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The Only Way to Reduce Your Mailing Costs  
By Adam Lewenberg

In the 20 years I have been helping customers save money on mail, few times have I seen entities with detailed reporting on all of their different spends. This gets worse if they have multiple locations. It is impossible to develop savings strategies if you do not have good detail on what is being mailed. The majority of the time with clients is spent collecting this data and putting it into a standard format from where decisions can be made. In this article, I will provide simple strategies you can use to develop good reporting, by telling you what to look for and where to go to get the information.

Most mail spends fall into the following categories:

- Metered Mail
- Permit Mail
- USPS Cash and Credit Card spend
- Mail Service Provider Fees

We will go through each in detail to tell you what to look for. It is important to analyze your spend over a 12 month period if possible because many entities have season peaks and valleys in their volumes.

### **Metered Mail**

The good news is that there are many simple tools to give you the detail around your spend.

*Total Metered Mail Spend* - All of the vendors should be able to give you access to their web sites where you can see the postage refills that you performed for one or many locations over the last year. It is important to note that this is not the amount of postage used but the dollar value that was deposited into the meter. If you look at this over a 12 month period it is typically pretty accurate. Also, you may have separate prepaid postage accounts (You send money in prior to using it), and advance postage accounts (You borrow the money from the vendor and pay after use) and need to check both accounts to determine your total spend.

*Department Spend* – Many meters will allow you to track postage by department. This will tell you which groups are doing the most mailings and could have potential savings opportunities. If you are spending over a \$5,000 per month in postage, I typically recommend having an accounting system that gives you transaction level detail vs. basic accounting packages which can only provide summary totals of spend. This can give you the ability to see mailings over 200-500 pieces sent out by a department on a specific day that could have qualified for automation discounts.

*Class Level Detail* – Some of the meter vendors can provide you with a summary report that can show you a breakdown of your spend by class of service. For a fee, they can also make this information accessible on their website. Here are some examples on how having access to this information can be used to reduce costs:

- First-Class Mail® – Retail Single Piece – If you are doing more than 500 pieces per day or single mailings of 1,000 pieces, there are ways to reduce costs by using a presort service that could save 6-15% or more.
- Light Weight Flats – If you are sending out a lot of flats and they are light weight (Less than \$1.30 each or 3 ounces), there are ways to save over 50% by folding them into 6X9 envelopes.
- Certified Mail with Return Receipt – You may be able to save \$1.20 per piece by switching to an Electronic version.
- Expedited and Parcels – If you are sending a lot of items Express Mail®, Priority Mail® or Package Services, it may be a good idea to compare the rates to your negotiated contracts with UPS and FedEx. Also, if you are doing very high volumes, the USPS offers additional discounts.

## Permit Mail

It is very important to have someone manage the spend for your permit accounts. You want to make sure that adequate funds are on hand so outgoing and incoming mailings can be processed in a timely manner. Also, permit mail typically makes up the largest mail spend. If you look through the mail that you get over any given week, I would guess that at least 80% is from a permit vs. a meter. Make sure that you have a listing of all of your permit numbers and that the balances are being maintained.

The best part about permits is that you should be able to get very good reporting from the USPS. This should give you the detail about the money that was deposited and withdrawn in any given transaction. Most companies will keep the actual paper forms and electronic documentation can be gathered inside the USPS by setting up your accounts in PostalOne!. If you have multiple permits, I would strongly recommend setting up a CAPS account. This will give you consolidated viewing as well and funds management.

Often times companies will have permits in many different departments and in different states close to their service providers. Having control of all of these spends gives you the ability to make sure that your mail is working in the most effective manner and deposited funds are not sitting idle.

## USPS Cash and Credit Card spend

Many entities have significant spend in transactions that do not run through their mail room or permit accounts. We are a very mobile population and people work in home based offices, hotels or at customer sites. Typically these workers will go the USPS to purchase stamps or to mail a package. This spend can add up and can be difficult to account for.

It is important to monitor this expense for the following reasons:

- Control leads to honesty – If there are measures in place to account for this expense, staff is less likely to use stamps for person use. It sounds terrible to say, but this happens in every entity if it is not monitored.
- Items could be mailed at lower rates – There are free or inexpensive internet based solutions that can mail specific items at commercial (Discounted) rates over the retail prices offered at the USPS. Also, many of the expedited items sent through the USPS may be less money through your preferred express carrier.

Here are the best ways to get visibility to these spends:

- Have your accounts payable department run a report on all credit card transactions made out to USPS or the United States Postal Service.
- See if expense reports can have postage broken out.

## Mail Service Provider Fees

With these fees, I am referring to Mail Fulfillment companies and Presort Service Providers. In order to get a handle on your mail spends you need to have the detail to what these services are charging. The hardest part is the bills can be confusing and at times lack the detail needed. Here are the main things that I would recommend looking at:

*Mail Fulfillment Companies:* These service providers, sometimes called Mail Houses, will perform mailing services such as printing, folding, inserting, addressing, presorting and transporting to the USPS. It has gotten more confusing because many printers are offering mailing services as well. It is important to know the detail of what you are paying for to make sure you are getting the best rate, to compare against other providers, or to determine if the work should be brought in house. The key thing to look for are the fees that are outside the per piece charges. Most providers will charge set up and delivery fees that are fixed regardless of the mailing size. This is fine when you are sending out 50,000 pieces, but a \$200 set up fee for 1,000 postcards means you are paying \$.20 per piece plus the processing charges.

*Presort Service Providers* – These services pick up mail at your office, run it through their sorters (that break it down as close as possible to their final destination) and schedule it directly into the postal system. They are great to use because they can get you discounts with minimal effort and potentially move mail faster through the Postal Service.

Presort Service Providers may charge fees on a per-piece level as well as for mail that could not be sorted where postage needed to be added. Additional items maybe charged including transportation and move update corrections. By knowing what you are paying, you can make sure you are using the best provider and benchmarking the actual savings for your entity. I have looked at presort bills where when the fees were added

in, they were paying more than single piece postage rates. This was only because no one had ever looked at the detail behind the bills.

Both types of Mail Service Providers may be charging you for postage on your invoices. Oftentimes, you may be using permits under their accounts and paying for postage directly to your provider. This is a further reason to look at the detail to your invoices.

Information is Power. By understanding all of your spends and having it together in one place, you are now in control to take advantage of discounted rates, and work with service providers to find savings that would have otherwise gone unnoticed. It may sound difficult to do what was described above, but once processes are set up they are typically very easy to manage and have long term benefits.

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