How to Develop Effective Scopes of Work

Scope for improvement?

As consultant workings with many different organisations, the consequences of poor and ambiguous SOW and specifications is a common problem and often at the root of service failures and contractual disputes.

An effective SOW is a critical part of the procurement and contracting process and the creation of a shared vision between provider and client.

Communicating key factors

DPSS has developed a simple mnemonic to highlight the key issues that need to be considered when developing an effective SOW and specification, based on the phrase ‘scope of work’.

S is for specific. How specific do we need to be in terms of defining our requirement or outcomes? The answer will be affected by the nature of the requirement and, to some extent, the experience of the provider. We could consider allowing some interpretation on the part of the contractor, given their experience and expertise.

C is for compliance. Do we need to specify that the service or product must comply with certain standards? For example, electrical works must comply with industry standards.

O is for the operational requirement. The service may need to be delivered in certain conditions. North Sea offshore oil and gas platforms are a good example, where the need for drilling equipment to be able to work in harsh conditions is critical.

P is for the process of development. Have we ensured all the key stakeholders have been consulted and engaged? Cases of vehicles being purchased but unable to enter a facility or pass under local low bridges are numerous. This is often due to the end users (in that case, the drivers) not being consulted or engaged in the development process.

E is for environmental and sustainability issues. These are requirements that are fast becoming critical in the context of almost all services and products. This could include compliance with legislation and/or company operational requirements. There could be a need to specify the contractor to re-use, reclaim, or repair – this needs to be clearly stated.

O is for outputs. Are we able to clearly define the measure of the desired outcomes? If yes, then we can consider the possibility of utilising an output or performance-based scope of work or specification.

F is for financial constraints. Budgets, life-cycle costs and the need for the after-sales service, spares, maintenance and disposal all need to clearly expressed and defined, especially in technical and highly prescriptive specifications. The provider will only cost for what is specified. Failure to do this often leads to disputes and the need for contract variations.

W is for warranties. These may need to be included in the requirement and need to be clearly defined, as they will affect the provider’s cost and the price.
**O is for over-engineering.** Such ‘gold-plating’ is a common cause of high costs and limited competition. We need to apply the logic of value analysis to clearly define what is required, at the required functionality and the lowest cost.

**R is for risk.** Have we clearly defined the risks associated with the product or service? In some cases, the provider is better placed to identify these. We must endeavour to highlight all of the risks to ensure these will be accounted for in the cost.

**K is for key performance indicators.** If these are embedded into the scope of work, then the provider can gain a full insight into not only what is required, but also the level of performance necessary.

**3 Key points**

1. Define requirements or outcome – is compliance needed?
2. Check environmental and sustainability issues. Ensure stakeholders are all engaged.