



DEPARTMENT OF THE ARMY  
HEADQUARTERS, U.S. ARMY MATERIEL COMMAND  
5001 EISENHOWER AVENUE, ALEXANDRIA, VA 22333-0001

REPLY TO  
ATTENTION OF

AMCRM-I

7 February 2003

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Cost Management/Activity Based Costing (CM/ABC)

1. I am firmly committed to implementing Cost Management/Activity Based Costing (CM/ABC). CM/ABC is a tool that will enable us to achieve a lean organization whereby we fully understand and manage work processes. Our business areas are Depot Maintenance, Civilian Human Resources, Contracting, Research and Development Labs, Supply Management, Information Support, and Ordnance.
2. I challenge all MSCs to become fully engaged in implementing and utilizing CM/ABC as one of our tools for managerial decision-making.
3. You will find a description of CM/ABC roles and responsibilities at enclosure. The G-8 is the lead for the Command to enable CM/ABC success. However, everyone in the Command must assist in utilizing CM/ABC to enable us to control cost and improve operations. I look forward to hearing of your progress.
4. The HQ, AMC point of contact is Mr. Harvey Mymit at 703-617-8324 or DSN 767-8324.

Encl

*I expect your  
personal attention  
and measurable  
progress in FY 03.*

  
PAUL J. KERN  
General, USA  
Commanding

DISTRIBUTION:

Major General John C. Doesburg, Commander, U.S. Army Soldier and Biological Chemical Command, 5183 Blackhawk Road, Aberdeen Proving Ground, MD 21010-5424  
Major General Larry J. Dodgen, Commander, U.S. Army Aviation and Missile Command, Redstone Arsenal, AL 35898-5000  
Major General William H. Russ, Commander, U.S. Army Communications-Electronics Command, Fort Monmouth, NJ 07703-5000  
Major General Wade H. McManus, Jr., Commander, U.S. Army Joint Munitions Command (Provisional), 1 Rock Island, IL 61299-6000  
Major General Ross Thompson III, Commander, U.S. Army Tank-automotive and Armaments Warren, MI 48397-5000

AMCRM-I

SUBJECT: Cost Management/Activity Based Costing (CM/ABC)

DISTRIBUTION (CONT)

Major General John J. Deyermond, Deputy Chief of Staff for Operations, G-3, U.S. Army Materiel Command, 5001 Eisenhower Avenue, Alexandria, VA 22333-5000

Ms. Melinda Darby, Deputy Chief of Staff for Personnel, G-1, U.S. Army Materiel Command, 5001 Eisenhower Avenue, Alexandria, VA 22333-5000

Mr. James D. Buckner, Chief Information Officer, G-6, U.S. Army Materiel Command, 5001 Eisenhower Avenue, Alexandria, VA 22333-5000

Colonel Johnny Garrett, Principal Advisor for Procurement, U.S. Army Materiel Command, 5001 Eisenhower Avenue, Alexandria, VA 22333-5000

## AMC CM/ABC Roles and Responsibilities

### HQ AMC

1. G-8 is the overall lead for CM/ABC. Coordinates, shares information and serves as focal point for DA and HQ CM/ABC tasks. Responsible for standardization of weapon system cost objects used across all of AMC.
2. Functional proponents are responsible for preparing and maintaining their CM/ABC Business Area plan, including selection of metrics. Assists in providing information to tasks. Lead for standardization of activities within each AMC Business Area.

### MSCs

1. Appoint an overall lead for CM/ABC within the MSC.
2. The lead shall:
  - a. Ensure implementation of CM/ABC in accordance with the relevant Army Business Plan. Prepare MSC schedules, and as necessary, supplement the Army Business Plan.
  - b. Provide status and updates of CM/ABC actions to HQ AMC. Provide CM/ABC Quarterly Reports to HQ AMC to be used by HQ in DA submissions.
  - c. Coordinate with HQ AMC on items requiring DA action.
  - d. Provide and utilize input on standardized activities and weapon systems for each MSC Business Area. Assist with MSC unique sub-allocations.
  - e. Report business area metrics.
3. Empower and enable local managers to properly conduct CM/ABC functions and implement process improvements.