



Is Commingling Right for You?



As I write this, the U.S. Postal Service has just announced another postage rate increase. Once again, organizations that rely heavily on direct mail are being challenged to find creative ways to reduce mail costs so they can continue to reach their fundraising and outreach goals within their invariably-tight budget.

If you need to reduce your direct mail costs, one of the options you should consider is commingling. While not appropriate for every business, ***commingling can reduce your postal logistics costs by as much as 12%.***

We've developed this eBook to explain what commingling is, how to determine if it is right for your company, and how you can get started commingling.

I hope you find this information helpful. Please call me if you have any questions or would like to start saving money with commingling.

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How Postal Logistics Saves You Money



If you can deliver a piece of standard mail to a mail facility close to its final destination, the USPS will substantially reduce the postage it charges for that mail piece through its work share program. There are substantial savings if you sort your mailing into trays of at least 150 mail pieces going to the same 3-digit or 5-digit zip code and deliver the trays to one of the 29 Network Distribution Centers (NDCs) or 196 Sectional Center Facilities (SCFs) closest to the mail's ultimate destination.

There are three ways you can deliver your mail:

- 1. Take it to the Bulk Mail Entry Unit yourself:** Delivering trays of mail directly to the destination Post Office is typically only an option for companies with small, extremely localized mailings.



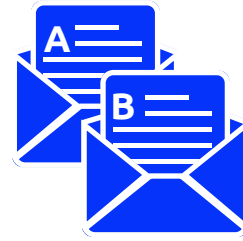


2. **Drop Shipping:** You can hire a freight company or drop shipper to deliver your mail to the appropriate NDCs and SCFs. If your mailing is large enough, you can achieve postage savings of between 12% and 20% by drop shipping instead of delivering the mail to your local Post Office. Please be aware, however, that all drop shipped mail needs to be sorted, sleeved, tagged, and strapped according to stringent postal service regulations and appropriate paperwork submitted to ensure its acceptance at the final destination point.

3. **Commingling:** A third alternative is to work with a commingling company who will pick up your unsorted mail, mix it with mail from other sources and ship it to the mail facility closest to its destination. We've found that MailSmart Logistics clients typically save about 12% on the mail they commingle. Commingling also reduces your labor costs as your commingler handles all of the sorting, sleeving, tagging, strapping, paperwork and shipping to the NDCs and SCFs.

Of course, you can combine these methods to maximize your savings on a mailing.

Determining Which **Postal Logistics Option to Use**



Some companies make the mistake of deciding whether to drop ship or commingle based solely on postal rate. However, the only way to be sure you are truly maximizing your savings is by comparing the total delivered cost of the two options, with freight charges and direct labor costs for preparing the mail for drop shipping added in.

For example, while the drop shipping example below has the lowest per piece postal rate, drop shipping ends up costing more than commingling once freight and direct labor costs are factored in:

| | Drop Shipping | Commingling |
|---|----------------------|--------------------|
| Postal rate per piece (standard rate mail) | \$0.245 | \$0.253 |
| Postage costs per 50,000 piece mailing | \$12,250 | \$12,650 |
| Freight | \$673 | (included) |
| Direct labor for sorting, sleeving, strapping & tagging the mail, plus preparing the USPS paperwork | \$320 | (included) |
| Total delivered cost | \$13,243 | \$12,650 |
| Total delivered cost per piece | \$0.265 | \$0.253 |



To make cost comparisons easy, MailSmart Logistics charges each client a single commingling rate for each piece of commingled mail they ship during the entire period between postal rate increases. Due to our large buying power, these commingling rates are lower than all but the biggest mailers can qualify for by themselves, and we keep things simple by not charging extra for pickups or anything else.

Many mailing services maximize their savings by drop shipping whatever mail is economical for them to deliver directly and commingling the rest.



How Much Can You Save with Commingling?



The amount you'll save through commingling is proportional to the amount of commingling you do. Typically, MailSmart Logistic's clients commingle at least 2 million pieces of mail a year and save an average of 12% off of standard mail rates.

Determining exactly how much your company would save by commingling requires you to do only two things:

- ◆ Estimate how many pieces you expect to commingle per year
- ◆ Submit a copy of a typical data file to the commingling company

You should receive an exact estimate within 24 hours.



Other Benefits of Commingling



MailSmart Logistics has been offering commingling services since 2002. In addition to our large buying power and years of experience, what really sets us apart is our belief in providing extraordinary customer service. All of our clients receive:

- ◆ **Fast and predictable mail delivery:** Because we work with the largest commingling company, your commingled mail will move quickly and predictably through the mail stream. In fact, our 2014 data shows that your mail will arrive 2.4 days faster if you commingle with MailSmart Logistics than if you drop it off at the nearest USPS mail entry location.



- ◆ **Free mail tracking:** Know where your mail is at every point in time at no cost to you using our MailTracker program:



If a client isn't getting the expected response from a mailing, you can help them understand what impact (if any) mail delivery might be having on their response rate. And if a mail truck is in an accident or mail is not being delivered quickly from a particular location, MailSmart Logistics can follow up and attempt appropriate action.

- ◆ **Superior customer service:** We bend over backwards to make it easy for you to work with us. We handle everything for you from managing the data file to scheduling the pick-ups, filling in the pick-up slips, sorting the mail, and managing any count discrepancies. Once MSL's truck leaves your shop with the mailing, you can be confident that the mailing will go out as planned with no further effort on your part.
- ◆ **Postal logistics consulting:** Not sure if a mail piece qualifies for USPS's automation pricing? Have a problem with sequence number count discrepancies? Your MailSmart Logistics account manager will utilize their many years of commingling experience to serve as your personal postal logistics consultant.

How to Start Commingling



If you are ready to start commingling with MailSmart Logistics, you'll be amazed by how simple the process is. You only need to do two or three things before we pick up your first mailing, none of which should take more than a few minutes:

- 1. Determine your commingling rate for the year.** All we need to know to determine your commingling rate is how many pieces you can commit to commingling per year. Since we don't charge extra for pickups or anything else for letter-size mail under 1.5 ounces, we can tell you instantly what it will cost you for each piece of commingled mail you send between now and the next postage increase (and for larger or heavier mail, we can tell you if there are any surcharges).
- 2. Confirm nonprofit status at our drop location.** If you are a nonprofit or mail for them, we will need to make sure each nonprofit has nonprofit status at the mail drop location where we'll take your commingled mail. If nonprofit status needs to be acquired, we'll ask the nonprofit to fill out Form 3623 and then will coordinate approval through the USPS. We can usually get approval within one business day of submitting the paperwork.



3. Information about this specific job. For each mailing, we'll need to know the following:

- a. The name of the client
- b. The job name and job number
- c. The number of pieces, broken down by mailing version if necessary
- d. How you are affixing postage
- e. When and where the mailing should be picked up, preferably with at least 24 hours advance notice

If you are metering or stamping the mail, we'll confirm how much postage to affix and how much should be sent to us. If you are using an indicia, we need to receive the entire postage payment in advance. And if you would like to use an indicia but don't have your own, you can use our commingling company's indicia at no cost.

If you use an outside mail house, you can send the entire payment for postage to us and we'll pay the mail house directly or, if you prefer to pay the mail house separately, we will calculate the payment splits for you.



MailSmart Logistics provides
worry-free shipping at
remarkably-low postal rates.

You're going to love working with
MailSmart Logistics!

Sound Interesting?
Let's Talk!



Request a Free Phone Consultation or call

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