



AACE® International Recommended Practice No. 83R-13

**ORGANIZATIONAL BREAKDOWN STRUCTURE AND  
RESPONSIBILITY ASSIGNMENT MATRIX**

TCM Framework: 7.1 – Project Scope and Execution Strategy Development

8.1 – Project Control Plan Implementation

11.2 – People and Performance Management

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## ORGANIZATIONAL BREAKDOWN STRUCTURE AND RESPONSIBILITY ASSIGNMENT MATRIX

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May 1, 2014

### INTRODUCTION

This recommended practice (RP) describes the purpose, management, and control of an organizational breakdown structure (OBS) and responsibility assignment matrix (RAM).

This RP provides guidance regarding the use of an OBS and RAM on projects. This RP defines the purposes of and typical examples for the OBS and RAM.

The intent of the RP is to document what most practitioners would consider to be good practices that can be relied on and that they would recommend be considered for use where applicable. The intended audience is total cost management professionals who are developing an OBS and RAM.

This RP is aligned with the *Total Cost Management Framework*, as well as the *American National Standards Institute (ANSI) Electronics Industries Alliance (EIA) - 748 Earned Value Management Systems (EVMS)* guidelines. (Guidelines 2, 3, 5, and 9.)

### RECOMMENDED PRACTICE

#### Terminology within the RP

**ORGANIZATION BREAKDOWN STRUCTURE (OBS)** – A hierarchical relationship of the organization, including subcontractors, responsible for managing a designated scope of work within the work breakdown structure (WBS).

**RESPONSIBILITY ASSIGNMENT MATRIX (RAM)** – Depicts the intersection of the WBS and the OBS. The OBS relates the work breakdown structure (WBS) element to the organization and the named individual who is responsible for the assigned scope of a control account.

The OBS describes the organizational structure and how the organizations relate to each other. It is established as part of the initial project planning and is necessary for the successful integration of a project's scope, schedule, and budget. The OBS identifies all the project's key managers and may include the contractor's project team and subcontractors. The OBS is related to the WBS to ensure that all personnel are identified that are responsible to plan, manage and control the project.

#### Organization Breakdown Structure (OBS) Types

Companies have different organizational structures and the OBS for a given project can be designed to accommodate any of the following structures. For instance:

- **Functional organization:** This structure is quite common. Individuals are assigned to work according to a function such as engineering design or information services. Individuals within these groups can be assigned to support different projects but they remain part of the functional organization.
- **Client-based organization:** A common example of this type of organization is where an engineering company is organized to handle projects based on different types of clients: transportation, water,

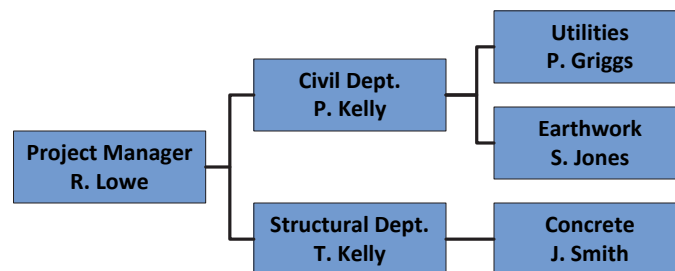
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energy, and government for example. Organizations may also be structured along geographic lines, such as North America, Latin America, Middle East and North Africa (MENA), etc. however, the OBS structure must hierarchically decompose down to the control account level to allow for identification of a responsible party for WBS for EVM purposes.

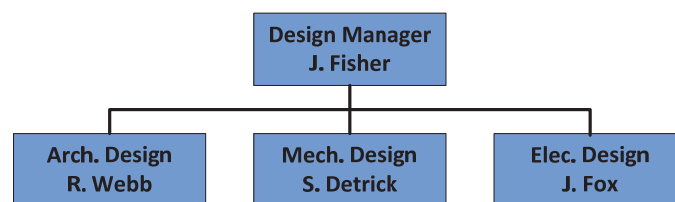
- **Dedicated project/program organization:** A project or program manager is assigned to a large project or program and is given a budget, scope, and schedule. The manager hires and manages the human resources required for the project or program.
- **Matrix organization:** In this type of an organization, the project team member remains a member of their functional organization, but is assigned to a specific project, and is given assignments by the project manager rather than by the functional manager. Control account managers (CAMs) on a project can also fulfill a role as functional managers.

The OBS is a hierarchical breakdown of the project organization. The organization is established for the identified units of work. The OBS defines who manages the resources while the WBS is product-oriented. At a high level, the OBS gives a broad snapshot of the types of resources that are required.

An organizational breakdown structure can be as simple or complex as the project requires to adequately define the organization. Below are two examples of an OBS for a design project, with one being horizontal and the other vertical.



**Figure 1 – Project or Matrix Organization**



**Figure 2 – Functional Organization**

Other projects may be more complex and may span across several sites and groups. An example of the OBS/organization chart for a complex project is as follows: