When a Turnaround Stalls

by Robert A.F. Reisner

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When a Turnaround STALLS

The ponderous United States Postal Service transformed itself into a competitive business – for a while. Its story holds lessons for any company trying to keep a change initiative from faltering.

by Robert A.F. Reisner

No clouds marred the horizon on that sunny July afternoon as a genuine American hero pedaled his bike down the Champs Elysées, arms spread wide. Lance Armstrong, a recent cancer survivor, had just cruised to victory in the 1999 Tour de France. The improbability of the triumph made it all the sweeter for Armstrong and his team – and for his sponsor, the U.S. Postal Service.

The agency's investment in the athlete had been an act of faith. When Armstrong discovered he had testicular cancer in 1996, doctors told him that he would never be a world-class competitor again. The French team he had raced with dropped him. "I was given one offer," Armstrong later recalled. "Only the U.S. Postal Service team believed in me. I had a lot to prove." So did the Postal Service.

By 1999, both had succeeded. In the preceding few years, America's 225-year-old postal service had transformed itself from the butt of sitcom jokes into a profitable and efficient enterprise. Carriers were delivering locally mailed letters within 24 hours 93% of the time, up from a low of 79% in the mid-1990s. The public reported they were more satisfied with postal services than with those of any other government entity. Big corporate mailers – magazine publishers, catalog companies, direct-mail advertisers, credit card and utility companies – applauded four years without a postage rate increase. The bottom line was healthy for the first time in years: The Postal Service earned more than $5 billion in surplus revenues from 1995 through 1998. Furthermore, the agency was crafting a strategy and launching initiatives designed to ensure success in the wired world of the new economy, where it would face new technology and new competitors.

For the Postal Service's management team and employees, that summer afternoon on the Champs Elysées marked a great day to be an American and a glorious time to be moving the mail.

Eighteen months later, at the beginning of 2001, the agency was struggling to stay afloat. Revenue was falling and management was projecting a $3 billion loss for the 2001 fiscal year. Budgets were cut and capital spending was halted. Performance and morale were slipping. In April, the head of the General Accounting Office said the strategic transformation of the Postal Service had a high risk of failing. The terrorist attacks of September 11, 2001, and the subsequent spread of anthrax through the mail only exacerbated a situation from which few people foresaw a quick recovery.

How had such an optimistic scenario turned sour so quickly? Why had the Postal Service's efforts – seizing the potential of e-commerce, setting and meeting ambitious performance goals, crafting a new strategy – come up short?

This story explores what it felt like to see those efforts stall – and attempts to make sense of why they did. In some ways, the experience of the Postal Service, as a regulated monopoly with a legally mandated mission, is unique. But I believe our story will resonate with any organization trying to keep its own change initiatives from faltering.

A Double Whammy

I witnessed the Postal Service's turnaround effort from a privileged vantage point. In 1993, I was recruited as vice president for technology applications, charged with creating electronic businesses for the Postal Service at a time of growing concern that the agency could be rendered obsolete by the emerging information superhighway. In 1996, I became the vice president for strategic planning. In this position, I was to help the agency respond not only to technological changes but also to competitors such as FedEx and United Parcel Service, which were offering services beyond simple delivery. These services – package tracking, for example – were eroding the Postal Service's traditional franchise and undermining its status as the low-cost delivery provider by offering value to customers that more than justified premium prices.

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It was clear from the start that any strategic transformation would need to be accompanied by greater operational efficiency at the sprawling agency, a nearly $70 billion enterprise with more than 800,000 employees serving 130 million delivery points six days a week. It was also clear that neither operational nor strategic change would be easy. Two of the Postal Service's defining characteristics – its legislative mandate to provide service to all citizens and its status as one of the last regulated monopolies – created barriers to change that most businesses don't face.

The 1970 statute that created the modern Postal Service stated that the new agency's mission was to "bind the nation together." This reflected the agency's traditional democratic function, which – as Alexis de Tocqueville noted in the 1830s – enables the backwoodsmen of Kentucky to be as well informed as the most enlightened city dweller. And if universal mail service seems an outdated tool for achieving this aim in an era of mass media and e-mail, profound feelings about the Postal Service's nation-defining role endure. On the afternoon of September 11, 2001, Brooklyn residents reported that the sight of postal carriers making their rounds reassured them that the country was still functioning. The problem with this mandate to provide what is essentially a social service is that it often conflicts with the demands of running a business – one that, also by legislative mandate, is supposed to be self-supporting. Twenty-six thousand of the Postal Service's 40,000 post offices lose money, but federal law makes it extremely difficult to close them.

The other barrier to change is the Postal Service's monopoly position, which it is granted because of its obligation to provide a public service. Companies like UPS and FedEx can deliver parcels and premium-priced "express" letters to individual households, but only the Postal Service can deliver letters to mailboxes. With monopoly status, however, come the formidable constraints of regulation. The agency can't raise rates or offer new products or services without extensive hearings. It has limited control over labor costs, which comprise roughly 80% of its total costs, because a federal arbiter often must approve its contracts with the nine unions and management associations that represent postal workers. And the agency is overseen by a dizzying array of officials and bodies: nine presidentially appointed postal governors, an inspector general, several oversight committees in Congress, the General Accounting Office, and the Postal Rate Commission, among others.

Having worked for 15 years as a management consultant specializing in regulated industries, I was well aware that the particular characteristics of the Postal Service created serious impediments to launching bold, innovative initiatives. That's why the initial success of the agency's turnaround efforts was so exhilarating.

Turbocharging the Snail

In 1993, it was clear to me that digital technology posed a serious threat to the Postal Service. It wasn't just e-mail's challenge to snail mail. Businesses and individuals alike would soon be able to receive and settle bills electronically, and digital signatures and electronic postmarks would enable the secure electronic transfer of sensitive documents.

Over time, these new technologies could divert significant volume from the Postal Service. Worse, the three types of mail particularly vulnerable to diversion – direct marketing, bills, and bill payments – together accounted for nearly half of the Postal Service's sales. A shift of as little as 5% of this volume to other forms of delivery would threaten the agency's financial ability to maintain the enormous infrastructure needed for the delivery of conventional mail. Raising prices to offset the losses, as required by the Postal Service's charter, would only encourage the competition. Clearly, if these new technologies took off, the agency might have to adopt some of them itself in order to avoid financial collapse.

Meanwhile, the agency's conventional service was deteriorating, as were its finances. Staffing cutbacks ordered

Turnaround Truths

Why did the Postal Service's strategic transformation stall? While the specific answers are open to debate, some general insights emerged into how an organization – any organization – can keep a turnaround from faltering:

- **Don't miss your moment.** Precious momentum is lost if you fail to capitalize on fleeting market opportunities when morale is high.
- **Connect change initiatives to your core business.** Promising innovations can wither if there is no path to integration with mainstream operations.
- **Don't mistake incremental improvements for strategic transformation.** Operational success can blind you to the need to reinvent the business strategically.
- **Be realistic about your limits.** Raising expectations that can't be met, at least at the moment, can undermine changes that *are* achievable.

in 1992 and 1993 by postmaster general Marvin Runyon – a tough former Ford executive who'd earned the nickname "Carvin' Marvin" – had thrown local postal districts into turmoil and resulted in significant delivery delays. Then a federal personnel oversight board ruled that proper procedures hadn't been followed in reducing head count and ordered the agency to reinstate the workers and go through the process again. The Postal Service was also facing a revenue shortfall of nearly $2 billion for fiscal 1994, a billion dollars worse than had been projected.

In response, Runyon reorganized the agency's top management team and charged it with improving financial performance, not through cutting costs this time but through setting aggressive operational goals designed to improve efficiency and service. He promoted Bill Henderson, a career agency employee viewed as an innovative maverick, to chief operating officer and leader of the service turnaround. In a high-profile speech, Runyon also called on Congress to reform the Postal Service, giving the agency the freedom to manage "people, prices, and products." Certainly, the financial crisis had made clear the need for strategic transformation as well as operational change.

As vice president of technology applications, I was charged with creating products for the Postal Service that would contribute to this transformation, making us, in the parlance of the era, an on-ramp to the information superhighway. The effort got off to an encouraging start. We launched one of the early Web sites, www.usps.gov, which allowed customers to access useful information such as mailing tips, zip codes, and postal rates. We experimented with Internet kiosks in post offices, which built on the Postal Service's democratic tradition by offering Web service to those who didn't own computers. We worked with Time Warner to develop an overnight shipping program for consumers ordering products through the company's pilot interactive cable service. And we created a system for issuing electronic postmarks and verifying digital signatures and began discussions with Microsoft about a partnership to speed up deployment.

We also got lucky. A stamp price increase in a strengthening economy was accompanied by a favorable labor settlement, which gave us nearly unheard-of surplus revenue. By the end of 1995, the Postal Service enjoyed short-term financial security – and an opportunity to map a strategic course that would let us meet longer-term challenges.

A Galvanizing Success

At a meeting of nearly 1,000 Postal Service executives near Oklahoma City in October 1996, Runyon, Henderson, and the leadership team could justifiably celebrate the beginning of a turnaround. The agency's finances and customer service continued to improve. In his speech to the managers, Runyon signaled his intent to further improve operational performance, declaring that together we would create "a better version" of the Postal Service.

Robert Galvin, the retired chairman of Motorola, was the keynote speaker at the meeting. He, too, emphasized operational and process enhancements – such as those achieved by Motorola with its famous Six Sigma process – but said that they were best pursued in the furtherance of disciplined strategic goals. This was a heartening message for me, as I had been named vice president for strategic planning in June. Galvin's comments also reinforced the main theme of the strategy blueprint that we presented at the meeting, the centerpiece of which was to become a "twenty-first-century growth company" by offering competitive products and services. Such growth was designed to offset an anticipated rise in costs and a decline in traditional sources of revenue.

The presentations in Oklahoma were eye-opening for some longtime Postal Service managers. The agency had never positioned itself as a competitor, and growth was always something accepted rather than sought. The new approach was disorienting to many and generated uncertainty as well as excitement. In one ominous response, the then CFO bluntly labeled the growth objective "impossible" to meet and reported his view to our board of governors.

Fortunately, a string of operational successes continued to invigorate the Postal Service and gave us the chance to challenge such cautious attitudes. Improvements in efficiency had helped generate a net income of almost $1.8 billion in 1995 and nearly $1.6 billion in 1996. And the Postal Service had launched an agency-wide performance management system called CustomerPerfect, a key element of which was to focus attention on improving delivery times. By 1997, the agency had exceeded Runyon's ambitious goal to accurately deliver first-class local mail within 24 hours 90% of the time.

Meeting this goal had a galvanizing effect on the Postal Service's many constituencies, from customers to Congress to the media to employees. The institution began to think of itself not as a lumbering bureaucracy but as a high-performing enterprise capable of dramatic change. This cultural transformation created, in my mind, both the foundation and the momentum needed for the larger transformation of our business model.

But still I worried. Our high-profile success threatened to obscure the fact that it represented incremental rather than fundamental change. Learning to become superefficient letter carriers didn't address the basic strategic challenges posed by new technologies such as e-mail or by competitors that were using technology to enhance traditional delivery. You needed only to look at the success of UPS's and FedEx's customer-tracking systems to see where we were losing ground. Furthermore, improving operational performance wasn't likely to reduce costs on a scale that would offset increased labor costs. As one supplier commented about the drive for operational improvements: "I just hope you guys have a Plan B."

Leveraging the Mail Moment

Bill Henderson, named postmaster general in May 1998, acknowledged the competitive threats facing the Postal Service and focused on developing a strategy to address them. The goal would be to capitalize on the agency's advantageous position as "gateway to the household" and its ownership of the "mail moment" – when mail arrives at a house or office. Such a strategy would link our legislatively mandated mission and our greatest competitive advantage: the fact that we are required to go to virtually every business and household in the United States. Instead of being viewed as a costly burden, this obligation would become a jumping-off point for revenue growth.

For example, opinion polls showed that one of the Postal Service's most appealing attributes was its corps of letter carriers, who were generally viewed with affection and trust. Yet over the years we had done little to make their daily interaction with people in homes and offices more satisfying to customers and more lucrative for us. Now, with our role

An Uneven Route

The past decade witnessed the beginning of a financial turnaround and strategic transformation at the United States Postal Service – one that faltered and now faces an uncertain future.

1992	1993	1994	1995	1996
Net loss: $536 million	**Net loss: $1.77 billion**	**Net loss: $913 million**	**Net income: $1.77 billion**	**Net income: $1.57 billion**
• Marvin Runyon becomes postmaster general	• Staffing cutbacks reach 48,000; service deteriorates	• Federal oversight board rules staffing cutbacks illegal and orders process redone • Bill Henderson becomes chief operating officer • Postal Service Web site is launched	• Stamp prices increase and favorable labor settlement is approved • Post office Internet kiosks are developed • Runyon gives speech calling for postal reform • Launch of CustomerPerfect performance management system	• Electronic postmark is created • Postal Service announces strategic goal to become "twenty-first-century growth company"

as primary gateway to the household under fierce attack from alternative delivery carriers, Internet service providers, and telecommunications companies, we needed to seize that opportunity. Our strategy included such proposals as allowing carriers to become suppliers for the home or small office and providing them with the technology – along the lines of the wandlike transmitter used at rental car agencies – to sell services and place orders for delivery the next day. Under such a scheme, those same homes or small offices could even be given software that would alert them through their PCs when the carrier was coming down the street.

This gateway-to-the-household vision had a hidden benefit. Because it merely extended something we already did – in fact, something we were required to do by law – the strategy seemed less likely to arouse the usual concerns among competitors and legislators that we were making unfair use of our monopoly position. But although such a vision may have seemed incremental, and thus more acceptable to public policy makers, it represented a radically new management proposition that could transform the Postal Service. The middle portions of our delivery network – destination facilities, long-distance transportation routes, processing and sorting centers – would need to be reinvented. In many cases, these functions would be outsourced to or shared with other organizations that could run them more efficiently and that were prepared to make critical technology investments. The Postal Service would focus primarily on the "first mile/last mile" of mail pickup and delivery.

Needless to say, the idea that we might have to dismantle or outsource parts of our delivery network wasn't universally well received within the agency. But doing so would merely continue a trend that already saw intermediaries such as Pitney Bowes or even big customers themselves handling many traditional Postal Service tasks and would allow us instead to capitalize on our unique delivery role.

In July 1999, just as we were refining a strategic focus that seemed a solid bet to ensure the Postal Service's bright future, our own Lance Armstrong won his first Tour de France.

Momentum Busters

A year later, Bill Henderson – in an almost literal effort to maintain the Postal Service's momentum – went to France to ride in Lance Armstrong's chase car during one of the Tour de France's stages through the Alps. He witnessed firsthand – and later described to a spellbound gathering of top Postal Service managers – the danger and drama Armstrong faced in the 2000 race. There were the hair-raising plummets down steep mountain roads at speeds approaching 70 miles an hour and the intense climbing duels at 6,000 feet. As a fitting climax to the drama, Armstrong ultimately triumphed in the marathon three-week event.

But as Armstrong once again cruised to victory, challenges to our transformation effort were emerging. There was growing indifference, if not outright resistance, to our efforts among top agency managers. Some argued that electronic services such as Web-based financial transactions weren't likely to erode the Postal Service's basic business any time soon. Efforts to address these threats – for example, our initiative to let people pay their bills electronically through the Postal Service – were, in the words of one influential senior executive, a "distraction" that diverted us from our task of managing the growth in first-class mail volume. Indeed, a survey of senior managers had found that most

1997	1998	1999	2000	2001
Net income: $1.26 billion	**Net income: $550 million**	**Net income: $363 million**	**Net loss: $199 million**	**Net loss: Estimated $1.7 billion**
• Carriers deliver locally mailed letters within 24 hours 90% of the time	• Bill Henderson becomes postmaster general • Postal Service plans strategic transformation to leverage the "mail moment"	• Lance Armstrong wins the Tour de France • Postal Service forms strategic alliance with Amazon.com	• Electronic bill-paying service is introduced • Long-term decline in conventional mail volume is forecast	• Business alliance is forged with FedEx • Congressional subcommittee dealing with postal reform is eliminated • Weakening economy slows short-term volume growth • Jack Potter becomes postmaster general • Anthrax kills postal workers; crisis introduces greater mail volume uncertainty and boosts security costs

of them believed the Postal Service wouldn't be "impacted by electronic commerce" for another ten to 15 years. The same survey revealed skepticism about other competitive threats.

The de facto resistance of the management team was echoed in the explicit resistance among labor leaders. As we were developing our first formal five-year strategic plan, I had sought input from the top executives of the agency's two biggest unions. The leader of the letter carriers union characterized my initial draft as "antediluvian" because it did not sufficiently acknowledge the importance of unions and the legacy of the American labor movement. The leader of the other large union, which represents postal clerks, demanded to see our "secret" plan. "I'm not going to support your strategic plan unless you listen to mine," he shouted at me when we met by chance in the House of Representatives office building one day. I knew I couldn't treat such tirades lightly. When I once asked a senior Clinton administration official about the President's support for postal reform, she acknowledged candidly: "Well, we would have to ask our union friends. You know they are critical to the coming campaign."

A subtler but more troubling problem was our inability to nail down funding and sustained support for our gateway-to-the-household and e-commerce initiatives. The budget process continued to favor programs aimed at operational improvements over new growth initiatives. One half of our $3 billion capital-spending budget continued to be earmarked for the construction of plants and post offices, while the other half was invested in automation and other initiatives largely designed to make mail handling more efficient.

Finally, the constraints imposed on us by our status as a regulated monopoly were becoming painfully obvious. In the summer of 1999, Bill Henderson met Amazon.com's Jeff Bezos, and they immediately hit it off. We quickly formed a strategic alliance with Amazon to explore cooperative ventures. Our advertising campaign that fall featured Amazon and positioned our Priority Mail service as a linchpin of the new economy. While the ad campaign touted the Postal Service as an Internet shipper and undoubtedly generated business for us, UPS reaped the real delivery benefits of Amazon's subsequent success. Our competitor helped finance Amazon's sales and coordinated operations with the bookseller by building a warehouse across the street from Amazon's headquarters. To make similar moves, we would have had to seek approval in a full-blown hearing process before the Postal Rate Commission.

We quickly formed a strategic alliance with Amazon, but our competitor reaped the real delivery benefits of Amazon's subsequent success.

Grinding to a Halt

One bright spot did emerge in early 2001. After years of courtship and months of secret negotiations, the Postal Service and FedEx announced a business alliance in which FedEx would deliver the agency's expedited mail. The $6 billion agreement was in line with our strategy of seeking partners for those parts of our delivery network where they could help us gain competitive advantage. The alliance built on our complementary schedules: We process at night and transport during the day; FedEx does the opposite. We also hoped it would allow us to bypass some of the internal logjams that had prevented us from entering the digital age and give us an opportunity to learn from a nimble company that was an acknowledged master of using technology in innovative ways.

But soon thereafter, things began to fall apart. Our second five-year strategic plan, published in September 2000, had envisioned a positive short-term financial picture but predicted longer-term problems as e-mail and on-line financial transactions became more widespread. Although the e-commerce collapse deferred for the moment that competitive threat, the weakening economy slowed even short-term volume growth. That, combined with an unfavorable labor settlement and the granting of only a modest increase in our prices by the rate commission, led to a sudden economic crisis. In the fiscal year ending September 2001, our healthy surpluses of the late 1990s were transformed into a shortfall of $1.6 billion – less than the $3 billion projected earlier in the year but hardly a cause for rejoicing. The immediate economic pressures stripped away some of our earlier optimism and laid bare our underlying structural weaknesses in confronting the threats of new technology and new competitors. But in this environment, a major – and risky – strategic transformation would be far more difficult than it would have been only a year or two earlier.

The hope of Congress passing any kind of significant postal reform, which would have freed us to attempt such a transformation, also faded. Six years after Marvin Runyon issued his call for the freedom to manage our people, prices, and products – a call that resulted in seemingly endless debates by our competitors and customers before Congress – proposed legislation had yet to emerge. The main Congressional advocate of postal reform, Representative John McHugh of New York, gave up his chairmanship of the Subcommittee on Postal Affairs, and the panel was eliminated for the first time since the founding of the modern Postal Service in 1970. The best idea that anyone had to spur reform seemed to be the "burning platform" approach, in which we would use the incipient financial crisis to get people's attention – which was little different than having no ideas at all.

In April, the comptroller general, in testimony before the House Oversight Committee, issued his warning that the strategic transformation of the Postal Service was at risk. To be sure, some reviews remained favorable: *Government Executive* magazine, while agreeing with the comptroller general, granted the Postal Service's performance management process an "A-." The National Performance Review of the Clinton Administration had declared the Postal Service a model of government strategy. But the most accurate and succinct assessment came from the then chairman of the Senate Government Affairs Committee, Senator Fred Thompson of Tennessee, who, upon surveying the postal service's prospects, declared: "The ox is clearly in the ditch. Big time."

In June, Jack Potter, an aggressive and pragmatic Postal Service insider who as chief operating officer had made the FedEx alliance a reality, was named postmaster general. In the fall, the Postal Service and postal workers became the victims of a terrorist assault, with several postal workers dying of anthrax poisoning. In December 2001, after eight years with the agency, I left to take a new job – in the private sector.

Four Hard Lessons

As I have tried to distill some lessons from my roller-coaster experience at the Postal Service, it has become clear that there are no pat answers to the question of why our turnaround faltered. While hindsight brings some clarity, my vision is still far from 20/20.

For one thing, the complexity of the Postal Service's situation defies neat solutions. In addition, the agency's immediate crisis was caused at least in part by the recent economic downturn, which has delivered a blow to many companies. Certainly, the weakening economy and the bursting of the e-commerce bubble have made some of the ambitious initiatives that I championed in the heyday of the Internet revolution seem quaint if not quixotic.

Furthermore, any analysis of our experiences is inevitably colored by the recent terrorist assault on America's postal system and postal workers. These events have produced a genuine crisis that, unlike an orchestrated "burning platform," may lead to meaningful postal reform out of necessity. Certainly, the crisis threatens to significantly increase costs (because of security demands) and decrease revenue (because of public wariness about mail service), exacerbating what was already a projected operating loss of $1.35 billion in FY02. Still, while Congress has granted the Postal Service some short-term financial relief, few experienced observers expect it to approve a broad overhaul of the agency in the near future. Privatization, the route taken by some European postal services, seems like a distant option, particularly given the more positive public attitude toward government that the crisis following September 11 has engendered.

But if I can't pull crisp and definitive lessons from our experience, I can offer some observations on what we might have done differently before and after Lance Armstrong crossed the finish line on that glorious day in July 1999. While it's always tempting to place the blame on individuals or particular groups – imperfect leaders, recalcitrant managers, implacable customers, overweening regulators, meddlesome board members – my thoughts really apply to the organization as a whole. And while I can't claim that following these suggestions would have maintained the momentum of our turnaround, ignoring them certainly contributed to its stall. Despite the unique nature of the Postal Service, I would argue that these suggestions apply to any organization undertaking a major change initiative.

> Our success in improving delivery times blinded us to the need for strategic change. We slipped into complacency, declaring ourselves the winner in a race with ourselves.

Don't miss your moment. Turnaround efforts require sensitivity to both external and internal clocks. We missed numerous market opportunities that competitors such as UPS seized. Furthermore, we let pass at least two chances to capitalize on high morale and momentum within the Postal Service, moments that provided the best opportunity to overcome organizational resistance to change. Unless you act when you are strong and energized, change will come primarily as a response to external events. Reacting to these events will consume precious organizational resources that might have been used in the pursuit of your own strategic initiatives.

Connect change initiatives to your core business. Most of the innovative programs we launched to boost revenue existed at the fringes of our business. And we never established a path for them to migrate to the heart of our operations. In retrospect, I can see that many of my own e-commerce initiatives, while they generated great media coverage, had relatively modest revenue potential and were tangential to existing operations. Some technology initiatives that were relevant to our core letter-delivery business – for example, our development of innovative bar code applications that allowed commercial mailers to track and manage mail they sent – weren't aggressively integrated into our operations. In fact, the most promising pathway for the application of technology to our core business may result from our recent alliance with FedEx.

Don't mistake incremental improvements for strategic transformation. Although we dramatically improved our operational performance – indeed becoming, in Marvin Runyon's words, a "better version" of the Postal Service as we knew it – we simultaneously needed to reinvent ourselves with a strategy that capitalized on our competitive advantage. But our tremendous success in improving delivery times, which we enthusiastically celebrated, blinded us to the need for strategic change. For a time, we slipped into complacency, ignoring our competition and challenges and declaring ourselves the winner in a race with ourselves.

Be realistic about your limits and the pace of change. I have spent countless hours thinking about how we might have been smarter or bolder in turning around the Postal Service. But in a change initiative, it is important to identify which obstacles are in your control and which aren't. Some of what we wanted to do may simply not have been possible, at least at the time. For example, unless the political climate changes and Congress grants the Postal Service greater operational flexibility, even contemplating the creation of certain new products and services is premature. While some of our constraints – our regulatory framework, if not our very size and complexity – are specific to us, every organization has limits of one kind or another. It may seem heretical to say so in the can-do environment of American business, but sometimes you need to accept those limits. A failure to acknowledge that you sometimes *can't* do certain things can breed discouragement and cynicism, ultimately undermining those change initiatives that are achievable.

Despite the inherent limits to any transformation effort, accomplishing meaningful change in even the largest, most complex, and tradition-bound of organizations is achievable. Indeed, despite the unknown long-term impact of recent events, I continue to believe such change can be achieved at the U.S. Postal Service. My hope is that managers in other businesses, determined to leverage the "Lance Armstrong moments" in their own organizations, will find useful this story of our efforts so far.

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