DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
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WASHINGTON DC 20310-0103

REPLY TO
ATTENTION OF

SARD-RP

11 MAY 1994

MEMORANDUM FOR THE ACQUISITION COMMUNITY

SUBJECT: Model Program/Project/Product Management Office Organization

This memorandum provides policy concerning Program Management Office (PMO) organization. The need for a PMO, system command matrix support, and contractor services model surfaced again during recent PMO reviews.

Since the passage of the Goldwater-Nichols Act in 1986 and the publication of the Defense Management Report in 1989, each Army Acquisition Executive has expressed a similar vision of how the Army acquisition community should organize to provide world-class equipment to operating forces. I agree with that vision and want to reinforce its importance to all elements of the Army acquisition strucure. The succinctly stated vision is:

a. A core PMO capable of managing the program through the acquisition cycle.

b. Co-located matrix support assigned to successfully assist the PMO move through an acquisition phase, e.g., Engineering-Manufacturing Development.

c. Functional matrix support provided as needed, to accomplish specific tasks, e.g., maintenance engineering.

d. Support contractors provide capabilities or capacity not otherwise available.

A model PMO structure can be developed to serve as the baseline for structuring the core PMO. This is not to imply that all have to be exactly the same. What it does mean is that all PMOs start from the same base and adjust for the program's phase in the acquisition cycle, size, and complexity. My guidelines for the foundation of a core PMO are as follows:

a. PMOs should not contain more than 40 persons for a Major Defense Acquisition Program (MDAP) and 20 persons for non-MDAPs capable of accomplishing inherently governmental functions.

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b. PMOs should be capable of accomplishing technical, logistics and business management functions, e.g., Planning, Programming, Budgeting and Execution System requirements.

c. All division chiefs in the PMO must be on the PMO's Table of Distribution and Allowance.

d. The grade of officers and civilians within an organizational element should be at least one grade below that of the immediate supervisor.

e. A product manager in the PEO structure does not normally warrant a deputy. HQDA policy limits the use of deputy, executive or assistant positions to circumstances where 1) the head of the organization is frequently absent on official business, or 2) the workload justifies the additional position.

f. PMO administrative staff (GS-9 and below) should not exceed 20 percent of total staff.

g. Matrix support includes its own administrative and support cell.

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