

A blueprint for the Modern Post: Introducing Postal Transformation

By Michelle Stevenson

The future is now. Last fall, Canada Post announced a long-overdue modernization program designed to bring the company's aging infrastructure up to date, ready to meet the demands of a competitive, 21st century business environment (see *Performance* Oct/Nov/Dec 2007). Over the next five years, the company plans to invest \$1.9 billion on capital projects, including new and renovated buildings and updated equipment and systems, along with substantial investments in information technology.

IT'S AN AMBITIOUS PROJECT BY ANY measure, designed to build a better future for the company. "This plan involves major investment and some important building projects, but it's about much more than bricks and mortar and new sorting machines," says Cal Hart, senior vice-president,

Postal Transformation. "It also involves new ways of doing business and new technologies that will help us make many improvements in how we serve our customers. We're calling this project Postal Transformation because it's designed to thoroughly modernize our services, features and the way we sort and deliver mail at Canada Post."

What's involved, and what does it mean to you? You'll be hearing more details in the coming months, but here is the blueprint for building the Modern Post.

From the ground up: Building for the long term

When the roar of heavy equipment is heard breaking ground in Winnipeg later this year, it will herald the start of something big. Late last fall, Canada Post's Board of Directors approved the plan to relocate and rebuild the Winnipeg Mail Processing Plant, the first step in the plan to upgrade key sites in the company's physical network.

"Our physical network is an integrated set of processes, buildings, equipment and people that handles over 20 million pieces of mail a day for delivery to more than 14 million locations," says Hart. "But no major plant investment has taken place over the past 20 years. Many of our buildings are over 40 years old and are inadequate for today's needs. Some of our core mail processing equipment is more than 30 years old. In order to ensure the continued reliability of mail service in Canada, we have to invest in replacing obsolete buildings and equipment."

Winnipeg is a logical starting point because the company's current building downtown is in need of major repair. Rather than invest further in a site that no longer meets its needs, Canada Post will build a new, more environmentally friendly, ergonomic and efficient plant outside the city centre. The new site has not yet been announced, but it will offer convenient access to highways and the

airport. Construction will begin in 2008, and the new facility is scheduled to be in operation by mid-2010.

"We'll certainly retain letter carrier operations and a retail presence downtown, but the new plant will be located and built to better meet our operational needs," says John Farnand, senior program lead, Postal Transformation. "It will be a single-level operation designed to handle our traditional, functional-level activities more efficiently, but we'll also be able to introduce the kind of state-of-the-art mail processing equipment now in use in other countries. The facility is being designed to grow with Canada Post, and in many respects it will be the model for other sites we develop across the country."

Up next will be facilities in the network's three key hub cities: Vancouver, Toronto, and Montreal. "These three centres handle a lot of mail, so what happens there has an impact on the whole network," says Farnand. "For example, Toronto is the originating site for much of our business mail from large-volume commercial customers. New equipment and investing in facilities in these three cities will add value right away across the entire network."

The Vancouver project will likely involve building a new plant outside the downtown core, much like Winnipeg. Various options are being considered for Montreal's Leo Blanchette plant and Toronto's Gateway and South Central plants, but whether renovations or reconstruction, major, large-scale improvements will occur. Projects in all three cities will be undertaken in parallel with Winnipeg, with updated facilities expected to be in operation by 2012.

The plan involves substantial short-term investment in order to maintain the integrity of the postal network over the long term. "The key is sustainability—we have to renew our operations in order to remain relevant in the changing marketplace," says Farnand. "With new equipment, systems and processes, we'll be in a position to offer new features and services for our customers. That's why it's so important for us to upgrade our physical network as quickly as we can."

Investing wisely in information technology

"Sometimes you can't afford not to modernize," says John Smith, Canada Post's chief information officer. That's

especially true in the fast-paced world of information technology, where the only constant is ongoing change.

"Information technology moves so quickly now that any equipment more than 20 years old is a relic," he says. "Even personal computers more than five years old are unrealistic, because their software is no longer supported by the manufacturers. You've got to upgrade."

It's more than a matter of keeping up with the latest technological toys. Upgrading may be expensive, but the costs of falling behind are higher, Smith notes. "We've allowed our technology infrastructure to get older than we should have, and that's affecting our service levels. Customers expect speed and efficiency that's what they're getting from our competitors. We're modernizing our technology in order to give our people the tools they need to serve our customers more effectively."

Time to upgrade

The process began last year with the replacement of outdated personal computers and improved technical support. It will continue throughout 2008 with improvements and upgrades in areas such as retail automation, parcel tracking, and a refreshed corporate website. (Read more on these projects in the following pages of this issue.)

There are limits, of course, to what technology can do. "There's a lot of physical activity involved in moving the mail, and there always will be," Smith confirms. "But we need to use technology to reduce the time it takes to do the physical job, so we can become more efficient and more focused on customer service."

As an example, he suggests that in the future Canada Post may be able to offer a different approach to routine activities like parcel delivery. "We could communicate with the customer to arrange a time when they'll be home to receive their parcel. That would not only improve service, but also eliminate a significant waste of our time. It's also a more environmentally sustainable approach—why waste fuel unnecessarily? It's an approach where everyone wins."

The time is right for change—introducing new and innovative service options is particularly feasible now that the company is upgrading its physical infrastructure. "A lot of technology can be modernized in our existing buildings, but new construction offers

What does it mean to you?

Postal Transformation opens up tremendous possibilities. "This project will be about five or six times bigger than Business Transformation," says Cal Hart, senior vice-president, Postal Transformation. "We're modernizing our business by adopting the best tools and practices available, so we can improve service to our customers." Here are a few examples of the changes under consideration:

- new automated processing equipment to extend letter sorting and sequencing automation
- upgrades to existing buildings
- automated processing of Addressed Admail at the piece level and new tools to keep large customers' Admail lists more up-to-date
- new reading and coding systems based on full street addresses
- motorizing more letter carrier delivery
- new standardized containers and work processes
- new manual sequencing cases

us an opportunity to introduce broader, leading-edge technology upgrades that will help us move into the future," Smith says. Watch for more news on these and other developments in future issues of *Performance*.

"This is all about doing a better job for the customer," Smith notes. "There's competition out there for everything we do. Whether it's private couriers, other marketing media, or electronic delivery, our customers have alternatives for every line of business we offer. We have to use our resources more wisely if we hope to continue earning their business in the future." ■

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