



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D C 20548

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GENERAL GOVERNMENT  
DIVISION

APR 22 1974

Mr. Edward Dorsey  
Senior Assistant Postmaster  
General for Operations  
U. S. Postal Service

*DLG OS 6739*

Dear Mr. Dorsey

During the 1973 Christmas season, we reviewed postal operations at eight large post offices to ascertain the effectiveness of recent actions taken by the Postal Service to improve mail service. We plan to report the results of our review in a report to the Congress shortly.

While the major thrust of our work was to observe how well the 1973 Christmas mail moved, we identified major differences among the post offices concerning workload increases, use of manpower, productivity and cost applicable to the holiday season. It was not within the planned scope of our review to make a detailed analysis of the specific causes for these variations. We believe, however, that the benefits of such an analysis could be significant. The purpose of this letter is to provide you the information we developed, with our thoughts on its possible significance. We hope that it may be of value to you.

HOLIDAY WORKLOAD INCREASE

Although the holiday workload increased in each of the eight post offices, the amount of increase ranged from a low of 12 percent in Dallas to a high of 28 percent in Detroit. The table below compares workload during the holiday month (4-week period ended January 4, 1974) to that of a normal month (4-week period ended October 12, 1973)

	Workload (total piece handlings) (000)			
	<u>Normal month</u>	<u>Holiday month</u>	<u>Increases</u>	<u>Percentage increase</u>
Chicago	675,212	835,804	160,592	24
Dallas	264,733	295,684	30,951	12
Denver	176,078	217,941	41,863	24
Detroit	278,188	356,998	78,810	28
New York	876,165	1,001,329	125,164	14
Philadelphia	469,190	539,186	69,996	15
San Francisco	336,490	424,608	88,118	26
Washington, D. C.	551,967	641,743	89,776	16
Total	3,628,023	4,313,293	685,270	19
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The impact of this increased workload can be illustrated in terms of the added mail processing man-hours (total clerk-mailhandler mail processing hours) required by the various post offices. The following table shows the estimated additional man-hours required, based on the productivity for each office during a normal month, and the man-hours actually used during the Christmas period

	<u>Additional man-hours required</u>	
	<u>Estimated</u>	<u>Actual</u>
Chicago	314,000	338,112
Dallas	43,000	60,687
Denver	59,000	91,037
Detroit	122,000	155,268
New York	297,000	155,986
Philadelphia	104,000	146,177
San Francisco	122,000	152,818
Washington, D. C.	93,000	82,566
Total	1,154,000 =====	1,182,651 =====

The actual additional man-hours--1,182,651--were equivalent to a 4-week need for about 7,390 employees.

It is interesting to note that the relationship of the additional hours used in the holiday period to the hours used in a normal month varied significantly among the eight post offices.

	<u>Normal month</u>	<u>Additional man-hours required</u>	<u>Percentage increase</u>
Chicago	1,325,112	338,112	26
Dallas	364,773	60,687	17
Denver	246,110	91,037	37
Detroit	431,928	155,268	36
New York	2,013,110	155,986	8
Philadelphia	697,614	146,177	21
San Francisco	467,123	152,818	33
Washington, D. C.	598,269	82,566	14
Total	6,144,039 =====	1,182,651 =====	19 ==

#### ADDITIONAL MAN-HOURS

As shown in the preceding section, the increased workload during the Christmas period precipitated an increase in man-hours to process the added mail volume. However, the post offices' approach to handling the increased volume differed. At most post offices overtime was employed much more extensively than during a normal period.

	Overtime hours				
	<u>Normal month</u>	<u>Percentage of regular hours</u>	<u>Holiday month</u>	<u>Percentage of regular hours</u>	<u>Percentage increase (decrease)</u>
Chicago	65,572	5.2	337,158	25	414
Dallas	49,014	15.5	40,207	10	(18)
Denver	31,370	14.6	76,958	30	145
Detroit	35,423	8.9	168,557	40	376
New York	28,394	1.4	271,154	14	855
Philadelphia	23,682	3.5	176,140	26	644
San Francisco	18,027	4.0	49,359	9	174
Washington, D. C.	14,253	2.4	106,275	19	646

As shown above, Dallas used less overtime during the Christmas period than during a normal month, but the remaining offices used as much as eight times normal usage.

While certain post offices relied almost exclusively on regular employees by using overtime, others relied on additional employees hired specifically for the Christmas period or a combination of both. The following table shows the extent to which the various offices used regular employees, by increasing overtime, or new employees, as indicated by the increase in regular hours.

	<u>Additional (reduced) regular hours</u>	<u>Additional (reduced) overtime hours</u>	<u>Total additional hours used</u>
Chicago	66,526	271,586	338,112
Dallas	69,494	(8,807)	60,687
Denver	45,449	45,588	91,037
Detroit	22,134	133,134	155,268
New York	(86,774)	242,760	155,986
Philadelphia	(6,281)	152,458	146,177
San Francisco	121,486	31,332	152,818
Washington, D. C.	(9,456)	92,022	82,566
Total	222,578	960,073	1,182,651
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The questions the Postal Service should seek to answer are

--Why did New York, Philadelphia, and Washington, D. C. have a decrease in regular time?

--What combination of overtime and additional temporary employees is most cost effective?

## PRODUCTIVITY

The table below compares productivity during a normal month in terms of pieces of mail handled per man-hour with that experienced during the holiday month. It also shows the large disparity in productivity among offices.

	<u>Pieces of mail per man-hour</u>		
	<u>Normal month</u>	<u>Holiday month</u>	<u>Percentage increase (decrease)</u>
Chicago	512	506	(1)
Dallas	726	694	(4)
Denver	715	646	(10)
Detroit	644	608	(6)
New York	421	472	12
Philadelphia	672	644	(4)
San Francisco	720	685	(5)
Washington, D. C.	968	954	(2)

The questions to be answered are

- What accounts for the variations in productivity? What part is caused by operating differences, as opposed to variations in efficiency?
- What is the reason that New York, uniquely, had an increase in productivity?
- Why did Denver's productivity fall off so sharply?
- Why did that of Chicago and Washington fall off so little?

The table below shows a simple rank correlation between productivity and overnight mail delivery performance during the 1973 Christmas period

	<u>Productivity ranking</u>	<u>Achievement of overnight standard ranking</u>	<u>Percent of overnight standard achieved</u>
Chicago	7	7	79
Dallas	2	2	92
Denver	4	5	87
Detroit	6	6	86
New York	8	8	72
Philadelphia	5	4	88
San Francisco	3	2	92
Washington, D. C.	1	1	94

As the table shows, productivity was not achieved through reduced achievement of performance standards. To the contrary, the delivery service at the more productive offices was consistently better

### COSTS

The increased volume during the Christmas period also resulted in increased mail processing costs. These costs among the eight post offices varied considerably. Costs increased by as little as 8 percent in New York and by as much as 24 percent in Denver.

	Cost per 1,000 pieces			
	<u>Normal month</u>	<u>Holiday month</u>	<u>Increase</u>	<u>Percentage increase</u>
Chicago	\$13.62	\$15.86	\$2.24	16
Dallas	9.85	11.56	1.71	17
Denver	9.83	12.22	2.39	24
Detroit	11.12	13.52	2.40	22
New York	15.87	17.15	1.28	8
Philadelphia	10.50	12.69	2.19	21
San Francisco	9.79	11.57	1.78	18
Washington, D. C.	7.55	8.46	.91	12

The cost per 1,000 letters during the holiday period ranged from \$8.46 at Washington, D. C., to \$17.15 at New York. Not surprisingly the table below shows a direct relationship between mail processing cost and productivity.

	<u>Productivity</u>		<u>Cost</u>	
	<u>Pieces of mail per man-hour</u>	<u>Ranking</u>	<u>Per 1,000 pieces of mail</u>	<u>Ranking</u>
Chicago	506	7	\$15.86	7
Dallas	694	2	11.56	2
Denver	646	4	12.22	4
Detroit	608	6	13.52	6
New York	472	8	17.15	8
Philadelphia	644	5	12.69	5
San Francisco	685	3	11.57	3
Washington, D. C.	954	1	8.46	1

The table below summarizes the overall effect of the holiday month among offices in the terms of the changes in workload, regular and overtime hours, productivity, and cost.

	Percentage increase (decrease)				
	<u>Workload</u>	<u>Reg. hours</u>	<u>Overtime</u>	<u>Productivity</u>	<u>Cost</u>
Chicago	24	26	414	(1)	16
Dallas	12	17	(18)	(4)	17
Denver	24	37	145	(10)	24
Detroit	28	36	376	(6)	22
New York	14	8	855	12	8
Philadelphia	15	21	644	(4)	21
San Francisco	26	33	174	(5)	18
Washington, D. C.	16	14	646	(2)	12

The Postal Service should determine why the offices having larger increases in workload (Denver, Detroit, San Francisco) had smaller increases in overtime but the more adverse changes in productivity and cost. On the other hand, why did New York and Washington, D. C., with smaller increases in workload and larger increases in overtime, have less adverse changes?

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Opportunities exist for the Postal Service to improve performance. The differences in the cost effectiveness shown above are probably related in some degree to variations in local management practices and procedures. Through identification of the better practices, it may be possible to improve the performance of less effective offices.

We hope this information will be of value to you. Our staff is available to discuss any questions you may have.

Sincerely yours,

  
 John Landicho  
 Associate Director