

Transaction mailers ask: What's next?

After a deep breath, department heads take a fresh look at today's trends, their current high-volume operation and come away with new questions to resolve.



WHITE PAPER

Abstract

Print and mail managers have learned an important lesson over the past twelve months: No matter how far you've gone, it's not far enough.

The list of challenges, including budget cuts, multi-channel integration and more stringent compliance, is known by all. After pulling out all the stops to achieve this year's results, however, transaction mailers must now identify additional opportunities and meet new demands. Increase productivity, integrity, customer satisfaction—and accomplish it for less than ever before.

Many high-volume mailers have stepped back—and after a deep breath, they are taking a fresh look at their end-to-end operations. While some technology firms, outsourcers and management consultants are pitching quick answers, these department heads have found that true progress can only come when they start with the right list of questions.

While every organization must deal with the same external forces, the right next steps for your organization will depend greatly on your organization's internal goals, your objectives and your overall approach to business. After meeting with hundreds of high-volume mailers, three distinct personae arose—profiles that help differentiate which questions are appropriate for your group. As you begin your fresh look, you may find that your operation resembles one or more of these personae:

- Cost Champions
- Business Accelerators
- Flexible Optimizers

As the worldwide leader in ADF technologies, mailstream best practices and customer communication solutions, Pitney Bowes offers knowledge and expertise to help you gain the insights you need to succeed.

Challenging market conditions: expect more of the same.

Economists agree that the current economic downturn will end—at some point. In the interim, corporations and government agencies face financial pressures that affect every aspect of the organization, including print and mail operations. For many, this new level of scrutiny adds complexity to decision making. Others, however, have used the current economic climate as an avenue to question time-honored practices and implement real change.

Beyond the economy, several external forces play a significant role:

- **Sourcing uncertainty.** Third-party vendors are making a pitch by promoting the cost-value of outsourcing, while internal groups look to consolidate in-house volume under one roof.
- **Regulatory climate.** New federal and state legislation, including HIPAA and Unfair and Deceptive Acts or Practices, is driving the need for greater integrity and flexibility.
- **Annual postage increases.** Postal price increases, once sporadic, are now annual events. Each year, mailers must find ways to account for a few more cents per piece.
- **Complex interactions.** Customer communication management has become a multi-channel game. Managers must now master and integrate new media such as on-demand messaging and social media, in addition to web and print.
- **Demand for relevance.** Technological advances in color print, Transpromo and personalization enable market leaders to gain an advantage with customers.

Understanding how these market forces can drive, disrupt or support your plans this year is only part of the equation. Transaction mailers must also consider the needs of their specific business – and the state of their current document factory. While each organization is unique, the following three profiles reflect some of the challenges – and questions – your group needs to address today.

Cost Champions

Attributes:

Some print and mail facilities operate as a cost center—a necessary business function. Once motivated to avoid any increase in direct costs, these groups must also uncover ways to reduce operating expense.

Department heads look for ways to extend the life of existing technologies, and will often rely on individuals and detailed, labor-intense process flows to ensure the quality of each mail piece.

For some, the purpose and objective of each communication is less important than the overall cost to produce it. Cost Champions rely on production intelligence for performance data and reports, with a focus on productivity and timeliness.

This past year, standardization efforts, such as common address block formatting, common envelopes, etc., have helped simplify operations and create new efficiencies.

The definition of success:

- Risk minimization
- Lower operating costs
- Reduction of waste and spoilage
- Mail piece integrity
- On-time mail production

Asking the hard questions:

Cost Champions who step back, take a fresh look and re-examine their operations should be prepared to ask themselves some hard questions.

LABOR COSTS. In labor-intense organizations, paychecks have a more significant impact on overall costs. Increases in wages, healthcare and benefits will add pressure to already tight budgets. Where will the next cuts come from? Can automation make a difference? How can redesigning workflow allow you to maintain production levels with fewer operators?

COMPETITION. The threat of outsourcing has never been greater. How can an in-house organization offer more value? What superior processes or controls do you offer? Where can you strengthen the connection between print, mail and the organization?

VALIDATION. Benchmarking against industry standards provides insight and confidence. Can you compare your results against similar organizations? Have you cut expenses enough? Have you gone too far? Which best practices are making a difference today?

COLLABORATION. While you're looking to reduce expenses, the overall objectives of your company span far beyond cost-control. How can your print and mail operations better integrate with company goals? What other corporate initiatives can your group support or possibly lead?

MEASUREMENT. The need to calculate ROI on replacement technologies is critical, especially when budgets are tight. But print and mail operations often don't consider the value they provide. Do on-time statement mailings impact call center volumes? What is a new customer worth? How much would it cost the business if it had to manage through a privacy breach?

DEMONSTRATED VALUE. Mail provides a connection to customers and prospects, and serves as a primary channel for acquisition, retention, invoicing, customer care and the delivery of goods. Do other departments see the value of mail? What more could they expect? How you can optimize each touchpoint?

Business Accelerators

Attributes:

Some print and mail operations collaborate closely with other departments across the organization.

While cost avoidance and savings are essential, these objectives stand on equal footing with revenue preservation and growth. For many, transaction documents represent more than bills and statements; they serve as integral parts of the overall customer experience.

Print and mail managers have a 'seat at the table' and proactively identify ways to increase the value of the mail piece. They keep abreast of emerging technologies and understand how these innovations may help their operation evolve efficiently.

With no tolerance for error, piece-level tracking, accuracy and the real-time validation of one-to-one messaging are considered mission-critical capabilities. End-to-end production intelligence helps manage performance and productivity at every step.

The definition of success:

- Zero-defect mail
- Cost control
- Increased cross-sell and up-sell
- Expedited cash flow
- Improved customer retention
- Regulatory compliance

Asking the hard questions:

Business Accelerators may already employ leading-edge technologies, which can make it even more challenging to uncover incremental opportunities. Here, a fresh look should uncover areas of concern, such as:

CONSOLIDATION. Market factors may diminish the volume of certain applications, but lower piece costs depend on economies of scale. Who in your enterprise outsources mail production? Where can you pick up additional volume? What capabilities do you need to add to become a total service provider?

FUTURE NEEDS. Market conditions and business models are changing at a more rapid pace. What new ventures is your organization considering? Can you handle sudden swings in volume? How can you be more flexible? Which new capabilities will be required?

FLEXIBILITY. New channels of communication such as mobile SMS haven't replaced the old – transactional mailers must simply become an expert in all. Can you centralize output management? How can you adapt, enhance and modify underlying printstreams? What channel will you need to support next?

TRANSFORMATION. While some investments have been postponed, advances in technology continually come to market, bringing new capabilities at lower prices. At what point do you convert to color? How can you increase personalization? What's next in transpromo?

COMPLEXITY AND SPEED. Preprinted envelopes, rolls and fanfolded reams have been replaced by a clean canvas of white paper and closed faced envelopes. Color digital high-integrity one-to-one transactional data and marketing messages fly onto each mail piece on one run. Complexity and speed have risen in tandem to meet the new demand for a heightened customer experience.

INTEGRITY. Achieving 99.8% accuracy on one million pieces still leaves 2,000 unhappy customers. What controls are lacking? Which parts of your process are not automated, tracked and verified? How quickly can you validate events at the record-level?

Flexible Optimizers

Attributes:

These transaction mailers work in industries where mail is a critical channel of communication. They serve a broad base of constituents, who may demand a lot from their department.

Managers identify ways to rapidly respond to new requests, and are willing to invest in point-level solutions to address needs—even in a slow economy.

Flexible Optimizers often work apart from the rest of the organization—and may even departmentalize print and mail operations into distinct functions. Multi-site operations often work independently, with their own set of processes and standards.

Their strategies may fluctuate based on evolving business needs.

The definition of success:

- Satisfaction of departments served
- Mailpiece integrity
- Cost control
- Expedited cash flow
- Supporting the revenue needs of the business
- Regulatory compliance

Asking the hard questions:

Flexible Optimizers often move quickly, but taking a moment to slow down and plot out a longer term strategy could prove worthwhile. Key considerations include:

BEST PRACTICES. Documented standards, best practices and a process for continual improvement can improve performance across an enterprise. Do you have standard operating procedures across your operation? Are you testing new approaches? How can you expedite “success transfer” within your group?

ROADMAPS. While there are always fires to be put out today, each manager needs to simultaneously build bridges to the future. Where do you see your operation three years from now? Five years from now? How will your goals differ? What capabilities should you be driving toward?

IN-HOUSE VALUE. Today, companies are considering outsourcing even in areas once considered off limits. What value does your group provide that no third-party could match? Where can you strengthen integration, controls and timeliness?

BUSINESS INTEGRATION. Some print and mail operations have become more proactive, helping to set overall business strategy. Where can you reach out to other functional areas earlier in the process? What strategies, insights, or new directions would you recommend?

END-TO-END WORKFLOW. From database to delivery, each aspect of the print-mail continuum is connected. Do you look at print and mail as a single workflow? Does the same system track each piece from start to finish? How can you leverage the new Intelligent Mail® barcode to improve productivity, integrity and sort rates?

ADAPTATION. Organizations are making moves at a rapid pace. How quickly can you respond? Can you handle a spike in volume? What about changes in mailpiece format? Is your operation set up to maximize flexibility?

Take a fresh look, starting today.

In today's economy, every organization must identify effective ways to contain costs and improve performance. In the face of tough market conditions, the executives and senior management responsible for print and mail operations need to overcome even greater challenges. Those who continue with business-as-usual tactics should not be surprised when results fall short of expectations. While there are no one-size-fits-all solutions, there exists a framework that is ideal for your business, your specific needs, capabilities and objectives. All it takes is a fresh look.

No matter where you are today, Pitney Bowes Document Messaging Technologies can help you print and mail smarter. Pitney Bowes has developed a comprehensive approach that allows executives to assess their current capabilities, leverage production intelligence and benchmark their results against industry best practices. Designed from an executive perspective, our fresh look process begins with the core strengths and capabilities of your operation and considers the specific business challenges and problems you face. The end results include findings and recommendations that are aligned with your vision for the future—including a roadmap for success. To learn more, call **1-877-536-2736** or visit us online at www.pb.com.

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