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# Improving Customer Satisfaction

By

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Since I assumed the role of Commander, United States Army Security Affairs Command (USASAC), I have been dedicated to improving the satisfaction of our security assistance customers. As a Major Subordinate Command (MSC) under the Army Materiel Command (AMC), USASAC performs the Army's Executive Agent functions of implementing, administering, and managing the Army's security assistance program for the Commander, AMC. USASAC's mission is to support the total Army mission by managing the execution of approved security assistance programs. This encompasses several elements:

- Development of fully supported and sustainable equipment offers.
- On-time delivery of high quality equipment and training within the cost estimates contained in the Letter of Offer and Acceptance (LOA).
- Development of a U.S. Army position on commercial export licenses for military equipment and technology.
- Negotiation of co-production agreements with other nations.
- Development of plans for transition to war.

Our challenge is to assure the customers' satisfaction with the security assistance program by being ever responsive to their needs. The security assistance program is an important instrument of our foreign policy. Through this program, defense articles, services, and training are provided to friendly and allied nations, affording them the capability to defend themselves. We currently are dealing with over 100 sovereign nations who look upon this international defense cooperation as an essential element of friendly and useful relations with the United States, not only in the military arena but also across the entire spectrum of political, economic, and sociological relationships. These countries expect steadfastness of policy and constancy of purpose in terms of their continuing ties with the United States.

When we look at the countries we support, we are reminded of just how diverse these countries are, at least from the security assistance point of view. We run the full spectrum from treaty allies to nonaligned countries, from wealthy to economically dependent, and from militarily and technologically sophisticated to those in need of basic military advice.

The same diversity holds true when we look at how we jointly plan with the countries we support in developing common program objectives leading to a country program. The country program may be a fully developed five-year plan, in which relations are close and common objectives are widespread, or the program may simply cover the management of a large purchase, in which case the joint dialogue may not advance beyond the objectives of our sale of the articles and what the country hopes to achieve. The process is always dynamic. Our goal is to develop programs with countries important to our interests, and to help them achieve an independent defense capability.

To accomplish our mission, USASAC has developed a three tiered management approach that consists of a country program manager, a central case manager, and a command case manager. For each Foreign Military Sales (FMS) case, a country program manager and a central case manager are assigned within USASAC. The country program manager is responsible for overall management of the country's program. The central case manager is responsible for proper

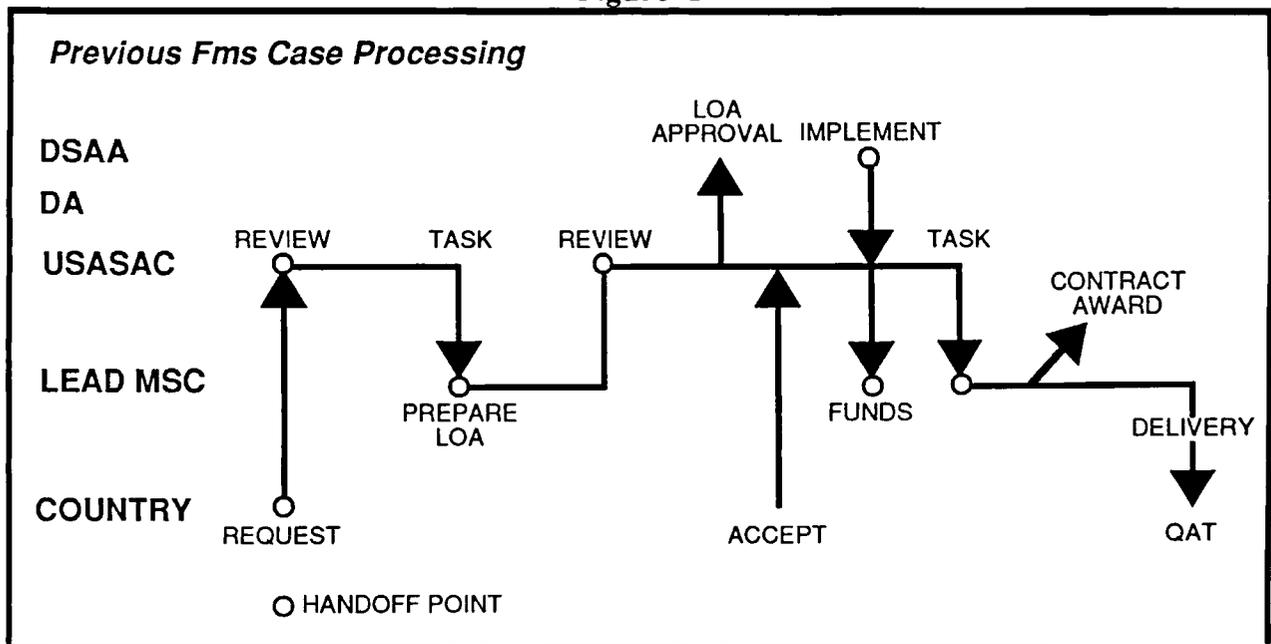
execution of individual cases from the date of implementation through the remainder of the case's life cycle. The command case manager is assigned by the major subordinate commodity command responsible for the development and execution of a specific case. This manager prepares the case and ensures that DOD case management objectives are met for their segment of the case.

During a meeting in August 1988 between General Carl E. Vuono, the Chief of Staff of the Army (CSA), and myself, the CSA stressed the importance of security assistance as an essential Army mission. Security assistance is a viable substitute for forward U.S. army troop deployments and, as such, realizes a high return on our investment dollars. The CSA's comments focused on improving the responsiveness of the program and thus enhancing customer satisfaction. Past effort in this area have been generally successful. However, our efforts must be ever constant. To this end, I established three primary goals for USASAC:

- Provide materiel, services, and training to customers in an efficient manner.
- Ensure proper financial stewardship of customer funds.
- Increase productivity and responsiveness through automation.

We studied methods by which these goals and the objectives enunciated by the CSA could be more effectively achieved. Sales in support of security assistance represent a complex process involving a wide range of U.S. government elements and private firms. In our analysis of the Letter-of-Offer (LOA) process, thirty-one critical events in the life cycle of an FMS case were isolated. Each event was identified with the organizational element which had primary case responsibility within AMC as well as with those elements with which coordination must be accomplished before completion of an action. The flow of events, as briefly depicted in Figure 1, highlight the difficulty of clearly placing primary responsibility on any one organization for the successful completion of a program. The impression was that no one was in charge. There was no one on whom "to pin the rose." This is not to say that I was looking for someone on whom to place blame if something went wrong. Rather, we needed a clear picture of who was responsible for getting the job done.

Figure 1



The end result of this analysis was the conceptualization of a new approach to case management, as depicted in Figure 2. Our new approach places the primary responsibility for managing a major weapon system sale on the people who possess in-depth knowledge of the systems, i.e., the commodity oriented MSCs within AMC. This management concept applies to initial sales (first fieldings) of specified major Army weapon systems to foreign customers, as depicted in Figure 3. Subsequent sales, where the country already has the system in its inventory, will not normally fall under the purview of this approach. The new concept will enable the Army security assistance community to support these fieldings in the same manner as we do for the U.S. Army.

Figure 2

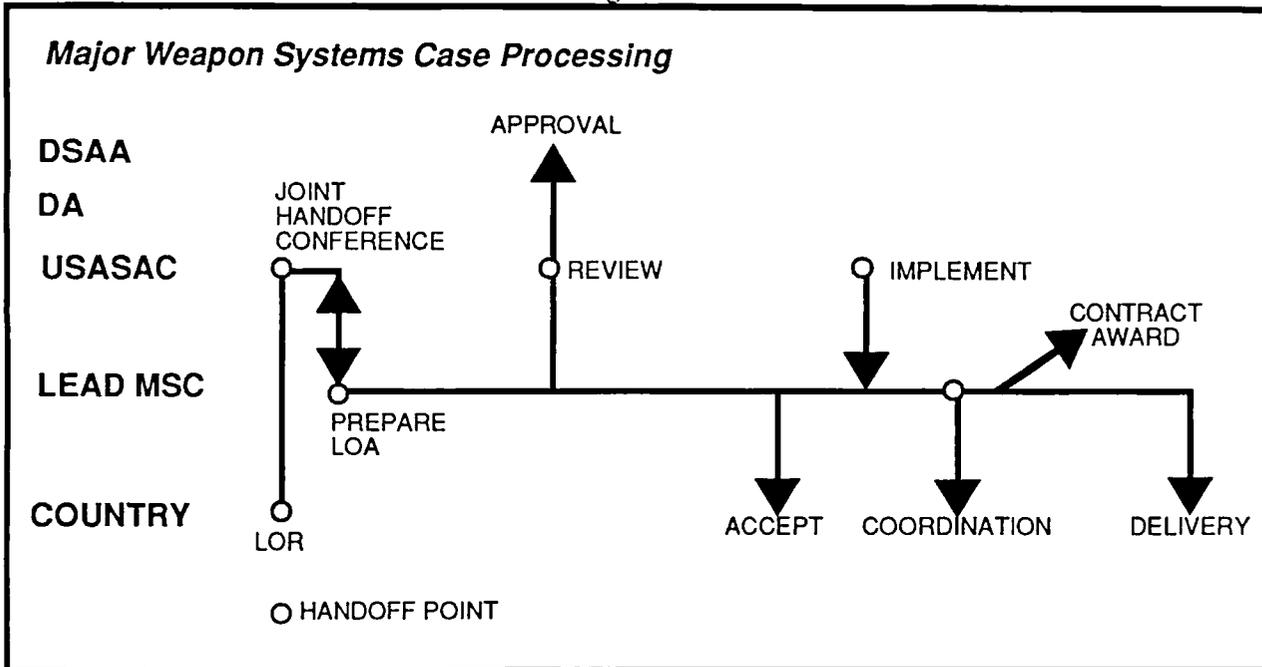


Figure 3

<b><u>Combat Vehicles</u></b> M1A1 Tanks BRADLEY	<b><u>Communications/Radar</u></b> SINGARS AN/TPQ-36 AN/TPQ-37	<b><u>Missiles</u></b> TOW    CHAPARRAL HAWK    PATRIOT MLRS    STINGER
<b><u>Aircraft</u></b> COBRA BLACKHAWK APACHE CHINOOK	<b><u>Artillery</u></b> 155mm Howitzer SP M109 155mm Howitzer Towed M198 8 in Howitzer SP M110	

The sale of the specified major weapon systems to security assistance customers is governed by our policy to enhance the U.S. Army's responsiveness and the foreign customer's satisfaction. Under the concept, USASAC transmits the Letter of Request (LOR) to the MSC responsible for managing the sale (designated as the lead MSC). In the transmittal, USASAC directs the lead

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MSC to conduct a joint handoff conference with representatives from USASAC, the Security Assistance Field Training Activity, and supporting MSCs. Participants at the handoff conference perform several important functions:

- Assess the LOR to ascertain the measures that must be undertaken to ensure that it is complete and meets the customer's requirements.
- Assess the need for an in-country requirements survey.
- Address the application of the National Disclosure Policy and exceptions thereto, the TPA concept, the Congressional notification process, etc.
- Address training requirements.
- Assess the need to establish a new Maintenance Support Arrangement, Cooperative Logistics Supply Support Arrangement, or Blanket Order case to support the weapon system in the future.
- Define the precise channels of communication among the customer, SAO, lead MSC, supporting organizations, and USASAC.
- Address the manpower and funding resources required to execute the program.

The handoff conference represents a key difference between the previous and the new management procedures. At the conclusion of the conference, responsibility for providing the hardware to the customer is placed squarely in the hands of the MSC. USASAC is not in the hardware business. Although we have experience in the security assistance arena, we do not procure materiel. The provision of the hardware is within the province of the MSCs. The joint handoff conference is the critical event at which management of the weapons system sale under the total package concept is transferred to the lead MSC.

The commodity commands have the weapon system expertise that is necessary to comply with the total package approach (TPA) to FMS. TPA dictates that the customer be informed of, and afforded the opportunity to obtain all support, training, and services necessary to field and sustain a weapon system under consideration for purchase. Additionally, the TPA concept ensures that all materiel, training, and services offered to a customer are scheduled and delivered in a sequence reflective of the operational requirements of the system. Customer satisfaction is dependent upon the Army providing the required materiel or services on schedule, and at the estimated prices. Some of the uncertainties that can contribute to customer dissatisfaction are contractor production problems, price fluctuations, or pricing errors. Although these uncertainties cannot be eliminated completely, a MSC's experience with a specific major item or weapons system will help reduce the effect of the uncertainties and thereby increase the likelihood of customer satisfaction.

Previously, USASAC assumed responsibility for assuring compliance with the total package concept. We requisitioned materiel and monitored the provisioning of spare parts, publications, training, and all other support associated with the weapon sale. USASAC conducted all management reviews and presented the status of our security assistance programs to the Commanding General of AMC. Now, the lead MSC has the total package responsibility. Ancillary equipment and support items required from other MSCs are committed to in writing. Lead times for the major item, supporting material, and training are coordinated by the lead command. The lead MSC ensures that all material, technical assistance, and other required support have been offered and that delivery time frames are compatible, e.g., delivery of items is in harmony with the training schedule.

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During the execution phase of the program, the lead MSC coordinates procurement and all other actions to ensure on-time delivery of all items and services within a reasonable expectation of the prices contained in the LOAs. The FMS customer must be equally committed to the terms and conditions of the sale for successful consummation of the program. Under our new concept, management responsibility for the timely performance of supporting commands and agencies rests with the lead MSC. Program milestones and scheduling dates are extremely important. LOA development must receive the best effort practicable to ensure delivery schedules are achievable and met. Execution of the program must follow a documented process measuring each event along the way to resolve potential problems that will cause the schedules to slip. With the aid of data supplied by USASAC and SATFA, the lead MSC monitors the provisioning of spares, publications, training, etc. The lead MSC also conducts system management reviews with the purchasing country to evaluate the progress of the sale and report on the status of the program to the Commanding General of AMC.

Our concept addresses the necessity of fielding a major weapon system as a total package and of furnishing definitive direction to ensure security assistance programs are offered to our foreign customers in compliance with Army and DOD policies. The first two programs to be managed under this approach are the Bradley vehicle sale to Saudi Arabia and the M1A1 tank co-production effort with Egypt. Both programs are progressing successfully with no perceived problems in meeting established milestones. The concept works well.

Because of the importance of our continuing ties with friendly and allied nations, our new approach will enable the Army security assistance community to streamline the FMS process and thus support fieldings of major weapon systems in a more efficient and responsive manner. The principles embodied in this concept will instill more discipline in the planning and execution of major programs, as well as in elevating the visibility of program shortcomings earlier in the process. A letter signed by General Louis C. Wagner, Jr., Commanding General of AMC, directs all MSC commanders to place a high priority on the successful execution of this policy. Implementation of the concept furthers our goal of providing quality materiel to our security assistance customers with adequate provisioning.

Another of our initiatives to improve customer satisfaction relates to materiel offered in "as is—where is" condition. This is materiel provided in existing condition without repair, restoration, or rehabilitation. The condition of the materiel is so stated in the LOA. In addition, the security assistance customer is advised that a technical inspection is recommended to determine the exact condition of the items. As a matter of prudence, the U.S. Government (USG) should obtain written acceptance of the equipment's condition after the inspection is held. This acceptance should also be noted in the LOA. If the country elects to waive the inspection, it should be informed that appearance and serviceability cannot be guaranteed.

We have now gone a step beyond this general policy. Whenever a major item or system is offered in "as is" condition, a joint visual inspection will be required. The joint inspection will involve both country representatives and USG quality assurance personnel. If the country declines the joint visual inspection, the official responsible for accepting the LOA will be required to sign a waiver stating that his government does not desire to inspect the materiel and affirming that the USG is absolved of any and all liability with respect to the condition of the materiel.

The purpose of this new procedure is to ensure that there are no misunderstandings by the country of exactly what is being offered. The inspection will provide the framework for realistic expectations by the receiving activity in-country. The fact that the USG has no liability regarding materiel defense will be reemphasized either through the joint inspection or through the agreement signed by the country official.

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The application of Reliability Centered Maintenance (RCM) to equipment supplied to our foreign customers was another area that jeopardized customer satisfaction. RCM is a U.S. maintenance concept which establishes design priorities to facilitate scheduled maintenance and to plan scheduled maintenance tasks. These tasks preserve or restore safety and reliability to acceptable levels where equipment system deterioration has occurred during the equipment's life cycle. RCM policy provides a Depot Maintenance Work Requirements (DMWR) criteria that minimizes resource and materiel expenditures required to restore and retain the reliability and safety of the equipment. Pre-shop analysis now determines what items or components will be repaired during the depot reconditioning cycle. By 1990, all U.S. Army DMWRs will be reviewed and revised, if necessary, to include provisions for RCM. Accordingly, material sold to security assistance customers from depot reconditioned stock as well as material submitted for depot level repair would be subject to the RCM concept.

RCM reconditioning is, in most instances, deemed inappropriate by security assistance customers. Under the RCM concept, only parts and components not meeting U.S. Armed Forces serviceability standards are replaced. This means that some internal components may be worn and surface finish may indicate prior usage. Nevertheless, the customer is expecting "like new" equipment. Consequently, with some exceptions, we at USASAC have established a standard of complete overhaul/rebuild for material supplied from depot reconditioned stock as well as for the repair and return customer owned assets. For this purpose, "complete overhaul/rebuild" is defined as 100 percent disassembly and repair, when practical.

It is imperative that the exact condition of the materiel offered to the security assistance customer be fully disclosed. In addition to including this information in the LOA, separate notification of the materiel's condition is provided via program management reviews, message traffic, visits, etc. When materiel offered is less than complete overhaul, representatives of the receiving government are invited to visit the depot facility for a thorough explanation and observation of the RCM process. Repetitive attempts to convey the materiel's condition are made to ensure customer understanding.

Another of our proposals will further extend the privilege of a foreign customer to observe procedures at U.S. Army depots and contractors' facilities. Under this policy, the customer may observe the U.S. Government's inspection and acceptance process for materiel coming from procurement as well as observe the overhaul/rebuild process at an Army depot. This courtesy will alleviate some foreign government concerns that equipment being provided is not in the condition described in the LOA. Requests by customers for these observation visits will be entertained on a case-by-case basis. Of course, authority to accept or reject materiel rests solely with the U.S. Government. The customer will be clearly informed that the observation visit is strictly on a noninterference basis.

Quality of the equipment provided is a major factor in measuring customer satisfaction. As part of TPA procedures, a Quality Assurance Team (QAT) is offered whenever a major end item is fielded, whether the source is procurement or overhaul. We are stressing the importance of QAT services to our customers. The QAT services are beneficial. They assist the country's personnel in verifying operability of the equipment in-country and in correcting problems encountered in the shipment. These services often avoid lengthy delays in processing valid customer complaints, which can possibly effect the equipment's operational readiness. The team members also provide the country helpful familiarization guidance to assure customer satisfaction with the equipment. Declination of QAT services has definite, adverse ramifications. USASAC stands firm in stating to the country that QAT services must be accepted. This is necessary to ascertain that satisfaction with the delivery is achieved. The QAT precludes unnecessary misunderstandings and promotes the resolution of problems through on-site corrective actions.

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I would like to touch briefly on several other efforts we are pursuing to enhance customer satisfaction. Our fiduciary responsibility for the stewardship of customer funds will be better carried out through implementation of improved pricing and cash management concepts. One of these is the development of an automated pricing catalog of items sold to FMS customers.

Increasing productivity and responsiveness through automation is imperative for improving customer satisfaction. "Security Assistance Automation Army" (SA<sup>3</sup>) is our effort to provide required data bases, processes, and capabilities necessary for total management of the security assistance program. One of the SA<sup>3</sup> applications is the automated preparation and transmission of the DD Form 1513, Letter of Offer and Acceptance. Under SA<sup>3</sup>, we will provide over 1400 terminals for the exchange of information throughout the security assistance community, including the overseas Security Assistance Organizations. A USASAC Users Study validated a five-year automated data processing plan that identifies our future automation needs.

One last issue I would like to discuss is support for developing nations. Our equipment is becoming increasingly complex, but many of these nations can neither afford nor effectively utilize our technologically advanced equipment. This has led to Third World countries acquiring nonstandard systems under the FMS program. This, in turn, poses a problem to the U.S. in providing continuing support for the nonstandard equipment. Although we have an obligation to support what we sell, procurement of nonstandard parts is labor intensive. We are working to improve this situation through streamlined acquisition procedures, the application of in-house resources to procure nonstandard items, and contractor supported programs. One program that is working within the Army security assistance arena is the Contractor Supported International Parts System (COSIPS). This program offers an in-country parts depot managed by a contractor for the supply of nonstandard items. Another alternative being studied is centralized nonstandard procurement for FMS requirements. A related matter is the continuing and long-standing problem with the lack of specificity in a developing country's statement of their needs. In this area, the SAO can help by working with the country's representatives to develop a better definition of the requirements. Since our equipment will become more, rather than less, complex, we will pursue these and other efforts to assist developing nations in acquiring and supporting nonstandard, simpler equipment.

We have long held the belief that we must provide high-quality equipment to our security assistance customers in a responsive manner. The challenges are many. By meeting them, we will further U.S. national security objectives by enhancing alliances, strengthening military-to-military ties, redressing power imbalances, and ensuring regional stability. Additionally, we will gain economic and political benefits through larger and more economical purchases, partial recoupment of research and development costs, increased jobs, and the exportation of our democratic values. We are committed to the challenges.