



Swiss Post is assessing a better use of technological opportunities

Background

Every day, Swiss Post delivers around 15 million letters and other items. It provides business customers with comprehensive solutions, ranging from the storage to the transportation of all manner of goods and data. It is continuously improving its internal processes and systematically assessing technological opportunities. This also applies to the delivery of letters. Swiss Post is thus testing various technologies and schemes in three regions of Switzerland, with the aim of making delivery more efficient and better tailored to individual customer requirements. The tests will provide insights into the repercussions for customers, staff and processes.

Swiss Post faces a number of noteworthy challenges: the growing substitution of letters by electronic means of communication, technical innovations in letter sorting, and mounting pressure on costs. It thus has to muster a two-pronged response: it must respond swiftly and flexibly to shifting customer requirements while at the same time processing the dwindling volume of letters more cost-effectively.

Private and business customers are displaying increasingly diverging requirements. Business customers expect ever greater flexibility and individuality as regards mailing or delivery times. The opportunities offered by new media are also altering the way private customers use the medium of the letter. The pilot projects described below illustrate Swiss Post's determination to overcome these challenges and adapt its processes to new requirements wherever sensible and possible.

Optimisation of delivery

With the reorganisation of its letter sorting operations and its three new large letter centres, Swiss Post has taken important steps in the optimisation of its processes. As regards facilities for collecting consignments, the refitting of postboxes will be complete by the end of 2010. By improving the efficiency of delivery operations, Swiss Post is systematically pursuing, also at the end of the process chain, the course prescribed by the Swiss Federal Council in the context of its strategic objectives.

Delivery processes can be optimised across the board, from the preparatory work for delivery rounds to the actual delivery of items in the recipient's letterbox. To this end, it is possible to tap the potential of new technologies. This is the only way for Swiss Post to remain successful in the long term and provide a cost-efficient, modern and high-quality service.

Every letter processed by hand

Over past decades, the preparatory work for an individual postman's round has

changed very little. Today, the automated sorting process ends at the level of individual delivery rounds. Early in the morning, before their round, postmen still process each item individually. By hand, they sort items into the sequence in which they will later deposit them in customers' letterboxes. Needless to say, this process is time-consuming and costly.

In recent years, technology has evolved and there are now tried-and-tested machines that enable a greater degree of automation in the sorting required for delivery rounds. As a result, it is now technically feasible to use sorting facilities to pre-sort a substantial percentage of items into the correct sequence for delivery rounds, eliminating the need for these items to be processed manually. Instead, postmen can simply take them straight onto their delivery round. This offers great potential for efficiency gains. Technical feasibility tests already conducted by Swiss Post regarding this so-called sequencing process in the region of St. Gallen have yielded first positive results.



Additional pilot tests should yield clarity

In early September 2010, in addition to ongoing or already completed tests, Swiss Post will be launching more extensive pilot tests of delivery optimisation schemes. Next to the automated sequencing process, Swiss Post will also use these tests to assess new vehicles, manual sorting frames, or ways in which items can be taken onto delivery rounds. It will also test alternative schemes for staff deployment in alignment with the new processes. In Eastern Switzerland, the existing test platform at the logistics centre Gossau will remain in operation, and the delivery organisations in the city of St. Gallen, a number of suburban municipalities as well as Appenzell are taking part in the trial. In the test region of Central Switzerland, the logistics centre Kriens and the delivery sites Hergiswil, Kriens and Sarnen are involved. The test region of Western Switzerland comprises parts of the city of Lausanne. No new pilot schemes are planned in other hitherto used test regions in Western Switzerland.

While up to now the focus lay on assessing single process steps and testing new facilities and equipment or technical features of sorting machines, the expanded trials will attempt to gain insights from the interplay of various elements across the entire process chain. Swiss Post seeks to clarify how individual cogs must mesh in order for the overall system to function. It wants to know in detail how potential process modifications would impact customers, staff and the company as a whole. In the context of the expanded pilot tests, there are no plans to extend the delivery time window into the afternoon, as had been put to the test in Western Switzerland. In the pilot region of Eastern Switzerland, some delivery times will merely be extended slightly, while in Western Switzerland, the delivery cut-off time shall still be set around lunchtime.

In the test regions, delivery round planning ensures that regions with a large number of business customers be serviced as early in the day as possible, in order to accommodate everyday business life. Private customers will also be serviced by lunchtime.

Affected customers and authorities in these delivery regions will be given advance notice and information. The results will be analysed after a trial period of approximately three months. A decision regarding next steps and potential implementation is expected in spring 2011.

Further plans and proceedings

The optimisation of delivery processes described above is taking place under the project name "Distrinova" and is currently Swiss Post's most extensive logistics project. There are, however, further concurrent projects aiming to improve sorting efficiency in letter centres and in delivery. The project "Bulky items channel" assesses new processing options for consignments that, because of their size or format, cannot be processed efficiently as either letters or parcels. These include, for instance, film envelopes, photos or calendars. Another project aims to further increase the degree of automation in letter centres, reducing the overall percentage of items manually sorted already in the centres. These projects also contribute to the continuous improvement of logistics processes in letter processing.

Moving ahead together with our employees

Swiss Post employees are actively and openly informed about, and involved in, ongoing schemes and projects. Capacity adjustments in line with the decline in volumes and the further development of logistics processes mean fewer jobs will be necessary in future. However, Swiss Post will carefully review all repercussions on its personnel. It is aware of its social responsibility and will handle any potential plans accordingly.

Swiss Post's position

With the reorganisation of its letter sorting operations and its three new large letter centres, Swiss Post has taken important steps in the optimisation of its processes. By improving efficiency in delivery, it is proceeding systematically also at the end of the process chain. To this end, it is assessing the deployment of established technologies. This should allow Swiss Post to respond flexibly to altered customer requirements, process the dwindling volume of letters more cost-effectively and survive in an increasingly liberalised market.

- The pilot tests point the way towards the successful further development of core activities. As a modern, responsible logistics company, Swiss Post is assessing new processing options in greater depth.
- With efficient processes, Swiss Post can keep providing cost-effective services that meet customer requirements.
- Swiss Post is aware of its responsibility and seeks dialogue with customers, employees and the sphere of politics. Municipalities, cantons and trade unions will be regularly informed about further developments.
- To what extent optimisation measures can and should ultimately be implemented depends on the results yielded by the tests. First decisions are likely to be made in spring 2011.