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[BACK PAGE](#)

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## Today's News

updated Wednesday, May 23, 2001

12:53:51 PM

- [APL to Buy American Automar](#)
- [Deutsche Post to Outsource Trucking](#)
- [Postal Service Picks Potter](#)
- [Stock losses in Europe Top \\$17 billion](#)
- [Polar Cuts Staff, Hires New COO](#)
- [CSX Lines Launches Web Services](#)

### Postal Service Picks Potter

The U.S. Postal Service named one of its own as the 72nd Postmaster General. John E. "Jack" Potter, a 23-year veteran of USPS and current chief operating officer, will take over the huge, quasi-government agency on June 1, the day after Postmaster General William J. Henderson departs after three years on the job. Potter was chosen to lead the organization after an exhaustive search for the right candidate inside and outside the walls of postal headquarters in downtown Washington.

"As we considered the financial and regulatory challenges facing the postal service, it became increasingly clear that Jack Potter offers the skills and perspective that will best serve the organization through a time of unparalleled change," said Robert F. Rider, chairman of the USPS Board of Governors.

Potter, as chief operating officer, has overseen all national postal operations including labor, quality, planning and facilities. Prior to the COO appointment in October 2000, Potter also served as senior vice president of operations, senior vice president for labor relations and manager of the Washington area operations responsible for improving mail service in the nation's capital.

Potter faces a mountain of challenges in his new role, not the least of which is USPS's projected loss of more than \$2 billion in the current fiscal year. Potter stood next to Henderson back in January when the postal service announced its monumental \$7 billion contract with FedEx Corp. to take over a huge piece of air transportation for USPS. He was obviously a fervent support of the deal, criticizing the patchwork mess of past contracts and praising the efficiencies and cost-savings he sees the FedEx deal bringing to USPS. One of his first big tasks as Postmaster General will be launching that contract in late August.

Priority Mail users are anxiously awaiting the start of the FedEx

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deal to see if there is any improvement in service and even more importantly if costs will come down. William J. Olson, legal counsel to Association of Priority Mail Users, said while the group is pleased to have someone in the position with a keen understanding of the issues, Priority Mail users want to see a real commitment to the two-to-three day product.

"The critical question for mailers is how far is postal management willing to go to put productivity improvements at the head of all other priorities?" said Olson. "If one can believe the annual report of Postmaster General and the degree to which mechanization decreases the need for employees, then this is the time to make necessary capital investments and cut the number of employees according."

Olson views the agency as grossly bloated with employees and behind the times in terms of mail processing technology. "The name of the game at the postal service should be cutting labor costs, but there is no incentive for managers to become more efficient because they fear that if they let employees go they won't get them back if volumes increase," he said.

Priority Mail volumes have been shrinking over the last year at a time when it should be growing. The fact that the postal board of governors plans to raise rates on July 1 for the second time this year on Priority Mail shipments over two pounds is just insult to injury, said Olson, and many high-volume shippers are ready to call it quits. "More and more big mail users are going to have cheaper alternatives from private sector. It's absolutely outrageous. Two increases in six months is pushing Priority Mail users into the arms of the competitors," he said, noting the group is "desperate to keep Priority Mail from going the way of Express Mail."

*BY KRISTIN S. KRAUSE*

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