

Writing an Effective Scope of Work: The First Step to Supplier Performance

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Abstract. Developing a clear, concise and effective scope of work is essential to ensure that the supplier(s) understand the requirements of the good/service request. This understanding will lead to superior supplier performance and overall success.

Basic Concepts:

- Review the need for a scope of work
- What items should and should not be included in a scope of work
- How will the items included in the scope of work enhance or diminish supplier performance

The focus on procuring goods and services for organizations has continually increased in importance. In the past, many industries did not consider services to be strategic commodities; as a result, the involvement of supply management in the services contracting process was often overlooked. But, as organizations looked for ways to reduce their expenses, they discovered the potential for ample savings in their services spend through supply management's involvement.

Some of the techniques for sourcing services mirror the requirements for sourcing goods and materials. However, unlike goods, many services can be extremely specialized or unique, and locating suppliers can be challenging. Because the evaluation process for service suppliers is much more subjective, a very clear and precise SOW is crucial. Without a detailed SOW, suppliers will find it difficult to 1) understand service-level expectations; 2) submit an accurate bid; and 3) perform the actual work to the satisfaction of your company. Any leeway for interpretation increases the potential for misunderstanding and dissatisfaction among all parties. A detailed SOW is probably the most important element of a successful request for quotation/proposal or contract regardless of whether it is for goods or services.

Components of the SOW

Because of the criticality of the SOW in the sourcing process, there are several components that should be included in the SOW. While every good and service is different, there may be some variance in the components included. However, the basic components are often constant.

Details of the good/service to be provided may include:

- Product/material specification (grade, type, size, etc.)
- Performance detail
- Deliverables
- Timeline/timeframe

- Acceptance criteria
- Roles and responsibilities
- Pricing criteria (fixed, time and material, per unit rate, rate schedule) actual pricing detail will be documented in the contract

Who should author the SOW? Development of an ideal SOW requires end user involvement. The collaboration must draw upon expertise from the end user and, sometimes, from potential suppliers. Ideally, the internal customer group (subject matter expert) will author the SOW. Sometimes they need a little help to get started. Providing a good sample SOW will expedite the process. Occasionally, the supplier may provide a basic SOW that can be used as a starting point. While it is not ideal to allow a supplier to develop your SOW, supplier input can provide a good “sanity check” to the final product; it may reveal costly, unnecessary tasking requirements or even critical omissions. After the SOW is written have one or two of your better suppliers review the SOW and provide feedback for your consideration.

When writing the SOW, there are a few things that should be considered to make the SOW clear and understandable. Avoid undefined capitalized terms, avoid commonly used company acronyms or slang, avoid industry jargon. If you can't avoid using any of the above, ensure that you provide a definition of the term in the SOW.

What not to include in the SOW.

Many individuals, particularly suppliers, attempt to put items and sections into the SOW that do not belong in the SOW. Do not include contract terms and conditions in the SOW. Keep these in the contract. Do not give away rights in the SOW that you worked hard to obtain in the contract. Avoid changing legal terms in the SOW to ensure consistency with the contract. Only include items in the SOW that describe the work to be performed or the good that is being purchased.

Once a detailed SOW has been finalized, the sourcing process can begin. A structured sourcing process will bring the greatest value to the contracting effort; it will marry the technical knowledge brought to the table by the internal customer group to the purchasing knowledge possessed by supply management. While not every company's process is identical, a structured sourcing process will evoke a level of formality and credibility often missing from goods and services purchasing in the past.

Summary:

There are considerable benefits to be realized with supply management's involvement in the contracting for goods and services. The savings opportunities are greater than ever before. To potential suppliers, a company's decision to utilize supply management in the sourcing of services will command attention because it validates the company's commitment to professional procurement practices. A structured sourcing process and detailed SOW is a win-win combination that will enhance supplier performance and internal customer satisfaction, thus bringing greater savings and reduced expenses to a company's bottomline.

REFERENCES

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