

Wanted: A sensible business plan



Last October, we hired one of the country's best corporate turnaround experts, Ron Bloom, to work with a group of investment bankers from New York-based Lazard Co. to help us analyze the Postal Service's business strategy. Bloom had worked for years for the United Steelworkers union to help restructure the American steel industry before serving as the Obama administration's "manufacturing czar" and leading the rescue of GM and Chrysler.

As this issue of the magazine was going to press, Bloom and Lazard completed their business review and issued a white paper on the USPS—just as the Senate took up postal reform legislation. Their findings should cause every member of Congress to pause before embracing the Postal Service's reckless plans to radically downsize the U.S. Postal Service. We hope the findings will lead to a more sensible approach to reform and a successful turnaround of one of America's greatest institutions.

The Lazard white paper confirmed our view that the powers that be in L'Enfant Plaza are pursuing a strategy that is doomed to fail. Worse, it concluded that postal reform legislation based on such a flawed strategy would do more harm than good. Cutting service and degrading the value and quality of the Postal Service's networks will only drive more business away, threatening a death spiral in its core delivery service.

The paper called on Congress to demand a more sensible business strategy and to embrace more fundamental reforms in the way the Postal Service is governed and managed in order to save it. NALC will do everything in its power to spread this message to policy-makers on both ends of Pennsylvania Avenue. The stakes are too high and USPS is too important to America to let postal management drive our nation's only truly universal communications and delivery service into irreversible decline.

Of course, it doesn't take an investment banker—or a rocket scientist—to see that the Postal Service is headed in wrong direction. The signs are everywhere.

In early April, the postmaster general embraced the radical reform plan by Rep. Darrell Issa in the House of Representatives.

The PMG testified that he supported "practically everything" in H.R. 2309—a bill that would not only immediately end Saturday delivery but also appoint a financial control board to rip up the Postal Service's union contracts and mandate massive facility closings aimed at eliminating 200,000 jobs. Such a plan would end in disaster.

Also in April, the Postal Service turned its back on efforts to reach a new National Agreement with NALC, insisting on a right to contract out our jobs despite our willingness to cut costs and boost revenues. A 60-day mediation period ended without a deal and the parties are now headed to interest arbitration to set the terms of a new contract.

We regret this development because the parties were engaged in productive and innovative negotiations on health benefits and workforce structure, as well as other key topics. But the USPS has chosen a path of conflict over a path of dialogue.

If you doubt that, consider one last sign of management's misguided strategy. This week, the Postal Service officially withdrew its participation in JARAP. That's right, the Postal Service is abandoning the innovative joint route adjustment process that helped the Postal Service weather the global economic crisis by efficiently and fairly adjusting routes multiple times in the face of plunging mail volume. It is hard to conceive a more backward and counter-productive decision.

The USPS has chosen to turn back the clock to a time when tensions over route adjustments dominated labor relations. Instead of working together to fairly adjust routes and to strengthen the Postal Service, postal management appears determined to make the route adjustment process a battlefield. They asked for it, and we will respond in kind.

Of course, we will defend ourselves in the workplace. But more importantly, we will work to build a new business model for the Postal Service that will allow it to adapt, evolve and grow to meet the needs of the American people and their businesses. The American economy needs and the American people deserve a Postal Service that can thrive in the 21st century. NALC will lead the fight to make this happen. ☒