

Statement of Work (SoW)



A Statement of Work (SOW) is a formal document that captures and defines the work activities, deliverables and timeline a vendor will execute against in performance of specified work for a client. The SOW typically forms part of a purchase order or contract. Therefore, if the project is being performed under contract for an external client, the work to be performed is likely to be defined in a SOW issued by the client (The *Project Statement of Work*). A *Project SOW* may also be developed by an internal client to concisely define the project's

deliverables based on inputs from the business case, strategic plan and other documents including the project charter¹. If the project needs to procure goods or services from external subcontractors and suppliers, their requirements are defined in a SOW issued by the project (a *Procurement Statement of Work*).

The essence of a well written SOW is a concise narrative of precisely what has to be delivered, where and when. Other more detailed or technical information is referenced from the SOW.

Contract documents defining the project's scope of work:

There are a number of interrelated documents that describe the overall scope of work in a project. Whilst the use of these terms varies by application area, the general intent of the documents should be consistent:

- **Project scope:** An overall statement of the work needed to be accomplished to achieve the goals and objectives of the project, including the delivery of the product, service, or result (product scope), other required deliverables², constraints, and other relevant items. The **Project Scope Statement** is a narrative description of these requirements including the major deliverables, assumptions, constraints, and a description of the work to provide a basis for understanding the work and reaching agreement with stakeholders.
- **Product scope:** Describes the features and functions that characterise the product, service or result that will be transitioned to the project's customer or 'end user'. It is a sub-set of the overall project scope.
- **Specification:** A document that defined in a complete, precise and verifiable manner, the technical attributes (features) of the product, service, or result to be created and (usually) how they will be achieved and tested or measured. There are usually a bundle of specifications, each for a designated part

¹ The *Project Charter* formally authorises the project, defined the authority delegated to the project manager and authorises the expenditure of resources and money. The charter is created at the time the performing organisation commits to doing the work of the project and usually precedes the development of most of these documents (with the exception of client-initiated documents). For more on the Project Charter see: https://www.mosaicprojects.com.au/WhitePapers/WP1019_Charter.pdf

² The deliverables will include the product that is required by the customer / end user; but may also include other items such as training, knowledge acquisition, capability development, lessons learned, etc., required by the performing organisation and other stakeholders.

of, or component used in, the overall project such as a 'Design specification', 'Manufacturing Specification', 'concrete specification', and 'Test Specification'³.

- **Statement of work⁴:** A concise description of a deliverable to be supplied (usually included in a contract or purchase order) – see below.
- **Contracts (including purchase orders):** A legally binding agreement between the buyer (purchaser / client) and the seller – usually only used for external clients. The contract takes precedence over all of the other documents and will define what other documents are binding on the parties (and in the event of a discrepancy within the documents which one takes precedence). A contract will usually contain or reference the 'project SOW' which in turn will detail the applicable 'scope statement' and supporting specifications.

Types of Statement of Work (SOW):

A SOW is a narrative description of products or services or results to be delivered by a project, contractor, subcontractor, or supplier. How this is described can fall into one of three general types of SOW:

1. A detailed, specific SOW. This type of SOW instructs the vendor, contractor, or supplier on how to complete the task and what procedures to follow. It is focused on the meeting a set of specific requirements for the project. The role of the supplier is to perform the work as instructed.
2. Level of Effort/Time and Materials/Unit Rate. These are a versatile type of SOW that is commonly used for temporary or contract personnel, as well as the delivery of commodities. The role of the supplier is to make available the specified people or materials, with the required qualifications/experience/quality attributes.
3. Performance-Based. This type of SOW uses the expertise of the supplier to achieve the desired outcome. It includes information about the project's goal, the resources and equipment that will be provided, and the measurable end results required. The role of the supplier is to first explain how it can achieve the required outcomes, and then to deliver the agreed results.

Elements of a typical Statement of Work (SOW):

Areas that are typically addressed by a SOW are as follows (the amount of detail will vary depending on the type):

- **Purpose:** Why are we doing this? The objectives⁵ the contract/subcontract/supplier are expected to achieve.

³ Specifications frequently refer to published industry standards for the component being specified, and are consistent across industry sectors. Where an organisation is routinely designing, or ordering, components of a particular type (eg, concrete in the construction industry), organisational process assets will include a suite of standards relating to the 'business as usual' components used in the organisation's projects.

⁴ SOW may be created by the client to define the work of a project (the project SOW) and would typically be associated with the purchase order, contract or agreement issued by the client to the project organisation. SOWs are also created as part of the project's procurement processes (procurement SOW) to define the work to be performed by a supplier'.



- **Scope of Work:** This describes the work to be done in appropriate detail.
- **Location:** This describes where the work is to be performed and (if needed) where the deliverables are to be installed or handed over to the client.
- **Period of Performance:** This specifies the allowable time for the work, such as start and finish time, number of hours that can be billed per week or month, where work is to be performed and anything else that relates to scheduling.
- **Deliverables Schedule:** This lists the specific deliverables, describing what is due and when.
- **Applicable Standards:** This describes any standards that need to be adhered to in fulfilling the contract including technical, quality, safety and environmental performance standards.
- **Performance criteria:** Applicable ‘service level agreements’ (SLA), warranties, etc – usually by reference to annexed or public documents.
- **Acceptance Criteria:** This specifies how the buyer or receiver of goods will determine if the product or service is acceptable, what objective criteria will be used to state the work is acceptable.
- **Special Requirements:** This specifies any special requirements, such as degrees or certifications for personnel, travel requirements, and anything else not covered in the contract specifics.
- **Type of Contract/Payment Schedule:** The payments breakdown whether up front or phased and a reference to the overarching contract.
- **Miscellaneous:** There are usually a few other elements that need to be added or referenced....

Defining the Scope of Work included in the SOW:

The definition of the scope of work to be included in the SOW (or any other scoping document should comprise two elements. A description of the product, service or result to be created (the deliverables) and the boundaries of the work (what is in and what is out of scope):

- **The deliverables.** The three key elements of the deliverable are a description of what it is (at an appropriate level of detail), how you will know the deliverable has been delivered (easy for tangible deliverables but more difficult for intangible items such as a ‘culture change’), and the quality to be achieved, and how these elements will be tested and accepted. The specific details are usually defined in the detailed scope statement and specifications referenced from the overall SOW.
- **Work boundaries.** Boundary statements are used to define what is within the boundaries of the SOW and are therefore to be delivered by the supplier or project, and what is outside those boundaries. The more accurately you can define these boundaries, the better off the project will be. The nature of a true boundary statement is that there is both an in-scope element and a relevant out-of-scope counterpart that between then define the limits of the work. A few examples include.
 - Defining which major life-cycle processes that are in scope or out of scope. For example are the requirements fully defined or is there some work required to refine requirements? Who is

⁵ For more on objectives and benefits see:
https://www.mosaicprojects.com.au/WhitePapers/WP1042_Outputs_Outcomes_Benefits.pdf



responsible for developing the support system and who will provide ongoing support of the end users and for how long?

- Defining which of the support functions are in scope or out of scope. For instance, how much of the training is 'in scope' and how much will be done as part of an organisational change management process.... Developing the training documentation, training the trainers, training the end users, etc..... All of this work could be in-scope or the SOW may simply require some assistance to help the organisation's training department do the work.
- Defining which parts of the organisation are in scope or out of scope. In some cases, defining the 'departments' involved in the project help to define the boundaries. For instance, the project may be applicable to the Human Resources and Accounting Departments, but the Manufacturing Division might be out of scope. Or perhaps your project is only impacting the corporate office while the field offices are out of scope.
- Defining what functionality is in scope or out of scope. For instance financial reporting may be in-scope, but Human Resources reporting is out of scope.

Generally, the most important aspect of this process is writing the 'out-of-scope' statement. Statements such as 'this SOW' does not include training (or integrated testing)' focuses everyone's mind on making sure these important functions are covered off elsewhere.

First published 30th July 2011, augmented and updated.



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