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DEFENSE SYSTEMS

MANAGEMENT COLLEGE



PROGRAM MANAGEMENT COURSE

INDIVIDUAL STUDY PROGRAM

NONSTANDARD SYSTEMS SUPPORT FOR FOREIGN
MILITARY SALES: CONCEPT AND APPLICATION

STUDY PROJECT REPORT
PMC 76-2

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DEFENSE SYSTEMS MANAGEMENT COLLEGE

STUDY TITLE:

Nonstandard Systems Support for Foreign Military Sales: Concept and Application

STUDY PROJECT GOALS:

To evaluate nonstandard systems support for Foreign Military Sales (FMS) to determine what viable alternatives are available, using USAF FMS programs as a baseline for analysis.

STUDY REPORT ABSTRACT:

An increasing number of U.S. weapon systems being sold to Foreign Military Sales (FMS) customers, instead of being "carbon copies", are being modified and tailored to the foreign customers' desires, creating nonstandard systems. ~~This is a~~ nonstandard system--e.g. contractor-developed avionic systems in lieu of standard DOD developed avionic systems in aircraft--sets into motion numerous serious problems in the operational and support arena. Since the Military Departments are responsible, in the final analysis, for the support of the FMS weapon system with nonstandard systems-equipment-items, ~~now should~~ Program Managers and logisticians of those Military Departments evaluate each FMS request to determine the optimum approach to support of nonstandard configured systems?

Nonstandard support is defined as logistics support to FMS customers for systems, equipment and items not used by U.S. Military Departments and not contained in DOD inventory. Program Managers and logisticians should analyze one of four alternatives for nonstandard support: direct contract, direct contract by FMS, organic support, or a combination of organic and U.S. contractor support via FMS case. These alternatives have to be evaluated against criteria such as DOD/Military Department staff guidance, foreign customer desires and capability, program priority, prime/subcontractor desires, technical complexity, range and type of nonstandard items, etc. A decision model is provided to assist in application of the nonstandard support concept. The article concludes by making three recommendations:

- (1) Military Departments develop a data base to refine criteria to be used in selecting alternatives for nonstandard support.
- (2) Joint Logistics Commanders establish a study panel to determine optimum approach(s) to support nonstandard configured systems.
- (3) Defense Security Assistance Agency provide more definitive guidance on nonstandard support to Military Departments.

DESCRIPTORS: Nonstandard Support, Logistics, Foreign Military Sales

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November 1976

**NONSTANDARD SYSTEMS SUPPORT FOR FOREIGN MILITARY SALES:
CONCEPT AND APPLICATION**

Study Project Report

**Individual Study Program
(A Journal Article)**

Defense Systems Management College

Program Management Course

Class 76-2

by
William D. Ray
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November 1976

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This study project report represents the views, conclusions and recommendations of the author and does not necessarily reflect the official opinion of the Defense Systems Management College or the Department of Defense.

PREFACE

This Individual Study Project was prepared in the form of an article that will be published verbatim in a professional journal or magazine. The reason this reporting form was selected was to assure maximum distribution of the message contained in the article to the principal audiences - Program Managers, logisticians, Foreign Military Sales specialists and Department of Defense (DOD) decision makers.

Acquisition and logistic support of nonstandard configured systems sold to foreign customers via the Foreign Military Sales program should be addressed logically. Today, however, there is no developed DOD or Military Department systematic approach or data source for the Program Manager and logisticians to turn to for guidance and information on how to attack the nonstandard system support problem. This article hopefully provides some thought-provoking ideas to help fill the existing void.

The concept and approach presented are applicable to any type of weapon system and the alternatives and criteria discussed may be tailored to meet the needs of both large and small programs. More in-depth information may be obtained by writing the author at AFALD (Air Force Acquisition Logistics Division)/XR (Plans and Analysis), Wright-Patterson AFB, Ohio, 45433, or calling (513) 255-3731/5700.

NONSTANDARD SYSTEMS SUPPORT FOR FOREIGN MILITARY SALES:

CONCEPT AND APPLICATION

An increasing number of U.S. weapon systems being sold to Foreign Military Sales (FMS) customers, instead of being "carbon copies", are being modified and tailored to the foreign customers' desires, creating nonstandard systems. Today, there is no developed DOD or Military Department systematic approach or data source for the Program Manager (PM) and logistician to turn to for information on how to attack the nonstandard system problem. Likewise, few of the foreign governments have a broad appreciation for the impact such nonstandard configured weapon systems have on their logistics support capability. When the impact is realized, it is usually after-the-fact. A typical example from the users (foreign buyer) standpoint is documented below. For diplomatic reasons, the message has been paraphrased and the sender not revealed.

A Military Assistance Advisory Group (MAAG) in a foreign country transmitted the following message to a major command of the U.S. Air Force (USAF):

"Concur in your intent to make indepth failure analyses and reduce life cycle costs (LCC) of the "black box" by improving the field mean time between failures. Unfortunately, there is no source for data other than the contractor. The foreign government has not accumulated or maintained data, nor has a system been devised to do so. The problem is that the contractor, through a warranty arrangement, had been providing full logistics support for the "black box." This arrangement, which included field and depot repair, parts and transportation, precluded the MAAG and foreign government from having any visibility as to reliability, parts consumption, configuration control and technical functioning of the "black box."

Further, when the contractor's field representative was asked for this data, he stated it wasn't available. In addition, when the warranties began to run out, the foreign government was left with no alternative but to go back to the vendor under a sole source arrangement for logistics coverage because depot support equipment, tech data, parts, consumption data, and trained personnel were not available to the foreign government or an alternate contractor."

The MAAG closed the message by saying they are investigating courses of action that will provide at least limited reliability data on the "black box."

The above facts are not a figment of someone's imagination - - they are a fractional part of the myriad number of problems that can occur when a Foreign Military Sales (FMS) customer changes the design of a U. S. weapon system. Why does the customer change the design of a proven U.S. weapon system? For the same reasons many persons customize their Ford or Chevrolet - - to improve performance, have a distinctive automobile, or for other reasons. However, in all fairness, foreign customers generally request installation of peculiar, or as we shall refer to them in this article, nonstandard systems-equipment-items (NSEI), to increase the performance capability of the weapon system and in some cases, standardize (he may already have in his inventory like NSEI).

Even though the United States strongly urges foreign customers to purchase "carbon copy" U. S. weapon systems, they are still the customers even though in this instance the "customer is not always right." Regardless, the facts speak for themselves: The U.S. Government (USG) has sold and is still selling U.S. weapons with nonstandard systems-equipment-items.

And as long as the foreign customer perceives an increase in the performance capability of the weapon by installing nonstandard systems, the Departments of Defense and State will reluctantly continue to approve sales of other than "carbon copy" U.S. weapon systems. An added fact should not be overlooked: for U.S. defense industry to remain competitive in the international arms market, contractors must sell what the customer wants.

The Program Office and Nonstandard Systems

Delivery of the weapon with nonstandard systems - - e.g. contractor-developed avionic systems in lieu of standard DOD developed avionic systems in aircraft - - to the foreign customer sets into motion numerous serious problems in the operational and support (O&S) arena. Only by initiating planning for nonstandard support (logistics support of NSEI) upon receipt of a FMS request for a U.S. produced weapon with NSEI will the P.M. and logisticians have a reasonable chance of delivering a fully supportable weapon system. Failure to consider nonstandard support in the Logistics Support Analysis (LSA) and Integrated Logistics Support Plan (ILSP) will create serious repercussions for the individuals who must provide follow-on support. Nonstandard support and its contingent requirements - - establishing configuration control, specifying data requirements, identifying maintenance/supply needs, determining nonstandard support costs, preparing provisioning documentation, synchronizing weapon system delivery and logistics support, arranging contractor engineering technical services, etc - - must of necessity be tailored by the Program Office. The 'ilities' such as maintainability, reliability, etc for nonstandard systems can only be programmed into the weapon system by the acquisition manager.

It may appear to the uninformed that the problem is really quite simple -- a foreign government buys a basic production U.S. weapon system with a few "black boxes" switches and relays, and captures a nonstandard "black boxes." Why all the fuss? Engineers will appreciate the effect this supposedly simple "switching out" process has on technical integration of the weapon system. Because the nonstandard "black box" may not fit the location of the original, relocation takes place with new circuitry and wiring harness to be designed. Electromagnetic compatibility, heat buildup, human factors, quality assurance, etc must now be considered and ad infinitum. One change compounds another!

These "simple" changes for the most part have been left to the good graces of the U.S. defense contractors to resolve by direct coordination with the foreign buyer. Testimony is offered in the introductory paragraphs as to how effective that approach is. Whereas a contractor may mean well, his is often one of a piece meal approach: 'I'll offer the customer a repair program for his nonstandard system,' and a month later the customer is offered another contract for the maintenance manuals, and a month later a contract for in-plant training of foreign technicians. Unless a systematic approach to nonstandard support is established at the very beginning of the acquisition cycle, then operationally ready rates will go down and life cycle costs will go up.

The only person with a charter in hand and the power to force the right things to happen regarding nonstandard support is the Program Manager. The USAF recently recognized the importance of devising a systematic approach

to nonstandard support by authorizing the Air Force Logistics Command (AFLC) to conduct an in-depth analysis of the FMS nonstandard support problem. In a message to AFLC, USAF stated that "support problems are significantly diminished when foreign governments have a system which allows ready access to manufacturers of those nonstandard items found in weapon systems and equipments sold to them by the U.S. Government. Since the USAF is responsible for that support (emphasis is the author's) and is judged by the support we provide, we attach much importance to the (nonstandard support) program." (3) The problem can thus be stated: How should the DOD Program Manager/Logistician evaluate each FMS request to determine the optimum approach to support nonstandard configured systems?

What is nonstandard support? How far-reaching is the nonstandard support problem? What needs to be done? These questions will be answered and recommendations for solution of the problem proposed. Since the author's experience is with USAF weapon systems, Air Force source data will be used. However, this is not to imply the nonstandard support problem is confined to the USAF -- to the contrary, the problem is common to all DOD.

NONSTANDARD SUPPORT DEFINED

Nonstandard support is defined as logistics support to FMS customers for systems, equipment and items not used by U.S. Military Departments and not contained in DOD inventory. The term is used interchangeably with nonstandard item support and peculiar item support. A nonstandard item is any item without a National Stock Number (NSN). A nonstandard configured system is: (1) any system configured with nonstandard items or, (2) any system configured with standard items which renders it dissimilar in

configuration to like systems in DOD inventory or, (3) any system configured with less than the full complement of subsystem components so as to render it dissimilar in configuration to like items in DOD inventory.

In some cases, a standard DOD "black box" or system is installed on a weapon system other than the one for which it was designed. In such cases, the peculiar installation kit to install the "black box" in the FMS weapon system will be considered nonstandard but not the DOD "black box." Appropriate logistics support, therefore, for the installation kit needs to be developed. However, before examining the status of proposed and existing nonstandard support FMS cases, a brief review of FMS program guidelines is necessary for a complete understanding of factors bearing on the problem.

FMS PROGRAM ESSENTIALS

The processing of FMS cases -- ranging in value from one hundred dollars for a stock listed item to a billion dollars plus for technically advanced hardware and services -- can be divided into two phases: (1) development, and (2) implementation. The development phase consists of preparation of a Letter of Offer (DD Form 1513) and the implementation phase begins upon the signing of the Letter of Offer by the foreign government.

FMS CASE DEVELOPMENT

When a country has decided that it is interested in procuring a particular defense article or service, it makes an appropriate request through diplomatic channels to the Department of State, or through military channels to the Department of Defense (DOD). Upon receipt of the request, the State Department determines, after consultation with DOD, whether the proposed purchase is consistent with U. S. objectives and policy, and

whether it will serve our national interest. Once the review and approval process has been completed, the appropriate Military Department is requested to prepare a Letter of Offer for articles and services required. The Military Department will, in turn, normally require one of its major commands to prepare the data and cost figures to be included in the Letter of Offer. That command obtains input from the other involved commands and coordinates the total requirement. For example, the Air Force Systems Command, in developing a case for an aircraft system, would require input from AFLC for logistics support areas, from the Air Training Command for training areas, etc. The commands may in turn request data from private industry.

The Command responsible for preparing the case normally is given 60 days to prepare and submit the case to their Service headquarters; however, earlier response will be made whenever possible and especially in those instances where urgency is indicated by the purchaser. (1,p.D-1) After the terms and conditions under which the sale is prepared have been reviewed by higher level authority within the command, the Military Department or DOD, the Letter of Offer is forwarded to the requesting country except for one caveat. If the Letter of Offer is over seven million dollars for "major" defense equipment, (e.g. F-5E, F-18, advanced attack helicopters) or over \$25 million for any other defense article or service, it is referred to Congress for review unless the President states an emergency exists. Congress has 30 calendar days to bar the sale by passing a concurrent resolution. (2)

IMPLEMENTATION OF FMS CASE

Upon acceptance by the foreign government, the Letter of Offer is returned directly to the issuing Military Department. The Military Department then

takes implementing action in accordance with the same procedures that govern its own procurements.(2,p.1) Usually, the command within the Military Department that originally prepared the Letter of Offer is assigned the responsibility for the FMS case to assure that all commitments relating to the sale are met. This often involves official interface with military representatives of the recipient country working with the command in developing the details of the specific case and resolving problems during the life of the Letter of Offer. The objectives associated with management and implementation of the FMS case can be succinctly stated as: (1) providing the foreign government the requested defense articles-items-services, (2) at the right time, (3) to the right place, (4) in the required quantity, (5) at the fixed price as stated in the Letter of Offer. These objectives are in turn influenced by the environment of FMS: high political visibility, multi-discipline coordination, diplomatic pressure, language and culture differences, and FMS technical changes to U.S. weapon systems. It is the latter area this article will now address.

LETTER OF OFFER AND NONSTANDARD SYSTEMS

To reduce misunderstandings of information, DOD now requires additional information in Letters of Offer in the form of Notes or Supplemental Terms and Conditions, depending upon the nature of the material and services being sold. Some areas are required to be addressed in Notes or Supplemental Terms and Conditions to the DD Form 1513; other areas should be addressed on an as required (A/R) basis if the nature of the transaction so warrants. One of the areas that must be addressed is "nonstandard military equipment." (1,pp. D-2,4,7,8)

The Letter of Offer will specify the configuration of equipment being sold, but will furnish detailed specifications only if required. Variations from standard U.S. Government (USG) configurations will be noted, together with any risks which might be assumed as a result of the variance (or non-standard configuration). The notes will highlight any purchase of equipment being made of a configuration contrary to that recommended by the USG. Supplements under "nonstandard military equipment" that must be addressed are: logistical information; payment schedules; mode and destination of shipments; and qualifications regarding validity of price and availability data. Two areas fall in the "as required" (A/R) category - - delivery schedule of items and identification and assumption of risk. (1,p. D-7,8) In actuality, the Military Department procuring the "nonstandard military equipment" will usually have been advised by DOD if the weapon system may be offered to the customer with the identified NSEI's. Thus the P.M. is now officially saddled with the responsibility to address the acquisition and integration of nonstandard systems for FMS, the two main areas being risk assessment and logistical information.

STATUS OF NONSTANDARD SUPPORT CASES

Granted, P.M.'s have been acquiring and integrating nonstandard systems for FMS countries in the past. However, they have not had to take a "hard-nosed" look at the impact on logistics support. Interviews with Air Force, Army, Navy and DOD representatives working in FMS offices at the Pentagon confirm the lack of a uniform approach to the nonstandard support problem. Although the Military Departments are directly responsible for insuring that plans are developed for providing logistics support

to foreign countries, and for directing and managing the preparation, review and dissemination of logistic data; nonstandard support has generally been ignored. The usual guidance to the foreign customer is: to increase his initial buy of NSEI to be delivered prior to and/or concurrent with the weapon system or, to obtain direct support from the U.S. contractor(s) who manufacture the NSEI or from any other source of supply except DOD. Of the three services, the Air Force appears to be further ahead in trying to get a handle on the problem.

AFLC is considering establishment of a permanent control office to function as the office of primary responsibility for FMS nonstandard support. Study subgroups are being tasked to:

- o Monitor and evaluate current nonstandard cases.
- o Definitize procedures for determining impact of nonstandard support.
- o Refine support selection criteria.
- o Evaluate and quantify manpower implications.
- o Review data system(s) impact
- o Develop factors for costing nonstandard case.
- o Determine required publications changes.

Their estimated completion date for accomplishing above tasks and briefing USAF is October 1977. (4)

EXAMPLES OF NONSTANDARD SUPPORT FMS CASES

In the USAF, several FMS cases involving nonstandard support are under development or are in the process of being implemented.

- o Imperial Iranian Air Force (IIAF) - FMS case includes support of nonstandard items installed in all current and future weapon systems of

IIAF. Nonstandard support includes but is not limited to, services required in areas of provisioning, cataloging, requisitioning and distribution, technical orders (and other technical data), materiel deficiency reporting, configuration, engineering, and systems management. Services may be provided by any DOD or contract sources and includes services to be provided at actual cost by the USAF. Estimated case value is \$30 million cost for a three year period. Types of weapon systems to be supported: F-4, F-5, Air Defense systems, etc.

o Royal Saudi Air Force - includes similar provisions as IIAF FMS case: F-5 nonstandard support to be provided by Northrop and San Antonio Air Logistics Center. Estimated case value is \$5-10 million for three year period.

o Egyptian Air Force - Same provisions as above; C-130 nonstandard support by Lockheed and Warner-Robins Air Logistics Center. Estimated case value \$4 million plus for three year period.

o Swiss Air Force - Less extensive provisions for nonstandard support than above three countries; F-5E/F nonstandard support by Northrop and San Antonio Logistics Center. Estimated case value is \$1.9 million.

o German Air Force - Has requested a briefing on USAF nonstandard support; may switch from direct contract for F-4 support to FMS case for nonstandard support. Estimated case value to be determined.

o Other countries - Air Forces of several other countries have expressed interest in obtaining nonstandard support through FMS. Weapon systems other than aircraft are also involved such as AN/FPS-113 radars.

Perhaps one of the most nonstandard weapon systems in the inventory of foreign countries today is the RF-4E aircraft. A list of the NSEI in the

RF-4E's sold to a foreign customer is detailed below:

- o Interial Navigation System
- o Digital Computer
- o Signal Data Converter
- o Navigational Set
- o Radio Set
- o Electronic Altimeter Set
- o Interference Blanker
- o Data Display Set
- o Headset-Microphone Adapter
- o Threat Display System
- o Infrared Reconaissance System
- o Forward Looking Radar
- o Identification Friend/Foe
- o Panoramic Camera

Although the above are examples of USAF nonstandard systems, similar examples exist in the other Military Departments. The important objective now is to determine the optimum approach to providing support for nonstandard configured systems. Nonstandard support assumptions, alternatives, and criteria will be presented, followed by a decision model to aid the P.M. and logistician in application of the nonstandard support concept.

NONSTANDARD SUPPORT ASSUMPTIONS

1. Foreign Military Sales countries require logistics support (equipment, spares, repair parts, technical data, etc) for procured end items with NSEI.

2. DOD will continue to authorize, on a case-by-case basis, Foreign Military Sales of NSEI.

NONSTANDARD SUPPORT ALTERNATIVES

Program Managers can tailor to their program one of four alternatives for nonstandard support:

(1) Advise foreign customer to obtain nonstandard support by direct contract as is usually the case at present.

(2) Offer foreign customer a FMS case for direct contract support by U.S. contractor(s) for nonstandard system-equipment-items.

(3) Offer FMS case for organic support of nonstandard system-equipment-items.

(4) A combination of organic and U.S. contractor support via FMS case. Before discussing each alternative in more detail, the criteria to compare the alternatives against need brief analysis.

CRITERIA

1. DOD/Military Department Staff Guidance. Will nonstandard support be offered to foreign government?

2. Foreign Customer Desires. Does a FMS case already exist for nonstandard support (i.e. IIAF is considering broad, general FMS case for nonstandard support of all present and future weapon systems to preclude having to fund a separate FMS case for each weapon system)? Does customer desire FMS case for weapon system with nonstandard items?

3. Foreign Customer Capability. Can he negotiate fair and reasonable contract with U.S. contractor for direct support? If not, may need to use FMS case as a means to an end. Is infrastructure of foreign customer sufficient for logistics support of NSEI? What areas require improvement?

4. Military Service Capabilities. Is the Army, Navy or Air Force in a position to provide organic nonstandard support? Does systematic procedure for nonstandard support exist? Are organic resources sufficient to provide the full-range of nonstandard support (i.e. manpower and facilities for administrative/technical support) or limited support only?

5. Performance Capability of Nonstandard System. Is the nonstandard system advanced state-of-the-art equipment? If so, the military service may want to bring system into organic inventory at foreign countries' expense (any costs incurred by DOD in support of FMS cases must be borne by foreign customer) and provide nonstandard support.

6. Program Priority. Is weapon system offered for sale to foreign customer of such importance so as to reflect adversely on U.S. if system is not operationally ready?

7. Nonstandard System Initiated by DOD. For security reasons, did DOD change the configuration of a "carbon copy" U.S. weapon system prior to sale to foreign customer? If so, DOD may perceive higher degree of commitment to provide nonstandard support.

8. Prime Subcontractor Desires. Will prime/subcontractors accept contract from DOD to provide nonstandard support for FMS? Most primes/subs desire to deal direct with foreign customer until the contractors are certain the customer opts for a FMS case for nonstandard support.

9. Technical Complexity. Are nonstandard systems so complex that highly trained U.S. engineers are needed to assist in technical analyses/support?

10. Training. How will foreign customer technicians be trained to maintain nonstandard systems? At U.S. contractors' plants? In-country? What level of education is needed? Will U.S. engineers need training?

11. Identifiable Costs. Can costs associated with nonstandard support be quantified for billing the FMS case? Unless an accounting system is established, difficult to capture all costs associated with providing nonstandard support. For example, do you prorate costs of utilities as well as manhour accounting of salary/retirement costs of military/civil service personnel providing nonstandard support? In turn, how are these costs prorated among several FMS countries receiving nonstandard support for the same nonstandard system?

12. Time Frame. Has weapon system with nonstandard items already been delivered to foreign customer? Will retroactive nonstandard support be provided? If so, has customer maintained configuration control? Are tech data available for nonstandard system? Will engineering drawings have to be obtained from U.S. contractor? Is the nonstandard system proprietary? If the P.M. and logistician are able to initiate nonstandard support procedures with the initial FMS request for a U.S. weapon system, then the Logistics Support Analysis and Integrated Logistics Support Plan should include nonstandard support programs.

13. Range and Type of Nonstandard Items. How many nonstandard line items are to be supported? What type of line items are involved -- bits and pieces or expensive subsystems?

Turning now to applying the criteria to the four alternatives specified earlier.

ANALYSIS OF ALTERNATIVES

1. Advise Foreign Customer To Obtain Nonstandard Support By Direct Contract. If the customer is capable of accomplishing his own contracting agreements and has the in-depth knowledge to understand what logistic support

areas he needs to include in the contract, then this may be an acceptable alternative. Several countries have such support arrangements in effect and they appear to be satisfied. Generally, Western nations, Japan, Australia and New Zealand fall in this category. However, some countries, even though capable in the above areas, may desire to deal with contractor via a FMS case.

2. Offer Foreign Customer FMS Case for Direct Contract Support Of Nonstandard Systems-Equipment-Items. This alternative would provide the customer who lacks extensive contracting capability the opportunity to use DOD contracting expertise. The contractor(s) would be advised in the Request for Proposal of the nonstandard support requirements in a generalized Statement of Work and would indicate how he would meet those requirements in his detailed Statement of Work. His not-to-exceed price could be used for preparing the Letter of Offer to be submitted to the foreign customer while negotiations continue to arrive at a fair and reasonable price. This assumes, of course, in certain cases, sole source has been authorized by the FMS country for dealing direct with manufacturer of nonstandard system who has proprietary rights. USG costs would also be defrayed by the FMS case. A site survey by the P.M., HAAG and contractor(s) would be an absolute requirement to determine foreign customers logistics support capability, if not already known.

3. Offer FMS Case For Organic Support of Nonstandard Systems-Equipment Items. Organic support is probably the most unacceptable alternative from the USG viewpoint and the most acceptable from the foreign customers'. The Military Departments manpower and materiel would be impacted even though

the FMS case would provide for full reimbursement of all costs. In these days of declining DOD resources, a Military Department can ill-afford to undertake a sizeable nonstandard support workload. In addition, what motivation would there be for the foreign customer to buy "carbon copy" U.S. systems if he knows the U.S. will assign National Stock Numbers to nonstandard items, bring the items into the DOD inventory, and provide full-range logistics support? However, in a very few instances where less than one-hundred nonstandard line items are associated with a weapon system, it may be to the benefit of all concerned to bring the items into the DOD inventory. Only with accumulation of statistics on nonstandard support cases over time will this assumption be validated.

4. Combination of Organic and U.S. Contractor Nonstandard Support.

Combining organic and contractor support obtains the best of both worlds - management of the nonstandard support procedure by the P.M. and logisticians with the contractor performing most of the work. In general, this alternative provides a method for obtaining materiel, services and training that are nonstandard to the Military Department for direct support of the FMS customer with limited Air Force, Army or Navy participation and involvement. The P.M. and logisticians would negotiate contractually with the private sector those logistical support services normally associated with maintaining visibility, surveillance and control of materiel and technical data from the acquisition through the delivery and follow-on support phases. Generally, provisioning, cataloging and technical data management areas are primarily initial support actions which lend themselves to organic accomplishment by the Military Department. On the other hand, depot level repair of repair

and return items, inventory management and procurement of materials are primarily follow-on support actions which lend themselves to contract accomplishment. In addition, engineering and technical service support normally would be provided by contract. The above split in responsibilities between organic and contractor support are a proposed baseline; application of the criteria to a particular nonstandard support problem will determine the degree of support that should be provided by both areas.

DECISION MODEL

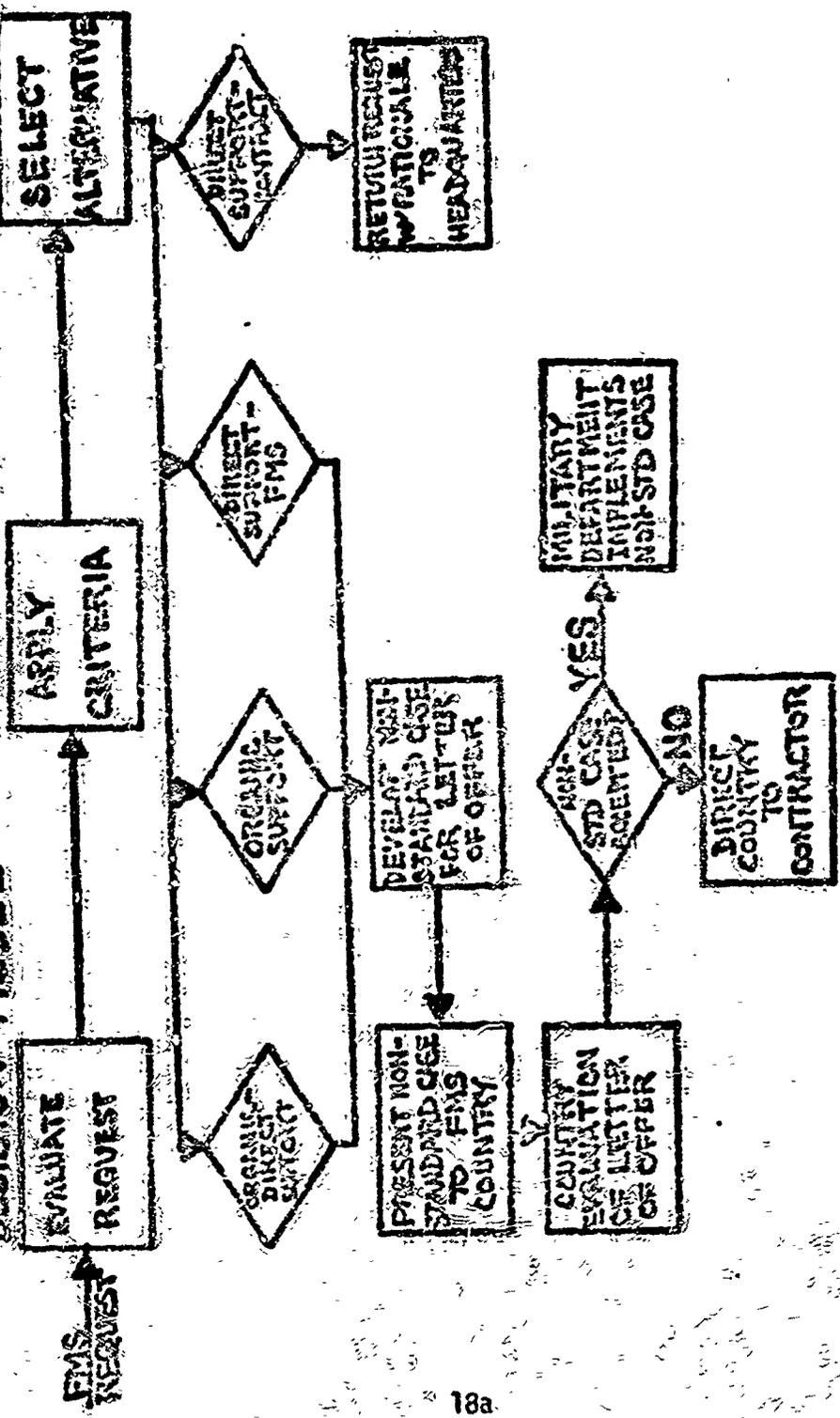
To summarize the more pertinent points considered, the following decision model (see flow-chart) has been prepared to assist in application of the nonstandard support concept. The P.M., in coordination with his program office personnel and, hopefully, logisticians and MAAG personnel familiar with the foreign customer country, evaluate the requirement for a nonstandard support case. The program office applies the criteria and recommends selection of a specific alternative to the P.M. Based on the P.M.'s decision, the request is either returned to headquarters with rationale why the country should seek direct support from contractors or a Letter of Offer with a not-to-exceed price is prepared for presentation to the country. The country either accepts or rejects the Letter of Offer. If accepted, the P.M. implements the Letter of Offer.

SUMMARY AND CONCLUSIONS

This analysis, even though limited, of the rapidly evolving nonstandard support concept makes abundantly clear the following observations:

- o The Military Departments and Program Managers are always involved in logistics support of weapon systems sold to foreign governments, regardless of configuration, quantity, or cost.
- o Foreign customers will continue to request nonstandard configured U.S. weapon systems.

DECISION MODEL - NON-STANDARD SYSTEM SUPPORT



o U.S. foreign policy and the need to maintain a competitive position in the international sale of weapon systems require careful consideration by DOD of requests for nonstandard support.

o Four alternatives are available to the Program Manager for selection of the optimum approach to providing nonstandard support for the FMS customer.

RECOMMENDATIONS

o DOD and the Military Departments develop a data base to refine the criteria to be used in selecting alternatives for providing nonstandard support.

o The Joint Logistics Commanders establish a study panel to determine the optimum approach(s) to support nonstandard configured systems.

o The Defense Security Assistance Agency provide more definitive nonstandard support guidance in the Military Assistance and Sales Manual (DOD 5105.38-M) for the Military Departments.

References

1. DOD 5105.38-M Military Assistance & Sales Manual (MASM) - Part III, 1 March 1976.
2. Fish, Lt. Gen. Howard M., USAF, "Commander's Digest," Vol. 17, No. 22, May 29, 1975, Office of Information for the Armed Forces, OASD (M&RA), Arlington, Va.
3. Headquarters USAF/LGF Message 241600Z August 1976.
4. "Support of F&S Nonstandard Support." Briefing given by Air Force Logistics Command to Headquarters USAF, 16 September 1976.