

# Managing change in complex environment



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## History and Background/Introduction

The United States Postal Service (USPS) is an independent authorities organisation that generates income through mail services. It is presently the 2nd largest civilian employer in the United States. Its primary undertaking is to present mail around the state, at a standard monetary value, regardless of geographic location. Over the last two centuries, the USPS has evolved into an efficient organisation that financially sustains itself through its bringing operations. With a monopoly on the bringing of non-urgent mail, the USPS provides bringing service of about 40 per centum of the world's mail, or about 200 billion pieces of mail yearly. Get downing in the 1990s, the USPS faced increased competition from rival bundle bringing and messenger services, every bit good as the Internet. Soon the USPS is confronting a fiscal prostration. The USPS needs to undergo an indispensable and systematic alteration in order to keep its significance in the twenty-first century.

## History/Background

On July 26, 1775, members of the Second Continental Congress appointed a Postmaster General giving birth to the Postal Department of the United States. The mission of the U. S. Postal Department was much the same as today, procedure and present first category and non-urgent mail to persons and concerns within the United States. Congress passed assorted Torahs that grant the station office a “statutory monopoly” on non-urgent First Class Mail and the sole right to set mail in private letter boxes. Although these Torahs grant the USPS a market advantaged they besides restrict its ability

to vie with rival bundle bringing and messenger services. every bit good as the technological inventions.

#### How it got started

The Post Office Department has beginnings in America dating back to the seventeenth century. when there was a demand for mail between colonial colonies and intercontinental exchange of information with England. In 1775. the Continental Congress named Benjamin Franklin as the first postmaster general and president of a commission empowered to do recommendations for the constitution of a postal service. On September 22. 1789 the station office became a new authorities subdivision of the United States. At this clip there were 75 station offices and about 2. 000 stat mis of station roads. The USPS was critical to national public assistance and pivotal in easing communications for military. congressional representation and newspapers. From the really get downing. the USPS financed operations from gross it earned and Congress gave it a monopoly to be the lone messenger service to present mail.

#### Cardinal points in development

The chief focal point and the attempts of postal functionaries from the foundation of the Post Office to the present twenty-four hours have been happening the best methods of transporting information and directing mail. For illustration. in 1791 George Washington stated that that the importance of the postal paths had increased because the state wanted to administer cognition of governmental Torahs. Besides. between 1791 and 1861. the U. S increased from 3. 9 million to 31. 4 million square stat mis and postal roads

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grew from 1. 875 to 240. 595 stat mis. The Board of Governors of the USPS sets policy. process. and postal rates for services rendered. Of the 11 members of the Board. nine are appointed by the President and confirmed by the US Senate.

The nine appointed members so select the Postmaster General. who serves as the board's 10th member. and who oversees the twenty-four hours to twenty-four hours activities of the service as Chief Executive Officer. The ten-member board so nominates a Deputy Postmaster General. who acts every bit Chief Operating Officer. to the eleventh and last staying unfastened place. The USPS is frequently mistaken as a authorities organisation but it is lawfully defined as an “ independent constitution of the executive subdivision of the Government of the United States. ”

#### Environmental context

The external environment elements that significantly influence the USPS are the United States political system. work force brotherhoods. altering engineering and market forces.

#### United States Political System

In 1970 the U. S. Postal Department evolved into the USPS through the execution of the Postal Reorganization act. This act required the USPS to be a “ self-sufficient organisation within the U. S. Government” . It besides added an extra regulative organic structure into its concatenation of bid. the Postal Regulatory Commission ( PRC ) . but did non do any alteration to the

Postal Department's Board of Directors or regulative congressional legislative acts.

The USPS Board of managers is charged with directing the USPS through the control of outgos. reexamining patterns. long term planning and puting policies and service criterions. The PRC has 5 commissioners. appointed through the executive subdivision and confirmed by the Senate. who have the authorization to reject. modify and O. K. any USPS initiated congressional recommendations. Since Congress entirely retains the authorization to alter USPS' rates. service frequence and employee benefits. any market related alterations from the Board of managers is routed through the PRC and Congress for consideration.

#### Pressure from Unions

There are 4 brotherhoods stand foring about 90 % of the USPS work force: National Association of Letter Carriers. American Postal Workers. National Rural Letters Carriers Association and National Postal Mail Handlers Union. These organisations have successfully contracted corporate bargaining understandings for its members for compensation and benefits that have come to transcend the USPS' ability to keep with its current grosss. These labour brotherhoods are really influential in weighing in on most of the determinations that affect the wellbeing of the USPS labour force. Soon USPS employees enjoy 79 % coverage of their wellness attention costs ; the most of any federal bureau.

#### Strategic challenge

Over the old ages the USPS has transformed its operating theoretical account and is now set up and mandated to run like a concern entity bring forth its gross through the sale of postal merchandises and services. The largest issue with the current concern theoretical account of the postal service is its deficiency of flexibleness indispensable for a concern in a dynamic market. Specifically the USPS has non been able to organizationally set to a big lessening in the demand for first category mail service has resulted in diminishing net gross in recent old ages.

### Congressional Influence

The USPS congressional charter came with both benefits and runing restraints. Among the restraints the USPS is obligated to supply a unvarying monetary value for its services regardless of the geographic location and scattering of its client base. The USPS is obligated to present six yearss a hebdomad to every mailing reference regardless of its mail volume. Additionally the USPS is required to supply free get offing service to the blind and facilitate vote for abroad military forces. A important sum of the USPS' operating costs comes from its demand to pre-fund retired person wellness benefits ( RHB ) for future retired persons.

### Key Issues

The USPS is enduring from the combined effects of worsening mail volume from new engineering and increasing labour costs ensuing in a loss of net gross. These diminutions are projected to widen into the hereafter. The addition of a important figure of new references in the United States each

twelvemonth increases the USPS' operating costs although volume is diminishing.

**Business Model** – While the USPS has enjoyed the benefits of the monopoly on first category missive mail services that Congress has bestowed, it has a dead concern theoretical account that prevents the United states postal service from being able to accommodate in the face of technological invention and other market forces that affect its bottom line yearly. The major beginning of gross for the station office is the postage it charges for first category and non-standard mail. The progress of modern information systems such as electronic mail, smartphones, online banking, and other digital communications decreased the demand for traditional mail services. Intensifying this issue is the basic economic rule of supply and demand. New engineering offer cheaper replacements for the services that the station office provides.

### Stakeholders

**Postal Workers** – The USPS employs more than 500,000 employees doing it 2nd merely to Wal-Mart as the nation's largest civilian employer. While every employee is represented by a labour brotherhood, employees are lawfully restricted from striking. **Labor Unions** – The USPS brotherhoods are old, influential and politically connected. Jointly, these brotherhoods continually fight for increased employee wage, life allowances and wellness attention benefits. **Postal Regulation Commission ( PRC )** – The PRC serves as the jobber between the USPS board of governors and Congress. The PRC can

reject or modify petitions before they reach Congress for concluding blessing.

Congress – Members of Congress exercising control over many facets of the USPS operations including O. K. ing the markets for which it competes every bit good as stand foring the involvements of its components whenever the USPS petitions alterations to its concern theoretical account. Public

Consumer – One of the authorizations of the station office is to supply mail service of all references. The figure of references has increased by about 18 million countrywide in the past decennary and continues to mount as the state recovers from the past recession. A huge bulk of the consumers are congressional components to whom member of Congress are responsible.

### Rivals

The USPS monopolizes. via congressional authorizations. the bringing of first category mail. non-urgent mail and little bundles. As such it faces really small direct competition from other concerns. However. the USPS has seen important lessening in its mail volume over the old ages. The reduced volume of mail is straight related to the planetary credence of engineering and usage of digital communications which displaced traditional USPS services.

### Market Forces

The USPS full clip workers cost the USPS 80 % of its gross. Although they still enjoy a monopoly on first category mail. they are in direct competition with



smaller, more efficient, companies who deliver big bundles and pressing letters.

### Schemes Used

What it Does Now – The USPS has improved its efficiency and effectivity through both engineering and reorganisation. The USPS made important investings in the late 1990's in fuel efficient vehicles and new installations every bit good as a \$ 15 million advertisement run to better its image as a imperfect and modern organisation. A decennary ago it took 70 employees one hr to screen 35. 000 letters. Today in an hr. merely two employees process an indistinguishable volume of mail. Though the figure of references in the state has increased by about 18 million in the past decennary, the figure of employees who handle the increased bringing burden has decreased by more than 200. 000 ( Potter 2010a ) . It launched bringing verification service and precedence mail in order to vie with rivals.

The USPS now operates more than 31. 000 station offices and the largest vehicle fleet in the universe, with an estimated 218. 684 vehicles. What They Want to Make – Concerned with increasing costs and diminishing gross, the USPS petitioned for the undermentioned alterations: \* Stop Retiree Health Benefits prefunding – in 2011 the prefunding sum exceeded cyberspace operating losings. \* Retirement System Overpayment – In 2010 Government Accountability Office disputed overpayment stop deading about \$ 6. 9 billion. \* Delivery Frequency – Switching from six to five yearss hebdomadal bringing would salvage about \$ 3 billion yearly.

This step is supported by 75 % of USPS consumer base. \* Change monetary values – Mandates presently cap the USPS ability to set to market conditions dynamically. \* Restructure labour costs – Current corporate bargaining determination do not see the USPS fiscal wellness yet mandate compensation and benefits to be paid at degrees comparable with private sector organisations with the load falling on the taxpayers. \* Consolidate substructure – A proposal in 2009 to shut 3. 000 postal mercantile establishments to cut down extra capacity yielded merely a closing of 157 following consumer ailments and congressional intercession.

## Part II

### Diagnosis

Lewis ( 2011 ) states that the USPS' jobs are a consequence of a restrictive concern theoretical account and its inflexibleness to run in a dynamic market topographic point. As stated earlier. the USPS response to this job is a direct program to cut disbursements and increase gross to get the better of their climb shortage. Although this program does turn to the USPS' immediate insolvency concerns. it fails to turn to their implicit in issues. Through the usage of Senge's system attack and the McCaskey's Organizational Design theoretical account. this paper will expose USPS' root jobs.

### Strategic Issues/Strategies/Goals-Objectives

The USPS' strategic issues are a loss of gross due to worsening mail volume. extended costs due to a bloated and expensive unionized-workforce and the usage of an outdated-legislatively forced concern program. Their proposed

scheme to extenuate these issues centres on cutting their disbursements, consolidating substructure, renegotiating labour cost/employee benefits and increasing rates. In addition, the USPS intends to germinate their concern program to integrate technological inventions. This scheme aligns with their long term end of supplying a “ trustworthy, reliable, dependable and unafraid agencies to pass on on a national level” ( Lewis, 2011 ) . by implementing a long term sustainable concern theoretical account that promotes flexibility and economic growing in a dynamic market.

### Environment

In FY11 the USPS' sum gross were \$ 65 Billion dollars while their entire disbursements were \$ 75 Billion dollars. Under congressional jurisprudence the USPS is required to be a “ self-sufficient authorities agency” . Under this way the USPS is obligated to cover its costs without authorities aid. The United states postal service does this by bring forth gross from a monopoly market while running more like a private concern so a authorities bureau. Its authorities backed monopoly advantage comes with extended congressional limitations on rates, bringing process and labour benefits. The USPS' monopoly restricts the direct competition in the bringing of first category mail, usage of specific bringing paths and personal letter boxes. It does not protect the bringing of pressing mail and big bundles. FedEx and UPS are direct rivals in this market and have a competitive advantage due to their efficiencies, technological inventions and ability adapt to market demands.

### Key Success Factors

The USPS' key to success is their ability to run into their customer's demands. bring forth adequate gross to cover their costs. keep the flexibleness to set in a dynamic market and optimise a scalable substructure that facilitates the efficient and economic bringing of their services.

### Undertaking Requirements

There are multiple ways that mail is accepted into the bringing procedure. For the intent of detecting the USPS organisational construction. the simple method of clients putting the mail in their residential. or station office. curbside letter box will be examined. In either instance this procedure begins and ends with the client sending or having mail at a letter box. The mail point is received by the postal bearer. and so consolidated at the local station office. where it is inspected manually or automatically checked for right postage. It is so routed to a hub for bringing to a peculiar part in the state. The mail is so sent to a concluding processing works where it is sorted for the specific path for bringing. Finally the mail is sent to the distant terminal station office for bringing to the terminal client.

The mail is moved in a additive mode between each node in the procedure concatenation. Along the mutuality continuum of the USPS' functional units we observed a consecutive relationship. Throughout the procedure each entity produces an end product that is a necessary input for the following nexus in the concatenation. The USPS' key to success in this additive procedure is the unafraid bringing of mail for a nominal fee. For their portion. the workers must be honest and guarantee mail is decently safeguarded as it makes its manner through each measure in the concatenation. The

workers merely have to be ‘good enough’ for their specific undertaking in the procedure. This means that there is really small inducement for them to introduce or do betterments to the procedure from within. Any efficiencies gained, in any one nexus in the procedure, are non readily propagated throughout because of the consecutive nature of the procedure.

Because of the nature of alteration within the organisation, and the employee compensation construction, their lone inducement is to keep the position quo. This analysis is represented in the interdependency/coordination mechanism theoretical account below. The analysis shows a misalignment between the degrees of mutuality between the functional units and the coordination mechanism used. The USPS coordinates through regulations and ordinances. Using the systems attack of concentrating on successes instead than the failures of the organisation, we compared the USPS current coordination degree to its closest successful rival, FEDEX. As pictured FEDEX has a coordination degree that aligns with its degree of mutuality. The preferable and optimum attack is to align the organization’s degree of mutuality horizontally with the coordination mechanism.

The USPS needs a higher coordination mechanism to fit the current degree of mutuality in order to ease efficiencies in the system.

#### Process/ Systems

Snow and showers may non be able to halt postal bearers from their appointed bringing paths, but their fiscal jobs may hold at least 50 % of all postal offices. The U. S. Postal Service, weakened by a public turning to <https://assignbuster.com/managing-change-in-complex-environment/>

digital communications. is down 22 per centum in volume from merely five old ages ago. a diminution which is expected to go on. driven in portion by stiff competition from bearers such as FedEx and UPS. The Postmaster General has responded with a list of cost-cutting proposals. such as extinguishing Saturday bringing and shutting up to 3. 700 local station offices which would be replaced with machine-controlled centres runing out of local concerns. The Postmaster General has besides proposed puting off every bit many as 120. 000 workers. and drawing workers out of more dearly-won federal pension programs.

Pre-funding retired person benefits has cost the Postal Service \$ 21 billion in the last three old ages. The implicit in issue is that all those moves can non be made without congressional blessing. In order to do these immediate and dramatic alterations. the Postal Service would necessitate entree to its ain finacess every bit good as the authorization to move as its ain corporation. The passage from a authorities ran entity to a privatized organisation requires Congress to give the USPS flexibleness to take action and do alterations without all the bureaucratism. The below modified Senge Model ( Limit to Growth ) demonstrates how the USPS is constrained from doing alterations. In short. the USPS is limited by Congress to doing speedy and reactive alterations that focus on the job instead than the implicit in issue.

Making alteration and doing it work are all resisted by a status called the “ Status Quo” and the USPS is no exclusion. USPS employees feel protected under the current nonionized civilization. They feel threatened by the chance of losing benefits and are unwilling to pay the high personal monetary value necessary for alteration. We have demonstrated that this alteration is

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necessary for the long term wellness of the organisation. The existent inquiry is. “ does the current position quo fit the new alteration demands? ” An organisation in dire demand to do extremist accommodations to go current can non be fixed with antediluvian congressional imposed restraints.

### Part III

#### Change Management Plan

The USPS acknowledges its demand to cut costs and increase gross. It believes this will repair the jobs. USPS starts to turn to this by taking reactionist steps. but fails to take the necessary stairss to turn to the root issue. We argue that there is a more cardinal job within the USPS organisation which requires a systems attack to place and work out. Senge says “ it is impossible to alter the system from inside the system. ” By “ complicating up” the USPS direction construction we identify the nucleus job and mistakes in its system. Due to the short clip needed to ordain this alteration we propose a top down attack that pushes change while extenuating assumed employee opposition such an attack will bring forth. Our program uses the Lewin and Kotter theoretical accounts to determine the USPS organisational passage. Through the Lewin theoretical account we identify a three stage attack to turn to alterations that simultaneously focuses on employee and organisational issues. Throughout each stage an information program is propagated to employees to ease passage to the following stage.

#### Decision

The bottom line is that the USPS current costs of making concern outweigh its current methods of productiveness. Without altering the strategic direction theoretical account, the USPS will go on to lose gross and be unable to respond efficaciously to market demands. Its proposed cost cutting solutions merely scratches the surface of the underlying job of limitations on organisational direction and coordination. Our utilizations validated organisational alteration theoretical accounts. We justify our program which uses the Lewin theoretical account and shows a close association to Kotter's organisational alteration theoretical account. Our program leads the USPS to hanker term success, maintains its relevancy in today's market and allows it to do appropriate alterations through periodic reevaluations.

#### Mentions

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