OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

Use of the Run Plan Generator

Audit Report

Report Number
NO-AR-17-004

January 26, 2017

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

Highlights

We found that Postal Service mail processing facilities are not using the RPG to maximize processing efficiency because there is no specific criteria to measure its performance.

Background

The U.S. Postal Service has about 265 mail processing facilities nationwide. Mail processing is an integrated group of activities required to sort and distribute mail for delivery. The Run Plan Generator (RPG) is a software application used by processing facilities to optimize machine usage and operational efficiency.

The RPG combines site-specific mail processing machines, sort programs, maintenance requirements, mail volume, and throughput data (the rate at which machines process mail) to project daily machine run plans to maximize processing efficiency.

We judgmentally selected and compared facilities with high and low RPG usage for our site observations. We conducted observations at the Pittsburgh and Minneapolis processing and distribution centers (P&DC), which had 86 and 92 percent RPG usage rates, respectively, for the first 3 quarters of fiscal year (FY) 2016. We also conducted RPG site observations at the Boston and Northern New Jersey P&DCs, which had lower usage rates of 59 and 32 percent, respectively. The national average was 83 percent during our observation period.

Our audit objective was to determine whether Postal Service mail processing facilities use the RPG to maximize processing efficiency.

What the OIG Found

We found that Postal Service mail processing facilities are not using the RPG to maximize processing efficiency because there is no specific criteria to measure its performance.

Of the facilities we visited, we found that those that did not use the RPG usually had lower machine throughput, productivity, and service performance and more delayed mail than facilities that used the RPG. Specifically, when comparing mail processing machines common in all four facilities, the Boston and Northern New Jersey P&DCs had machine throughput as much as 21 percent lower than the Pittsburgh and Minneapolis P&DCs.

Additionally, productivity at the Boston and Northern New Jersey P&DCs was about 19 percent lower and service performance scores were between 1.6 percent and 4 percent lower. Finally, delayed mail volume was about 26.8 percent higher at those two facilities.

During our site visits to the low RPG usage P&DCs we observed that new employees were assigned to generate run plans and there was no feedback mechanism to improve the accuracy of run plan models. As a result, projected mail volume was not accurate and machine throughput projections were not obtainable.

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We identified opportunities to save about $1.8 million over 3 quarters by improving machine throughput to the national averages at the Boston and Northern New Jersey P&DCs.

We also found run plans were not always available to operational managers and supervisors at the beginning of their shift or managers and supervisors considered the run plans unreliable and cumbersome to disseminate. Therefore, managers and supervisors did not discuss daily run plans with employees and staffed machinery based on the number of employees available rather than using the RPG.

We identified opportunities to save about $1.8 million over 3 quarters by improving machine throughput to the national averages at the Boston and Northern New Jersey P&DCs.

What the OIG Recommended

We recommended management:

- Ensure operational managers and supervisors use the RPG.
- Establish nationwide criteria for RPG usage.
- Ensure personnel are adequately trained to use the RPG to produce run plans.
- Improve communication of RPG performance to all levels of plant personnel, especially between operations support and mail processing personnel to improve the accuracy of run plans.
- Ensure RPG volume projections are accurate and throughput targets can be met.
- Ensure run plans are available to operational managers and supervisors.
- Adjust staffing and scheduling to correspond with RPG run plans.

Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

January 26, 2017

MEMORANDUM FOR: ROBERT CINTRON
VICE PRESIDENT, NETWORK OPERATIONS

E-Signed by Michael Thompson
ERIFY authenticity with eSign Deskt

FROM: Michael L. Thompson
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Use of the Run Plan Generator
(Report Number NO-AR-17-004)

This report presents the results of our audit of the U.S. Postal Service's Use of the Run Plan Generator (Project Number 16XG031NO000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Margaret B. McDavid, director, Network Processing, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

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Findings

Of the facilities we visited, we found that those that did not use the RPG usually had lower machine throughput, productivity, and service performance and more delayed mail than facilities that used the RPG.

Introduction

This report presents the results of our audit of the U.S. Postal Service's Use of the Run Plan Generator (RPG) (Project Number 16XG031NO000). In fiscal years (FY) 2015 and 2016, we issued six reports that cited low machine throughput and productivity and a large volume of delayed mail at facilities not using the RPG. This was a self-initiated audit to further evaluate the Postal Service's use of the RPG. Our audit objective was to determine whether Postal Service mail processing facilities use the RPG to maximize processing efficiency. See Appendix A for additional information about this audit.

The Postal Service has about 265 mail processing facilities nationwide. Mail processing is an integrated group of activities required to sort and distribute mail for delivery. The Postal Service uses the RPG software application to optimize machine use and operational efficiency at processing facilities.

The RPG combines site-specific mail processing machines, sort programs, maintenance requirements, mail volume, and throughput data (the rate at which machines process mail) to project daily machine run plans to maximize processing efficiency.

We judgmentally selected and compared facilities with high and low RPG usage for our site observations. We conducted observations at the Pittsburgh and Minneapolis processing and distribution centers (P&DC), which had 86 and 92 percent RPG usage rates, respectively, for the first 3 quarters of FY 2016. We also conducted RPG site observations at the Boston and Northern New Jersey P&DCs, which had lower usage rates of 59 and 32 percent, respectively. The national average was 83 percent during our observation period.

Summary

We found that Postal Service mail processing facilities are not using the RPG to maximize processing efficiency because there are no specific criteria for them to use it. Of the facilities we visited, we found that those that did not use the RPG usually had lower machine throughput, productivity, and service performance and more delayed mail than facilities that used the RPG. Specifically, when comparing machines common to all four facilities, the Boston and Northern New Jersey P&DCs had machine throughput as much as 21 percent lower than the Pittsburgh and Minneapolis P&DCs.

Additionally, productivity at the Boston and Northern New Jersey P&DCs was about 19 percent lower and service performance scores were between 1.6 percent and 4 percent lower. Finally, delayed mail volume was about 26.8 percent higher at those two facilities.

During our site visits to the low RPG usage P&DCs we observed that new employees were assigned to generate run plans and there was no feedback mechanism to improve the accuracy of run plan models. As a result, projected mail volume was not accurate and machine throughput projections were not obtainable.

When comparing machines common in all four facilities, Boston and Northern New Jersey P&DCs had machine throughputs of as much as 21 percent lower than the Pittsburgh and Minneapolis P&DCs for the first 3 quarters of FY 2016.

We also found run plans were not always available to operational managers and supervisors at the beginning of their shift or managers and supervisors considered the run plans unreliable and cumbersome to disseminate. Therefore, managers and supervisors did not discuss daily run plans with employees and staffed machinery based on the number of employees available rather than by using the RPG.

We identified opportunities to save about $1.8 million over 3 quarters by improving machine throughput to the national averages at the Boston and Northern New Jersey P&DCs. We judgmentally selected the four P&DCs for observations rather than statistically sampling P&DCs nationally, due to resource limitations. The savings identified is limited to the two low RPG usage sites because our observations were limited to the sites we visited.

During the audit, Postal Service management told us that in April 2017, they plan to improve forecasting by incorporating the RPG software into Informed Visibility (IV)[1] to automate development of machine run plans that are currently produced manually. IV will use algorithms that incorporate real-time data and apply historical trends and demonstrated performance for machine throughput to seamlessly update RPG plans in real-time. Providing mail processing supervisors with real-time information should better equip them to make in-the-moment processing decisions. We did not review the IV plans during this audit because it was ongoing. We plan to conduct a separate audit when IV is complete.

Mail Processing Performance

We judgmentally selected and compared two high and two low RPG usage facilities for our site observations. We conducted observations at the Pittsburgh and Minneapolis P&DCs, which had 86 and 92 percent RPG usage rates, respectively, for the first 3 quarters of FY 2016. We also conducted RPG site observations at the Boston and Northern New Jersey P&DCs, which had lower usage rates of 59 and 32 percent, respectively. The national average was 83 percent during our observation period.

Overall, the two facilities that did not incorporate the RPG into daily operations usually had lower hourly machine throughputs compared to the two facilities that used it. When comparing machines common in all four facilities, Boston and Northern New Jersey P&DCs had machine throughputs of as much as 21 percent lower than the Pittsburgh and Minneapolis P&DCs for the first 3 quarters of FY 2016 (see Table 1).

1 An enterprise-level system that provides the Postal Service and the mailing community “real-time” access to all mail visibility data and analytical tools to optimize operational efficiencies.

Performance on other key operational indicators was also lower at sites that did not rely on the RPG run plan to manage staffing and scheduling of machines.

Table 1

MACHINE HOURLY THROUGHPUTS

Facility	RPG Usage	Automatic Facer Cancelling System (AFCS)	AFCS 200	Automated Flat Sorting Machine	Delivery Bar Code Sorter	Delivery Input Output Subsystem
Pittsburgh	High	None	21,981	14,645	26,341	17,256
Minneapolis	High	16,435	19,034	12,336	21,593	17,449
HIGH USAGE FACILITIES WEIGHTED AVERAGE		16,435	20,431	13,190	23,608	17,368
Boston	Low	8,212	18,868	11,252	21,849	15,776
Northern New Jersey	Low	None	16,841	10,609	25,082	16,852
LOW USAGE FACILITIES WEIGHTED AVERAGE		8,212	18,033	10,825	24,737	16,646
LOW USAGE FACILITIES COMPARED TO HIGH USAGE FACILITIES		-100.14%	-13.30%	-21.84%	4.56%	-4.33%

Source: Electronic Maintenance Activity Reporting and Scheduling System.

We identified opportunities to save about $1.8 million over 3 quarters by improving machine throughput to the national averages at the Boston and Northern New Jersey P&DCs. We judgmentally selected the four P&DCs for observations rather than statistically sampling P&DCs nationally, due to resource limitations. The savings identified is limited to the two low RPG usage sites because our observations were limited to the sites we visited.

Performance on other key operational indicators was also lower at sites that did not rely on the RPG run plan to manage staffing and scheduling of machines. These key indicators include productivity, External First-Class (EXFC)[2] and Priority[3] mail service performance, and the amount of delayed mail for the first 3 quarters of FY 2016 (see Table 2).

2 A component of the single-piece First-Class Mail (FCM) measurement system designed to measure service performance from a customer perspective. A Postal Service contractor measures the transit time of single-piece FCM (letters, flats, and postcards) from the deposit of mail into a collection box or business lobby chute until its delivery to a home or business. EXFC results are compared with Postal Service delivery standards to produce national, area, and district level estimates of service performance.

3 An expedited service for shipping any mailable matter, subject to certain standards such as size and weight limits.

Table 2

OTHER KEY OPERATIONAL INDICATOR PERFORMANCE

Facility	RPG Usage	Productivity	2-Day EXFC	3-5 Day EXFC	Priority	Delayed Mail
Pittsburgh	High	1,418	96.50%	87.74%	94.01%	0.02%
Minneapolis	High	1,324	95.62%	84.33%	89.51%	0.52%
HIGH USAGE FACILITIES WEIGHTED AVERAGE		1,377	96.12%	86.16%	92.01%	0.23%
Boston	Low	1,167	93.35%	81.84%	89.74%	0.24%
Northern New Jersey	Low	1,117	93.37%	82.57%	90.88%	0.52%
LOW USAGE FACILITIES WEIGHTED AVERAGE		1,152	93.36%	82.11%	90.42%	0.32%
LOW USAGE FACILITIES COMPARED TO HIGH USAGE FACILITIES		-19.50%	-2.76%	-4.05%	-1.59%	26.82%

Source: Enterprise Data Warehouse.

Management Oversight

At the two facilities with higher usage, managers and supervisors used RPG information to make daily processing decisions. For example, at the Pittsburgh and Minneapolis P&DCs:

- Managers used RPG run plans to staff machinery and manage overtime.
- All managers and supervisors possessed daily RPG information showing the machines they were responsible for and how the runs were planned for that day.
- Actual performance was compared to the plan and discussed throughout the shift and at shift turnover meetings.
- In-plant support employees met with mail processing managers daily to fine tune projected volume and throughput goals.
- Facilities adhered to scheduled maintenance windows, resulting in increased throughput and productivity.
- At the beginning of each shift, supervisors communicated with employees, comparing their previous day performance with planned performance.

Projected volume and targeted throughputs were inaccurately modeled in the RPG run plan at sites with low RPG usage.

- Supervisors used the RPG, integrated with Mail Processing Equipment Watch[4] and operational boards, to track hourly throughput by machine to communicate real-time performance to employees.
- In-plant support created a daily one-page summary that encompassed all the run plans and maintenance schedules for each machine, promoting higher RPG usage by making it easier to disseminate.

At the two facilities with lower usage, we noted issues related to inadequate management and supervision of RPG that included inaccurate forecasting, lack of properly trained personnel available to create run plans, ineffective communication, run plans not provided to mail processing personnel, and staffing and scheduling irregularities.

Criteria

There is an opportunity to improve RPG usage and oversight by establishing criteria for generating and using RPG run plans. The Postal Service does not have established criteria for generating or using RPG run plans. The vice president, Network Operations, has an RPG usage report for each facility, but the report does not have specific criteria for RPG usage. In addition, there are no system alerts for run plans containing inaccurate volume or throughput projections. As a result, the report is of questionable value and allows for inconsistent RPG usage.

Run Plan Generator Forecasting

Projected volume and targeted throughputs were inaccurately modeled in the RPG run plan at sites with low RPG usage. At these sites we found that:

- Projected volume for letters was as much as 56 percent below actual letter volume (324,000 planned versus 505,000 actual). Target throughput was overestimated by as much as 29 percent (26,615 pieces per hour planned versus 18,784 actual).
- Projected volume for flats was as much as 45 percent below actual flats volume (134,000 planned versus 194,000 actual). Target throughput was overestimated by as much as 39 percent (11,983 pieces per hour planned versus 7,303 actual).
- Projected volume for parcels and bundles was as much as 54 percent below actual volume (79,000 planned versus 122,000 actual). Target throughput was overestimated by as much as 12 percent (5,123 pieces per hour planned versus 4,507 actual).

In-plant support at sites with low RPG usage did not accurately forecast volume and throughputs because:

- The in-plant support position responsible for creating the RPG run plans was either vacant or newly assigned.
- There was no post-run comparison of the planned and actual run plans to reduce discrepancies and identify opportunities to improve efficiency.

4 Software application that allows Postal Service maintenance and operations personnel to monitor Mail Processing Equipment (MPE) from remote locations.

Run plans that do not contain accurate volume and throughput projections can negatively impact management and supervisory decisions on employee staffing and scheduling and equipment use.

- There was no mechanism in place for feedback from mail processing personnel to in-plant support to resolve volume and throughput inaccuracies in the modeling. Additionally, two of three tour turnover meetings we attended did not include discussions of RPG. However, during our visit to the Northern New Jersey P&DC, the plant manager took corrective action by having in-plant support staff attend the tour turnover meetings to discuss the RPG.

Run plans that do not contain accurate volume and throughput projections can negatively impact management and supervisory decisions on employee staffing and scheduling and equipment use.

Communication

Communication about the RPG run plans at the Boston and Northern New Jersey P&DCs was not adequate to properly align operations with the RPG run plan. For example, we did not observe direct communication from supervisors to the craft employees operating the machines on their performance compared with the RPG plan. We also found that run plans created by in-plant support staff were not always available to mail processing personnel. Some supervisors were also not aware of how to obtain a copy of the report through the web-based End-of-Run (WebEOR) System[5] and others considered the run plans unreliable and cumbersome to disseminate. As a result, mail processing supervisors did not follow the RPG run plan in staffing machine operations. However, during our visit to the Boston P&DC, in-plant support staff grouped each run plan by the supervisor's machine sets. Condensing each supervisor's run plan increased distribution and use of it.

Staffing and Scheduling

Mail processing machines were not staffed according to RPG forecasts at low usage facilities. Instead, we found that machines were staffed according to the number of employees available at the beginning of the shift. Additionally, when facilities had multiple employee start times during a shift, machines were started based on when employees arrived rather than the scheduled start time in the RPG run plan. In some instances, rather than using information in the run plan, managers and supervisors relied solely on manually counted mail inventories to determine how many machines to operate. Both of these practices can result in using more workhours for mail processing than would be required if the RPG run plan model were followed.

5 A server-based software application that stores machine data from mail processing equipment in a relational database.

Recommendations

We recommend the vice president, Network Operations:

1. Ensure operational managers and supervisors use the Run Plan Generator.
2. Establish nationwide criteria for Run Plan Generator usage.
3. Ensure that personnel assigned to produce run plans are adequately trained.
4. Improve communication of Run Plan Generator performance to all levels of plant personnel, especially between operations support and mail processing personnel to allow feedback on volume and throughput projections to improve accuracy of run plans.
5. Ensure that Run Plan Generator volume projections are accurate and target throughputs are attainable when producing run plans.
6. Ensure run plans are available to operational managers and supervisors.
7. Adjust staffing and scheduling to correspond with Run Plan Generator plans.

Management's Comments

Management agreed with the recommendations. Subsequent to their response, management also agreed with the findings and mathematical calculations for the productivity savings. However, they did not agree that the increased use of the RPG by the Boston and Northern New Jersey P&DCs would enable the plants to achieve all of the calculated savings. Management stated that there are many factors that impact productivity and the use of the RPG is only one of them.

Regarding recommendation 1, management stated they will reissue the requirement for plants to use the RPG, train managers and supervisors on its use, and require plant managers to certify it is used throughout the plant. The target implementation date is April 2017.

Regarding recommendation 2, management stated they will review existing criteria and enhance it as necessary to include requiring the use of the RPG and specifying data sources and timeframes for distributing it to managers. The target implementation date is April 2017.

Regarding recommendation 3, management stated they will provide RPG training to all responsible personnel in FY 2017. The target implementation date is April 2017.

Regarding recommendation 4, management stated they will require communication on feedback and throughput projections between in-plant support and mail processing personnel as needed to ensure the accuracy of the RPG reports. The target implementation date is April 2017.

Regarding recommendation 5, management stated they will incorporate the RPG into the IV system which will incorporate historical volume data and actual throughput to ensure data accuracy. Management also stated they will take appropriate steps to ensure data accuracy until the RPG is incorporated into the IV system. The target implementation date is June 2017.

Regarding recommendation 6, management stated they will ensure run plans are available to operational managers and supervisors by training them on access to and use of the WebEOR system. The target implementation date is April 2017.

Regarding recommendation 7, management stated they will integrate the RPG into the IV system and verify accuracy before making significant staffing changes. The target implementation date is June 2017.

See Appendix B for management's comments in their entirety.

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report.

Regarding management's disagreement with the Boston and Northern New Jersey P&DCs being able to achieve all of the calculated savings, we agree that many factors, including RPG usage, impact a P&DC's mail processing productivity. However, during the first 3 quarters of FY 2016, the Boston and Northern New Jersey P&DCs' RPG usage rates of 59 and 32 percent, respectively, were considerably below the national average of 83 percent. Therefore, the P&DCs can significantly improve their RPG usage, which should result in increased productivity. We believe our calculation is a reasonable estimate of the savings the Postal Service could achieve if the improvements were to occur.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendices

Click on the appendix title to the right to navigate to the section content.

Appendix A: Additional Information

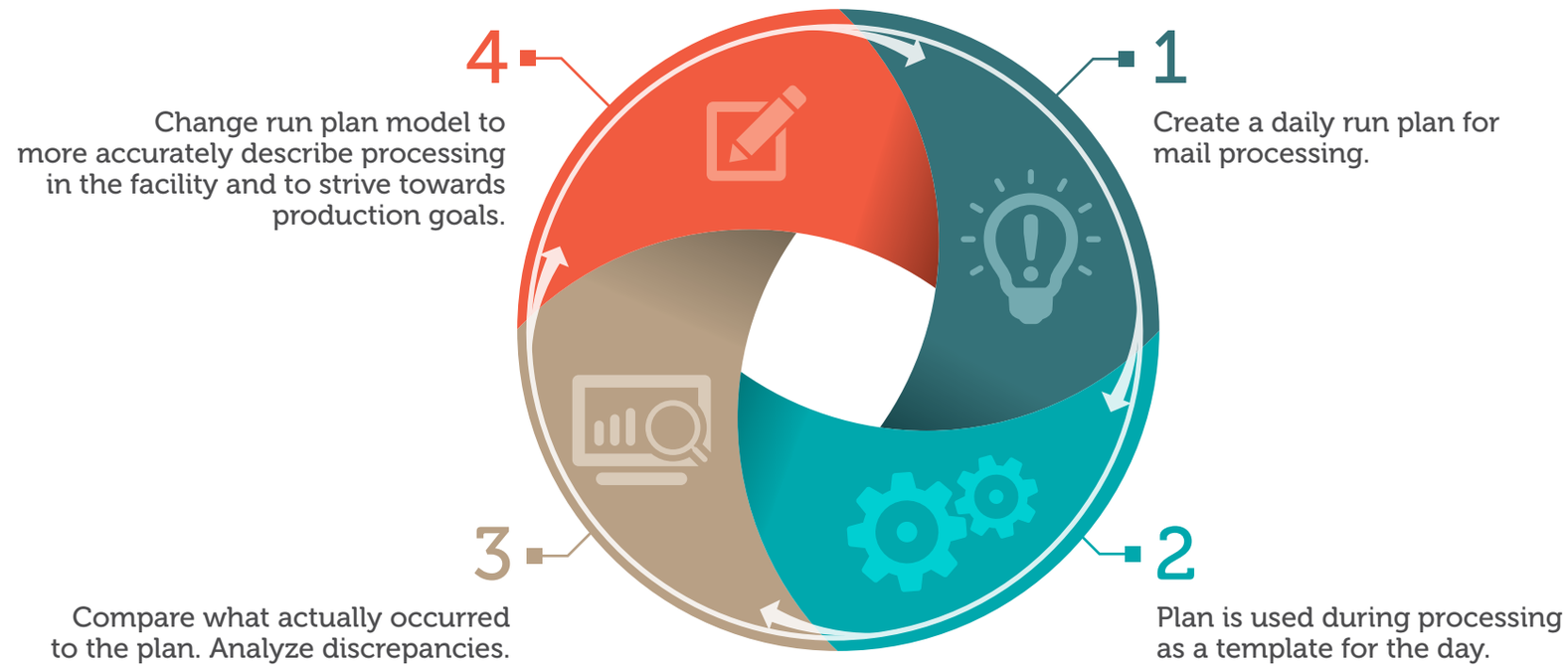
Background

The RPG creates a machine run plan for a given day or week depicting a schedule for mail processing and maintenance runs using a site's machines and expected mail volume. RPG uses forecasted volume data from WebEOR history and allows manual adjustments to volume data for unique seasonal or operational fluctuations. Volume forecasts are combined with site-specific machine, sort program, maintenance plan, throughput data, and other factors to produce the range of possible runs and machine use combinations for processing mail.

Creating run plans allows plant managers to target desired machine use and operational improvements that can result in increased efficiency. Tour managers also use the RPG to make decisions on staffing, equipment use, and preventative maintenance. It also provides a benchmark for tour managers to make real-time assessments of mail processing progress and determine where and when to shift resources to optimize people and machines during each tour. In addition, the RPG can be used to model potential changes to sort programs, equipment, or personnel and analyze the impact of these scenarios before implementation.

Finally, the RPG run plan can be adjusted to more accurately reflect mail processing fluctuations and improve the model. For example, end of day analysis may show a material discrepancy between plan versus actual mail processing, facility production goal changes, a machine out of service due to a mechanical breakdown, or an extreme change in mail processing conditions, such as those that occur during the fall mailing season. Figure 1 illustrates the run plan improvement cycle process.

Figure 1. Run Plan Improvement Cycle Process



Source: Trenton, NJ, P&DC.

The Postal Service plans to improve forecasting volume and throughput by incorporating software the RPG uses into Informed Visibility in April 2017. Informed Visibility will use real-time data to create run plans and historical trends and apply demonstrated performance for machine throughput based on algorithms to automate the development of machine run plans that are currently done manually. Algorithms will seamlessly update RPG run plans with the most current information, providing mail processing managers with more accurate forecasts. This information will permit mail processing managers to make more informed decisions based on current real-time conditions.

Objective, Scope, and Methodology

Our audit objective was to determine if Postal Service mail processing facilities use the RPG to maximize processing efficiency. In FYs 2015 and 2016, we issued six reports that cited low machine throughput and productivity and high delayed mail volume at facilities not using the RPG. We conducted this audit to further evaluate the Postal Service's use of the tool.

To accomplish our objective, we:

- Ranked each of the seven Postal Service areas based on a usage report that shows whether plants were using the RPG to generate run plans from October 1, 2015, to June 30, 2016. The ranking indicated the Western and Eastern areas were the highest in using RPG to generate run plans, and the northeast area was the lowest in using RPG to generate run plans. From the highest usage areas, we chose the Pittsburgh and Minneapolis P&DCs because they were large facilities with high usage rates. From the lowest usage area, we chose the Boston and Northern New Jersey P&DCs, because they were a large and a medium-size facility, respectively, with the lowest usage rates.
- Interviewed area in-plant support managers for the identified areas.
- Interviewed plant managers and managers, in-plant support, and conducted observations at the selected P&DCs.
- Analyzed data associated with machine performance, productivity, service performance, and delayed mail for the selected P&DCs.

We conducted this performance audit from June 2016 through January 2017, in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on December 7, 2016, and included their comments where appropriate.

We assessed the reliability of data by interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact (in millions)
Continuous Improvement of Mail Processing Operations	To evaluate the efficiency of the Postal Service's FY 2015 mail processing operations.	NO-AR-16-012	9/29/2016	$473.8
Omaha, NE, Processing and Distribution Center Customer Service Performance	To determine if consolidating the Norfolk and Grand Island processing and distribution facilities' (P&DFs') mail processing operations into the Omaha P&DC and Lincoln P&DF adversely affected customer service.	NO-AR-16-011	9/23/2016	None
New York Morgan Processing and Distribution Center Efficiency	To assess the efficiency of NY Morgan P&DC mail processing operations.	NO-AR-16-008	5/4/2016	$93.1
Timeliness of Mail Processing at the North Houston, TX, Processing and Distribution Center	To determine if the North Houston P&DC was processing mail on time.	NO-MT-16-002	2/29/2016	None
Timeliness of Mail Processing at the Denver, CO, Processing and Distribution Center	To determine if the Denver P&DC was processing mail on time.	NO-MT-16-001	12/3/2015	None
Efficiency of the San Francisco, CA, Processing and Distribution Center	To assess the efficiency of San Francisco P&DC mail processing operations.	NO-AR-15-001	11/19/2014	$43.2

Appendix B: Management's Comments

ROBERT CINTRON
VICE PRESIDENT, NETWORK OPERATIONS

UNITED STATES POSTAL SERVICE

January 4, 2017

LORI LAU DILLARD
Director, Audit Operations

SUBJECT: Draft Audit Report – Use of the Run Plan Generator (Report Number NO-AR-17-DRAFT)(Project Number 16XG031NO000)

Thank you for the opportunity to review and comment on the Draft Audit Report – Use of the Run Plan Generator (December 7, 2016).

Management agrees with the recommendations in the draft report and will address each separately below. We believe that we already have some of these recommendations in place or in progress. Documentation of actions taken to meet each recommendation will be provided as they are completed and submitted for agreement on closure. We propose the recommendations be re-sequenced as follows to provide a logical flow.

Recommendation 1:
Ensure operational managers and supervisors use the Run Plan Generator.

Management Response / Action:
Management agrees with this recommendation. Use of the RPG to manage operations is a requirement but as this audit shows is not consistent through all plants. Management will reissue the requirement on the generation, distribution, and use of RPG as a valued tool to manage mail processing operations. Training will be required for managers and supervisors on the effective use of RPG. Plant managers will be required to certify that RPG is in use throughout the plant, and that employees have been trained as necessary.

Target Implementation Date:
April 2017

Responsible Management Official:
Manager, Processing Operations

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Recommendation 2:
Establish nationwide criteria for Run Plan Generator usage.

Management Response / Action:
Management agrees with this recommendation. There are criteria that RPG must be accurate. We have a scorecard that shows the compliance to volume, throughput and runtime. This report is available in the Processing Operations Blueshare. We will review existing criteria and enhance as necessary requiring the use of RPG, specifying data sources, publishing frequency, and distribution to managers and supervisors. Criteria will include requirements that RPG needs to be completed and used for all operations on a daily basis. Plants will need primary and backup personnel assigned to generate RPG. Those assigned to RPG must be trained. Need to ensure communication between In-Plant and Mail Processing. Need feedback mechanism in place to improve accuracy of RPG.

Target Implementation Date:
April 2017

Responsible Management Official:
Manager, Processing Operations

Recommendation 3:
Ensure that personnel assigned to produce run plans are adequately trained.

Management Response / Action:
Management agrees with this recommendation. RPG training is available via LMS (course 10020591) and has also been done at all Areas several times. We will do a new round of training in FY 2017 to ensure all personnel responsible for producing the RPG are knowledgeable in the process.

Target Implementation Date:
April 2017

Responsible Management Official:
Manager, Processing Operations

Recommendation 4:
Improve communication of Run Plan Generator performance to all levels of plant personnel, especially between operations support and mail processing personnel to allow feedback on volume and throughput projections to improve accuracy of run plans.

Management Response / Action:
Management agrees with this recommendation. Communication between In-Plant Support and Mail Processing will be enhanced to ensure accuracy of the RPG and use
as a management tool for mail processing operations. Feedback on volume and throughput projections will be required between In-Plant Support and Mail Processing to
adjust the RPG as needed to make it an accurate tool for planning and management of mail processing operations.

Target Implementation Date:
April 2017

Responsible Management Official:
Manager, Processing Operations

Recommendation 5:
Ensure that Run Plan Generator volume projections are accurate and target throughputs are attainable when producing run plans.

Management Response / Action:
Management agrees with this recommendation. Incorporating RPG into Informed Visibility (IV) will accomplishes this goal by using historical volume data and actual throughput. We will take appropriate steps to enhance accuracy during the next several months prior to the rollout of RPG in IV.

Target Implementation Date:
June 2017

Responsible Management Official:
Manager, Processing Operations

Recommendation 6:
Ensure run plans are available to operational managers and supervisors.

Management Response / Action
Management agrees with this recommendation. RPG is available for all Supervisors and Managers in WebEOR. Users can pull the RPG from EOR. However, we need to educate some of the managers and supervisors on access and use of RPG as they may not be as knowledgeable in use of WebEOR as they need to be.

Target Implementation Date:
April 2017

Responsible Management Official:
Manager, Processing Operations

Recommendation 7:
Adjust staffing and scheduling to correspond with Run Plan Generator plans.

Management Response / Action:
Management agrees with this recommendation. RPG can be used for staffing and scheduling now at many plants with high compliance percentages like Pittsburgh and Minneapolis cited in the audit. Lower performing plants like Boston and Northern NJ cited in the audit may take longer to train, ensure data accuracy, and establish a two way communication process. Management wants to integrate RPG into IV, and verify accuracy before making significant staffing changes.

Target Implementation Date:
June 2017

Responsible Management Official:
Manager, Processing Operations

Robert Cintron

cc: David E. Williams
Corporate Audit and Response Management

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