



DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

JUL 24 2015

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
CHIEFS OF THE MILITARY SERVICES
CHIEF OF THE NATIONAL GUARD BUREAU
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE
AFFAIRS
ASSISTANT TO THE SECRETARY OF DEFENSE FOR PUBLIC
AFFAIRS
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Implementation of Institutional Reform Opportunities

The Department continues to seek opportunities to improve the efficiency and reduce the cost of management headquarters. The following two institutional reform opportunities will support the Department's goals to improve overall performance, strengthen business operations, and achieve cost savings that can be transferred to higher priority needs:

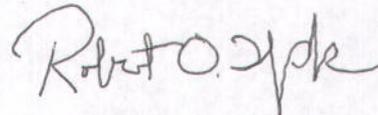
- Rationalizing and delayering the management structure of the Office of the Secretary of Defense and associated Defense Agencies and DoD Field Activities, and
- Improving the outcomes of contracted services through standardized processes and governance structures.

I am directing the Deputy Chief Management Officer (DCMO) to lead the implementation of the effort to rationalize and delayer the management structure of the Office of the Secretary of Defense and associated Defense Agencies and DoD Field Activities. The DCMO will identify a core team of subject matter experts that will work directly with the staff from these organizations to conduct a review of supervisory ratios and spans of control; create standardized frameworks; and develop implementation plans for the to-be rationalized organization in compliance with staff reduction requirements. These plans will be reviewed by a joint panel and I will serve as the final adjudicator, if required.



I am also directing the DCMO to lead the implementation of Service Requirements Review Boards for the Office of the Secretary of Defense and associated Defense Agencies and Field Activities, in accordance with policy, guidance, and instructions issued by the Under Secretary of Defense for Acquisition, Technology, and Logistics. The DCMO will provide a plan for executing a flexible, standard governance and management framework for validating and prioritizing services requirements, and ensuring the effective management of the acquisition of services to meet cost, schedule, and performance objectives and conserve the Department's budget reserves.

DCMO will provide periodic updates to me on the status of these actions. The implementation of these opportunities may challenge many institutional interests, but it is essential that we undertake these efforts to achieve greater effectiveness and cost savings, and to better preserve our warfighting capabilities. I expect and appreciate your full support, leadership, and personal engagement as the Department implements these management improvements.

A handwritten signature in black ink, reading "Robert O. Hyde". The signature is written in a cursive style with a large initial "R" and a distinct "O".