Office of Inspector General | United States Postal Service

RISC Report

From Home Office to Post Office: Improving Microbusiness Engagement with the U.S. Postal Service

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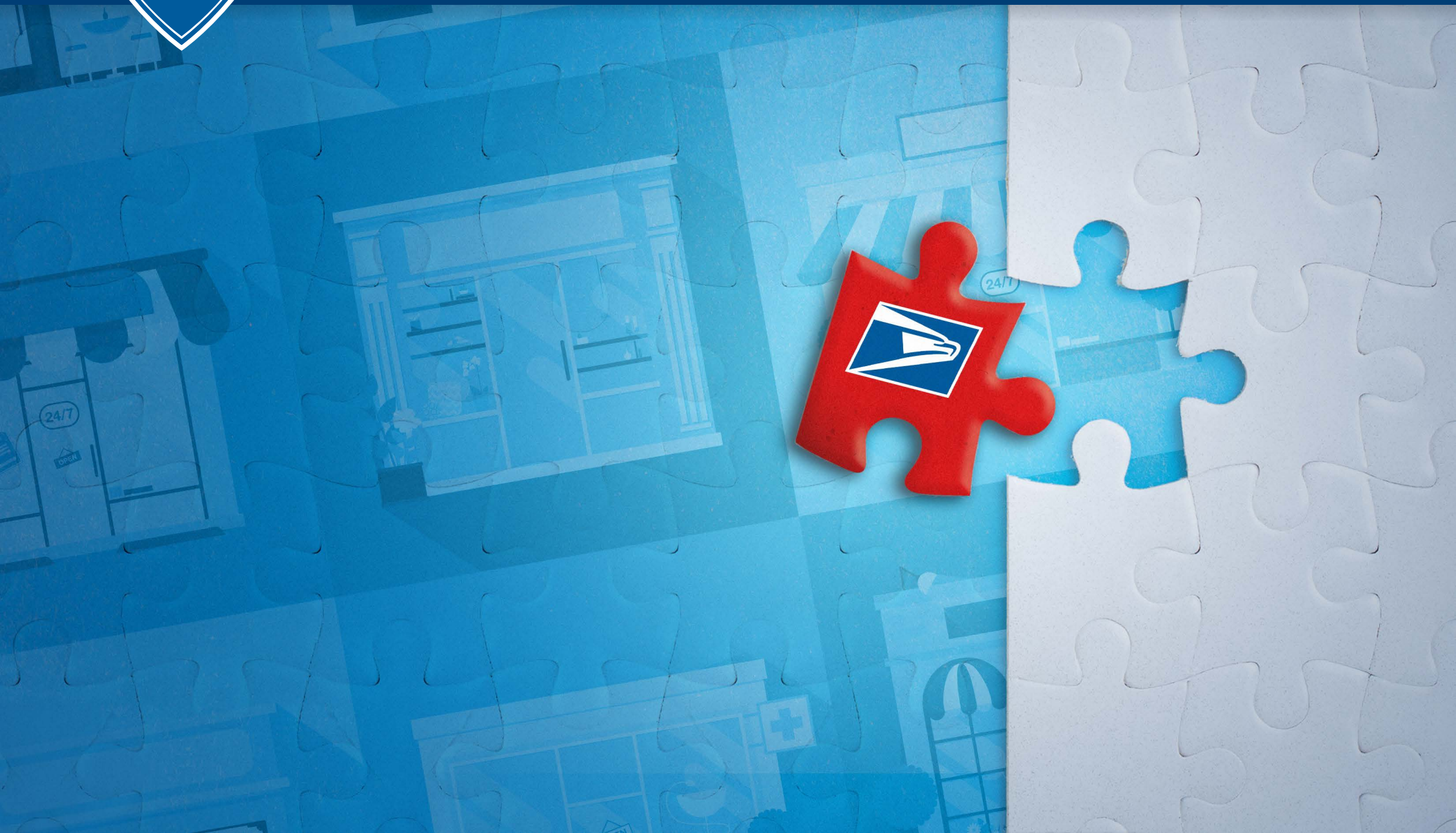

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Executive Summary

Microbusinesses are vital to the U.S. economy, representing 75 percent of all employers nationwide. Americans rely on them for all kinds of products and services, from ordering that one-of-a-kind birthday gift, to helping buy a house, file taxes, or care for our children. Many microbusinesses — defined here as companies with fewer than 10 employees — are locally-owned pillars of a community, and some are destined to grow into much larger enterprises that will further fuel employment and economic growth.

Microbusinesses are a valuable customer segment for the U.S. Postal Service, and most rely to some extent on USPS to help their businesses thrive. The U.S. Postal Service Office of Inspector General (OIG) conducted research to understand how microbusinesses currently use USPS and to explore potential ways of enhancing that engagement. To do so, the OIG fielded a nationally-representative survey of microbusiness owners and employees, hosted a moderated online discussion board and an expert panel, and conducted interviews with USPS employees and executives.

The OIG found that the Postal Service is the carrier of choice for microbusinesses. Seventy percent of microbusinesses surveyed said they had used the Postal Service in the prior six months, and a majority said they use USPS more frequently than other carriers. Ensuring package security, meeting delivery expectations, and price were the top three factors in choosing a carrier. About half of microbusinesses reported spending a portion of their advertising budget on Marketing Mail, but most of them said that they expected their use of it to stay the same or increase over the next year. Microbusinesses are also heavy users of the Postal Service's brick and mortar locations, with owners or employees regularly visiting post offices to purchase postage for a package. They also frequently prefer an in-person clerk over online options for help with issues such as lost or late mail and packages.

While microbusinesses are generally satisfied with the Postal Service, the OIG identified opportunities to improve engagement, which is important as other carriers seek to grow their share of the small business market. First, large percentages of the survey's respondents were unaware of existing online postal services, such as Package Pickup, Every Door Direct Mail, and Click-N-Ship — these services could be of great value to these customers. Promoting awareness of these services may be an opportunity for USPS to foster a relationship with microbusinesses and guide them to other products and services. Most notably, the OIG found that only a third of microbusinesses were aware of the online tool for scheduling a package pickup, but upon learning about this service, nearly 60 percent of microbusinesses were interested in using it.

Second, the Postal Service can harness its workforce and retail presence to promote its products to microbusinesses. The OIG examined the Postal Service's current programs for generating business opportunity leads through employees,

Highlights

The Postal Service is the carrier of choice for microbusinesses — a majority said they use USPS more frequently than other carriers.

The Postal Service's retail services are highly valued by microbusinesses, of which 66 percent rated their experiences at postal retail locations as somewhat or very positive.

Many microbusinesses were unaware of postal services that can help small businesses, such as Package Pickup. Only a third of microbusinesses have heard of the service, but nearly 60 percent were interested in using it.

Existing employee lead generation programs account for substantial revenue overall, but only 16 percent of microbusinesses surveyed said a postal employee has shared information about ways the Postal Service can help their business.

The Postal Service can better harness its workforce to promote products and foster relationships with microbusinesses.

known as Employee Engagement Programs (EEPs). The EEPs generate significant revenue for the Postal Service — nearly $884 million in fiscal year 2018. However, interviews with employees participating in the EEPs revealed challenges and inefficiencies. Some employees described limited coordination and communication between a lead qualification sales team — called the Customer Retention Team — and District-level Business Development Specialists. They believe this has caused delayed outreach to promising leads. Employees also described a lack of adequate incentives to encourage further participation in the EEPs. The OIG found opportunities where the EEPs could be improved to potentially boost participation and outreach.

What the OIG Recommends

To better ensure that the Postal Service is effectively serving the needs of microbusinesses, we recommend that the Acting VP of Sales for the U.S. Postal Service:

1. Distribute and make available marketing materials to employees to share with businesses during lead generation activities.
2. Implement a formal mechanism for communication and coordination between the Customer Retention Team and Business Development Specialists to ensure there is a timely and effective response to business leads, such as minimizing premature closure of leads.
3. Implement controls to ensure there is an effective process for timely communication of lead outcomes with the employee who generated the lead.
4. Document the complete workflow of lead follow-up for Employee Engagement Programs in a standard operating procedure, including contact information for key groups and individuals involved, and communicate this procedure with relevant employees.
5. Identify and execute best practices nationwide to increase participation in Employee Engagement Programs to meet internal participation goals, including exploring how to implement new employee incentives.

Observations

Introduction

Microbusinesses are vital to the U.S. economy. We rely on them to help buy a house, file taxes, and care for our children. In fact, firms with fewer than 10 employees represent 75 percent of all employers in the United States. Microbusinesses are also important because they may grow into larger companies, fueling employment and economic growth. Some of today's largest corporations — such as Apple, Amazon, and Mattel — began as microbusinesses. Moreover, microbusinesses are a valuable customer segment for the U.S. Postal Service. Many depend on the Postal Service to help their businesses thrive. Whether it is delivering packages, invoices, or Marketing Mail, the Postal Service is the affordable last-mile carrier of choice connecting microbusinesses with the marketplace.

This paper examines how microbusinesses currently engage with the Postal Service and explores potential ways to improve that engagement. With over 31,000 retail post offices, and mail carriers visiting addresses six days a week, the Postal Service is well positioned to continue as a crucial partner for America's microbusinesses.[1] At the same time, other delivery providers have recognized an opportunity to cater to local businesses and have launched initiatives specifically targeting small business. As the Postal Service continues to assess its outreach and services for small businesses, it is essential to understand the microbusiness customer segment and embrace cost-effective ways to bolster its relationship with them.

Objectives, Scope, and Methodology

The U.S. Postal Service Office of Inspector General (OIG) conducted quantitative and qualitative research to inform the Postal Service's strategic decision-making regarding microbusinesses. The primary objectives of this project were to:

- Assess microbusinesses' engagement with the Postal Service, including their spending on and usage of postal products;
- Examine the Postal Service's outreach strategy for small and microbusinesses;
- Identify products, services, and marketing strategies that could better serve the needs and wants of microbusinesses.

"With over 31,000 retail locations, and mail carriers visiting addresses six days a week, the Postal Service is well positioned as a partner for America's microbusinesses."

For the purposes of this research we adopted a definition of microbusinesses used by the U.S. Small Business Administration, which is firms with fewer than 10 paid employees.[2] To gather data for our analysis, we used the following methods:

- ***Review of secondary and Postal Service research.*** The OIG reviewed existing research on microbusinesses, as well as the Postal Service's market research and strategy documents concerning small and microbusinesses.[3]
- ***Interviews with Postal Service executives and employees.*** The OIG interviewed officials in charge of small business strategy at the Postal Service. In addition, the OIG interviewed USPS employees to

1 USPS, Postal Facts, https://facts.usps.com/size-and-scope/.
2 The OIG's definition includes nonemployers, or firms without any paid employees. In some of its market research, the Postal Service has defined microbusinesses as those with one to five employees. While there is no single official definition for microbusinesses, the OIG chose a definition that aligns with descriptions of microbusinesses used in research by the independent agency of the federal government that assists small businesses, the Small Business Administration. For more information, please see Small Business Administration, "Small Business Facts," https://www.sba.gov/sites/default/files/508FINALAug17Microbusiness.pdf.
3 USPS regularly surveys businesses of all sizes, including microbusinesses, on product usage and perception. USPS's research is used for tracking various aspects of satisfaction, product awareness, and engagement over time.

understand key Postal Service programs that encourage outreach to small and microbusinesses.[4] We also gathered insights from an expert panel that was held at the OIG headquarters in November 2018. These insights helped inform our survey and subsequent interviews.[5]

- ***Hosting a moderated online discussion board.*** In October 2018 the OIG engaged 23 microbusiness owners and employees in an in-depth online conversation over several days to explore their decision-making about mail and shipping, and perceptions of the Postal Service and other carriers. Please see Appendix A for more details on the online discussion board methodology.
- ***Fielding a nationally-representative survey of microbusiness owners and employees.*** In April and May 2018, the OIG fielded a survey of 1,013 microbusiness owners and employees (referred to hereafter as "microbusinesses"), asking them about their business's spending on and usage of postal products, their engagement with the Postal Service, and opportunities for improvement.[6] Please see Appendix B for more details on the survey methodology.

Understanding the Microbusiness Market

Microbusinesses comprise the overwhelming majority of employer firms in the United States. In 2018, there were over 3.9 million employers with nine or fewer employees, encompassing 75 percent of overall U.S. employers.[7] Microbusinesses are also an important component of the nation's workforce, providing 12.9 million jobs — or 10 percent of total private-sector employment — in 2016 (see Figure 1).[8]

Our survey found that the highest percentage (17 percent) of microbusiness owners and employees are in the professional services industry, which includes real estate and travel. The following were the other most frequently represented industries: personal services (for example, housekeeping, hair stylist, lawn care) at 12 percent; consulting at 11 percent; and selling physical consumer goods (for example, clothing, toys, jewelry, furniture) at 10 percent.

Figure 1: U.S. Employers According to Number of Employees

MOST U.S. EMPLOYERS ARE MICROBUSINESSES

Companies with fewer than 10 employees make up the vast majority (75 percent) of employer firms in the United States, and employ approximately 10 percent of the private-sector workforce.

Firm Size	Total Firms (in thousands)	Total Employees (in thousands)
Microbusinesses		
1 to 4 employees	2,922	6,057
5 to 9 employees	991	6,828
Larger Businesses		
10+ employees	1,329	111,346

Note: Employer firm totals are from 2018 and total employees data are from 2016.
Sources: Bureau of Labor Statistics, Business Employment Dynamics (2018); Census Bureau, Business Dynamics Statistics (2016).

4 The OIG interviewed a sample of 11 employees (postmasters, clerks, carriers, and mail handlers) across 10 facilities who received recognition in fiscal year 2018 for generating business leads through the Postal Service's Employee Engagement Programs (EEPs) and seven Business Development Specialists who follow up on opportunities submitted through the EEPs. The OIG also interviewed the manager of the USPS Customer Retention Team (CRT). The CRT is a call center that "qualifies" leads submitted by employees through EEPs, meaning the leads are screened with phone calls to ensure there is enough interest to warrant further follow-up.

5 Presenters included a USPS representative, executives from an online marketplace, a county small business commissioner, a microbusiness marketer, and a professor directing a non-profit for global microbusinesses. For more information about the event, please see https://www.uspsoig.gov/blog/microbusinesses-macro-impact.

6 The OIG worked with NORC at the University of Chicago (formerly known as the National Opinion Research Center) to develop the survey questionnaire and field the survey. The data collected from the survey are nationally-representative of the U.S. population of microbusiness owners and employees and are representative of their decision-making and experiences within microbusinesses. The survey participants were involved in the decision-making process or in carrying out decisions regarding their company's mailing and shipping activities.

7 U.S. Bureau of Labor Statistics, *Business Employment Dynamics*, https://www.bls.gov/web/cewbd/table_g.txt. There were also an additional 24.8 million nonemployer establishments — firms without any paid employees — in the United States as of 2016. U.S. Census Bureau, *Nonemployer Statistics*, https://www.census.gov/newsroom/press-releases/2018/nonemployer-taxi.html.

8 U.S. Census Bureau, *Business Dynamic Statistics*, https://www.census.gov/ces/dataproducts/bds/data_firm2016.html.

Microbusiness Spending on Postal Products

The OIG surveyed microbusiness spending on postal products and services, and their usage of USPS compared to other carriers. The results revealed interesting spending trends for shipping, Marketing Mail, and transactional mail.

Shipping

- ***The majority of microbusinesses send packages, and their average spend on shipping was $359 per month.*** Fifty-three percent of microbusinesses said they send packages in a typical month.[9]
- ***The Postal Service is the carrier of choice for microbusinesses.*** Microbusinesses more frequently use the Postal Service for shipping than other carriers. Seventy percent said they had used the Postal Service in the prior six months, which is far higher than for other package delivery companies (around 40 percent). Similarly, 56 percent of microbusinesses said they ship with USPS most frequently, compared with around 20 percent for other delivery companies.

Marketing Mail

- ***Of the microbusinesses that spend money on Marketing Mail in a typical month, the average spend was $327.*** However, half of microbusinesses said they do not spend money on mailed advertising in a typical month.[10]
- ***For microbusinesses that do send Marketing Mail, a majority expect their use of mailed advertising to stay the same or increase over the next year.*** Of the microbusinesses who did have Marketing Mail in their budget, 47 percent said they expect their use of mailed advertising to stay the same over the next year. Nearly 25 percent said they plan to increase their use of mailed advertising in the next year.[11] Meanwhile, 17 percent of microbusinesses with mail in their advertising budgets expect their use of mailed advertising to decrease in the next year. The OIG also asked if various Marketing Mail tools might make them more likely to send ad mail in the future. Nearly 40 percent said tools to improve return on investment or provide discounts, help them design ads, or better target customers could inspire them to send more ad mail.

"Seventy percent of microbusinesses expect their use of mailed invoices, bills, and other transactional materials to stay the same or increase in the next year."

Transactional and Correspondence Mail

- ***Microbusinesses spend an average of $195 per month on sending transactional and correspondence mail.***[12] For transactional mail, 51 percent said they expect their use of mailed transactional materials sent through the Postal Service to stay the same in the next year, compared with 19 percent who expect it to increase and 12 percent who expect it to decrease. Thirty-seven percent said they spend no money on these activities in a typical month.[13] This is an indication that although transactional mail is declining overall, microbusinesses who do use it are not anticipating decreasing their usage in the short run.[14]

How Microbusinesses Conduct Business with USPS

In addition to estimating microbusiness spending on postal products, the OIG explored how microbusinesses are conducting business with the Postal Service. We identified a few important trends. First, while price is a driver of shipping carrier selection, aspects of reliability are equally as critical, including reliable

9 The 38 percent of microbusinesses that do not spend money sending packages in a typical month were excluded from the average monthly spend calculation.
10 The 51 percent that do not spend money on Marketing Mail in a typical month were excluded from the average monthly spend calculation.
11 The most commonly selected types of mailpieces that microbusinesses plan to increase sending are promotional letters in an envelope, postcards, and self-mailers. The other survey response options were: coupon advertising, transpromotional, catalogs, newsletters or periodicals, or something else (open ended).
12 Transactional mail includes materials such as bills, invoices, or statements, while correspondence includes mail to deliver communications, such as informational letters or legal correspondence.
13 The 37 percent that do not spend money on correspondence or transactional mail in a typical month were excluded from the average monthly spend calculation.
14 For more information, please see OIG, *Transactional Mail: Implications for the Postal Service,* Report No. RARC-WP-18-007, April 16, 2018, https://www.uspsoig.gov/sites/default/files/document-library-files/2019/RARC-WP-18-007.pdf.

"We could not build homes without on-time shipments of products. That is the livelihood of what we do."

"Filings have to get to court on time. It could be the difference between having a defense or not having a defense."

"Although we are constantly looking for ways to save money, we choose our mailing products based on convenience and past experiences."

delivery time expectations and package security. The OIG's research also demonstrated the extent to which microbusinesses prefer to interact with the Postal Service using traditional retail channels.

Price is Important, but so is Reliability

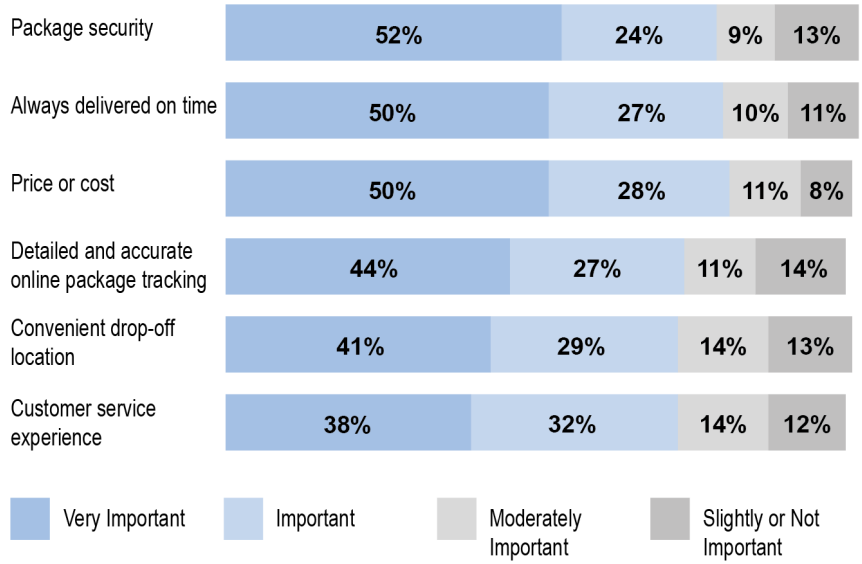
Microbusiness owners and employees are busy, frequently juggling responsibilities across all aspects of their business — from product development, to accounting, to advertising. Given their limited staffing, microbusinesses need a reliable Postal Service that also saves them time. The OIG's conversations with microbusinesses demonstrated that many rely on the Postal Service to keep their business running.

The OIG wanted to better understand what elements of a "reliable" experience — from accurate delivery times to dependable customer service — are most critical for microbusinesses when deciding between carriers. Our national survey tested the importance of 11 potential drivers of decision-making when choosing a carrier. The survey results demonstrate that while price is important (50 percent rated it as "very important"), it is not the sole dominant factor for microbusinesses in choosing a carrier. We found that package security and on-time delivery were rated as "very important" in choosing a carrier at a similar frequency as price — 52 and 50 percent, respectively. The other top factors in selecting a carrier included detailed and accurate online package tracking (44 percent), convenient drop-off locations (41 percent), and the customer service experience (38 percent).[15] Figure 2 shows additional insights from the survey.

Figure 2: Microbusinesses Want Secure and Reliable Delivery

PACKAGE SECURITY, RELIABILE DELIVERY TIME, AND PRICE WERE THE TOP FACTORS IN CHOOSING A CARRIER

Microbusinesses rated package security, reliable delivery time, and price as similarly important in their decision-making process when selecting a carrier.



Percentages do not sum up to 100 percent due to participants who chose not to answer this question.
Q: When you are selecting a shipping company for sending your company's packages, how important are each of the following factors to you in your overall decision-making process?
Source: USPS OIG survey of microbusiness owners and employees.

The good news for the Postal Service is that for each of these factors, microbusinesses rated its performance as similar or better than other carriers. In particular, microbusinesses rated the Postal Service as better than the

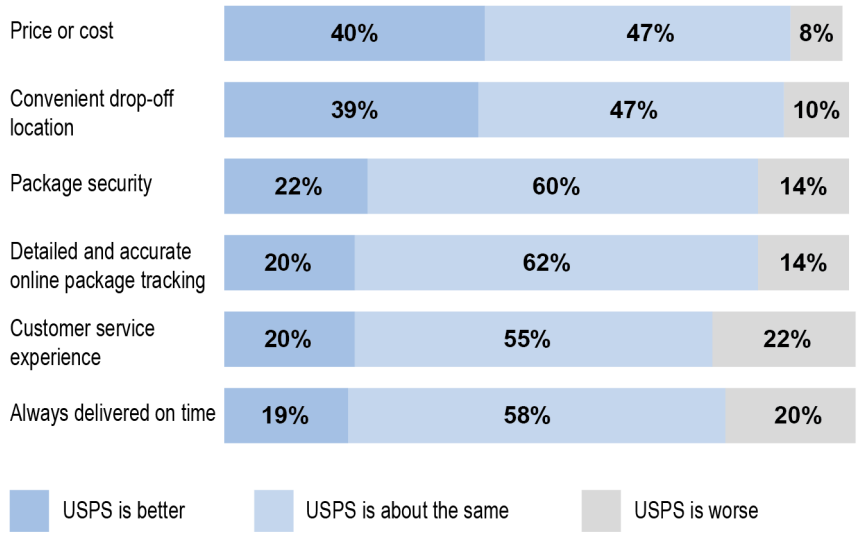
15 Additional factors tested for selecting a carrier were: variety of delivery options (box sizes and shapes), convenient online offerings, convenient in-store experience, and reliable expedited shipping (for example, overnight). These factors are not displayed in Figure 2 because fewer microbusinesses rated them as very important in decision making.

competition on price and the convenience of drop-off locations, as shown in Figure 3.

Figure 3: For Microbusinesses, the Postal Service Excels on Price and Location

NEARLY 90 PERCENT OF MICROBUSINESSES SAID THAT USPS IS THE SAME OR BETTER THAN OTHER CARRIERS ON PRICE AND CONVENIENT LOCATIONS

The OIG surveyed microbusinesses on how the Postal Service compares on factors they considered when choosing a shipper. Microbusinesses rated the Postal Service as similar or better than competitors for the top factors for decision making. Perceptions of the Postal Service brand are strongest for price and convenient drop-off locations.



Percentages do not sum up to 100 percent due to participants who chose not to answer this question.
Q: For each of the factors below, rate how the United States Postal Service compares to other carriers, in your experience.
Source: USPS OIG survey of microbusiness owners and employees.

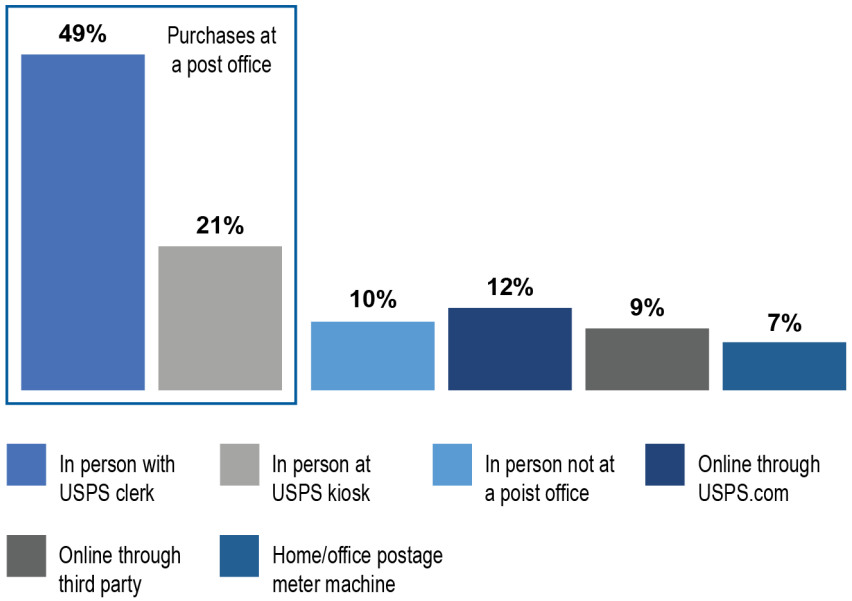
Customer perceptions on price, package security, and on-time delivery are likely important factors in USPS being the carrier of choice for microbusinesses. To further explore microbusinesses' postal experience, the OIG next examined when, where, and how frequently they are using postal services. The following section details some key themes from this research.

Microbusinesses Use Traditional Retail Channels

The OIG's conversations with microbusinesses and our subsequent survey results indicate that many engage through traditional retail channels. This is consistent with how everyday non-business customers interact with the Postal Service. The following are some of the key ways that microbusinesses are reliant on the retail presence of the Postal Service.

Microbusinesses use traditional retail methods to pay for postage. The OIG found that most microbusinesses (69 percent) use traditional stamps for sending letters. Others (23 percent) typically purchase postage for mail online, through a meter, or using a permit imprint indicia. Similarly, almost 70 percent purchase postage for packages at a post office, while 29 percent purchase postage for packages online or through a postage meter. Those that do purchase postage for packages online used USPS.com and third-party providers at similar rates — overall, 12 percent said they typically use USPS.com and 9 percent typically use a third-party provider, as shown in Figure 4.

Figure 4: Microbusiness Channels for Purchasing Postage for Packages



Note: This survey question did not identify specific "in person not at a post office" locations, but such locations could include Contract Postal Units operated by suppliers on space not owned or leased by the Postal Service. Percentages sum over 100 percent because this question was "select all that apply." Twelve percent responded that they do not purchase postage for USPS packages or "other."
Q: When purchasing postage for a business package to be sent via the United States Postal Service, how do you typically buy the postage?
Source: USPS OIG survey of microbusiness owners and employees.

Microbusinesses are frequent visitors to retail post offices and are generally satisfied with their retail experience. As a majority use traditional stamps, it is not surprising that microbusinesses are also frequent visitors to post offices. Seventy-three percent of owners and employees said they or someone from their business visits a post office at least once per month, with 31 percent visiting at least once per week. Those who visit at least once a month are generally satisfied with their retail experience; 66 percent rated their experiences positively compared with only 14 percent who rated it negatively. The top responses for ways they think the retail experience could be improved are focused on convenience — shortening their wait times (47 percent) and offering more hours of availability (40 percent).

"Sixty-six percent of microbusinesses that visited at least once per month rated their experiences at retail locations positively compared with 14 percent who rated it negatively."

Microbusinesses use the USPS website less frequently, but online package tracking is important for their businesses. Less than half (49 percent) of microbusinesses said they visit USPS.com at least once per month, and 19 percent visit at least once per week. Of those who said they visit the website at least once per month, 62 percent rated their experience with the website as somewhat or very positive. Package tracking is a particularly important function of the website. Most of the microbusinesses that visit the website on a monthly basis use it to track packages (60 percent), and 72 percent of microbusinesses considered online package tracking an "important" or "very important" factor when choosing a carrier. While 78 percent of microbusinesses said the Postal Service meets their needs for package tracking, more advanced tracking was one of the highest areas of interest discussed in our message boards. Many businesses were interested in more precise or dynamic tracking innovations as inaccurate tracking caused significant frustration. Likewise, in the OIG's survey, nearly half (49 percent) of microbusinesses said that they would use a mobile app for tracking business packages automatically — that is, without having to enter shipping numbers — at least once per week.

Retail is a preferred means of engagement for a variety of customer service-related issues. The OIG survey asked about preferred channels for getting help with various tasks, as shown in Figure 5. While preferences varied somewhat according to the scenario, an in-person clerk was consistently chosen at high rates, even compared with online options like email and chat, or online FAQs. The in-person option was particularly popular when needing assistance with sending a package or for the critical issue of lost or late mail or packages. The combination of call center and online options were also popular for issues of lost or late mail. This is more evidence of how valuable the retail experience is for microbusinesses, and points to potential challenges associated with converting these customers to digital, self-service solutions.

Figure 5: Preferred Customer Service Channels

MICROBUSINESSES TURN TO CLERKS FOR HELP

The OIG asked microbusinesses which customer service channels would be most valuable for their business in getting help for various tasks and needs. In-person clerk was chosen at high rates for most of the tasks. In particular, microbusinesses chose in-person clerk at higher rates for packaging assistance and for problems with lost/late mail or packages.

Issue or question \ Preferred channel	Call center	Online chat or email	Online FAQs for small businesses	Self-service automated kiosk	In-person clerk
Questions about United States Postal Service shipping services	16%	23%	19%	7%	**31%**
Assistance with sending a package	12%	16%	11%	10%	**44%**
Problems with lost/late mail or packages	25%	21%	6%	6%	**37%**
Learning about advertising mail services	13%	21%	**27%**	8%	25%
General questions regarding United States Postal Service support and services for small businesses	17%	23%	22%	7%	**26%**

Note: Rows do not sum up to 100 percent due to some participants who chose not to answer this question.
Q: Thinking about getting help for various tasks, which of the following solutions would be the most valuable for your small business, for each of these needs?
Source: USPS OIG survey of microbusiness owners and employees.

While microbusinesses are satisfied with the Postal Service overall, the findings in this section demonstrate the extent to which they rely on traditional retail channels. Postal products are important for the operation of their businesses, but many microbusinesses are either unaware or choose not to use the online tools that could enhance their experience. The next section explores this topic and highlights some opportunities to better cater to microbusinesses.

Opportunities to Better Cater to Microbusinesses

The OIG's research revealed several potential opportunities to improve engagement with microbusinesses. In our online message boards, several participants said they would appreciate any resources that will minimize the time they have to spend on resolving postal issues. Simplicity and convenience were fundamental in their thoughts on how to improve the postal experience. Notably, the OIG identified a lack of awareness for several online services that could be beneficial to microbusinesses. Promoting online tools that can save microbusinesses' time and effort will be important to enhancing their experience. Insights from this section could help guide the Postal Service in assessing opportunities to maintain and grow market share and customer satisfaction.

"Simplicity and convenience are fundamental in microbusinesses' thoughts on how to improve the postal experience."

Promoting Awareness of Existing Products and Services

There are several existing services that many microbusinesses would find valuable and use, if they only knew they were available. The most promising example that the OIG identified is the Postal Service's online tool for scheduling a package pickup.

Package Pickup

The Postal Service offers an online Package Pickup service that allows customers to schedule a carrier pickup of an unlimited number of packages. The packages are typically picked up by the customer's normal carrier when delivering mail to the address, but for a fee customers can choose a two-hour time frame for pickup using USPS's Pickup on Demand service.[16] This service is ideal for a small entrepreneur, potentially working out of their home, who can plan to be home during that time window and not have to worry about leaving packages out unattended.

"Do they come pick up packages if we call them[…]? If not, they should do that."

"I wish the letter carrier could pick up mass mailings (of 30-50 packages) when they deliver mail and do so at no additional cost."

"Local pickup from our office would be nice. The pickup could be requested by phone or web-site requests."

The OIG's research confirmed that this could be a very useful service to microbusinesses, but many are not aware of it. In fact, some participants in the OIG's message boards said carrier pickup was a service they wished existed, unaware that they can schedule a carrier pickup on the Postal Service's website for no charge. The OIG likewise heard from Postal Service employees that many smaller businesses they have interacted with were not aware of the service, and they will sometimes approach the carriers to informally arrange package pickup at the end of the day. Several employees noted that package pickup could be a compelling selling point with microbusinesses.

16 Information on these two services is available at the following link: https://usps.force.com/faq/s/article/What-is-Package-Pickup. The current fee for Pickup on Demand is $23, according to the link at https://pe.usps.com/text/DMM300/Notice123.htm. In addition, customers who regularly schedule pickups with the Postal Service can also sign a PS Form 5543 for a No Fee Pickup Service Agreement to waive the fee for time-specific pickups.

"Only a third of microbusinesses surveyed were aware of USPS's Package Pickup service, but 57 percent said they were interested in using the service."

The OIG's national survey found that only 33 percent of microbusinesses were aware of the Package Pickup service. However, once hearing about it, 57 percent said they were interested in using the service. Equally compelling, of those microbusinesses interested in using the service, nearly half (48 percent) said they would be likely or very likely to pay a fee if the service guaranteed a specific time for package pickup. This indicates an opportunity for the Postal Service to better promote package pickup services to microbusinesses.

A lack of awareness of the Package Pickup service also means that many microbusinesses are taking time out of the work day to bring business deliveries to the post office or potentially are choosing another carrier. Our survey found that a majority of microbusinesses surveyed (53 percent) usually drop off business packages directly at the post office. Thus, promoting awareness of the Package Pickup service may be an opportunity for USPS to bolster its online engagement with local shippers. In addition, it would allow the Postal Service to foster a relationship with a business to guide them to other USPS services, such as Marketing Mail or other shipping products.

Every Door Direct Mail and Click-N-Ship

As with Package Pickup, microbusinesses lack awareness of some of the other services that the Postal Service tailors to smaller businesses, including Every Door Direct Mail (EDDM) and Click-N-Ship. EDDM is an online tool that businesses can use to more easily and simply send Marketing Mail. Users can select where their advertising is delivered by choosing neighborhoods according to various characteristics such as age, income, or household size.[17] Even though this product is specifically targeted to small businesses, the OIG found that 70 percent of microbusinesses had not heard of EDDM. Twenty percent had heard of it, and only 3 percent had tried it. Once survey participants read about the program, the OIG also asked them about their interest in using the service. Of the microbusinesses who had not previously heard of EDDM, or had heard of it but never tried it, one-third (33 percent) said they would consider using it, while 41 percent said they would not. Twenty-four percent said they were not sure.

"Seventy percent of microbusinesses had not heard of EDDM."

Click-N-Ship is another tool that is ideal for small business shippers because it allows customers to pay and print shipping labels directly through the USPS website. Although awareness among survey participants was greater for Click-N-Ship than for EDDM, a majority of microbusinesses (51 percent) said they have not heard of it. Of the microbusinesses who have heard of Click-N-Ship, 34 percent reported having used it.

Shipping Supplies

The OIG's research indicated that microbusinesses are frequently unaware that they can order free shipping supplies online. Postal Service employees told the OIG that this service is often a great opportunity to encourage small or microbusiness to engage more with USPS. The OIG also found that many microbusinesses are interested in more variety when it comes to package sizes and designs. For instance, 58 percent said they would consider taking advantage of a greater variety of package colors, including those that match their company's color scheme.[18] The Postal Service already offers some variety in packaging colors and designs, but further promotion or development in this area may be an opportunity.

17 EDDM was launched in 2011 as an expansion of Simplified Addressing and allows customers to send mailings without the recipient's full name or address, instead addressing the mailpieces to "Postal Customer" and indicating the desired distribution with a facing slip (for example, 5-digit ZIP Code and route number). EDDM is targeted to small businesses and makes it possible for them to select their desired distribution online and without a permit or the expense of list purchasing.

18 Fifty-eight percent said they would be somewhat likely, likely, or very likely to use different colored packaging provided by the Postal Service.

Bridging the Physical and Digital Experience

Given how engaged many microbusinesses are with the Postal Service on a retail level, it is important to understand where there may be opportunities to bridge the retail experience with USPS's digital offerings. Efforts to link the physical and digital experience can improve microbusinesses' engagement with products they already use and introduce them to new services that could help their business.

The OIG's survey tested microbusinesses' interest in several outreach efforts tailored specifically to small businesses like theirs. Some of these ideas may currently be under consideration or in development, and the OIG's objective was to gauge the extent to which microbusinesses believe these would be helpful for their own business. We found that even though microbusinesses are heavily engaged with the Postal Service on a retail level, a majority (54 percent) believed that an online information and support center dedicated to small businesses could be helpful to their business, as shown in Figure 6.

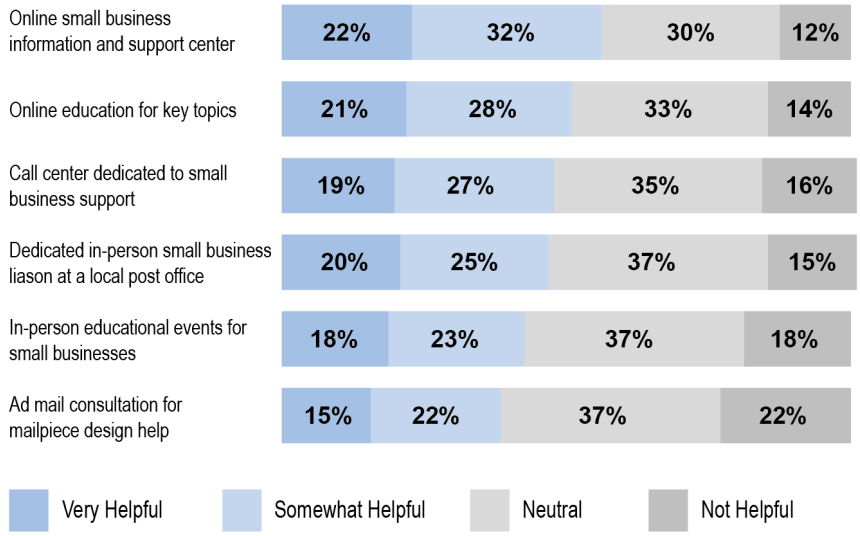
Fewer microbusinesses were interested in consultation for advertising mailpiece design, which is not surprising given that a large percentage of microbusinesses do not dedicate any portion of their advertising budget to advertising mail. To test interest in the digital-physical integration that the Postal Service provides through its Informed Delivery platform, the OIG described Informed Delivery to survey participants and asked them: "If a large percentage of your business's customers were signed up to receive Informed Delivery emails, do you think your business would be more likely to send them advertising mail?" Twenty percent said that they would be more likely, whereas 44 percent said they would not.

The popularity of an online small business information and support center is encouraging, especially since the Postal Service has already made great strides in this area, recently having launched a small business section of its website.[19] The task will be to ensure that microbusinesses are adequately steered to this resource and are exposed to the online tools that provide direct convenience for core postal services. Online tracking is the most common reason microbusinesses are visiting USPS.com. This means it can be a potential channel that the Postal Service leverages to steer microbusinesses to other useful online tools that they are unaware of (for example, Package Pickup and Click-N-Ship). Importantly, the Postal Service could also explore opportunities to harness retail and delivery touchpoints, including its workforce, to promote online services and foster engagement. The next section explores the importance of the USPS workforce in this regard.

Figure 6: Microbusiness Interest in Potential Small Business Initiatives

A MAJORITY OF MICROBUSINESSES THINK AN ONLINE SMALL BUSINESS AND INFORMATION SUPPORT CENTER WOULD BE HELPFUL

Fifty-four percent of microbusinesses said an online small business and information support center would be helpful for their businesses.



Note: Percentages do not sum up to 100 percent due to some participants who chose not to answer this question.
Q: In what ways could the United States Postal Service specifically benefit a small business like yours? Please indicate how helpful each possibility would be for your business' needs today and in the future.
Source: USPS OIG survey of microbusiness owners and employees.

19 See the Postal Service's website for small businesses at the following link: https://www.usps.com/smallbusiness/.

Harnessing the USPS Workforce

The Postal Service's employees are on the front lines of engaging with microbusinesses. Mail carriers visit businesses six days a week, sometimes interacting with the owner or employees personally. A carrier may see or interact with a new business on their route that could benefit from a Marketing Mail campaign or shipping services. Likewise, a postal clerk could recognize a regular microbusiness customer in the post office who might benefit from other services and connect them with a sales representative. The Postal Service's massive workforce is an asset for sharing information and fostering relationships with microbusinesses on a local level. Yet, in the OIG's survey only 16 percent of microbusinesses said that a postal employee had directly shared information with them about postal services or products that can help their business.

As part of its current small business strategy, the Postal Service utilizes its workforce through several Employee Engagement Programs (EEPs). These programs are a critical opportunity for the Postal Service to leverage its workforce to better serve microbusinesses. There are six types of EEPs, generally structured around employee craft and for postmasters. In recent years, the Postal Service partnered with labor unions to create programs that encourage employees to identify new business opportunities and submit promising leads. Taken together, EEPs are a significant source of revenue for the Postal Service, accounting for nearly $884 million in FY 2018, with over 350,000 activities or leads documented. Figure 7 provides additional details on the programs.

Figure 7: Overview of EEPs

EMPLOYEE ENGAGEMENT PROGRAMS ARE A SIGNIFICANT SOURCE OF REVENUE

In FY 2018, EEPs accounted for nearly $884 million in revenue for the Postal Service.

Employee Engagement Program	Employees Involved in Program	FY 2018 Revenue	Total Activities/ Leads
Business Connect	Postmasters, managers, and customer service supervisors	$341,087,959	261,915
Clerks Care	Clerks (American Postal Workers Union)	$267,041,513	27,936
Customer Connect	City letter carriers (National Postal Workers Union)	$168,875,717	47,272
Mail Handlers Lead Program	Mail handlers (National Postal Mail Handlers Union)	$4,659,245	1,389
Rural Reach	Rural letter carriers (National Rural Letter Carriers Association)	$52,959,952	16,546
Submit a Lead	Employees who are not participating in any of the programs listed above	$48,982,160	11,456

Note: While Business Connect is not explicitly a lead generation program, it does document activities that lead to new or increased revenue.
Source: USPS OIG analysis of USPS data.

The OIG interviewed employees involved with the EEPs to understand their experience with the program and their interactions with microbusinesses. To make sure that we heard from employees who have been recognized for their passion in connecting local businesses with the Postal Service, the OIG spoke with 11 employees who were recognized in 2018 for their participation in EEPs. These 11 employees included postmasters, clerks, city and rural carriers, and mail handlers. The OIG also spoke with seven Business Development Specialists (BDSs) to get their perspective on EEPs. BDSs are District-level sales representatives who are responsible for following up on leads submitted through the EEPs. To understand program policies and performance, the OIG also spoke with officials managing the EEPs and the Customer Retention Team (CRT). Altogether, these interviews gave us perspective on the tremendous value of the EEPs, and on some of the challenges the programs face. These conversations with employees revealed opportunities to better leverage EEPs[20] and local employees to promote awareness of services to microbusinesses, improve program coordination, and further incentivize employee participation.

Leveraging EEPs and Local Employees to Promote Awareness

Postal Service employees have a direct connection with small and microbusinesses, which gives them a fantastic opportunity to have first-hand discussions with the business owners and employees about their postal needs. Even casual conversations can foster a relationship with local businesses and bring in new revenue. Figure 8 highlights three personal experiences that employees shared with the OIG about their interaction with local businesses.

Figure 8: Examples of Employee Interactions with Local Businesses

Three Stories of Community Connections

A **rural letter carrier** found that delivering keys after changing the locks on their mailbox is a great touchpoint for reaching out to new local businesses. Some of the businesses he spoke with while handing out keys were interested in learning more about the Postal Service's services, one of which resulted in $38,000 in revenue.

A **city letter carrier** got to know the owners of a small beauty supplies company on his route and learned they were dropping off a car-full of packages at the post office daily. He let them know they could schedule pickups from their business, and after trying it out, the company began sending more of their parcels via USPS, which could lead to over $1 million in annualized new revenue.

A **postmaster** in a small rural community called local businesses in her town to make sure they knew about the Postal Service's EDDM service. One call piqued the interest of a local storage company who tried an EDDM campaign for the first time. The customer found that the EDDM platform was useful for expanding the campaign to surrounding towns and has used EDDM several times since.

These stories illustrate how employees can be effective ambassadors to local businesses.

20 The OIG spoke with one BDS from each of the Postal Service's seven Areas: Eastern, Northeastern, Capital Metro, Great Lakes, Pacific, Southern, and Western.

Opportunities for Improvement

The Postal Service could make better use of these interactions with businesses by providing educational marketing materials that are targeted for small and microbusinesses. EEP employees can already hand out small lead cards to businesses interested in postal services. However, while these cards contain some information about shipping services and EDDM, they are focused on collecting the business's information after they have already spoken with an employee and expressed an interest in learning more about services. Making an earlier and potentially more lasting connection could be critical.

Some employees told the OIG that beyond the lead card, they could use additional promotional materials to hand out to potential business customers. Brochures or flyers, along with retail signage, are basic ways for employees to promote awareness of services — such as Package Pickup, Click-N-Ship, or free shipping supplies. Postal Service officials shared small business-related brochures with the OIG, and those materials are a good step. But ensuring that such materials are available to all interested employees across the country, including those in the EEPs, could better help promote postal services with microbusinesses.

Some postal employees have used their own creative instincts to offer materials that promote postal services and help local businesses. In fact, one postmaster in a small New England town shared a pamphlet with the OIG that she developed herself, which served as a holiday season directory of local small businesses. It provided contact information and promoted the Postal Service's EDDM service and Informed Delivery. The pamphlet connected customers to the small businesses and spurred mailing and shipping revenue for the post office, according to the postmaster. This postmaster went above and beyond, but this is one creative example of marketing materials that can resonate with local businesses when shared by employees.

Closing the Follow-Up Loop

Improving coordination in the EEPs is another way the Postal Service could enhance outreach to small and microbusinesses. Both BDSs and EEP participants shared concerns about the timely and effective follow up of leads, which may have negatively affected relationships with businesses. The OIG found that much of the concern stems from coordination challenges during lead follow-up, which involves several touchpoints between the Postal Service and the customer.[21] The first attempt to contact the business might be quick but, in some cases, limited coordination can result in prematurely closing a business opportunity.[22]

When a lead is submitted by an employee into an online system, it is first funneled to the CRT for "qualification" — which means an agent calls the business to ensure there is enough interest to warrant further follow-up.[23] If the response is positive, the system will automatically assign the lead to a local BDS if the potential annual revenue is under $35,000.[24] Once received, the BDS will then reach out to the business to discuss products and complete the sale. Only at this point — with the third Postal Service representative — does the customer get a chance to have a conversation about their specific postal needs. The workflow for this process is outlined in Figure 9.

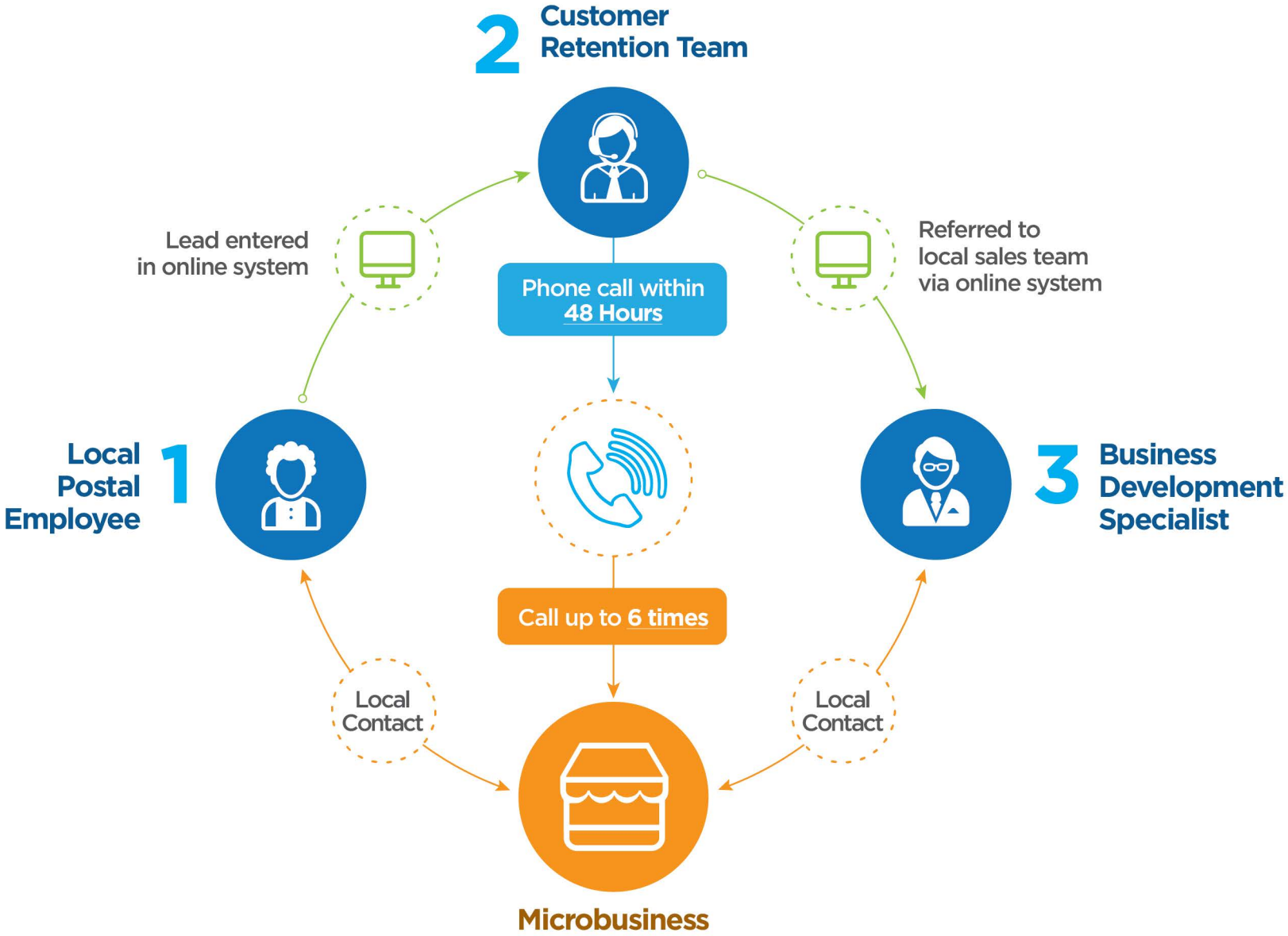
21 A 2013 OIG audit report surveyed postmasters about growing revenue from small business customers. The report also cited the need for clear communication paths between postmasters and sales staff, among other recommendations. USPS OIG, *Small Business Growth,* Report No. MS-AR-13-009, June 20, 2013, https://www.uspsoig.gov/sites/default/files/document-library-files/2015/ms-ar-13-009.pdf.

22 CRT is advised to contact the business customer within 48 hours of receiving the lead in the online system.

23 Leads are submitted and tracked through a system called Panorama by Salesforce. The agents follow a script to gather information about the business's current spending on USPS products and confirm the business is interested in speaking with someone from the sales team.

24 Leads go to the field sales team if the potential revenue is over $35,000. This is automatically processed due to set business rules in the system, based upon information the CRT agent and employee has entered.

Figure 9: Workflow of Lead Submission and Follow Up in EEPs



Source: OIG analysis of EEP materials and conversations with USPS officials.

While this process can be useful to screen out uninterested leads, issues stemming from limited coordination and communication between CRT and BDSs could be holding the EEPs back from greater success. Most of the BDSs (six of seven) we interviewed said they do not have direct interactions with CRT. In particular, a few BDSs shared that even when they do have issues with a lead or business, they are not allowed to contact CRT directly. The manager of CRT confirmed to the OIG that even though CRT agents can leave notes in the online system that BDSs can access, there are not direct interactions between BDSs and CRT. This resulted in two types of complaints the OIG heard from BDSs:

- **Delays in reaching out to promising leads.** BDSs noted instances where coordination issues delayed their contact with a lead. They must wait for the CRT agent to successfully reach the customer or close the lead before reaching out themselves. Even if they have developed a personal connection with the potential customer, BDSs told us that they cannot take over a lead while it is open with CRT.
- **Prematurely closing promising leads.** BDSs expressed frustration that leads they personally believe to be good are closed too early by CRT. This could be because the business did not answer the phone or return a voicemail.[25] Once closed by CRT, the leads are not sent forward in the system to the BDS. This means that BDSs are not aware of these leads until an employee brings it up to them to complain about lack of follow-up. The BDS must then re-open the lead through a follow-up case — resulting in significant delay in reaching out to a promising lead.

These kinds of coordination and communication challenges might be causing the Postal Service to lose opportunities to connect with important new customers and bring in additional revenue. This is not a hypothetical concern — one BDS told the OIG that businesses sometimes reach out to other carriers if the Postal Service is too slow on following up with EEP leads. To address this, several BDSs said they developed their own internal process to circumvent this workflow with CRT. For instance, one BDS gives employees pre-stamped envelopes so that they can mail promising leads directly to them, which they said happens daily. However, these individual creative solutions are not part of formal processes shared across the country.

Opportunities for Improvement

A formal mechanism for communication and coordination to follow up on EEP leads could help minimize the risk of prematurely closed leads and other missed opportunities. The current procedures for EEP lead follow-up do not explicitly define a way for CRT and BDSs to coordinate. The Postal Service could also document the EEP lead follow-up workflow in a standard operating procedure (SOP), including contact information for key groups and individuals involved, and communicate this SOP with all employees involved in the process. Quick follow-up on leads can also be a powerful way to inspire employees to be even more enthusiastic about submitting leads.

Incentivizing Participation and Motivation

The Postal Service has promising opportunities to further motivate employees to actively participate in the EEPs. Importantly, leadership can ensure that EEPs and outreach to small and microbusinesses are organizational priorities. We heard from several BDSs that communicating the importance of EEPs for the Postal Service's bottom line could help to ensure that postmasters truly value local outreach to small and microbusinesses and in turn encourage participation. Equally important, goal setting can solidify behaviors. Postal Service leadership told the OIG that they have a goal of raising the employee participation in EEPs within a unit from its current level of 6 percent up to 35 percent. Finding ways to incentivize and motivate employees could bolster participation in the EEPs, leading to increased outreach to microbusinesses.

> *"Some Business Development Specialists have created their own processes to directly receive and reach out to promising leads."*

25 Customers may be hesitant to respond to an agent from a call center rather than someone local from their community or they may not realize they had been called by the Postal Service, according to a BDS.

Opportunities for Improvement

Strategies to encourage employee participation in the EEPs could be twofold: ensuring employees receive feedback on leads they submit and exploring new incentives to encourage active participation.

Ensuring feedback to employees. Giving employees feedback on the outcome of leads they submit is a powerful way to boost morale and encourage them to continue finding new business. However, over half of the EEP-participating employees that we interviewed told us that they never received feedback on the leads they submitted. Considering the size of the workforce, individual feedback can be challenging. However, absence of any feedback can discourage employees, as they may wonder if anybody is acting on their efforts. As one employee told the OIG, "If there's no follow up, then why should we care?" Postal Service officials said follow-up information is supposed to be communicated through postmasters posting lead status reports weekly, and that BDSs train postmasters to do so. Yet, this process has not been effectively implemented nationwide, and nearly all the BDSs that we interviewed said that weekly lead status reports are not posted.

Exploring employee incentives. Providing direct incentives to employees may be another opportunity to boost morale and encourage participation. The OIG interviewed employees who were recognized for their successful efforts in the EEPs, and many emphasized that they are driven by their own desire to support and grow the Postal Service. It is encouraging to hear from employees so driven to promote the organization, but there may be opportunities to incentivize even more employees to participate in the EEPs. In fact, there are some existing program incentives that focus on recognizing employees for successful lead submission. For instance, top performers in the EEPs receive national recognition and the chance to meet with Postal Service executives. And on a local level, at the discretion of the area or district officials, employees can receive recognition from BDSs or in newsletters when they submit leads that translate into sales.[26]

For many dedicated employees, even seemingly little tokens of appreciation could go a long way toward acknowledging their deep commitment. Employees said that simply hearing congratulations and receiving some acknowledgement are greatly appreciated. The Postal Service could work to standardize and promote such recognition on a local level. Working with labor union stakeholders, the Postal Service could also explore creating new individual incentives for employees participating in the EEPs. These efforts may inspire more employees to participate and promote valuable postal products and services.

How can USPS improve the EEPs?

- Ensure that employees know what happened with the leads they have submitted.
- Explore new incentives for participation.

OIG Recommendations

To better ensure that the Postal Service is effectively serving the needs of microbusinesses, we recommend that the Acting VP of Sales for the U.S. Postal Service:

1. Distribute and make available marketing materials to employees to share with businesses during lead generation activities.
2. Implement a formal mechanism for communication and coordination between the Customer Retention Team and Business Development Specialists to ensure there is a timely and effective response to business leads, such as minimizing premature closure of leads.
3. Implement controls to ensure there is an effective process for timely communication of lead outcomes with the employee who generated the lead.

26 Several BDSs and employees told the OIG that another incentive they have seen offered is breakfasts for a unit from which a successful lead is submitted. A few employees also told the OIG that they received small gifts, such as a water bottle or lanyard, as a token of appreciation for submitting a successful lead.

4. Document the complete workflow of lead follow-up for Employee Engagement Programs in a standard operating procedure, including contact information for key groups and individuals involved, and communicate this procedure with relevant employees.

5. Identify and execute best practices nationwide to increase participation in Employee Engagement Programs to meet internal participation goals, including exploring how to implement new employee incentives.

Conclusion

As the Postal Service plans and develops new resources for small businesses, our study highlights the importance of understanding the unique needs of the microbusiness segment. While small in employee size, they represent a large percentage of employers nationwide and are highly engaged with the Postal Service. Microbusiness owners and employees go to post offices frequently to purchase postage and ship packages, and they are generally satisfied with their experience. Other carriers are actively pursuing the microbusiness market. The Postal Service is already well-positioned as the partner of choice and must continue to strategize to maintain and grow these businesses as customers. For instance, the Postal Service has products and services that could be of value to microbusinesses, but they are not aware of them, including the online tool for scheduling a package pickup.

The gaps in knowledge and awareness make clear that there are opportunities for the Postal Service to improve outreach. We found that microbusinesses usually act as traditional retail customers. The Postal Service has a unique asset in having a workforce where employees can interact directly with potential customers to generate leads through the EEPs. These programs have great potential, but they could be more effective with improved coordination and by exploring new or standardized employee incentives. By using its retail network and workforce to boost awareness of products and services, the Postal Service can ensure it is a key piece of the puzzle helping America's microbusinesses thrive.

Management's Comments

Management agreed with all five recommendations and described planned corrective actions for recommendation 4. Regarding the other four recommendations, management suggested that they can be closed as implemented due to actions preceding issuance of the OIG's white paper. These existing actions include additional marketing materials, quarterly meetings, trainings, bulletin board postings, and review of employee incentive programs, among other things.

Evaluation of Management's Comments

The OIG considers management's comments responsive to recommendation 4 and believes the stated corrective actions should resolve the issues identified in the white paper. The OIG considers management's comments partially responsive to recommendations 1, 2, 3, and 5. Regarding those four recommendations, the OIG concludes that the existing actions cited by management may not fully resolve the issues identified in the OIG's white paper. For those recommendations to be closed, management should provide documentation on the actions taken that also shows how those actions will resolve the specific issues cited by the OIG.

All recommendations require OIG concurrence before closure. Recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

Appendices

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Appendix A: Online Discussion Board Methodology

Like focus groups or guided interviews, a qualitative online discussion board is a community that participates in moderated discussions and exercises over the course of several days to elicit feelings, opinions, emotions, and drivers of activity. The online discussion board for this study was hosted from October 23 to 30, 2018, with 23 owners or employees of microbusinesses. The OIG worked with GfK and 20/20 Research to host the discussion board.

Participant Recruitment and Interactivity

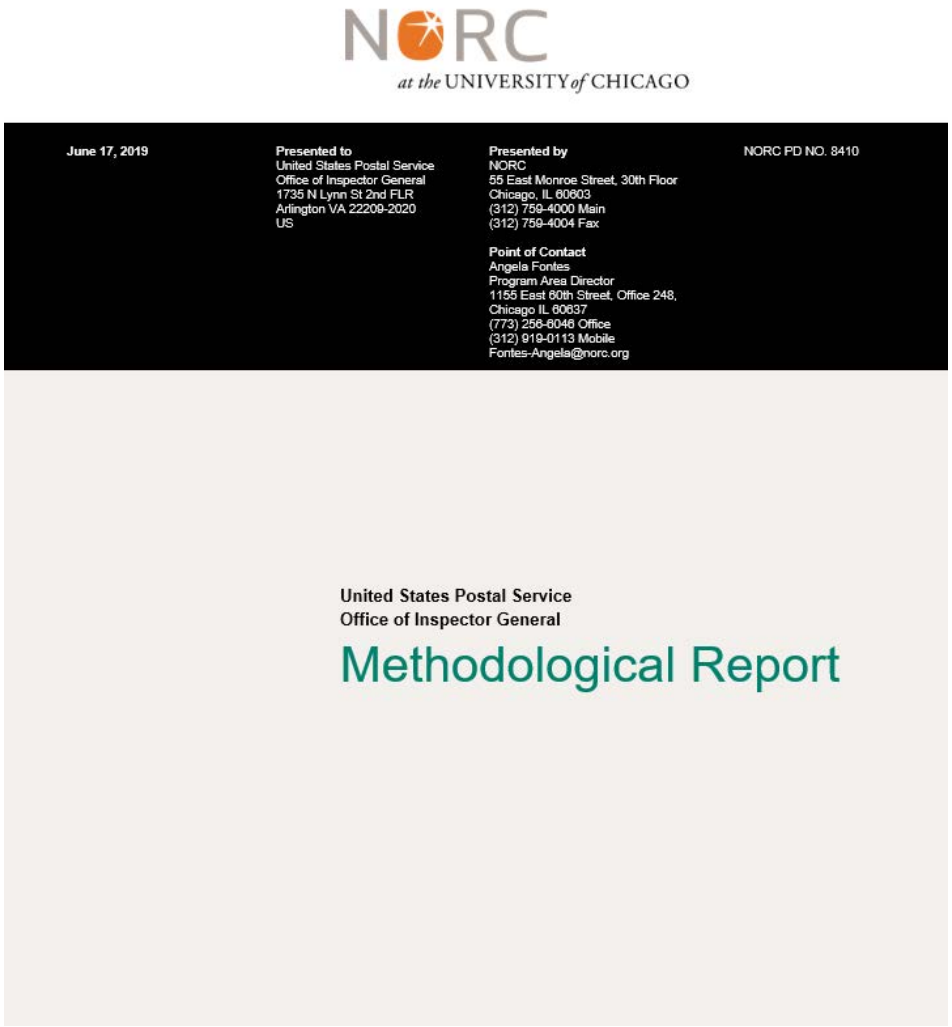
Respondents were recruited from GfK's proprietary online panel — KnowledgePanel — using a 7-minute questionnaire designed to "screen in" the most responsive and articulate microbusiness owners and employees from all parts of the country. Potential participants were "screened out" if they were unable to clearly describe their work and some challenges they face. The OIG chose a group that included a mix of age, gender, and location. Participants were also required to have sole or shared responsibility in the decision-making regarding their business's use of Postal Service. The discussion board included a group of individuals who worked for a diverse range of microbusinesses (by business size, region, and type of business). Following the screening process, a total of 53 individuals were invited to the discussion board, and the 23 participants who completed all three days of exercises received a $50 incentive.

The moderator greeted the discussion board participants each morning with a new set of topics and exercises that took approximately 45 to 60 minutes to complete. Respondents could participate and complete the assignments using the digital device of their choice (desktop, laptop, mobile device), and at their convenience (e.g., they could sign on in the morning and do the first exercises on their laptop, then finish the rest on their smartphone after school/work). OIG representatives had real-time access to the discussion board and provided comments, questions, and instructions to the moderator to allow for additional probing, prompts, and explanations. The moderators had the ability to instant message privately with individual participants to follow up and delve deeper with more questions.

Discussion Guide

The question guide for the discussion board was structured into three themes. The first theme of questions focused primarily on introducing the topic and having participants unpack their involvement with all things shipping and mailing. The second theme of questions centered on the decision-making process for shipping and mailing activities, specifically exploring services and brands they use to meet distinct postal needs. The third theme of discussion explored how these businesses have changed/evolved over time with regard to their shipping, mailing, and advertising needs, what the ideal postal experience might look like, and what needs to happen in order to make it possible.

Appendix B: Survey Methodology



This report summarizes and justifies the methodological approach (e.g., methodology and each of the different phases of the project) employed to accomplish the overarching project objectives. In addition to the data files produced by the survey described below, NORC also delivered: a Field Report, NORC Card, and topline report (of the frequency for each variable in separate tabs of an excel workbook).

Definition of Microbusiness

'Microbusiness' was defined as a business with nine employees or fewer, or nonemployers (e.g. owner-run businesses without any other employees). Estimates of the number of microbusiness and the number employed in microbusinesses, vary widely.

Turning to the most recently available data sources, the number of microbusinesses is estimated to be about 78 percent of all businesses operating in the United States. First, the Survey of Business Owners (SBO), in 2007 and updated in 2012, estimated that 78.5 percent-78.8 percent of all business in the U.S. (5.7 million firms) have nine employees or less. More recently, Statistics of U.S. Businesses (SUSB) found in 2016 that 78.6 percent of all businesses are microbusinesses.[27]

The United States Small Business Administration estimates about 10 percent of employees work in microbusinesses,[28] while the Association for Enterprise Opportunity estimates the figure of those directly employed in microbusinesses is 21 percent of all private sector employees.[29] The SBO surveys estimate that microbusinesses employ between 5.6 million – 11.7 million paid workers.[30] Given the large estimated proportion of microbusinesses in the U.S., and the important role they play as employers for the US workforce, they are very important in the national economy. Specifically, as they both represent nearly 79 percent of all businesses in the US and may be providing goods and services both locally and remotely (i.e. online), they may pose significant opportunity for the mailing and

27 https://www.census.gov/data/tables/2016/econ/susb/2016-susb-annual.html.
28 https://www.sba.gov/advocacy/firm-size-data.
29 https://www.aeoworks.org/wp-content/uploads/2019/03/Bigger-than-You-Think-Report_FINAL_AEO_11.10.13.pdf. The AEO also calculates a "ripple effect" of jobs which includes the indirect and induced employment attributed to microbusinesses. Those figures are omitted in this percentage estimate.
30 https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO_2012_00CSA09&prodType=table. The employee estimates derive from the microbusinesses included in the 2012 SBO sample.

shipping industry. Therefore, one purpose of this study would be to measure the microbusiness market in the United States.

NORC's AmeriSpeak Panel

NORC worked with the OIG team to conduct a survey using NORC's probability-based panel AmeriSpeak. Unlike opt-in or convenience samples, AmeriSpeak is a probability based, nationally representative panel of the U.S. In order to select a nationally representative sample, a stratified simple random sample without replacement is selected from NORC's AmeriSpeak Panel. The stratification variables used for sample selection are race/ethnicity, education, age, and gender. Sample selection takes into account differential response rates by sampling strata so that the set of panel members with a completed interview is a representative sample of adults 18+ years of age. To fully cover the entirety of the U.S. population, AmeriSpeak uses a mixed mode approach, where panelists are invited to participate in studies either online, or via a telephone interview with a NORC interviewer. This mixed-mode approach substantially improves coverage in rural areas and among lower-income households, where there may be web accessibility issues.

AmeriSpeak already possesses most demographic and personal data of the respondents in their panel. For this reason, the screener consisted only of questions specifically designed to capture business size, years of operation, income/revenue, location of operation, industry, and primary responsibilities for mailing, for example. While the AmeriSpeak panel data does include industry, the information is less complete and current than data we could collect. Therefore, we designed and included a specific industry question that both captures the types of businesses likely to be microbusinesses, and the main categories that are captured by AmeriSpeak. To ensure that all possible responses were possible, we also included an open-ended response option, where respondents could write in their industry, for later coding by USPS analysts. For accuracy and clarity, only the created industry variable was included in final data delivery.

In order to ensure the appropriate respondents were included, the key screeners of being employed and having sole or primary responsibility for mailing and package decisions for the business was included as a required screener question.

Quantitative Survey

NORC's reputation in survey methodology is based on a commitment to the highest quality survey research practices. We employ an approach known as the Total Survey Error method (TSE) in developing our questionnaires, which recognizes the potential for error at every stage of survey design, implementation, and analysis (Weisberg 2009). TSE is a cognitive approach that considers the mental shortcuts and shortcomings that people often display when responding to a questionnaire. These potential pitfalls can be due to respondent's incorrect comprehension of survey questions, respondent memory and recall problems, respondent difficulties in judging the frequency of events, or respondent's unwillingness to honestly answer sensitive questions, among others (Tourangeau, Rips, & Rasinki 2000). NORC researchers have been pivotal in developing systematic ways to address these problems by testing a variety of techniques in question wording, response-ordering, measuring attitude strength, attitude intensity, and attitude ambiguity across various modes of administration such as in-person, telephone, web, and mobile devices (Wolf, Joye, Smith, & Fu 2016; Schuman & Presser 1996). NORC also optimizes our surveys for mobile participation, as we know that up to one-third of participants use a mobile device to participate (this is particularly true for lower-income and younger participants).

NORC, using the AmeriSpeak panel, recruited a number of respondents to participate in a 12-15 minute survey. Amerispeak fielded and administered the survey using a mixed-mode method of telephone interviewing and online self-response. Fielding for the survey took approximately 3 weeks and yielded a total of 1,013 respondents who completed the survey.

Using the Data

The data collected from the survey are generalizable, representative data of the U.S. population of microbusiness owners and employees (although not microbusinesses themselves) and allows extensive analysis both at the initial stages of post-data collection as well as at later stages that may extend beyond the timeframe of the project dates. This representativeness allows generalizability to microbusiness owners and employees, and is representative of their decision making and experiences within microbusinesses. Possible follow-up statistical analyses using this data could include cross-tabulation, parametric inferences

(e.g., T-Tests), correlation, regression, and other types of analysis. In order to generalize to the U.S. population of microbusiness owners and employees, the appropriate weights (provided in the data file) must be used.

A Note on Weighting

The final deliverable included AmeriSpeak-generated weights, based on nationally representative panel recruitment methods. This means that data, when weights are properly applied, can be used to generalize to the whole population. In order to select a nationally representative sample, a stratified simple random sample without replacement is selected from NORC's AmeriSpeak Panel. The stratification variables used for sample selection are race/ethnicity, education, age, and gender. Sample selection takes into account differential response rates by sampling strata so that the set of panel members with a completed interview is a representative sample of adults 18+ years of age.

For households with multiple panelists, we randomly select one panelist from the household for the actual survey. After this within-household random selection and limiting the panel to one panelist per household, we perform a second random selection to select the required number of panelists for each sampling stratum. The number of panelists that are sampled from each sampling stratum is determined as follows:

The 48 sampling strata are defined by:

- Race/ethnicity (3 categories: Hispanic, non-Hispanic Black, non-Hispanic All Other)
- Age (4 categories: 18-34 years, 35-49 years, 50-64 years, 65+ years)
- Education (2 categories: some college/associate degree or less, 4-year college graduate or above)
- Gender (2 categories)

- These 48 sampling strata are used for selecting a representative sample of the target population adults 18+ years of age.
- The required total number of completes is proportionately allocated to each stratum based on the most recent Current Population Survey (CPS) distribution.
- The required number of completes for each stratum is inflated by the reciprocal of the expected survey completion rate (which varies by stratum) to obtain the sample size by stratum. The sample size n_k^0 for stratum k is calculated as

$$n_k^0 = \frac{np_k}{r_k}$$

where n is the required total number of completes, p_k is the population proportion in stratum k as estimated using CPS, and r_k is the expected survey completion rate for stratum k.

Data are then weighted using a sample selected within sampling strata formed using a cross-classification of the following variables: race/ethnicity (Hispanic, non-Hispanic Black, All Other), age group (18-34, 35-49, 50-64, 65+), education (some college or less, college graduate or above), and gender. Thus, there are a total of 48 strata associated with each survey, and each stratum would have a distinct probability of selection associated with it.

We refer to the combined adjustments corresponding to the final person-level panel weight and the inverse of probability of selection from the panel as the final base weight associated with the sampled panel member, and is calculated as follows:

$$CW_{1i} = \frac{PW_i}{p_i} if i \in S$$

where S is the set of sampled panel members for the specific client survey, PW_i is the final panel weight associated with the sampled panelist, and p_i is the probability of selection of the panelist. As mentioned previously, p_i depends only on the sampling stratum.

Then adjustments are made for non-response and the final step in survey weighting is the raking adjustment to person-level population total. We use the following person-level characteristics in this raking adjustment:

- Age group (18-24, 25-29, 30-39, 40-49, 50-59, 60-64, 65+ years);
- Sex (male, female);
- Census Division;
- Education (less than high school, high school graduate, some college/ college graduate);
- Race/ethnicity (Hispanic, non-Hispanic Black, non-Hispanic White, All Other);

Population control totals for each dimension are obtained from the 2017 February CPS supplement. The raked weights can be expressed as:

$$CW_{3j} = \omega_i CW_{2j} if i \in S_2$$

where ω_i is the raking adjustment factor for the *i*-th panelist who completed the survey.

We determine the amount of trimming for the raked weights based on a mean squared error criterion. After trimming the raked weights, weights are re-raked to the same population totals.

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Appendix C: Management's Comments

SHARON OWENS
A/VICE PRESIDENT, SALES

UNITED STATES POSTAL SERVICE

August 27, 2019

FREDY DIAZ
ACTING MANAGER, OPS CENTRAL

SUBJECT: From Home Office to Post Office: Improving Microbusiness Engagement with the U.S. Postal Service" (Project Number 2018RARC016)

Postal Service Management appreciates the opportunity to comment and respond to the subject white paper. We appreciate the research and data driven approach taken to this report that captures the rapidly changing nature of the Small Business/Microbusiness market. As we have discussed with OIG, the Postal Service Small Business Office is intimately engaged in the Small Business marketplace and involved in an extensive redesign of our Small Business Customer Relationship Management process, including an ongoing review of our internal business processes in order to account for changes in the marketplace.

The findings highlighted in the "From Home Office to Post Office" OIG report provide valuable insight that generally support the in-depth research conducted by the Postal Service Small Business Engagement (SB) office, emphasizing the need to improve the overall USPS small business customer relationship management strategy. These highlights include:

- The Postal Service is the carrier of choice for microbusinesses — a majority said they use USPS more frequently than other carriers. (See pages 3-5)
- This finding appears largely due to the ubiquity of the Postal Service; the largest national fleet of branded vehicles and an army of letter carriers. The USPS makes daily pick-ups and deliveries to small businesses and residential addresses all across the country, providing unparalleled access to our services. This also provides us with an opportunity to provide un-matched customer support when the letter carriers are properly trained to provide such support in addition to delivery services. An improved Customer Relationship Management (CRM) strategy must include carrier training in customer support and promotion of postal services to small businesses.
- The Postal Service's retail services are highly valued by microbusinesses, of which 66 percent rated their experiences at postal retail locations as somewhat or very positive. (See pages 7-9)
- With roughly 31,000 locations, the Postal Service has the largest retail presence in the United States. This visibility presents an unprecedented opportunity to invite those small business customers to our retail locations to transact with us. However, retail is the most expensive transaction environment. The emphasis must be on creating an expedited and efficient retail experience for customers. An enhanced CRM strategy will include clerk skills training that moves customers through the lines quickly and efficiently, saving small businesses time and money, and inviting small businesses to alternate online service channels.

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- Many microbusinesses were unaware of USPS services that can help small businesses, such as Package Pickup. Only one third of microbusinesses have heard of the service, but nearly 60 percent were interested in using it. (See pages 10-13)

- The OIG report supports and emphasizes the need for comprehensive communications promoting awareness of services that help small businesses solve their business challenges. The OIG report findings reinforce our SB office research regarding value of competitive products like Shipping and Marketing Mail – services that offer significant benefits to small businesses. An improved CRM strategy will promote existing postal services, while testing value-added features such as one-stop, end-to-end transactions.

- Existing employee lead generation programs account for substantial revenue overall, but only 16 percent of microbusinesses surveyed said a postal employee has shared information about ways the Postal Service can help their business. (See pages 13-16)

- This finding is an indication of the huge size of the small business market. Our 140 Business Development Specialists (BDS) conduct daily calls to small businesses to promote our services and have generated over $800 million in FY 2019 YTD sales. BDSs also conduct daily presentations to Postal Service employees at all levels and YTD have generated over 330,000 activities and sales leads. While the OIG report focuses on about 3.9 million micro-businesses, the USPS serves over 28 million small businesses generating $95 billion in annual spending. A reimagined CRM strategy must integrate multiple communication and service channels, including traditional BDS and cutting-edge IT, to educate and engage customers.

- The Postal Service can better harness its workforce to promote products and foster relationships with microbusinesses. (See pages 17-19)

- Our employees are our greatest resource. No other organization has such a valuable asset, who interact daily and directly with customers, with the opportunity to provide exceptional customer service, and who help small business customers solve their daily business challenges. A redesigned CRM strategy will focus on harnessing the strength of the USPS workforce at all levels, integrating Employee Lead and Engagement Programs, Business Development Specialists, Retail and Delivery networks, Internet Technology and Marketing in ways that add value to the small business customer experience, build customer loyalty and increase customer lifetime value.

The following is the response of the Postal Service to the OIG recommendations contained in the report:

Recommendation #1
Distribute and make available marketing materials to employees to share with businesses during lead generation activities.

Management Response/Action Plan:
Management agrees. The following actions preceded the OIG report. This is an ongoing process with requirements that change to meet marketplace requirements. The Small Business Sales team, working with Brand Marketing, creates quarterly kits that provide collateral materials of relevant information to Postmasters to share with customers each quarter. Availability of new collateral pieces are promoted several times per year through email blasts to the BDSs and weekly webinars with the district teams. Each quarter the small business team reiterates with the field how to go to the sales force resource site to download collateral materials that are available to assist them with their customer meetings. During special events like Small Business Week and for other local trade events, we recommend field offices have certain collateral pieces on hand to promote USPS services to small businesses and provide the link (https://sfr.usps.gov/login.do) to the site where they can order these collateral materials and others.

This year's new collateral materials, Pocket Size Tear Pads for City and Rural Letter Carriers and Window Clerks. These new items will be made available during second quarter of FY 2020.

Responsible Official:
Executive Director, Brand Marketing

Implementation Date:
Complete - Please close as implemented.

Recommendation #2
Implement a formal mechanism for communication and coordination between the Customer Retention Team (CRT) and Business Development Specialists to ensure there is a timely and effective response to business leads, such as minimizing premature closure of leads.

Management Response/Action Plan:
Management agrees. The following actions preceded the OIG report. The Small Business Team meets quarterly with the Customer Retention Team to review lead qualification in addition to meeting with the Sales team and BDSs. Many of the issues with premature lead closure are due to the quality of the leads being submitted and/or issues with the accuracy of the information entered into the system. During CRT meetings we focus on trying to resolve service questions and issues to minimize the premature closure of leads coming in. We regulary conduct training with the BDSs on Lead Quality and they educate our field employees on the necessary information to help ensure premature lead closure is minimized. We have the CRT attend Monday webinars to provide training on quality leads, address questions and any issues that come up from the BDS team. Management has completed the recommendation from the OIG based upon the above response.

Responsible Official:
Director, Small Business Engagement & Sales

Implementation Date:
Complete - Please close as implemented.

Recommendation #3
Implement controls to ensure there is an effective process for timely communication of lead outcomes with the employee who generated the lead.

Management Response/Action Plan:
Management agrees. The following actions preceded the OIG report. The process from lead submission to sale, includes meetings with local Postmasters and Station Managers. Lead Status Reports are provided to their employees enabling them to see where leads are in the workflow. Postmasters post these reports on the Employee Engagement Programs (EEP) office bulletin boards to encourage both participating and non participating employees to engage in the programs. BDSs perform office audits, that include reviewing the EEP bulletin boards are up to date and employees are receiving their Lead Status Reports weekly. BDSs train the local Postmasters to ensure they are meeting this requirement. Management has completed the recommendation from the OIG based upon the above response.

Responsible Official:
Director, Small Business Engagement & Sales

Implementation Date:
Complete - Please close as implemented.

Recommendation #4
Document the complete workflow of lead follow-up for Employee Engagement Programs in a standard operating procedure, including contact information for key groups and individuals involved, and communicate this procedure with relevant employees.

Management Response/Action Plan:
Management agrees. The following actions preceded the OIG report. The Panorama system is the system of record used by Sales, Business Development Specialists and Customer Retention Teams (CRT) to document the workflow information into a lead record when any action is taken with the customer. The Panorama system allows all stakeholders to see the lead status, and reason for closure and if more information was needed or an error was made on the lead entry process they can correct the issue and resubmit the lead if necessary.

A work flow chart and task definition document outlining this process will be prepared as part of a Standard Operating Procedure.

Responsible Official:
Director, Small Business Engagement & Sales

Implementation Date:
03/2020

Recommendation #5
Identify and execute best practices nationwide to increase participation in Employee Engagement Programs to meet internal participation goals, including exploring how to implement new employee incentives.

Management Response/Action Plan:
Management agrees. The following actions preceded the OIG report. The Small Business office is constantly evaluating operating procedures for lead generation and management programs. Participation incentives are part of increasing involvement in EEPs, and these are reviewed and updated regularly to ensure they are current and relevant. Postmasters drive office participation and access the Business Connect (BC) Portal in Panorama to pull relevant training, data and reports. BC Kits communicate participation best practices and incentive programs to Postmasters. Programs rewarding craft employees with nominal incentives (such as Thank You letters and office meals) have proven effective in motivating desired behaviors. The Small Business Team conducts training for Postmasters and Managers on program participation and incentives allowing for immediate information sharing and taking feedback and sharing successful findings from others. The Small Business Team instructs the BDSs to review their districts annually to ensure post office employees are aware of current programs and have the correct training encouraging participation.

Management has completed the recommendation from the OIG based upon the above response. Please close this recommendation as completed.

Responsible Official:
Director, Small Business Engagement & Sales

Implementation Date:
Complete - Please close as implemented.

Sharon Owens

Sharon Owens

OFFICE OF
INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

Contact us via our Hotline and FOIA forms.
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We conducted work for this white paper in accordance with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation (January 2012).