

---

# The New USAF Approach to Cooperative Logistics Supply Support Arrangements (CLSSAs)

By

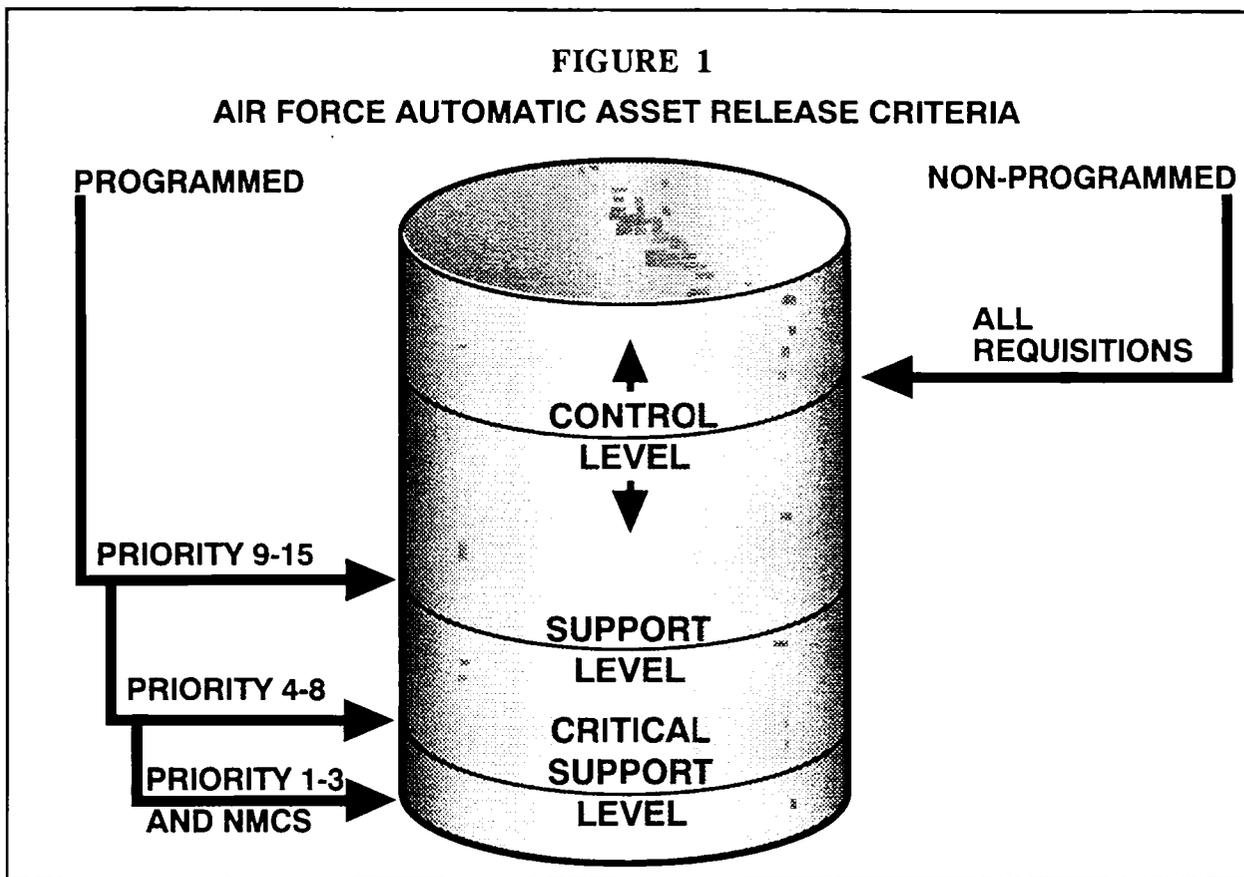
Greg Sutton

The USAF has provided supply and repair support to our Foreign Military Sales (FMS) customers for a number of years through a variety of means, but has advocated the use of the Cooperative Logistics Supply Support Arrangement (CLSSA) as an efficient, cost sharing approach for weapon systems common to both the U.S. and FMS customer inventories. In today's environment of smaller force structures, lower operating budgets, and increasing competition for the defense dollar and customer, we must constantly evaluate the efficiency of our support structure and systems. When the "metrics" indicate an inefficiency, we must move out responsively to meet the customer's needs. This is the essence of the DoD Total Quality commitment.

The Air Force Security Assistance Center (AFSAC) at Wright Patterson AFB, Ohio completed an analysis of the USAF CLSSA program and found a number of statistics which indicated the CLSSA program needed re-tuning to provide the level of customer support necessary today and for the foreseeable future. The Air Force has not been alone in detecting the need for change. The U.S. Navy has also restructured their CLSSA program within the last few years with an eye toward improved customer support (see "Navy's New Approach To CLSSA For the 1990s," *The DISAM Journal, Spring, 1993*). AFSAC's analysis indicated that 36 percent of all FMSO I items have had no demands in the past four years (against the corresponding FMSO II case), 14 percent of the items added to the FMSO I in the past four years have had no demands, and only 45 percent of the FMSO II investment item requisitions are receiving "programmed" treatment. The bottom line for the FMS customer is, they're not getting the biggest bang for their support dollar. AFSAC's goal is a CLSSA program where 100 percent of the stock level items are requisitioned, and 90 percent of the investment item requisitions are coded for programmed treatment. To achieve that goal, and to provide "world class" support for the FMS customer, AFSAC is instituting a major change to the USAF CLSSA program effective 1 October 1994. The what and how of this program will be discussed in the following paragraphs, but first a quick review of the current USAF CLSSA is needed.

A CLSSA is an agreement between the USAF and a foreign military service or organization whereby the FMS customer invests in an equity listing (via the FMSO I case) in USAF and DLA stocks, and is thus able to draw upon U.S. Depot stocks (via the FMSO II case) and repair capability (USAF Depots only) in the same fashion as a DoD user within UMMIPS priority. Utilizing the FMSO II case, the FMS customers requisitions are filled from the "supply barrel" as a "programmed" requisition, assuming the proper priority, recurring demand coding, and that Stock Level Quantities (SLQ - FMSO I), and Eligible to be programmed quantities (EPG - FMSO II) are available (See Figure 1). The country's spares requirements, financial liability, and financial commitment in the USAF and DLA supply systems are defined on the FMSO I case and require a financial investment by the country of 29.42 percent (5/17ths) of the equity list, or case value. The country is financially liable for items procured on their behalf, and it is this liability that allows the USAF and DLA to procure assets in anticipation of FMS requisitions. FMS requisitions are then processed via the FMSO II case, and receive equal support with USAF requisitions within priority. Non-FMSO I equity list, as well as non-standard items, may be submitted via the FMSO II case, but are not eligible for programmed support using depot stocks. They will most often be contracted for delivery, procurement lead time away. The country may also elect to use the FMSO II case for repair and replace, H-Coded requisitions, as opposed to a defined or blanket order

repair and return case. The H-coded requisition is a system generated document which is matched to a country generated document number upon receipt of the repairable carcass at the USAF depot. This generally provides a lower cost, and more efficient and timely method of support for repairable items.



The new CLSSA was specifically designed to address the previously noted inefficiencies of the current CLSSA program while capitalizing on its positive features. These goals were achieved by a blending of procedural changes as well as SAMIS software development which takes advantage of today's extensive automation capability.

The new CLSSA will support recurring requirements submitted on a FMSO II case. (Recurring demand is indicated by an "R" or "Blank" in position 44 of the MILSTRIP requisition.) FMSO I Stock Level Quantities (SLQ) will be computed by SAMIS based on actual recurring repair and procurement demands (requisitions) and actual repair and procurement leadtimes. This eliminates the need for customers to manage SLQ via manual file maintenance transactions. The customer will still establish the FMSO I SLQ through the initial and major add process, but SAMIS will utilize customer input via requisitions as the SLQ adjustment factor. A moving four year history period is used to determine the average monthly demand. For example, if the quantity of recurring demand in the past four years was 24, the monthly demand rate would be .5 (24/48 months). Monthly demand is then multiplied by the actual procurement leadtime (PLT) to determine a procurement SLQ (ie. monthly demand of .5 X 24 [PLT] = SLQ of 12). SAMIS will update/recompute the SLQ on a quarterly basis. SAMIS will also recognize trends in demand. If the demand rate is increasing, SAMIS will compute a slightly higher SLQ. The reverse is true for decreasing demand. A separate repair SLQ is computed by SAMIS in a similar fashion using the H-Coded requisitions to establish monthly demand, and actual repair time plus administrative

---

processing time (6 months) to determine repair SLQ. For example, with an average monthly demand rate for repair of .5 and an actual repair time of two months, the repair SLQ would be 4 (.5 x [2+6]). Customers will still be able to adjust SLQ in anticipation of dramatic increases or decreases in demand (such as a new aircraft buy or deactivation); however, the primary customer method of SLQ adjustment is via the recurring and non-recurring requisition.

The Eligible to be Programmed Quantity (EPQ) is that portion of the SLQ that is available to code a FMSO II requisition as programmed. Under old CLSSA, the EPQ was determined by individual country SLQ and current open requisitions. Under the new CLSSA, there will be just one Procurement EPQ, and one repair EPQ for each NSN. The EPQ will be shared by all the CLSSA customers, calculated quarterly by SAMIS, and will equal the current quarter's computed demand plus any unused EPQ from previous quarters up to the total SLQ for all countries in the CLSSA. The net result of this refinement is that a much larger EPQ should be available at any given time, with a subsequent significant increase in recurring requisitions being supported on a "programmed" basis, and ultimately, greater supply responsiveness to FMS requisitions.

The CLSSA customers will still be liable for their FMSO I quantities which will be resolved through the use of a "Liability File" and a "Termination File." Drawdown requisitions can still be used, but by virtue of the new CLSSA procedures, these should occur much less frequently. If a country's SLQ goes down as a result of decreased demand or leadtime, the amount of the reduction will be added to the "Liability File." The item will remain in the "Liability File" until *any* non-H coded requisition processes. The requisitioning country's requirements will be removed from the liability file first, then any remaining quantity will be used to reduce other countries' liabilities on a first-in, first-out basis. If overall (all countries) SLQ increases, the item is also removed from the "Liability File" as the material is transferred back to an individual SLQ. If the recurring demand rate over a four year period for all FMS customers goes to zero, the items/quantities will move to the "Termination File." This file will process the same as it does in the current CLSSA, that is, items are reviewed for absorption by the item manager up to four times over a two year period. If not absorbed, or if cleared by a non-H coded requisition during this period, the "drawdown requisition" will be utilized in the same fashion as is currently used.

SAMIS will compute SLQ and EPQ for expense items (EOQ - Economic Order Quantity - Expendable Items) in the same fashion as was described for investment items. Liability and Termination files, as well as financial commitment, remain the same also. It is expected that all expense item liability will be cleared through normal requisitioning with little or no conversion to liability or termination files.

The following logic will be used in converting the FMSO I cases from the old to the new CLSSA. If there has been recurring demand for an item in the past four years, SAMIS will compute a new stock level. If the new stock level is in excess of the current stock level, the excess items/quantities will be placed in the "Liability File." Current stock level items with no demands in the past four years by any FMS customer will be placed in the "Termination File." Those items will be maintained in the Termination File for up to six years (as opposed to the normal two year period) to allow for maximum absorption. If, at conversion, the country new CLSSA stock level is greater than the current stock level, this quantity will be used to reduce the Termination File quantities. The FMS customer can choose to participate totally, or partially in the new CLSSA. A country may decide to participate for consumable items only (Service Code B and C), or only repairable items (Service Code A). Within the repairable category, the customer can elect to participate for repair only, procurement only, or both repair and procurement. Also, within the Service Code A, repairable category, the customer may elect to participate for only specific, selected NSNs. All requisitions submitted via the FMSO II case that are in the non-participating areas will be coded non-programmed, and subject to fill action based on the current AFM 67-1 procedures.

---

The advantages for the FMS customer under "New CLSSA" can be summarized in the following fashion. Minimization of daily SLQ management for the country while retaining the ability to set the SLQ. Elimination of phase in periods; if the pipeline is full, requisitions will process as programmed if coded recurring. The FMSO I becomes more realistic in that it reflects actual customer demand and leadtimes, thus allowing item managers to procure items and quantities in a much more effective and efficient manner. The resultant improvements in SLQ and EPQ will result in more requisitions coded as programmed, and therefore eligible for support from depot stock. As FMSO I levels become excess to one customer's needs, SAMIS immediately begins clearing customer liability using non-H coded requisitions from other customers (thus the term, self-liquidating). This should significantly reduce customer FMSO I liability. The bottom line for the customer should be a more easily understood and managed, cost effective, improved level of CLSSA support.

While this article has attempted to provide some level of detail relative to the USAF new CLSSA, the author wishes to encourage SAOs and FMS customers to contact their AFSAC country manager and/or AFSAC/XM for further detailed information on the new CLSSA. The author wishes to gratefully acknowledge the AFSAC (specifically, Mr. Chuck Lavelle of AFSAC/XM) for the provision of the information contained in this article as well as commending them for their efforts of continuous improvement in the CLSSA process.

#### **ABOUT THE AUTHOR**

Greg Sutton is an Instructor of Security Assistance Management at the Defense Institute of Security Assistance Management. He has been involved in Security Assistance since 1988, serving a tour of duty in Saudi Arabia with the Logistics Support Group, as a Division Chief at the Air Force Security Assistance Center (AFSAC), and as an FMS analyst and advisor to the F-15 Program Office, Peace Sun IX SAPM.