

**TESTIMONY OF MICHAEL J. WINN FOR RR DONNELLEY**

**HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM**

**JUNE 15<sup>TH</sup> 2011**

First, may I introduce RR Donnelley. RR Donnelley, a Fortune 250 Company, is the largest printer in North America. We employ nearly 35,000 people across 45 states. Printing is one of the largest domestic manufacturing industries and RR Donnelley has production facilities in 26 states - from coast-to-coast and border-to-border.

Anybody have Verizon Wireless mobile service? RR Donnelley actually produces your statement and puts it in the mail.

And magazines such as the ECONOMIST. Many readers value the content and our ability to deliver consistently.

Do you receive an IKEA catalog or brochure in the mail? We've been recognized as an award-winning provider for IKEA.

How about Williams Sonoma? RR Donnelley produces and handles the mail logistics associated with many of their premier catalogs.

And for the US Government, we are proud to have printed 160 million First Class mail pieces for the 2010 Census as well as 40 million "Medicare and You" booklets.

RR Donnelley doesn't just print material and deliver it back to our customers. We print material and deliver it FOR our customers, collaborating with the USPS and deploying a sophisticated logistics network nationwide. The health and viability of the United States Postal service is critical to our business.

And may I introduce myself. I was an employee of RR Donnelley for over 34 years. Currently I am retired but still represent RR Donnelley on postal policy issues. My positions ranged from introducing new technologies to managing operations, running some of the largest plants in the RR Donnelley network. I was invited to testify today because of my experience with facility and capacity management.

And that is what this testimony is all about – facility and capacity management to match the demand of customers. That reflects the need to manage equipment, buildings, locations, and employees. In the private sector, we answer to our stockholders, stake holders (communities), and employees. They all examine how well we are doing executing our responsibilities as care takers of the organization. There is little room for forgiveness.

In my career, there were many difficult decisions. Laying off groups of people, shutting down pieces of equipment, and closing plants. All of which affected people's lives, customers, and communities. Please let me relate just one story about this responsibility of management.

In 1976 I began my career with RR Donnelley as an engineer in a plant located in Old Saybrook Connecticut. That plant was started in 1960 to serve customers in the Northeast part of the United States. Many great people taught me the trade and helped me become a member of management.

In 2003, I was responsible for the operation of three plants, two in Lancaster Pennsylvania, and the Old Saybrook plant. It became painfully obvious that I needed to shrink capacity to meet demand and the best way was to close Old Saybrook and combine it with Lancaster. Customers would benefit from better utilization of equipment, flexibility of scheduling, and better distribution.

I closed Old Saybrook. There were 484 employees in the plant and all were retrained and relocated to other positions within RR Donnelley or other employers. The plant was closed and sold. All of the equipment was relocated or sold. All of the community obligations were met – including things such as our commitment to the United Way. There were three employees hired as part of the start up in 1960 and still employed at the date of the shut down.

Painful, you bet. But it was absolutely necessary to meet my responsibilities and obligations to the share holders, customers, and stake holders of RR Donnelley. That is what responsible management does in the private sector.

Why do I tell this story, and how does it relate to the United States Postal Service? Well, the USPS has the same issues that I faced – capacity management of processing, and management of employees. This all means “expense” to the USPS’s operation and it needs to be absorbed by someone. Unfortunately, that usually is the postage rate payer. That is why they are all seeking alternate ways of delivering their message to the customer. Electronic substitution and alternate delivery will not go away, and may be sought by more of the USPS’s customers if rates increase.

We, as a nation, need a strong and viable postal delivery system. That means that USPS management must step up to their responsibility of managing capacity of processing and the retail system to match demand. There is no need for 30,000+ retail stores (more than McDonalds worldwide!), or 400+ processing facilities. The demand was for 206 billion mail pieces in 2006, and now it is down to 167 billion, if the USPS is accurate with their projections. Projections are for 150 billion mail pieces in 2020.

The USPS has many strong advantages to help it compete. First, they are masters at delivering “the last mile” to everywhere in the United States. Capitalize on that capability. Outsource the retail operations to super markets and other existing establishments to save employee and facility expense. Reduce the number, size, and complex nature of the processing network. Make the USPS “user friendly” and control the cost. That is what we do in the private sector!

## **BIOGRAPHY**

Michael J Winn

President

Greylock Associates, LLC

Lancaster, PA

Mr. Winn has been a member of the graphic arts industry for over thirty years. He began with R.R. Donnelley in Connecticut, where he served in various management positions in operations, and new technology integration. He has been a Plant Manager, responsible for all aspects of operations, in numerous locations. He also was Director of Postal Operations, representing RR Donnelley and customers with the United States Postal Service on matters related to rates and regulations.

Mr. Winn holds a BS in Management Engineering from Worcester Polytechnic Institute, Worcester Massachusetts. He also holds a MBA from Rennsellar Polytechnic Institute, Troy, New York, is a member of the R&E Nonpareil Society, and has received the IDEAlliance Donald A. Mumma award.

Committee on Oversight and Government Reform  
Witness Disclosure Requirement – “Truth in Testimony”  
Required by House Rule XI, Clause 2(g)(5)

Name:

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2008. Include the source and amount of each grant or contract.

N/A

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

RR DONNELLEY — A COMMERCIAL PRINTER AND MAIL SERVICE PROVIDER, INCLUDING LOGISTICS AND MAIL SUPPORT SERVICES

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2008, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

Vendor to Government Printing Office. Contracts include various forms and publications. Medicare & You book sent to every US senior citizen. 2010 United States Census printing and mailing.

I certify that the above information is true and correct.

Signature:

Michael J. Whinn

Date:

6/13/11



Open Date	Customer	Contract Name / Jacket #	Expected Contract Value	Status
3/27/2008	USPS	Rural Route Trip Report	\$1,750	Win
5/22/2008	US GPO	Boarding Pass bid	\$192,835	Win
5/29/2008	US GPO	Includes printing of Training Products, assembly of kits and distribution for 2008 Tax Year	\$1,400,000	Win
5/30/2008	US GPO	Marginally Punched Continuous Mailer (3-Part)	\$248,817	Win
6/5/2008	US GPO	Wage & Tax Statement bid	\$386,475	Win
6/9/2008	US GPO	IRS Snap Out, Form 1099-MISC	\$366,233	Retained
7/15/2008	US GPO / IRS	Corrected Wage and Tax Statement	\$89,976	Win
10/14/2008	US GPO	W2- JKT 341-105	\$87,871	Win
10/9/2008	US GPO	Applications for Student Aid, 2009 - 10, JKT 347-024	\$250,000	Win
11/21/2008	US GPO	Combined Synopsis / Solicitation, OPM4909-Q-0003	\$102,098	Retained
12/4/2008	US GPO	Custody Receipt for detained or seized property, JKT 523-848	\$5,575	Win
12/12/2008	US GPO	Fed-State Notesheet Inspection Report, JKT 351-123	\$13,844	Win
1/16/2009	US GPO	US Customs & Border Protection Mailer, PRG 3983-S.	\$114,177	Win
2/5/2009	US GPO	Form 1099-INT, JKT 348-665	\$43,129	Win
2/9/2009	US GPO	PRT - Patient Testing Form, Fort Defiance, JKT 560-968	\$1,399	Win
2/17/2009	US GPO	USCBP Form 6084, 5-Part Mailer, PRG 4952-S	\$48,152	Win
2/27/2009	US GPO	General message snap-out forms, JKT 577-834	\$12,982	Win
3/5/2009	US GPO	Data Mailer Form 7000-2, JKT 561-055	\$14,640	Retained
3/24/2009	US GPO	Yellowstone Nat Park Jr. Ranger Stickers, JKT 561-157	\$465	Win
3/31/2009	US GPO	Purchase Request & Commitment, AMC Forms, JKT 552-931	\$1,004	Win
4/1/2009	US GPO	Check Stub Forms, JKT 048-324	\$2,178	Win
4/2/2009	US GPO	Joint Operational Warfare Theory & Practice, JKT 500-652	\$116,242	Win
4/23/2009	US GPO	Wage & Tax Statement, W-2, JKT 348-668	\$160,928	Win
6/29/2009	US GPO	Notice of Visit (Pacific Islands & Virgin Islands) Spanish & Eng Versions, JKT 353-520	\$12,322	Win
6/29/2009	US GPO	Conf Notice (PI and VI) Sp & Eng Versions, JKT 353-521	\$7,622	Win
7/29/2009	US GPO	Individual Inc Tax Packages 1040-2, -3, & -4; Lot #1 of JKT 348-002	\$274,479	Win
7/30/2009	US GPO	CBP Forms, JKT 572-163	\$1,718	Win
8/6/2009	US GPO	IRS Tax Forms, PUB. 393, JKT 348-083	\$384,066	Retained
8/24/2009	US GPO	IRS Tax Package, JKT 348-006	\$686,000	Retained

8/18/2009	US GPO	Joshua Tree Visitor Guide Tabloids, JKT 572-270	\$9,842	Win
8/28/2009	US GPO	Spanish Version of Medicare and You, JKT 354-439	\$310,792	Win
9/10/2009	US GPO	POD/Bulk & Reprint Distribution of Form 1099-MISC, JKT 348-297	\$453,279	Win
11/16/2009	US GPO	IRS Jacket, Form 1099-MISC, 5-part snapset, JKT 356-279	\$146,615	Win
11/18/2009	USPS	PS Form 6182, 3-part snap out	\$31,600	Win
12/22/10	USPS, PS 1220	USPS Header Cards	\$14,640	Retained
12/07/10	PS6182	USPS Commercial Invoice 3-Part Forms	\$36,000	Retained
10/25/10	PS 1230C rebid	USPS, Time Card auction	\$14,225	Retained
08/30/10	USPS PS 1230C	Time Cards for USPS, 1 year deal with 4 one year options	\$15,279	Retained
07/27/10	356-006	1040-6, -5, -10. and -7 for Tax Year 2010	\$689,765	Retained
06/21/10	USGPO JKT 360-779	Medicare and You 2011, English Area-Specific Handbooks	\$19,300,000	Retained
05/07/10	USPS	Forms, and Form / Label Combinations, through Pandora	\$9,648,446	Retained
11/24/10	USGPO JKT 723-695	HIV Test Forms, Part 1	\$79,016	Win
11/23/10	USGPO JKT 364-279	Form 1099-Misc (Rev 2011)	\$137,664	Win
11/12/10	USGPO JKT 356-504	Print & Binding of Publication 17	\$432,635	Win
10/22/10	PS 1223	USPS, Wage Earnings Statement auction	\$149,850	Win
09/17/10	USGPO JKT 356-557	POD/TFOP Bulk forms, 1040s Schedules C, C-EZ, E, EIC & SE	\$57,782	Win
09/16/10	USGPO JKT 346-548	POD/TFOP Bulk Forms, 1040, 1040A, 1040 Sch M, & 1040 EZ	\$63,796	Win
08/31/10	USGPO JKT 356-289	IRS W-2 Wage Tax Statements; we lost to Standard last year for a smaller qty.	\$302,452	Win
05/25/10	USGPO JKT 678-583	3-part carbonless forms	\$12,236	Win
6/13/2011	USPS PS-6182	Commercial Invoice, 3-part snap out form	\$37,800	Retained
6/8/2011	M&Y 2012, JKT 368-382	Medicare & You 2012 Handbooks, to be printed through Book & Cat/Mag	\$20,407,083	Win
4/5/2011	367-837	Equine Infection Anemia Lab Test, 5-part snap-out forms	\$96,779	Win
3/8/2011	USPS, PS6182	Commercial Invoice, 3-part snap out form	\$37,800	Retained
3/1/2011	366-636	Health Ins Claim Form 1050 (2-Part Snap out0	\$6,500	Win