

INVESTING INTELLIGENTLY

Management insights from
inTemail exploreneT

Output per payroll hour

- **Assessing mail processing productivity is an important management function.**
- **Since inTemail's release of the industry's first PC controlled intelligent mailing system in 1987, inTemail has constantly promoted a more technical approach to calculating output. This approach calculates actual output per payroll hour for a real working environment, and avoids the so-called "perfect environment" for estimating output rates.**
- **A realistic assessment of output rates is very important. Output rates can and do drive pricing and production assumptions for both buyer and seller.**

A realistic methodology for mail processing productivity

This is the first of a series of articles by inTemail. inTemail will use these articles to focus on management and technical issues associated with an existing or potential investment in intelligent mail processing systems.

In commencing this new series, we believe that the place to start at is with the true definition of productivity for a mail processing system.

For both in-house and out-sourced mail production, a realistic assessment of output is very important. Why? Because inevitably, output rates will be a major factor in cost, pricing and production assumptions. A realistic, rational assessment of output for a variety of jobs in a true working environment is preferred to an estimate of production in the so-called "perfect environment".

inTemail suggests that a realistic assessment of output rates is essential to both the buyer and seller of mail processing services.

Calculating output

For many years, inTemail has promoted a technical approach to the assessment of output. This approach is to calculate output on the basis of each payroll hour for the Operator.

In this approach, all relevant production information can be captured by many mail processing systems. For example, inTemail systems generate reports for run-time production, idle time and down time etc. Output can then be calculated for each operator payroll hour, across a variety of jobs and in a real life working environment.

inTelmil has favoured this approach from the beginning as providing the most realistic measure of actual output. This approach ignores exaggerated assumptions and claims of processing speeds, and faces reality – intelligent mail processing is a difficult, demanding and complex task that often changes! This approach focuses on actual output per payroll hour, not the promotion of a perfect business environment where maximum cycling speed is only attainable with the most suitable jobs.

In focussing on actual output rates, a realistic assessment of output is gained for each job, for the variety of mail that is encountered at that site. The aim of a calculation like this is to focus on the real cost of producing or assembling different jobs.

Adopting this methodology for an understanding of actual output rates for different jobs should lead to a record of output rates. As an example for an inTelmil C5 intelligent mailing system, actual output rates per payroll hour can be tabulated something like this:

Prime document	1 insert	2 inserts	3 inserts	4 inserts	5 inserts	6 inserts
1 page						
2 pages						
3 pages						
4 pages						
5 pages						
6 pages						
7 pages						
8 pages						

The focus of this task, and its usefulness as a management tool is that it provides proven calculated data for actual work in a real production environment.

Operational complexity is a given!

In looking at a realistic assessment of production rates, output is honestly recorded for the complexity of jobs for each individual site. Output rates can also be continually monitored and updated.

A focus on output per payroll hour will take into account the complexity involved in a real working environment. This includes all operational aspects of mail production, for example

- The management of complex data and a variety of methods for coding instructions for processing (OMR, barcode etc)
- The sheer variety of source material for prime documents, inserts and envelope sizes
- Production floor layout, operational management and staffing levels
- Capability and capacity of intelligent mail processing systems, for example feeding speed, cycling speed and tracking, matching, reporting functionality
- Internal procedures for reconciliation and reporting

Calculated output rates are grounded in reality, once a benchmark is established, the usefulness of this approach does not end. The benchmark allows for ongoing monitoring of production, and will also allow active consideration of change leading to improvement in efficiency.

Business case for a healthy industry

There is nothing new to this methodology. It is a restatement of a position long held by inTelmil.

This methodology does not offer any magic solution, it is a true record of real life complexity of intelligent mail processing.

In the end, the investment in every intelligent mailing system, be it in-house or outsourced production, should provide a reasonable return on that investment. This is sensible and desirable to promote further investment and innovation, and to ensure a healthy industry.

An understanding of actual output rates is a very important management tool as it provides for a more complete understanding and calculation of business costs. Costs based on productivity assumptions that cannot be realised will inevitably lead to reducing return on investment.

inTelmil's objective is the long term health of the mailing industry. If we can assist in your ongoing monitoring of your output rates, or to re-establish up to date benchmarks, please let us know.