty as requiring a local postmaster to file triplicate requisition forms to purchase a roll of toilet paper. Rather than transit the postal maze, postmasters will take money out of their own pockets to make necessary purchases. Postal Headquarters must issue firm and clear instructions that the responsibility of the Area and District is to enhance the

Postal Service and not to create work to justify their own existence and undercut postmaster authority.

Mid-level management must be attentive to the fact that front-line managers must make operational decisions. Numerous levels of postal management exist for the sole purpose of directing postmasters whose authority to manage their own post offices is sorely tested time after time. In many instances, mid-level postal managers who may not have “touched” mail in years are directing postmasters and their subordinates to make decisions that are detrimental to individual post offices and communities they serve. The Postal Service should reduce its bureaucracy and support an infrastructure with a limited chain of command from Headquarters to the post office.

Over the past few months, this Commission has heard testimony about the need for price flexibility in order to adapt to the changing market. NAPUS believes that the Postal Service and its employees need to do a better job to embrace “workplace flexibility” to adjust to changing workload conditions. Traffic fluctuation in the postal lobby combined with the seasonal ebb and flow of mail volume requires more flexibility. Postmasters need the ability to fine-tune their workforce to respond to mailing needs. We need to work with our unions to train employees to perform different tasks in order to calibrate to varying customer demands. We should work with our unions to lower the barriers against deploying personnel to different positions in a postal facility.

There are models of this type of labor elasticity – even within union shops. For example, in 1998, Saturn negotiated a contract with the United Automobile Workers employed at the Spring Hill, Tennessee facility. Under the agreement, Saturn workers have the flexibility to crossover and perform a variety of tasks. I should add that the contract included a “production-based” incentive. This flexibility should be applied to postal operations.

Mr. Chairman, NAPUS recognizes that many issues will continue to challenge us. There will be resistance. Nonetheless, for the survival and vitality of a universal Postal Service, all postal stakeholders must work together.