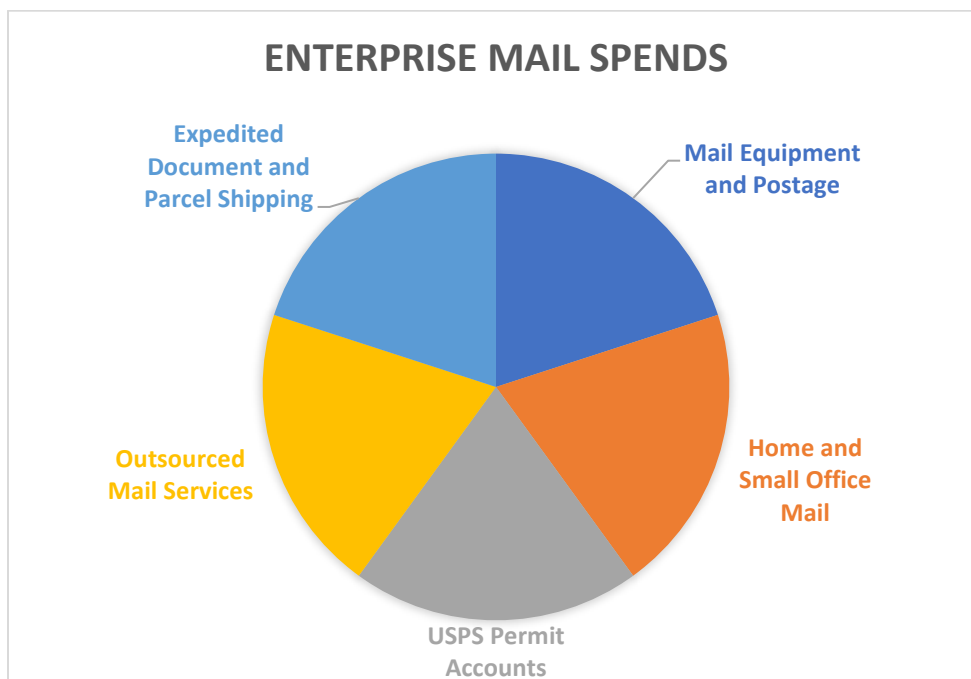




## Mail: The Largest Unmanaged Spend Category in Most Organizations

I am going to start out with a blanket statement based on years of customer research: 99% of medium to large organizations have limited to no visibility to their mail spends across the enterprise. This leads to overspending, lack of control and lost funds. You may question this statement or even be self-righteous about what you are managing today, but ask yourself the question; Do you have complete visibility to all the categories in the chart below for all areas of your organization? Mail is typically the largest spend category where there are not the specific controls in place to reduce costs. Can you imagine running a company with as little visibility to other major areas such as real estate, labor, or raw materials? People may think that this is a small area, but when you factor all spend segments, it is typically in the multiple millions of dollars with large savings opportunities.

In this article, we will discuss how to put these controls in place and the benefits of having enterprise visibility.



### Cause of Lack of Visibility

The main reasons we have found that there is this lack of visibility is that the spend is fragmented around different groups and vendors making it difficult to centralize the information. These are the main areas of mail spend:

**Mail Equipment and Postage** – These are the metered mail spends at the medium to larger locations. Offices may make their own decisions on equipment and are responsible for funding their own postage.





There may not be a central owner who is managing this category, and even those that do, may not have decent reporting or any centralized invoicing.

**Home and Small Office Mail** – Now that more people are either working from home or from small offices, this category is growing. People are buying postage on credit cards, filling out expense reports, using petty cash, or worst of all, sending things through expensive overnight services because it is easier to manage.

**USPS® Permit Accounts** – Larger mailings are funded with direct USPS® accounts. These are fragmented because there are different groups controlling their own USPS relationships which are infrequently linked to a master postage funding model. For Example: Statements are processed by one account; business reply accounts are at the office level and marketing mailings are managed by third-party vendors that are generating the mailings.

**Outsourced Mail Services** – This can be one of the worst categories because there could be 1 to 50 different service providers used for different printing and mailing projects. There is no standardization, and their fees will vary considerably.

**Expedited Document and Parcel Shipping** – There are typically great controls for what ships from the main distribution centers that have traffic management oversight. Where most organizations lose visibility is to the desktop shipping done to send expedited letters and small packages from their field locations and home office workers.

### Savings Gained Through Visibility

There are major savings in every category, but having complete visibility is required. These are the main savings areas we typically find once the data can be viewed in a centralized format:

1. **Postage Savings** – We are looking for locations that could save on postage at the location level in the following areas:
  - a. High volume mail that could be converted to automation rates internally or could utilize a Presort service (Savings 16-73%).
  - b. Converting mail done in field offices to central mail services or to outsource providers to take advantage of the rates below.

Mail Piece Examples	Single Piece Rates			Automation Mail with Barcodes		
	First-Class Mail® Retail Single Piece	First-Class Mail® Metered Single Piece	Typical Presort Service - First-Class Mail®	First-Class Mail® - Automation	Marketing Mail® - Automation	Marketing Mail® Non Profit-Automation
1 Ounce #10 Envelope	\$0.55	\$0.51	\$428-.46	\$.398-.45	\$.259-.304	\$.138-.183
3 Ounce Newsletter (6X9)	\$0.95	\$0.91	\$428-.46	\$.398-.45	\$.259-.304	\$.138-.183
8 Ounce Flat (9X12)	\$2.40	\$2.40	\$2.17-2.27	\$1.86-2.17	\$.70-.98	\$.47-.75
Post Card	\$0.36	\$0.36	\$0.293	\$.269-.285	n/a	n/a

- c. Converting lightweight 9 x 12 or 10 x13 flat envelopes to folded letters (Savings 49-72%).
- d. Changing Priority Mail®, Priority Mail® Express and First-Class® Parcel from Retail to Commercial rates (Savings 15-27%).





- e. Implementing Electronic Return Receipt(eRR) vs. Green Cards for Certified Mail (Savings \$1.10 each).
  - f. Utilizing discounted meter rates for high volume stamp users at \$.51 vs. \$.55 per letter.
  - g. USPS Incentive and workshare programs that can be used if you know what mail volumes qualify.
2. **Equipment Savings** – We are averaging 57% for equipment savings based on setting up national contract rates, rightsizing equipment to the proper levels and removing unneeded assets. These are items that can be done by any organization with the proper visibility.
  3. **Fee and Overcharge Savings** – There are specific overcharges and fees on mailing vendor invoices that can be caught once reviewed. We have saved our clients over \$12,000,000 by reviewing their invoices and these savings can be gained by having a central review process.
  4. **Lost Postage Recovery** – With office closures, moves, divestures, restructuring, vendor changes and projects no longer funded, postage gets forgotten and lost. Postage Meters, USPS Permit Accounts and pre-deposited funds at mail service providers are all assets and should be tracked accordingly. There are millions in lost funds every year that can be eliminated with the proper visibility and controls.
  5. **Outsourced Mail Service Savings** – Through managed bids, vendor consolidations, invoice validation and service level optimization, the rates paid can be reduced dramatically.
  6. **Expedited Document and Parcel Shipping Savings** – Through rate shopping, service level optimization and staff usage controls and education, shipping costs can be optimized.

## Methodology for Enterprise Visibility

My firm manages the enterprise mailing and shipping spends for the largest organizations in North America and we have set up a specific methodology to pull this data together which we will share below. We have found this process to be the easiest and fastest way to collect the data, with the highest level of accuracy, while involving the fewest people.

1. **Identify your current vendors** - The main vendors that should be searched are:
  - a. Mail Equipment – Pitney Bowes, Purchase Power, Reserve Account, Quadient, Hasler, Neopost, Neofunds, Total Funds, Mail Finance, FP, Francotyp-Postalia, Postalia, Stamps.com, Endecia.com, CMRS.
  - b. USPS – USPS, United States Postal Service, Post Office, Postmaster, US Postal Service
  - c. Outsourced Mail Services – You should survey your main mail center, marketing department as well as the accounts receivable department to see what third party mail services are being used.
  - d. Expedited Document and Parcel Shipping – UPS®, United Parcel Service, FedEx®, Federal Express, and DHL® are the primary vendors used by most organizations.
2. **Work with Accounts Payable** – In most organizations, most of the mail spends will be paid by an invoice that flows through a central accounts payable department. Pull a report of the last 12 months of spend from the vendors above. We recommend using a wildcard \* or % before or after the names of these vendors in case it is listed differently inside your system. This spend should be sorted by vendor and then cost center to find the unique relationships. You will find many that duplicate as you are paying for similar services throughout this period. Find one or





two invoices from each vendor and cost center combination and request a PDF copy of the bill. This is needed because you will not have enough information in the excel export to understand the relationship. From the specific invoice, you will be able to pull the following: Location address, account number, service description, and agreement terms.

3. **Go to your largest vendors and see what support they can provide.** This is the type of support that we typically find:
  - a. Mail Equipment – They can either provide you a report of their identified spends or you can take the information that you gather and create a profile on the vendor’s website. This will provide visibility to the equipment and postage spends throughout your locations. You can also request copies of agreements and end of lease dates where required.
  - b. USPS – You can link the identified spends to a centralized visibility account on the USPS Business Customer Gateway portal. This can provide you with the details of the specific transactions processed, balances and accounts serviced.
  - c. Outsourced Mail Services – Request copies of agreements, invoice copies and access to their client portals.
  - d. Expedited Document and Parcel Shipping – The carriers should be able to provide you consolidated billing details as needed as well as annual reviews of the total corporate spends.
4. **Build a central repository for the information** – We have found that with the way that postage, equipment, and services link, it is best to have a web-based platform that can view these spends together in one place. If this is not possible, you can build a spreadsheet model that would suffice.
5. **Update the data** – The information is only valuable when it can be updated easily so you can monitor the changes over time.

Every year, the USPS and the private carriers raise rates by 2-10%. The only way to combat this is to have the needed visibility to your spends and to optimize each category to make sure your costs are at the lowest rates. Although there is work in creating these controls up front, they are much easier to maintain and they make managing the spend much easier. There is no reason mail must be the least managed category when there are ways to simplify its oversight to drive savings.

**Adam Lewenberg**, CMDSS, MDC, President/CEO of [Postal Advocate Inc.](http://Postal Advocate Inc.), runs the largest Mail Audit and Recovery firm in the United States and Canada. They manage the biggest mail equipment fleet in North America and their mission is to help organizations with multi-locations reduce mail and parcel related expenses, recover lost postage funds, and simplify visibility and oversight. Since 2011, they have helped their clients save an average of 57% and over \$61 million on equipment, presort, avoidable fees, and lost postage. He can be reached at (617) 372-6853 or [adam.lewenberg@postaladvocate.com](mailto:adam.lewenberg@postaladvocate.com)

