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## **Five steps to Shape-Based Postage Compliance**

by Bob Makofsky

Don't get too comfortable with the new postage rates. Citing rising fuel and health care costs, the U.S. Postal Service has filed to raise rates again in May 2007. The proposed rates follow a more complex pricing structure than the flat 5.4% increase implemented last January. For the first time, the rate structure will rely on shape, as well as weight.

### **A push for automation**

The new system reflects the higher handling costs of flats and parcels. Today, a three-ounce letter, flat and parcel all cost \$0.87 to mail first class. The shape-based rates will lower mailing costs for the same three-ounce letter to \$0.82. However, postage rates for the three-ounce flat will increase to \$1.02, and the rate for the three-ounce parcel will jump 61% to \$1.40. Other classes of mail will see similar increases.

"The proposed pricing structure rewards companies for designing mail that is compatible with USPS mail automation systems," says Marvin Makofsky, president of Conformer® Expansion Products. With its patented line of expanding envelopes, the Long Island-based company helps clients improve mail efficiency. "Organizations that rely heavily on mass mailings can realize huge savings through more efficient packaging."

### **Small changes yield big savings**

Many financial institutions, for example, now send statements and performance reports in 9" x 12" envelopes. Folding these documents in half and using a 6" x 9" envelope classify the piece as a letter instead of a flat. Under the new pricing structure, this change can reduce postage costs by up to \$0.20 per piece, a 17% savings.

Companies that mail items like books and DVDs can reap even larger savings by converting parcels to flats. Many organizations currently ship such objects in padded mailers. These packages require hand processing by the post office, which classifies them as parcels. Using paperboard or plastic Conformer Expansion Envelopes provides added protection and still allows the post office to process these packages as flats. For firms that mail these items in quantity, such as media distributors and fulfillment companies, the savings add up quickly: \$10,000 on a mailing of 50,000.

Literally thinking out of the box can yield enormous savings. For example, a national bank that mails personal checkbooks to 500,000 clients per month can cut annual postage costs by \$2.3 million, simply by using Conformer Expansion Envelopes instead of traditional check boxes.

### **Reduce the rate hike in 5 steps**

Careful planning now will help organizations limit the impact of the upcoming rate hike.

- **Audit current postage use.** Figure out how much the organization currently spends on postage. Count the number of pieces that go out each quarter and each year. What types of items does the company send (e.g., loose documents, bound booklets, CDs, etc.)? How much does each piece weigh? What kinds of packaging does the firm now use (e.g., letter-size envelopes, padded mailers, boxes, etc.)
- **Calculate the effect of the proposed increase.** Estimate the impact of the postage increase by applying the proposed 2007 rates ([www.usps.com/ratecase](http://www.usps.com/ratecase)) to the current mail volume.
- **Identify opportunities to increase mailing efficiency.** Fold documents in half, and mail them as letters instead of flats. Limit the use of padded mailers and thin boxes by switching to automation-friendly packaging when possible.

This process may not necessarily start in the mailroom. Redesigning letter-size brochures as 5½" x

8½" booklets, for instance, could more than pay for itself in postage savings. Work with departments that produce the items mailed to find creative packaging and mailing solutions.

- **Create and publish packaging standards.** After identifying cost-effective packaging methods, publish these standards throughout the organization. Explain the factors driving the changes, and make it easy for employees to comply with these best practices. Keep appropriate mailing supplies readily available since convenience often dictates behavior.

- **Secure senior-level oversight.** In many cases, the individuals with budget responsibility for postage have little or no influence over the actual pieces being sent. Consider the marketing materials in the above example. The department responsible for creating the brochure may balk at paying for a redesign—especially if another group receives credit for the postal cost savings. When performance reviews favor managers with budget surpluses, such concerns are well founded. To avoid this potential conflict, senior leaders need to take an active role in ensuring administrative efficiency. Meet with all the managers involved in the mail process—from designing packages and collateral materials to shipping items. Approach the upcoming postage challenge as a united effort. In the end, the entire organization will win.

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