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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

CIVIL DIVISION

JAN 28 1972

Dear Mr. Berry:

The General Accounting Office has completed a survey of Postal Service research and engineering activities--principally those conducted by the Bureau of Research and Engineering before postal reorganization. The purpose of the survey was to obtain general information about such activities particularly as they relate to major operational programs of the Service. Data obtained is being used in our surveys of the letter reading, bulk mail, and self-service vending programs.

During our survey of research and development activities, we noted a particular condition which we are bringing to your attention for whatever action you think is appropriate.

Postal officials associated with the Bureau of Research and Engineering told us there was no agency-wide planning system that set forth goals and priorities for improving postal service which they could use to determine the feasibility of proposed research and development projects.

Research and development projects were initiated from either proposals submitted by postal operating groups, suggestions from postal research personnel, or unsolicited proposals received from sources outside the Postal Service. The subject matter of the proposals--all ostensibly aimed at improving postal operations--varied from those pertaining to a small part of an existing system to those introducing a new system. For example, a \$43,000 contract was awarded to fabricate and install ink jet bar code printers in the letter-mail code sorting machinery at Cincinnati, Ohio, while the bulk mail facilities program had \$29 million of research and development funds budgeted for fiscal year 1972.

In the absence of an integrated, agency-wide plan setting forth clearly defined goals for improving postal operations, and a time-table for implementing the plan, the research group had no real benchmark by which to evaluate the need for or the priority of projects proposed by the operating groups, research personnel or outside sources.

The effect that the absence of an agency-wide plan may have had on the overall efficiency of the Postal Service is not readily measurable. We believe, however, that operating in such a manner was not conducive to getting the most out of the research dollars spent for improving

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postal operations. The budget for research rose substantially from \$12 million in 1966 to \$110 million in 1972.

A properly developed and directed plan can contribute to more effective use of resources in priority areas, prevent premature technological obsolescence, assure coordination of organizational elements toward consistent objectives, and allow management to take advantage of long-range goals.

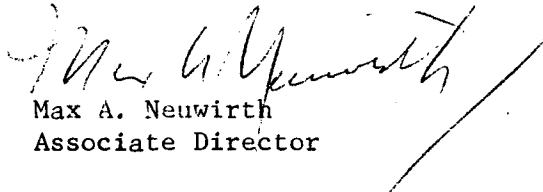
We understand that the Postal Service is developing service-wide plans, goals, and policies, and that these should be issued within the near future. Hopefully, these plans and policies should provide the framework within which effective utilization of the research dollar can be achieved.

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We do not plan any further reporting on these matters. We appreciate the cooperation extended to our representatives during the survey.

A copy of this letter is being sent to the Deputy Postmaster General.

Sincerely yours,



Max A. Neuwirth  
Associate Director

Mr. David W. Berry  
Acting Assistant Postmaster General  
Research Department  
United States Postal Service