

Five Tips to Beat Rising Postage Costs

THE COST OF POSTAGE continues to rise and the trend shows no signs of slowing soon. Another rate increase is expected in May of 2007, and while the actual financial impact may vary depending on the characteristics of your mail, analysts expect the increase will be about 8 percent. As was the case with the January 2006 rate hike, the financial impact will be significant and take a bite out of your budget.

Organizations should understand the impact of the postal increase on their billing and mailing systems and take appropriate steps to mitigate the affects. Those companies that are not prepared could find themselves in an uncomfortable squeeze. Understanding the proposed changes as well as the latest postal techniques will help you make the best decisions for your organization. Here are a few tips to consider:



Tip Number One

Understand “shape-based” postage costs. The rate increase will bring about significant changes in how parcels and flats are handled. The new criteria will consider not only the weight of an item, but also its shape. You must understand the impact since the cost for a piece that is currently being sent as a parcel will likely be higher than a flat of the same weight. For instance, after the rate change the three ounce flat you are mailing today could be mailed as a letter at a lower rate. But keep it as a flat after the increase and you'll pay more than you do today. To mitigate the increased expense, organizations should consider moving parcels into flats or flats into letters wherever possible.



Tip Number Two

Keep Mail Below One Ounce. Multi-page documents often exceed the one ounce limit and as a result go as two-ounce mail with an additional 20 cents of postage. Organizations that use pre-printed forms, or have documents that are printed on only one side of the page, are at risk of overweight mail. By printing “duplex” organizations can trim the weight of each piece and reduce postage. Taking time to closely examine your mailing runs can uncover overlooked efficiencies – moving from portrait to landscape or eliminating unnecessary white space, for example – that help keep mail below one ounce.



Tip Number Three

Leverage Postal Discounts. The post office offers significant discounts if you properly pre-sort your mail by segmenting each piece per “zip+4 code.” Organizations that have a high concentration and volume of mail are best positioned to maximize their discounts, but nearly every organization stands to benefit. If you can’t justify bringing the equipment and software needed in-house, consider using the services of a presort or outsource bureau. Either way, companies that are presort savvy double their advantage by grabbing a discount while ensuring faster delivery to their clients and customers.



Tip Number Four

Keep addresses clean. Poor address quality is often overlooked. The USPS reports that nearly one-fourth of all the mail that goes through its system contains some sort of error and it is not uncommon for organizations to have up to 5 percent of mailing addresses with a problem – misspelled street names, for example – that results in returned mail. The cost of poor address quality can be significant. If a mail piece cannot be delivered the additional expense includes a returned mail fee from the post office, plus the postage to re-mail the corrected piece. There are a number of tools designed to reduce returned mail by automating the address updating process. Software will identify undeliverable addresses and link old addresses to new move addresses.



Tip Number Five

Consider outsourced billing solutions. Organizations that manage their own billing process find that the effort is time consuming, expensive and requires specialized expertise. Mitigating postal rate increases and continually optimizing the print/mail process requires ongoing investment. Postage and labor expense continue to plague balance sheets and any errors in the process result in even more time and money lost. Many companies find benefit in turning over the process to external experts. Outsourced billing solutions like Billtrust can reduce expense and effort, and offer comprehensive solutions that include electronic bill delivery, the ultimate solution for protecting yourself from the high costs of U.S. mail delivery.



This latest postage rate increase will not be the last. The cost of postage has been rising gradually and will continue an upward trend. The silver lining may be an increased focus on billing production. By reviewing current processes, identifying cost saving opportunities, and considering alternative approaches, companies may more than offset the pending postage hike and position the organization for future innovation and process improvement.

About the author

KEVIN CRAINE is the author of the book, *Designing a Document Strategy*, which has sold in over 30 countries worldwide. His books are used in universities in the U.S., Canada, Europe and Australia. For over 20 years, Mr. Craine managed large document services organizations in the Health Care, Pharmaceutical and Aerospace industries. He was the founding editor of "Document" magazine and has served on the faculty of Kent State University. Mr. Craine is a popular writer and speaker, and a respected authority on document strategy design, process improvement and business technology. He received his BA in organizational communications and his MBA in the management of science and technology.

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About Billtrust

Billtrust is a leader in outsourced billing solutions. The company's flagship product and service suite, called CompleteBilling, consists of paper, fax and e-mail billing as well Invoice Gateway, a hosted web billing and payment service. In addition, the company provides expert bill design, in-bill marketing services, and an integrated online customer service tool called CustomerCare. These comprehensive tools automate the billing process, enabling businesses to save money, increase productivity, improve cash flow, and seamlessly migrate to electronic delivery. More than 200 companies nationwide rely on Billtrust for their billing needs.

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