

Postal Optimization for In-Plant and Corporate Print and Mail Centers

How in-plant and corporate print-mail centers benefit from postal presorting, commingling, and disaster recovery services

Executive Summary

Taking advantage of presorting postage discounts is a more than one-size-fits-all proposition. Each list is different in geographical density. If most mailing lists you work with are local, presorting, preparing, and dropping mail at the local Post Office may provide the best discounts. A commingling service offers the best rate if the mailings are regional or national. If the list density is half local and half regional, a "hybrid" approach is best. Deliver the local mail to the local Post Office, use a comingle service to enter the rest of the mail closest to its delivery points, and provide additional postal discounts.

Postal discounts rarely represent the best overall value for in-plant and corporate mail and print centers. Labor, liability, space, and time management enter the profitability equation for print/mail work. Choosing to use a commingle service is often the means for an in-plant printer to eliminate the burden of mail services from their daily operations and, at the same time, take advantage of postal presort discounts. This document explores the three mail preparation approaches, their advantages and disadvantages, and how in-plant and corporate print and mail centers can use a presort and comingle mail service to provide value to their customers and improve mail communication.

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Introduction

Postage is increasing at an unprecedented rate. If industry predictions hold, postage rates will increase by five to seven percent every January and July for the foreseeable future. In-plant and corporate print and mail center managers look to internal and external print and mail professionals for guidance and ways to reduce costs. Direct mail has never been more critical for communicating an organization's products, services, and messaging to clients, patients, suppliers, employees, parishioners, and any other constituency that demands frequent and consistent communication. Everyone suffers from digital fatigue. Most email and text messages are, at best, irrelevant and, at worst, fraudulent.

In-plant and corporate print center managers add value to jobs headed to the mailbox and differentiate themselves by providing optimum postage spend. The key word is "optimum." Shooting for the best postage rate often does not consider the labor and liability required to enter mail at the lowest rate. This is where a commingle/presort mailing service comes into play. A commingle/presort service optimizes postage spend by sorting and entering some or all of an organization's direct mail into the mail stream. Which option is the best depends on many factors, including the geographical density of the list, labor costs, liability, and general "hassle factor" for prepping, loading, driving, unloading, and inducting mail at the Post Office.

With the reality of COVID, organizations that once relied on informal, often unwritten disaster recovery plans have no choice but to become formal. Before COVID, an event closing an office or a department was typically a natural disaster, such as a blizzard or flood. Manufactured disasters included a power outage, a computer network virus, or equipment failure. Today, a "sick out" shares equal billing as a business disaster. A comingling and presort service added to a C/U print/mail center's continuity and disaster recovery workflow adds value and is a service many in-plant and corporate mail managers demand.

Commingling and Presorting: Definitions & Differences

What is Commingling?

The commingling concept is simple. Individual organizations save postage by combining their mail with the mail of other organizations. Letters, cards, and flats are organized in trays, tubs, and pallets by ZIP Code—the more digits matched in the sort, the greater the postal discount. Sorting mail to the 5-digit level is typically the goal of most business mailers, as it provides an excellent postage rate. That means that 150 or more mail pieces are going to a specific 5-digit ZIP Code. With most regional or national mail "drops," some mail will be eligible for a 5-digit presort rate. However, most mail will qualify at a higher rate.

Let's say you have 75 pieces of mail addressed to ZIP Code 12345 (an authentic ZIP Code; it is the ZIP for The General Electric Corporation in Schenectady, New York). You need at least 150 pieces destined for 12345 for the sought-after 5-digit postal rate. However, another organization drops mail, and 75 pieces go to 12345. By blending your and other organizations' mail, everyone qualifies for a much better postage rate. Commingling direct mail allows a university mail center to send smaller mailings while maintaining the cost advantages of larger mailings.

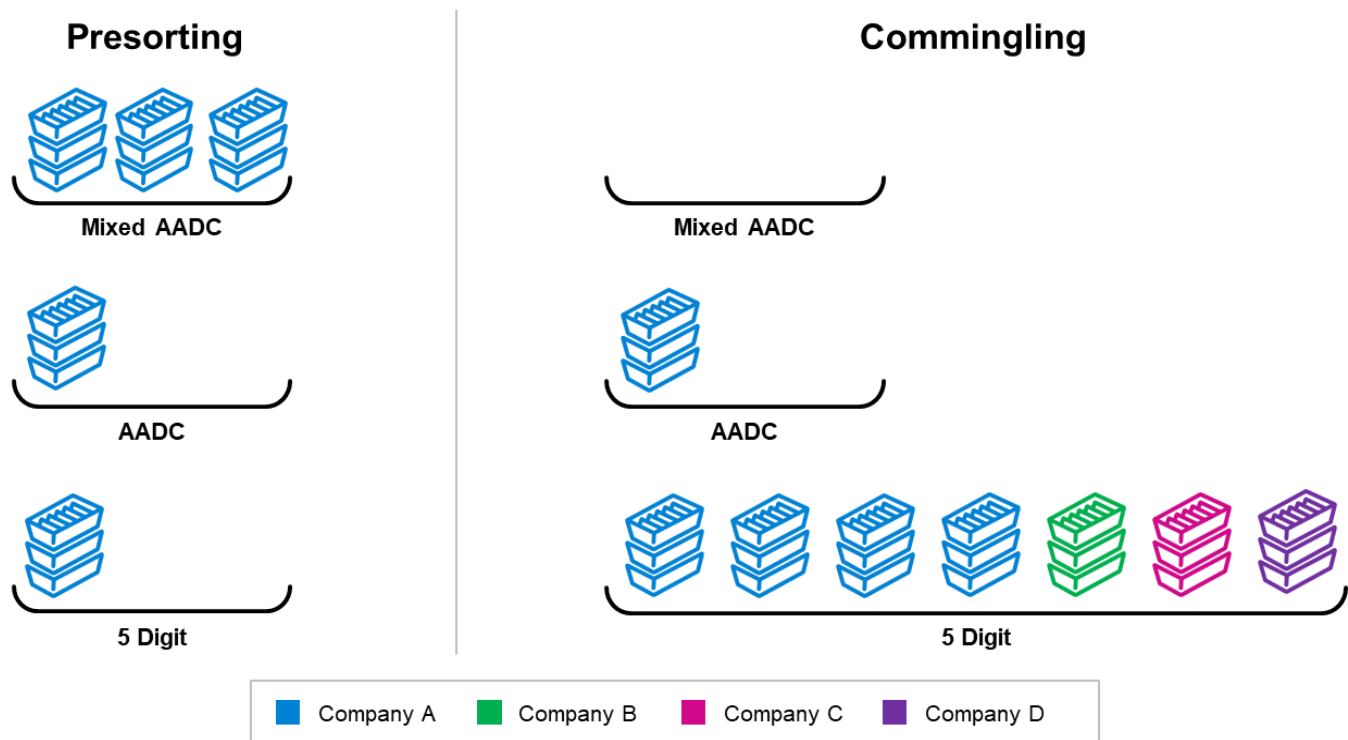
Commingling technology consists of two components: sorting hardware and processing software. The hardware scans the ZIP Code on individual mail pieces and feeds information to the processing software. The processing software sorts the mail and directs the hardware to move the mail pieces into the proper bin or tray. Commingled mail can bypass the usual preliminary USPS processing facilities by going directly to the Sectional Center Facility (SCF) or Network Distribution Center (NDC) nearest its destination. Because a commingling service does a significant part of the post office's work, this process often speeds the mail to its destination and provides a discount.

What is Presorting?

In its most basic sense, "presorting" means grouping mail by ZIP Code. "Pre" refers to sorting the mail before induction to the Post Office. In a presorted mailing, all the pieces go to the same destination ZIP Code and are placed into the same bundle or tray. Mailings are sorted to specific ZIPs (5-digit) and then sorted up to more general ZIPs (Automated Area Distribution Center or AADC). Leftover mail is combined into residual trays. These schemes are part of commercial presort software. The software essentially creates a "recipe" to prepare the mailing. As mentioned, most mailings will have some addresses that qualify at the 5-digit level, the most sought-after discount. Software is necessary for this. However, in most in-plant and corporate mail and print centers, a significant amount of mail may not qualify at the 5-digit rate. This is where commingling comes into play.

The Power of Commingling

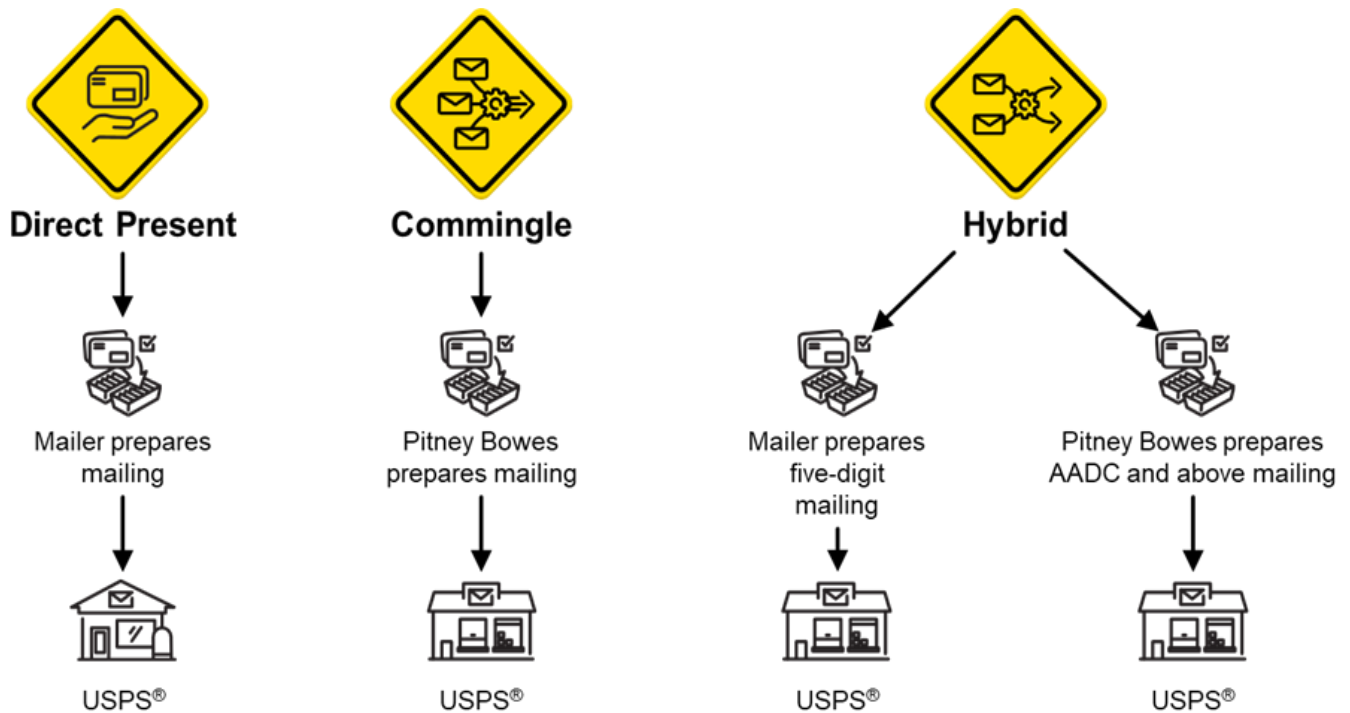
This graphic illustrates the power of commingling. Combining your mail with other mail is where discounts live.



Postal Optimization: 3 Options

As a C/U mail center preparing mailings for campus departments and organizations, you already have CASS Certified address standardization software and PAVE Certified presorting software. These are great tools to lower postage costs, but more importantly, you are helping your organization reach and communicate with clients, clients, members, and other constituencies. You are printing, preparing, and traying mail, delivering it to the Post Office, and taking advantage of selected discounts on each mail drop.

The deepest discounts are missed if your mail entry is like most organizations. In addition, labor, liability, and resources associated with preparing and transporting mail to the Post Office are significant costs. You submit mail locally. It is typically not entered at the Sectional Center Facility (SCF) nearest the mail's destination.



Option 1. Direct Present

If you are not using a commingling and presort service, this is how mail is prepared now. Address management and presort software create a "recipe" for a mail drop. USPS documentation is ready, tray tags are printed, and mail is bundled and trayed. Filled trays are loaded onto a truck, and a driver transports the mail to the local post office. The driver waits for mail induction. Typically, discounts are available for a portion of the mailing delivered locally.

- Trays require tagging.
- Trays require strapping or sleeving.
- Postal documents are submitted.
- Mail must be in a specific tray. The envelope must return to the correct tray or bundle if a tray tips over.
- Accumulate all mail for the job before transporting it to the Post Office. In a large mailing, partial mailings cannot be presented. What happens when there is no more space on the production floor?
- Loading or unloading of mail trays or pallets is required.
- Trips to the Post Office for mail induction are required. Drivers are needed to transport mail to the Post Office.
- New employees require postal knowledge to complete the necessary processing to submit mail to the Post Office.
- Liability and risk exist as a driver is required to transport mail to the Post Office.
- Eventual postage price certainty. More about price certainty in a moment.

Option 2. Comingle

A better term for this preparation method is “pure commingle” because the hybrid approach discussed next also has an element of commingle. Prepare the mailing through the addressing step, and the job is complete. Pure comingle provides the least labor and liability of the three options discussed. A great way to remember your role in the mailing process is:

“Print, tray, and walk away.”

It comes down to an informed business decision. Evaluate overall costs and liability, not solely postal discounts. Suppose all your regular mailings qualify at the 5-digit discount level. In that case, commingling’s place in your mailing mix may be limited unless your goal is to eliminate the mailing process and focus on print and bindery. Regardless of how much of your mail is at any level, other costs come into play. In addition to postage, what else can be saved by a pure comingle initiative?

- Eliminate tray tagging.
- Eliminate tray strapping.
- Eliminate Post Office document submission.
- No worries if the correct mail is in the proper tray. If a tray tips over, put the envelopes back. The order and method make no difference. Spill it? Just refill it.
- There's no need to accumulate a mailing before taking it to the post office. Call for pickup if you complete 25,000 pieces on a 100,000-piece job today and need more space. Enter that part of the job into the mail stream. Call for pickup when you complete the job or have a batch finished. Your floor space is optimized.
- Eliminate loading or unloading of mail trays or pallets.
- Eliminate trips to the Post Office for mail induction.
- No driver is needed to transport mail to the Post Office. Redeploy labor to other profitable work.
- With “print, tray, and walk away,” no postal knowledge is required. New employees are brought up to speed quickly as there is no need for postal regulation and preparation knowledge. The Domestic Mail Manual has 1,305 pages. The “Quick” Service Guide has 162 pages. With a pure commingle service, you will not scare new hires with postal regulations.
- Reduce liability and risk. A driver is no longer required to transport mail to the Post Office.
- Immediate postage price certainty. More about price certainty in a moment.

Option 3. Hybrid Postal Optimization

If the Post Office is nearby, part of your mail qualifies at the 5-digit rate, and your driver is going out on other business, a hybrid approach might be the way to optimize postage spend. In this scenario, you take the mail that qualifies at the 5-digit presort level to the Post Office, and the rest is picked up and processed by the commingle and presort provider. Typically, your total postage using a hybrid approach will be less than presenting the entire mailing yourself because of discounts you have never previously qualified for.

The hybrid approach requires labor and input like the “**Direct Present**” above, except that the mailing travels for less postage because a commingling service picks up part of it.

Postage Price Certainty and Why It Is Important

What is price certainty, and how will it help you simplify the mailing process for the departments and organizations on campus? Let's say you are in a meeting with a department head contemplating a direct mail campaign, and they ask what the postage for their job will be. With a commingle and presort service, you know exactly what the postage is at that moment. The commingle and presort service has provided it in advance. You may mark the postage up a few cents to cover your overhead on the job, but you can immediately provide the exact postage in the conversation.

The alternative is to ask the client for the list, "run it," and see where the sorts fall using presort and address correction software. Unless you know the list is 70-80 percent local, it is probably like most lists. It mails to many places, and comingling makes the most sense. The other predicament is that it may take more work for a department or organization to provide its list for review. There may be non-disclosure forms and many sources needed to gather the contact names and addresses. It is time-consuming and administratively daunting when the department is not ready to mail. With commingled mail, you know the discounted postage rate up front and are prepared to print and mail when needed, even if the department has waited until the last minute.

Is Your Presorting Service Competing with You?

When did you last look at your presort service providers' website? What services do they offer? Do they design, print, fold, insert, perf, and tab? That is what in-plant and corporate design, print, and mail services do. Are you effectively handing off your mailings to a competitor to presort and commingle your mailing? Look for a commingle and presort service that does not offer design, printing, and letter shop services. These are the services you provide. Keep your printing, bindery, and letter shop services internal.

Disaster Recovery and Business Continuity

Every in-plant and corporate print and mail service has some level of disaster recovery and business continuity plan. It is often with a print shop down the street or on the other side of town. Let's call them ABC Print. What if the power is out at ABC Print as well? Does ABC have Tier 1 security procedures or any security protocol at all? F1000 companies do not back up data in the same city where their server farm is. Most power outages are local; having a local printer as backup does not protect the school's mail schedule. Similarly, your disaster recovery plan is limited if you use a local, single-location commingle and presort service.

Disaster recovery has been on people's minds today more than it was five or six years ago. Then, a "disaster" was usually a tornado, flood, or lengthy power outage. Today, a work disaster includes a COVID-19 work stoppage. It does not matter; a work stoppage is a work stoppage, regardless of the reason. Corporate Security and Compliance Officers ask:

*"What happens to our mail if the local presort and comingling service has a business disaster?
What is the recovery plan? How will the mail get out?"*

A national, multi-site, yet local presort and commingle service solves this dilemma. Exchanging mail between Detroit, Indianapolis, Chicago, Columbus, and Milwaukee is not only a recovery plan but an intelligent way to enter mail. Why present the mail in Detroit if Indianapolis is its ultimate destination?

Disaster recovery and business continuity are on every organization's mind. As a custodian of the organization's documents and communications, you have an excellent answer to any related question security and compliance might ask. Banks, insurance companies, and universities typically require a written disaster recovery and business continuity plan. Utilizing a multi-site presort and comingling service with a national footprint answers these questions.

Frequently Asked Questions

Can I use my mailing permit or a departmental permit?

+ Yes. Permit information you have printed on envelopes can be used and mailed with a commingle and presort service.

Which classes of mail can be submitted?

+ Pitney Bowes processes First Class Mail, Marketing Mail, Ground Advantage, Bound Printed Matter, Priority Mail, Profit, and Non-Profit Mail.

What about the USPS promotions and incentives? Can you help me take advantage of those?

+ Yes. We enter mail routinely for customers who take advantage of postal promotions.

Are there mail piece size limitations? What if I have flats or small parcels?

+ Most machinable mail can be sorted and processed, but having samples handy is always a good idea.

What about Move Updating?

+ Using an NCOA method for your database always contributes to mailing and data quality, but we can “see and spray” a barcode and an updated address if one exists in the Postal Service’s NCOA database.

My software already presorts mail. Why do I need a presorting service?

+ The power of a commingling and presort service is in the commingling first and the presorting second. What is the geographical density of your list? If 25% of your list qualifies for the best presort discount (5-digit), 75% does not. It is a business decision. What is the “hassle factor” associated with trying, tagging, sleeving, loading on a truck, driving to the Post Office, unloading, and returning to work? How much of the mail are you getting no discount on?

Once a service picks up the mail, how long before it enters the mail stream?

+ First Class Mail enters the mail stream on the same day of pickup or the next day, depending on mailer requirements. Marketing Mail enters the mailstream two to five days after pickup day. Because we often enter mail closer to its destination, delivery time is usually the same or better than if you entered it at a significantly higher postage rate.

Conclusion

Postal mail communication has never been more critical. Digital fatigue disengages customers from the companies they work with, the schools they attend, and the churches where they practice their faith. It is easy and cheap to send a message electronically that no one looks at. Postal mail cuts through the clutter. It is tactile. It has permanence. It engages the recipient. Refrigerator magnets exist for mailed coupons. Direct mail requires a postage investment, and that cost increases twice yearly. However, commingling mail is a way to normalize postage rate increases. It also eliminates the “hassle factor” of transporting mail and submitting it to the Post Office. If postal mail is part of your daily activity, commingling and presorting lets you take advantage of postal discounts, redeploy your labor force, and provide your departmental customers with a disaster recovery and business continuity plan.