



# OPERATIONS OVERVIEW

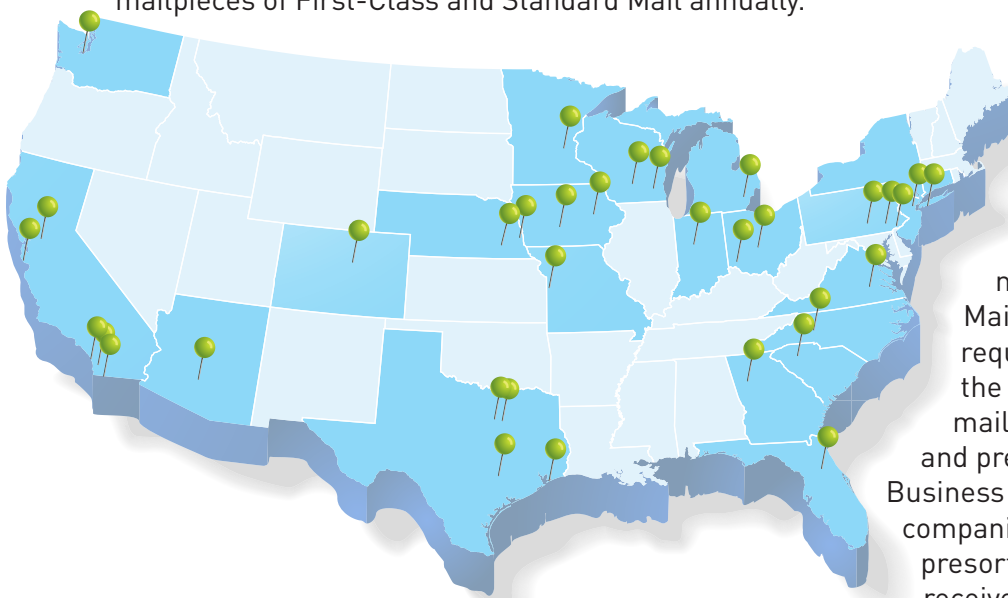
# Table of Contents

<b>Pitney Bowes Presort Services</b> .....	3
<b>The Presort Services Advantage</b> .....	3
<b>Customer Experience</b> .....	5
<b>Ancillary Services</b> .....	6
Move Update Solutions .....	6
IMb Tracing .....	6
Transportation .....	6
Metering .....	6
Handsort .....	6
<b>Presort Services Operating Centers</b> .....	7
<b>The Presort Process</b> .....	7
Machine Rejected Mail .....	8
Machinable Mail .....	8
Redating .....	8
<b>Technology</b> .....	8
<b>Employee Resources</b> .....	9
<b>Production Phases</b> .....	9
Set Up .....	9
Collection .....	9
Receiving .....	10
Staging .....	10
MLOCR Processing .....	11
Mailpiece .....	11
Value of Intelligent Mail Barcodes .....	12
Machine Operator .....	13
Presorter .....	14
Quality Assurance .....	15
Containerizing .....	15
Presentation .....	15
MERLIN .....	16
Acceptance .....	16
Rejection .....	16
Organization Management .....	16
Process Management .....	17
Principles for Good Mail Flow .....	17
Contingency Planning .....	17
Continuous Improvement Management .....	18
<b>Outlook</b> .....	18

# Pitney Bowes Presort Services

Pitney Bowes Presort Services is the leading outsource provider of mail presort services for automated First-Class Mail® and Standard Mail® in the United States. Headquartered in Omaha, Nebraska, Presort Services has grown from a privately held company of six locations in 1995, to a national network of more than thirty operating centers. In August of 2002, Presort Services became a wholly owned subsidiary of Pitney Bowes Corporation (PBI), a multi-billion dollar global provider of integrated mail and document management solutions headquartered in Stamford, Connecticut.

Employing over 3,500 employees, Presort Services is the largest work-sharing partner of the United States Postal Service (USPS®). Presort operations and work-share partnerships benefit the mailing industry by lowering postage costs, improving the speed and accuracy of service and ultimately enhancing the overall value of the mail. Presort Services prepares, sorts, and aggregates mail to earn postal discounts and expedite delivery for our customers. Additionally, Presort Services automates the mail for the USPS by applying an 11-digit delivery point barcode on each presorted mailpiece. Presort Services handles over fourteen billion mailpieces of First-Class and Standard Mail annually.



As an automated presort service bureau, our customers are comprised mostly of business mailers. Business mailers send correspondence to their customers, or other companies; this mail may be First-Class or Standard Mail and must satisfy stringent USPS requirements. Presort Services forms the partnership between business mailers and the USPS to barcode and presort the business mailers' mail. Business mailers such as banks, insurance companies, and credit card companies, who presort their mail to keep costs down, receive greater discounts in postage by allowing Presort Services to commingle and

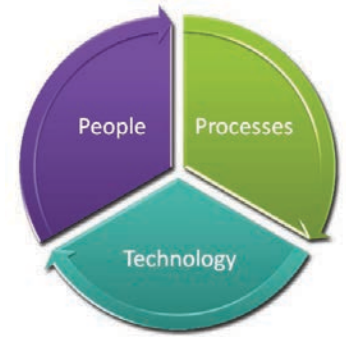
presort their mail with other Presort Services customers. By commingling mail from numerous mailers, it is possible to sort a higher percentage of the mail to a finer sort and to qualify for all available discounts, before transferring the mail to the USPS for delivery.

## The Presort Services Advantage

Our commitment to quality is the key to our success. Quality is reflected in our rapid growth as the premier provider of presort mailing services and in our record of performance for our customers. At Presort Services, our employees are committed to providing efficient, reliable and effective services. From the time the mail is picked up from our customers to the presentation of the mail to the USPS, we carefully inspect the mail for quality to assure that it will meet the USPS requirements and qualify for all available discounts. Those requirements are achieved by following an ISO 9001 and USPS based quality program.



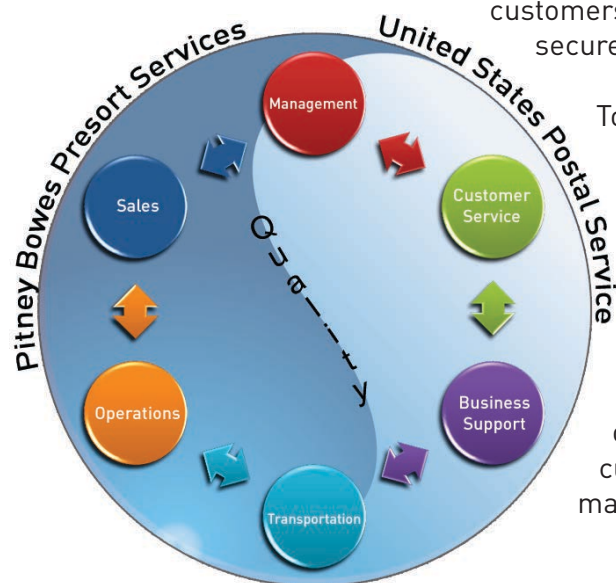
The Pitney Bowes Presort Services Total Quality Management program is a quality based system designed to encourage ongoing improvements to processes and the quality of mail preparation in the ever-changing postal environment. Presort Services has established, documented, implemented and currently maintains a quality management system. Our TQM certified operating centers have met stringent quality requirements ensuring Presort Services as the presort partner of choice for First-Class and Standard Mail mailers and their service providers. By participating in the PBPS TQM program, our operating centers ensure that all activities fully support the production process and the quality output standards required by the USPS.



To become PBPS/TQM certified, the Operating Center must pass a rigorous audit, conducted by the Presort Services Postal Compliance team. Operating Centers are then scheduled for a yearly recertification based on established criteria set by the Total Quality Management program. PBPS/TQM certification, along with our commitment to other strategic USPS programs, ensures the highest quality services for our customers' mail, with the security of knowing that their mail is handled safely, efficiently and delivered on time. To ensure improvements to our customers' delivery time and to their bottom line, we invest millions of dollars in technology and develop customized software to manage the mail flow with current and accurate data. Our customers can stay focused on their core business while we stay focused on our only business: Presort Services.

Our services are designed to provide maximum economic return for our customers while offering the highest level of quality and services available in the mailing industry. The Presort Services Partnership Business Model allows us to serve our internal and external customers by offering guaranteed per-piece pricing, shared incentives for higher volumes, TQM certification, tailored presort mail solutions, enhanced information management via sophisticated custom application software and the Presort Services commitment to deliver. Our business model is built on the foundation of a national network of mail presort operating centers. The current network of operating centers enables Presort Services to support the largest business mailers in the country who have requirements for multiple mail origination points, disaster backup/recovery plans, and a single blanket contract that supports their entire mail volume across the country. The ever expanding Presort Services network is well positioned to support all of our clients' presort requirements.

Presort Services operating centers are linked together with customized software and a sophisticated infrastructure unique in the presort industry. Our operating centers are equipped with multiple Multi-Line Optical Character Reader (MLOCR) sorters to ensure mail flow continuity and timely preparation of our customers' mail. This technology allows us to manage our business and our customers' mail at the highest quality, at a competitive price and at a secure and detailed level.



To reinforce our commitment to the mail industry, we are active participants in local Postal Customer Councils, National Association of Presort Mailers (NAPM), National Postal Policy Council (NPPC), Major Mailers Association (MMA) and Mailing & Fulfillment Service Association (MFSA). Working together with these associations, the USPS and following Total Quality Management standards ensures that mail quality is our priority and service commitments to our customers are met throughout every processing phase within all Presort Services operating centers. By establishing solid internal and external customer relationships, we build the necessary foundation to make Presort Services successful.

# Customer Experience

Presort Services has over 3,000 customers, representing both daily and intermittent deliveries, with volumes ranging from 1,000 to over 4,000,000 mailpieces daily. Customer Service Managers are assigned to every customer to ensure that each customer always has a single, dedicated point of contact with Presort Services. The Customer Service Manager is responsible for managing the customer relationship during every phase of the presort mail service and is a valuable resource that customers rely on to help with mailing issues and questions.



The operating center's Vice President, General Manager, Sales Executive, Operations Manager, Customer Service Manager and Client Billing Representative (CBR) all become involved in the sales process. The CBR verifies the data, produces detailed reports and prepares the job cost detail. Operations Managers are particularly vital to the sales process to ensure a smooth transition of our customers' mail into the operating center's mail flow and communicating pertinent information to the management team.

The sales cycle is a three stage process that accurately details all the stages of Discovery, Solution, and Implementation. Discovery allows the customer and Presort Services to evaluate current and future mailing trends regarding volumes, capacity, and mailing methods. Solution allows Presort Services to present a plan that benefits customer needs based on information from the discovery phase. Implementation allows all parties concerned the opportunity to become involved in the final stages of the process, from contract signing to the first pick up. This three stage process results in pricing that is beneficial to both the customer and Presort Services.

Our pricing strategy guarantees our customers a fixed per-piece price. The customers' mail is evaluated for volume, quality and density to determine the best custom pricing for their needs. For businesses that depend on large volumes of mail, a penny's worth of savings per piece in postage, processing or labor add up to substantial contributions in profitability. In addition to building a strong relationship with our customers, the powerful partnership between Presort Services employees and the USPS begins with the Postal Verification Clerks and Account Representatives. Presort Services employees are responsible for maintaining a positive and professional relationship with USPS employees at all times. The partnership keeps Presort Services at the top of the list for new projects and programs for our customers, and ensures a solid foundation for each operating center to process mail and offer additional services such as Move Update Solutions and IMb Tracing™.



# Ancillary Services

## Move Update Solutions

Move Update Solutions prints change of address information directly on the mailpiece during MLOCR processing. Presort Services provides Move Update Solutions services only for customers who opt for this method to comply with the USPS Move Update Requirement. The Move Update Requirement requires that addresses on all automation rate or presort rate mail, must be updated within 95 days before the mailing date with a USPS-approved method. Presort Services updates the USPS database on a weekly basis.

## IMb Tracing

IMb Tracing™ is a USPS system designed to provide mailers with updated confirmations on delivered mailpieces nationwide. If a IMb Tracing™ service type identifier is present in the Intelligent Mail® barcode, tracking information from the USPS is available for those mailpieces. This enables the mailer to go online, research a particular mailing, and monitor delivery activity.



## Transportation

Presort Services offers mail transportation service to its customers. Mail picked up at the customers' location is transported to Presort Services for processing prior to submission to the USPS. Transportation services may be included with the fee for presort services. However, based upon volumes and distance, Presort Services may elect to charge some customers a transportation fee. Presort Services also works with the USPS to provide customers with a consistent supply of USPS equipment used in the containerizing and transporting of mail products.

Presort Services utilizes a comprehensive transportation management system provided by TMW Systems. The software package includes route optimization, load tracking, and a mobile driver application. Additionally, Presort Services employs a dedicated Logistics Center whose responsibilities include: reporting of delays, monitoring weather activities, and assistance with accidents.

## Metering

Metering is the process of applying the required postage rate to an envelope. Presort Services offers metering services to our customers who request daily metering, or when additional mail volumes do not allow customers the time to meter. The appropriate postage is applied to customers' mail and forwarded to Quality Control for normal inspection.



## Handsort

Presort Services receives mail from customers that requires Handsorting. Handsort is performed when a mailpiece is not machine compatible by USPS standards and does not qualify for automated rates. Handsort processing varies from center to center based on demand and available equipment.

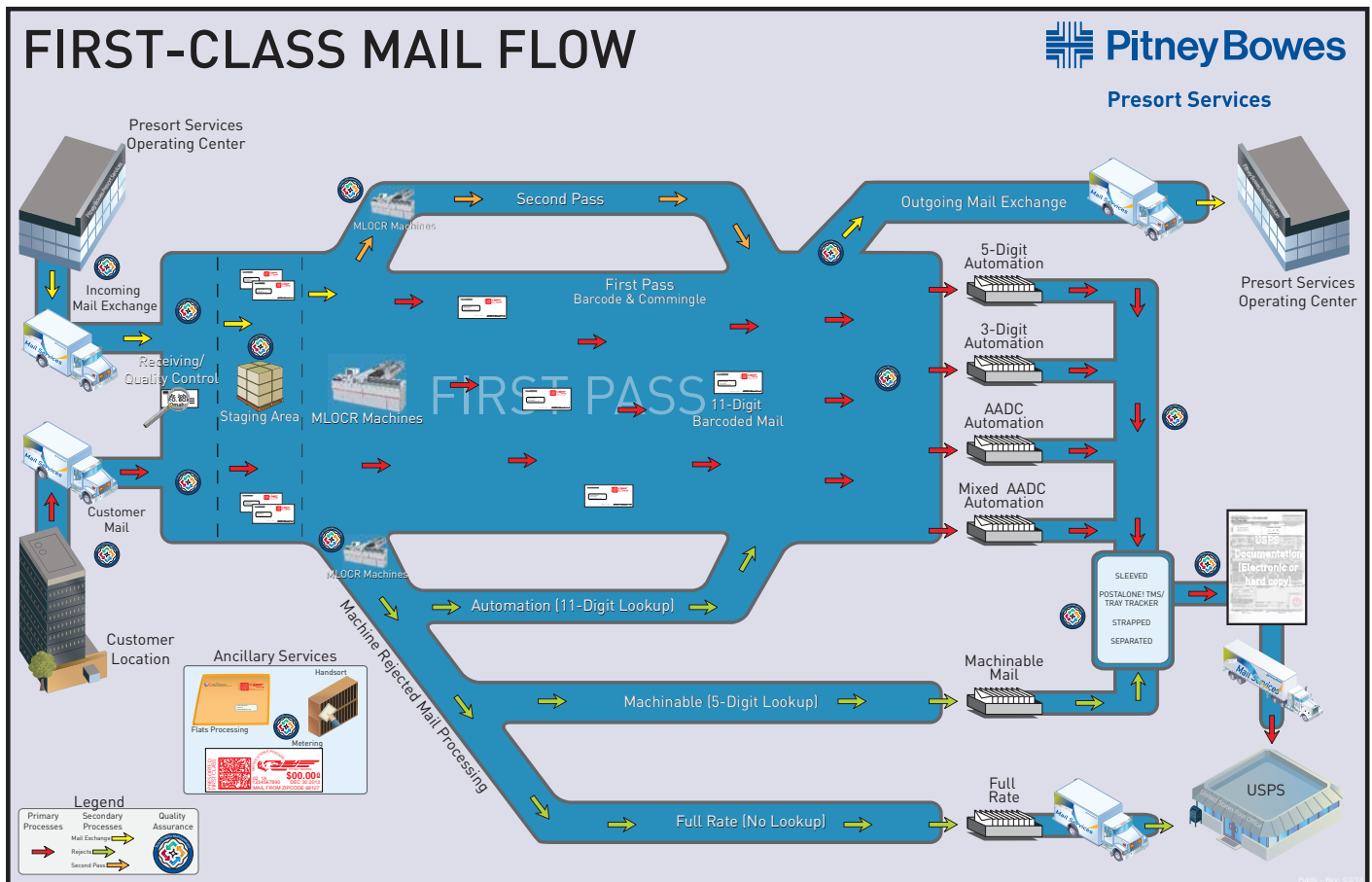


# Presort Services Operating Centers

Our operating centers are equipped with the latest technology, MLOCR sorters and experienced teams. The Command Center located within the production area of an operating center houses all software, host computers and necessary production office equipment required to manage Operations. It is the primary location used by Supervisors and Operations Managers to create sort plans, USPS reports and manage the workflow of the operating center. Each Presort Services operating center processes the mail and ensures that it is finalized for shipment according to locally established drop time schedules. Drop times are times established between an operating center and the USPS facility which prepares local and national mail for shipment to other USPS destinations. Most Presort Services centers process mail twenty-four hours a day. Every center has a committed team of employees with the skills and experience to ensure success in processing mail and in maintaining a safe, professional workplace for everyone.



## The Presort Process



Business mailers receive discounts from the USPS by sorting the mail before it enters the postal system. Mailpieces are collected from originating business mailers and transported to Presort Services. These mailpieces can include letter and flat-size mailpieces. The incoming mail is received and must pass through a series of quality control measures to ensure that the mail has been prepared for MLOCR processing. Mail is presorted using factors such as depth of sort desired, volume of mail, quantity of qualifying and non-qualifying ZIP Codes, and the amount of time to complete all of the mail. Revenue comes in the form of discounted postage and/or customer fees. Throughout the presort process mailpieces may require exception handling. Exception handling is the process of managing atypical events that occur during the presort mail process, such as reprocessing machine rejected mail, processing machinable mail or redating mail. These will vary from operating center to operating center and are dependent on the needs of specific customers.

## Machine Rejected Mail

Machine rejected mail is mail that does not produce a delivery point barcode on the First Pass. A delivery point barcode qualifies the mail for automated postage discounts. Rejects, as they are commonly called, are generally run on multiple machines in an attempt to establish the delivery point barcode; reprocessing on a different MLOCR sorter with a different camera configuration offers additional opportunities to secure the maximum sortation. Rerunning rejects is the simplest way to increase revenue without greatly increasing operating costs. (Occasionally, it may be necessary to hold rejected mail until mail flow is current and the required equipment and personnel are available to continue processing.)

## Machinable Mail

Failed attempts of producing a delivery point barcode on rejected mail are sent to a specific bin on the MLOCR sorter and are identified as Machinable Mail. Machinable Mail is processed on an MLOCR sorter with a specific sort plan to apply a machinable barcode. A machinable barcode only contains ZIP Code data, not delivery point address information. For this reason, the machinable barcode provides less value to the USPS. Machinable Mail must be properly identified, trayed and segregated from delivery point barcoded mail before presentation to the USPS.

## Redating

Redating is necessary when mail dated with the current work date is unable to be presented to the USPS at the established drop time. This may occur due to equipment failure, poor quality of mail that may require exception handling, an unexpected increase in mail volume to be processed, or incorrect meter amounts on mailpieces. As part of Presort Services standard practice, our customers' mail may only be redated only once.

## Technology

Presort Services' Standard Operating Software platform consists primarily of PROLink and POInTS. Both systems are developed and maintained in-house by our IT department. PROLink interfaces with all production equipment to provide a standard interface to production data. PROLink receives data from each sorting machine and converts it into a common usable format for USPS electronic documentation. POInTS interfaces with PROLink to create the necessary reports for the day-to-day business activities. PROLink is our proprietary operations application, which integrates data and information between the various types of automated sorting machines. PROLink allows machines to exchange information by converting sort plans and data into one format and methodology.

POInTS is Presort Services' proprietary core billing, information system and reporting application for the Presort Services organization nationwide. Interfacing with PROLink and other internal systems, POInTS generates reports for Management, Operations, Sales and Invoicing.





Mail Flow Management is another software application that is utilized by centers to help Presort Services anticipate and manage mail volume from early notification, to floor management, through transportation. It is designed to provide insight into what volume will be arriving and where the mail is in the processing flow. It will offer visibility into the hours required to process daily volumes and help the business direct schedules to meet these requirements. Users will have access to historical reporting of mail flow trends and detailed information to share with customers. It will help Presort Services make decisions to optimize the efficiency of the business and service provided to our clients.

## Employee Resources

Employee Resources vary for each center according to mail volumes, experience, and staffing levels. Supervisors are responsible for managing the work flow and supporting the Leads who move the mail to the appropriate MLOCR sorter. Each MLOCR sorter requires specifically trained personnel, one Machine Operator and two Presorters, who typically manage a MLOCR sorter’s general output. Quality Assurance and Dispatch personnel ensure the mail is inspected and prepared for presentation to the USPS according to TQM guidelines.

Continuing to improve upon our presort processes, technology and employee resources are the key elements for success in each Presort Services operating center. This is accomplished by creating a comprehensive guide for following the production phases.

## Production Phases

### Set Up

Technicians perform daily machine maintenance for our automated mail processing equipment, test barcode readability on each MLOCR machine and ensure the accuracy of all other mail processing equipment such as scales, strapping machines and TrayTracker/PostalOne!®. Each operating center performs daily house cleaning duties such as, cleaning machine heads, organizing USPS provided equipment and placing mail trays on shelves with the label holder facing the front.

### Collection

Customers submit their mail to Presort Services with customized Customer Pick Up Slips. Customers present the mail utilizing USPS supplies which Presort Services will provide to the customer upon request. Presort Services Drivers, or contracted couriers, are responsible for ensuring that our customers’ mail is picked up at their scheduled time, signing the Customer Pick Up Slip from each customer and verifying the tray counts. In addition, the Driver is responsible for entering the count data in the Mobile Mail Flow application, which then gets transmitted back to the operating center. The Driver performs a random inspection of the mail to ensure quality of each customer’s mail. The Driver is responsible for maintaining the physical separation of each customer’s mail at all times during the route and while unloading at Presort Services. The signed Customer Pick Up Slip must remain with the mail for identification. Drivers must notify receiving personnel, or a Supervisor, upon returning to Presort Services if the customer does not present the mail correctly, discrepancies are found with the mail, or if a customer does not have any mail on a normally scheduled pick up. After all mail is collected, it is delivered to Presort Services’ receiving area. Mail may be delivered by a Presort Services Driver, contracted courier or by the customer.



## Receiving

Quality Control (QC) personnel ensure that incoming mail has been prepared to USPS standards for MLOCR processing. QC personnel are responsible for verifying the driver's tray counts, initialing the Customer Pick Up Slip and addressing any concerns the Driver has noted with the customers' mail. QC personnel match the mail to each pick up slip, locate the corresponding Job Order and inspect the mail for substandard mailpieces that may cause delays in processing.

If quality is a concern, QC personnel are responsible for segregating the mail, documenting the problem, and referring the mail to the appropriate department for corrective action. After the mail passes inspection, QC personnel complete the required information on the Job Order and release the mail. These steps are necessary to ensure that only mail meeting QC guidelines for the following three mail types enter the staging area for processing: metered, precanceled stamp, and permit.

After all inspections are completed, a Job Order is placed with the mail, which identifies the customer name, job number and any special instructions.

Mail is then moved into the staging area, where mail is held before it is introduced into the mailstream of the operating center. Additionally, QC personnel are required to utilize the Mail Flow Management Application to enter QC counts, as well as any mail discrepancies or problems found during the QC process.



## Staging

Mail in the staging area must be tagged, marked, or otherwise identified as cleared to ensure that the

operating center processes only mail that has passed quality control inspections. Designated personnel will move staged mail onto the production floor, referred to as "moving the mail," to the correct First Pass MLOCR sorter, which will read, spray and sort each mailpiece. "Moving the mail" is the process of creating an environment of continuous, efficient mail flow. It is important to consider several factors such as, mail type, machine type, camera type, machine failure, customer drop times, USPS drop times, deployment of resources, and work flow when setting up the production process.





## MLOCR Processing

Presort Services invests in high speed multi-line optical character recognition equipment, commonly referred to as MLOCR sorters, to guarantee the timeliness and accuracy of mail processing. This equipment sorts up to 40,000 mailpieces per hour. Certain types of mailpieces process more efficiently on different types of sorters, this is primarily due to the various styles of feeders and camera types on each machine. Each camera reads different fonts better than others and the camera's read rate varies from location to location, depending on the environment, calibration and settings. Experience and

testing determines what mailpieces process best on each machine. Familiarity of customers' mail enables Presort Services employees to run mailpieces on MLOCRs with cameras best suited for that particular mailstream. The mailpieces are fed through the selected MLOCR and the machine's camera reads the address on each mailpiece and then locates the address in the machine's computer and translates it into a numeric ZIP+4 Code; subsequently, spraying the corresponding delivery point barcode onto the mailpiece.

## Mailpiece

The USPS has established minimum standards for address quality for certain categories of postage rates. These standards include Move Update Requirements for presorted and automation rate First-Class and Standard Mail, and requirements for updating various postal codes (5-digit ZIP Codes, delivery point barcodes, ZIP+4 and carrier route codes). Address quality and address standardization is the key to: mail automation compatibility, ZIP+4, delivery point barcode accuracy, presort accuracy, carrier route coding, postage payment accuracy and processing of non-barcoded mailpieces. USPS address standardization and address quality standards enhance the processing and delivery of mail, reduce undeliverable mail, and provide mutual cost reduction opportunities through improved efficiency.



## Value of Intelligent Mail Barcodes

The Intelligent Mail barcode is used by Presort Services and the USPS to automate the sortation process for letters and flats. The barcode consists of 65 height-modulated bars and includes five different “barcode fields” which contain delivery and tracking information.

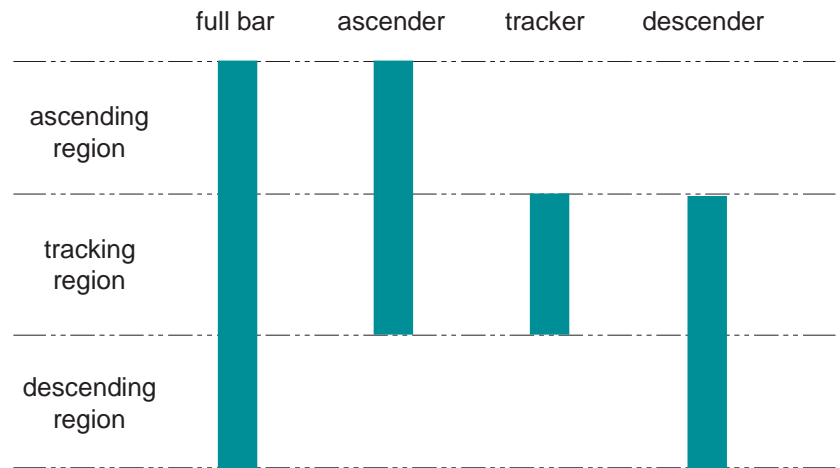
Within the Intelligent Mail barcode, the Routing ZIP field represents the ZIP+4 information and delivery point data. A ZIP+4 Code consists of the original 5-digit ZIP Code in the delivery address plus a 4-digit add-on code. The ZIP+4 extra digits identify the precise block and side of the street of the addressee. The USPS added two more digits to the ZIP+4 identifying the last two digits of the customers’ address.

These 11-digits are converted into what is commonly termed a Delivery Point Barcode. Using the delivery point barcode, the USPS is able to pinpoint the exact delivery location of a mailpiece without looking at the physical written address. Every mailpiece in an automation rate mailing must show a printed, qualifying barcode. The largest allowable discounts on domestic mail are given to mailers who successfully produce qualifying barcodes on 150 mailpieces or more to one ZIP Code, or ZIP Code scheme (the required qualification volume differs for flat mailpieces). The delivery point barcode is the core of the Presort Services revenue stream, which makes it essential for Presort Services to make every attempt to spray a delivery point barcode on every mailpiece.

Even deeper discounts are now available from the USPS for mailers who meet stringent Intelligent Mail Full-Service requirements. These requirements include (but are not limited to):

- Unique Intelligent Mail barcodes on every mailpiece;
- Unique Intelligent Mail tray barcodes on every tray;
- Unique Intelligent Mail container barcodes on every container (pallet, APC, etc.);
- Uniqueness of Intelligent Mail barcodes, tray barcodes, and container barcodes must be maintained for a period of 45 days;
- All Intelligent Mail tray and container barcodes must be scanned for inclusion in the electronic documentation; and
- Documentation must be submitted electronically to the USPS.

The deeper discounts for Full-Service mailings are granted by the USPS because the unique barcodes on the mailpieces, trays, and containers, along with the electronic documentation, allow for enhanced tracking and end-to-end visibility.





## Machine Operator

Machine Operators operate various MLOCR sorting machines within an operating center and are responsible for identifying QC cleared mail, inputting the correct Job Order information into the computer, setting the read area on the camera and processing the mail with the appropriate sort plan. The amount of postage on mailpieces is verified against machine settings and a Job Order to ensure that the postage is correctly calculated. A Job Order requiring corrective action must be removed and returned to Quality Control. Job Orders cleared for processing are loaded onto the MLOCR sorter by the Machine Operator. The Machine Operator is responsible for communication with

all necessary personnel to remove all mailpieces from bins between sort plans and rate changes, ensuring the quality of barcodes and Move Update addresses, the correct sort of machine rejected mail, removal of machine jams and proper placement of removed mailpieces during the entire mail processing phase. Machine Operators process mail on MLOCR sorters with a variety of sort plans designed for First Pass, Second Pass, Static, SPG and Mail Exchange to achieve at least 150 mailpieces sorted to each 3- or 5-digit ZIP Code.

### Sort Plan

A sort plan is a series of instructions that the machine utilizes to sort mail to a predetermined bin. This is accomplished by assigning a ZIP Code, or series of ZIP Codes, to a specific bin on the machine. The machine reads the ZIP Code on the mailpiece and sorts it to the proper bin. For 5-digit sortation and 3-digit sortation, the MLOCR sorter must search for the 5-digit entry before the 3-digit entry. If no 5-digit entry is found, the MLOCR searches for a 3-digit entry. If no 3-digit entry is found, the mailpiece is sorted to an out of scheme bin.

### First Pass

First Pass is a process where incoming mail is read, barcoded, and sorted to 5-digit, 3-digit or AADC quick kill bins or Second Pass bins. ZIP data (ZIP Codes) can be analyzed and mail resorted to achieve finer sortation levels. Mail that has been prepared to the 3-digit or AADC level allows Presort Services the option to process to a finer 5-digit sortation. If time or resources are not available, mail may be presented to the USPS. However, this represents a potential loss of revenue if those trays have a significant amount of 5-digit qualifiers, but its importance in the production process cannot be ignored as a valuable resolution for meeting customer commitments.

### Static

Static is a sort plan with a constant set of ZIP Codes. Static mail is consistent and usually represents the largest and steadiest qualifiers. Static sort plans allow an operating center to continually sort mail on First and/or Second Pass.

### Second Pass

Second Pass is mail that is sorted to specific bins during First Pass, based on predetermined production criteria. The mail is further processed on a Second Pass sort plan to achieve a finer sortation required to meet the number of mailpieces for the 5-digit, 3-digit or AADC automation rate. Second Pass mail can be processed through a Static sort plan or utilizing one or more sort plans created through the Sort Plan Generator (SPG). (Second Pass mail can also be referred to as Group.)

## SPG

Based on volume, SPG is primarily designated as mail that qualifies at a different rate level every day. It is set aside and analyzed each day as part of the production process. SPG mail is analyzed once all First Pass mail has been processed to determine its rate of qualification using PROLink, which generates the sort plan.

## 5-Digit Jackpot or Pullbacks

Mail that is sorted to a 3-digit or AADC level can be analyzed and resorted to a possible 5-digit level. This process can be done at anytime during the production process. This type of sortation is done when the amount of 5-digit per 3-digit ZIP Code does not meet a static sortation process.

## Mail Exchange

Static mail destined for another Presort Services operating center for additional processing is referred to as Mail Exchange. Mail Exchange was created to allow the movement of mail with specific ZIP Codes from one Presort Services location to another Presort Services location to increase the number of qualifying pieces and reduce overall postage. The Mail Exchange program is a cooperative effort between Presort Services and the USPS that provides significant delivery improvements for our customers. All mail is First Passed at the origin center and predetermined 5-digit ZIP Codes are sorted into specific Second Pass bins that are finalized at the destination center. This program improves our ability to qualify volume to the finest sort possible and to deposit this volume more efficiently into the USPS mailstream.



## Presorter

The responsibility of a Presorter is to transfer mailpieces from the sorting machines to the mail trays ensuring barcoded mailpieces satisfy USPS quality standards. The Presorter communicates with the Machine Operator to prepare for the correct job or sort plan to be processed. Presorters fan random handfuls of mail quickly checking for correct postmark, postage code, postage rate, presort slug and endorsement code. The Presorter will move up and down the machine aisle and clear bins approaching full capacity ensuring that the mail continuously flows from the sorting machine to the mail trays. Presorters must constantly check for discrepancies by identifying and removing defective or rejected mailpieces and separating by rate, clearing mailpiece jams from the sorter and communicating with other personnel as necessary. As a mail tray becomes full, a Presorter ensures the mail tray has the correct tray label by type and classification, and places it on the conveyor or an All Purpose Container (APC), and sends it on to Quality Assurance, Dispatch or Staging areas for Second Pass, Mail Exchange, or finalization.



Mail types are specifically defined classifications of USPS mail. Mail types are classified as 5-digit, 3-digit, AADC, Mixed AADC (or ADC and Mixed ADC for flats) and Machinable. The finer Presort Services can sort the mail, the lower the postage rate per mailpiece. Our goal is to sort mailpieces no more than two times to achieve the final sortation. The finest sort is defined by Presort Services as: 150 mailpieces sorted to the lowest rate which is 5-digit automation (the required qualification volume differs for flat mailpieces). Mail trays sorted and labeled for final destination are inspected by Quality Assurance personnel.

## Quality Assurance

Quality Assurance (QA) is performed in all phases of processing mail in the operating center to ensure overall quality. Quality Assurance personnel perform quality inspections on every sorting machine, on finished mail in mail trays and on mail trays ready for destination routing through Dispatch.



During the course of each shift, a Quality Assurance Specialist ensures that mailpieces will pass mailing requirements and MERLIN® inspections by performing daily tray audits. Tray audits help to confirm that the mail was processed correctly, the correct job number was entered, piece counts are accurate and that postage is paid through correct profiling of the machine for our customers' mail. Quality inspections and audit exceptions must be documented and errors corrected according to TQM standards. Mail trays that have been inspected with a tray sleeve in place are forwarded on to the Dispatch area.

## Containerizing

Finalized mail trays are routed to the Dispatch area. Mail trays are separated by ZIP destination and placed on the appropriate transport device such as pallets, APCs or hampers. The mail must be weighed and wrapped, and must have barcoded container placards affixed outside of the shrink wrap. The container placards must be scanned with a Mail Event Tracking System (METS) Mobile device prior to presentation. When applicable, weights on USPS placards are required. Mail is loaded onto a carrier according to the local USPS agreement once the Postal Validator has cleared the presented mail.





## Presentation

During the presentation phase, the USPS accepts segregated business mailings by mail categories (automation, machinable, non-machinable or single piece) to receive a discounted rate. Required electronic documentation and other necessary USPS forms are submitted with the presentation of each mailing. Mail Acceptance clerks at the postal facility or at the Presort Services location perform final manual inspections or utilize MERLIN for: verification of mail quality, submitted documents/data and review samples of the mail.

## MERLIN

Mail verification is frequently accomplished with a MERLIN (Mail Evaluation Readability and Lookup INstrument). The equipment is designed to shorten mail verification process time from two hours to 15 minutes. The MERLIN mailpiece test simultaneously verifies barcode readability, address accuracy, mailpiece characteristics, presort makeup, mailpiece count, short-paid mail, Value Added Refund (VAR) and the identity of individual mailpieces and tray label accuracy. MERLIN is also used to check for Move Update compliance.



## Acceptance

Once mail is verified with MERLIN, presented to the USPS with appropriate electronic documentation or paperwork and accepted, it is delivered to the designated postal facility, taken directly to the airport, or surface transportation hub for shipment to the destination city.

## Rejection

If mail fails any USPS acceptance or verification process, specific steps are taken to document failures and correct the mail.

### Second-Level Review

When the MERLIN operator is unable to identify the barcode readability errors, or if requested by Presort Services management, a second level review must be completed by a Mailpiece Design Analyst (MDA), Business Mail Entry Supervisor, or a designated Executive and Administrative Schedule (EAS) employee. If, after local efforts have been exhausted, it is still believed that the MERLIN barcode readability results are inaccurate, the appeal process is initiated.

### Appeal

The readability verification results may be appealed through a unique process; Senior Management must give the final approval to proceed with an appeal. The appeal must be prepared at the time Presort Services is notified that the mailing has failed both the barcode readability test and the second-level review. The designated appeal site will test the mail and forward the results to the appropriate USPS Rates and Classification Center. Rates and Classification will issue the final agency decision in writing to Presort Services and copy the Business Mail Entry Manager.

### Postage Assessment

A postage assessment will be issued according to the results of an appeal. If the appeal site results are higher, a refund will be made; however, if the appeal site results are lower, additional postage will be assessed.



## Organization Management

Organization Management incorporates the Presort Services vision and mission statement. Each TQM certified operating center publishes a current organizational chart that clearly defines the lines of communication, responsibility, and authority for MLOCR production, including the quality function. Each TQM certified operating center must create and maintain a formal, comprehensive training program. The training program must be relevant to producing quality mail by ensuring all key personnel are trained, employee performance is analyzed and the training program is continuously improved through management reviews. Management reviews ensure that continuous improvement is occurring in the operation.

Presort Services is committed to providing ongoing professional training for TQM. Training underscores the importance of incorporating TQM standards and practices in every employee's daily routine. This establishes a common foundation for success for all departments within Presort Services. Training sessions provide continuous exposure to TQM and evaluation and analysis of the TQM program. TQM is integrated into all operational Best Practices and reinforced throughout all employees' on-the-job training.



## Process Management

Process Management establishes the rules and regulations used to define all of the steps in the production process and initiate good mail flow. Some of these processes include maintaining equipment, managing product and personnel, providing forms electronically and in hard copy, and updating and maintaining agreements with the USPS.

Good mail flow affords Presort Services the ability to achieve improved efficiencies for customers by leveraging technology and maximizing resources over an extended period. Ideally, good mail flow is representative of steady and consistent volumes associated with customer delivery times scheduled evenly throughout the day.

### Principles for Good Mail Flow

- Utilize the available tools: the Mail Flow Management application and Mobile Mail Flow, as well as the TMW transportation management system.
- Develop sort plans to accomplish service and revenue goals that are well defined and communicated throughout the organization.
- Develop a time line that shows expected mail volumes.
- Staff with the appropriate number of employees needed to process maximum volumes during peak periods.
- Train employees.
- Evaluate and maximize available equipment.
- Implement plan.
- Evaluate and refine business processes.



Conversely, bad mail flow creates bottlenecks, which forces the company to use more resources to process the same volume of mail. Bad mail flow is representative of poor delivery times, heavy end-of-day deliveries, and large volume fluctuations. However, contingency plans are in place in the event bad mail flow occurs.

## Contingency Planning

Contingency planning is the process of developing a plan to satisfy service and revenue goals while experiencing the loss of either equipment or employees. Loss of production time is generally associated with three main areas, which include employee absenteeism, equipment downtime and excess volumes. Presort Services trains its management and employees on contingency planning and encourages the development and implementation of a team that is cross-trained in several operating center positions. A well-defined and developed cross-training program supports and reinforces Presort Services' commitment to our employees and to our customers.



## Continuous Improvement Management

Continuous Improvement Management is designed to bring gradual, but continual improvement to a process through constant review. During this phase each operating center will continually review processes for the following:

- Ensure employees understand how their jobs contribute to the process and organization, through problem solving, employee awareness, and meetings.
- Foster a positive atmosphere by encouraging the free flow of ideas and recognizing and rewarding employees for their contributions to the organization.
- Work with customers and employees to promote the TQM process and make improvements as necessary.
- Conduct periodic awareness sessions on relevant, current, industry-wide quality topics, or new company quality initiatives.
- Create and maintain an effective formal problem solving process to rectify critical system/production breakdowns to reduce errors.
- Maintain TQM external assurance review reports and responses.
- Perform quarterly self-assessments, complete and review all corrective and preventive actions.



## Outlook

At Presort Services, we are enthusiastic and committed to developing a national network of Presort Mail operating centers. Our goal is to remain an innovative company and the premier provider of presort mailing services. Continuing to serve our customers, expand into new markets and create opportunities for our employees, ensures our success.

