

Postal service case analysis



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Postal Service Case Analysis The United States Postal Service receives no tax dollars from the federal government for their operations. They are a self-supporting agency, using the revenue from the sales of postage and postage-related products to pay expenses. Each year the postal service delivers 212 billion pieces of mail to over 144 million homes, businesses and Post Office boxes in virtually every state, city and town in the country, including Puerto Rico, Guam, the American Virgin Islands and American Samoa. Delivering this much mail, requires managing almost 800, 000 employees and contractors, 38, 000 facilities and 214, 000 vehicles.

Managing 214, 000 vehicles to deliver an abundance of mail, it is no wonder that accidents happen but many can be avoided. According to www.usps.com, in 2005, the Postal Service incurred \$49 million for traffic accidents and in 2006 reported 100, 000 motor vehicle accidents. How can the United States Postal Service reduce the annual number of motor vehicle accidents thus saving money? The three options to address the issue of reducing the amount of motor vehicle accidents per year are as illustrated below. One option is to offer an accident-free incentive plan to drivers.

Regardless of fault, if a driver remains accident-free during the course of a year, they will receive a bonus. The bonus amount will fluctuate each year depending on the dollar amount saved on accident reductions that year. So for example, if the Postal Service saves \$10 million in 2007, the bonus amount would be a certain percentage of the \$10 million. Another option is to offer annual driver training. Each year, drivers would have to attend a drivers training in-service in order to continue driving a motor vehicle for the Postal Service.

The in-service would be a hands-on training session where the drivers would need to pass a road course. Lastly, the Postal Service can execute a more stringent driving record policy. Upon hire, the candidate would need to provide a certified driving record as a condition of employment. On an ongoing basis, the Postal Service would run annual driving record checks. If any new traffic violations appear, depending on the severity of the violation, the employee would be transferred to a position that does not require driving or their employment would be separated.

The time it would take to implement the accident-free incentive option would be 6-12 months. The policy would need to be developed and approved, then an effective date would need to be determined, it could be the first of the year or the beginning of the fiscal year for the Postal Service. The cost and ease of implementation would be fairly straightforward, just the cost and resources utilized to develop the policy. The annual bonus payout wouldn't be determined until the savings from the year is figured out. Once the savings is figured out, the bonus would be a percentage of that amount and of course, each year that amount would vary.

Having an incentive for drivers to take the time and think about their actions while driving, could result in a high return on investment for the Postal Service. If traffic accidents decrease even the slightest bit, the cost savings could be hundreds of thousands of dollars. The time and cost to implement the annual drivers training option would be more lengthy and expensive. The Postal Service would need to locate a facility in each state to hold the driver training and hire qualified trainers. Providing more intensive driver training could also result in decreased traffic accidents for the Postal Service.

The problem with this option is not only is it costly, employees may not take the training seriously. There have been many trainings that I have attended where employees tend to goof-off and not take it as seriously as they should. The last option regarding implementing driving record checks would be relatively inexpensive. Upon hire, the candidate would absorb the initial cost of obtaining their driving record but going forward on annual basis, the Postal Service would be responsible for the cost. A driving record costs around \$10.00 and with an estimated 214,000 drivers, the annual cost would be around \$2,140,000.

This option seems costly; however, if the traffic accidents decrease as a result of the checks, the amount of money saved would more than the Postal Service pays for the driving record checks. To conclude, the option I think would be best is the accident-free driver's incentive plan. When a company offers an incentive to earn more money, employees seem to respond. Not only will employees take this option seriously, the Postal Service would see a dramatic decrease in traffic accidents. By putting the onus on employees and providing them a bonus opportunity they are more likely to make better decisions when driving.

Source: www.usps.com

Options	Criteria 1	Criteria 2	Criteria 3	Criteria 4	Time to implement	Cost	Ease of Implementation	Return on Investment	Accident-free incentive plan
6-12 months	Varies depending on cost savings on accidents	Relatively easy-policy development and research	Potentially high-money talks to employees	Annual Driver Training	More lengthy	Expensive-need to buy/rent land and/or building plus equipment, trainer, etc.	Difficult	Potentially low-employees may not take training as seriously	More

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stringent driving record checksImmediate~\$2-3 million per

yearEasyUnknown-Could lose employees due to results of check