

# **The Importance of a Well Written Statement of Work (SOW)**



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# **The Importance of a Well Written Statement of Work (SOW)**

## **Definition**

A statement of work captures and defines the aspects of a project or work activity. This can include, but is not limited to, timelines, deliverables, materials or any other performance the specified work might entail. It could include details about pricing and regulatory terms and conditions.

## **Overview**

A statement of work (SOW) is an official document. It is critical to the success or failure of a business project and needs to be approached with the utmost care and responsibility. Its significance requires the SOW be clear and uses a concise, straightforward language. These white papers are a specific, service type contract, containing key elements of a project or business arrangement. A well-written one will help all parties understand the upcoming process, preventing misunderstanding and disagreement. The parties use the SOW to define the parameters of the agreement and project.

The SOW is not the contract. The SOW is the agreement of how the project will proceed and reach completion. The contract purports that all parties are in agreement that they will work together on the project or business arrangement.

## **Does Your Project Need a SOW?**

Though every project may not need one, it doesn't hurt to have one in place. This is especially true for large and complex projects. The SOW captures all the critical work elements and puts them in perspective for all parties. It could even be the final planning step for complex projects. It can help anticipate goals and encapsulate details of work performance that may be critical later.

## **Approach**

The writing of the SOW has to do with careful due diligence. Often, it is the first deliverable a client may see. The initial and formal understanding of what the two

parties are about to engage in. It needs to cover anything and everything the two parties have discussed and anything else all parties need to know to grasp a firm comprehension of what the contractor is expected to do. A good SOW delineates what the project is; why the two parties have agreed to work together; how both parties will move forward; what will be the ultimate accomplishment; when this project is likely to be finished; and how much it will cost.

The SOW should be free of hyperbole and unnecessary verbiage. It's not a sales pitch or a presentation. This is a step beyond marketing or negotiation. It is the step after the detailed discussions, meetings and walk-throughs. The SOW is a legally binding document that breaks down the schedule, key points, price and scope that both parties have talked about up until that moment. There can be a verbal agreement, which in a lot of cases, can be more than satisfactory. That works for smaller, personal projects. There are rarely SOWs for kitchen renovations or putting a below ground pool in the backyard. There certainly can be, but usually there's no more than a contract that states the consumer is purchasing specific services toward a definite project. The SOW will be far more than that. With its purposeful detail, it will have the capacity to avoid disputes between involved parties.

A SOW may not cover every eventuality. There may be a need for negotiation or even an addendum to the SOW. (See Change Control Process below.) The original SOW will still be required to address key elements of expectations regarding the work to be performed.

## **Contents**

The SOW has to be carefully written as the document is a commitment. While assumptions may have to be made about deadlines, objectives, price and other information, they shouldn't be arbitrary. A SOW should be decisive and definitive. The details have to be based on sensible and logical conclusions that all parties have come to beforehand. Also beforehand, a timeline should be developed in a program like Excel or Microsoft Project. It should be reviewed and approved by all parties before being included in the SOW. Agreements on key points and price should at the very least have been given mutual verbal agreement before they are included in the SOW.

All well documented SOWs need to contain the following sections:

- *Objectives*. Stating of purpose of goals for the project
- *Scope*. Describe work to be done in detail
- *Schedule*. An estimated time period
- *Price*
- *Key assumptions*. An understanding between parties of milestones for the project
- *Acceptance*

Beyond that, within the content of the sections, the following topics should be covered. This is not necessarily an all-inclusive list.

- *Location of Work*. Where work will be performed
- *Deliverables Schedule*. Potential parts list, what is due and when
- *Applicable Standards*. Details industry specific standards to be adhered to
- *Acceptance Criteria*. Specifies how buyer or receiver of goods will determine if any product or service is acceptable and what objective criteria will be used to state work is approvable
- *Special Requirements*. Specifies special hardware or software, workforce requirements, personnel degrees or certifications, travel requirements and any other specifications needed to complete work
- *Type of Contract/Payment Schedule*. Project acceptance is dependent on available budget. So payments break down has to be negotiated early
- *Miscellaneous*. As stated earlier, all eventualities can't be ascertained. This section would be the place to carefully word this

Depending on the depth of the project, there might be a need for a task plan. That breaks down how the contractor will achieve results identified in the SOW. This might include estimating resources and their allocation, forecasting potential trends that might affect the project, issue solving, assignment of tasks and to whom and more.

There might need to be some information on how the project would be monitored. These reports will help gauge progress and assess probable risk. They would help keep lines of communications open between everyone from stakeholders to project managers and keep all parties informed as to whether or not the project is on schedule and how, if not, what will be done to rectify the situation.

As a legal document, everything has to be worded in a precise language. One could certainly try and do it themselves but it would be prudent to have a firm understanding as to how to go about preparing a SOW. It's not unusual to think it has to be filled with legal terms and iron clad, no turning back declarations. Sixty-four syllable words to sound smart are definitely the worst. There's also the danger of overlapping, duplicated and contradictory additions that will only hurt the project. Looking into the best way to write a statement of work would only be beneficial to you and the project.

## **United States Government Contracts**

The SOW is a strong component when it comes to working on major projects with the government. Though other documentation like performance work statements and statements of objectives are becoming more common as they emphasis performance over the specified terms of SOWs, the government still leans toward SOWs, especially if deviations in agreement with the process appear to be a risk. SOWs are objective driven, explicitly listing details for work to be performed and clearly defined direction and results, offering an almost mandatory assurance. This might be preferred, depending on the project, circumstances and desires of the involved parties.

SOWs have definitive promises of performance standards, outcomes and metrics. It's important, when securing a SOW for a government contract, to make the document as sufficiently detailed and comprehensive as possible. Missteps, and it's not unusual for there to be missteps, like duplicate or contradictory information, can hurt one's chances of securing a contract with the government. Also, in working with the United States government, most SOWs are often accompanied with technical reference materials and other attachments.

## **Terms and Conditions**

This is a critical component of a well written SOW. It provides conclusive framework for the project to be done. Without the support and structure this section should provide, the contract is essentially worthless.

In certain parts of the business world, these terms and conditions are rarely given serious considerations. Even with a SOW firmly in place, it's not unusual for parties to

move forward believing they have an essential understanding of what's supposed to be where and when and proceeding to engage with that thinking. Unfortunately, should a major problem derail the process, such as a setback with deliverables, and this detail isn't outlined in the terms and conditions of the SOW, resolving who is responsible places everyone — particularly the customer — in a difficult position. Bad case scenario, the project manager is forced to overlook this and accept delivery of these problematic materials or services. Worst case scenario, the entire project comes under question and fire.

## **When to Prepare a SOW**

The SOW is best written during the planning phase of the project. In specific, the scope statement should come first, discussing in general terms the product of the project. It would almost be a primer for the SOW. A scope statement would include the project's objective, i.e., we're building a new gym. The scope statement would include what type of gym, i.e., fitness center, high school, etc., and mostly likely who would be using the facility. There might be specific features, i.e., locker rooms, saunas, showers, etc. In general, the scope statement would have a lot of details about the physical project itself. The SOW expands this to include everything about the project's overall construction.

## **Who Should Write It?**

While it is a legally binding document, there really isn't a need for a legal background to prepare a SOW. In fact, legalese is considered unnecessary. SOWs should *always* be written in simple and plain language. You also want to minimize potential bid challenges because your SOW wasn't readable or failed to supply crucial information.

The fact is anyone with a firm grasp of the English language can write the SOW. They will need a good understanding of *what* the SOW is and *how* to write one. They would also need a firm appreciation of the project and its complexities. They would need to be aware of all necessary subject matter to include as well as risks.

The wording, of course, needs to be carefully constructed. While legal jargon should be avoided, it's still a legal document. It can be used for claims against the contractor and in litigation if the client feels slighted or the project goes awry. It will also be used

to secure bonding. This is specifically why language should be simple and straightforward. Ambiguity can lead to misunderstanding, which can in turn lead to conflict.

A typical SOW may run three pages though the scope of the project will determine that. Avoid making it too long. If you can get by with one page, do so. Verbiage does not a good SOW make. In fact, someone looking at a massive tome may not give it the attention it deserves. A SOW needs to get the point, and get to every point without hesitating for descriptive language or opinions. This should all have been covered and agreed upon before a word is written.

At the end of the day, there are no clear cut standards or rules for writing a SOW. Like the saying goes, you know a good one when you see it. It will be the cornerstone of a successful project and the mediator for avoiding conflicts within the project itself and between the parties involved. Writing an effective SOW with all the appropriate bells and whistles is going to require a little due diligence on the writer's part. This would be beneficial in the long run. Knowing how to write a good SOW is an invaluable asset that will pay for itself over and over.

## **Outlook**

The SOW is not a sales pitch. In the best situation, it is being written after the parties have agreed to work together. In some cases, the SOW may be part of a bid, meaning others may be submitting similar material for the same project with the outcome to be determined by the client.

Regardless, the SOW should not promote the contractor. There should no information about why you're the best for the job or how many brilliant projects and satisfied clients there are in your portfolio. Save that for the cover letter. There should also be no giddy declarations in the SOW about how great the project will go. In other words, there's no need to demonstrate how positive you are about the project. It should only delineate how the project will progress and how it will do so on time and on budget. It should include few options. It shouldn't state a list of places to get the best materials. It should list the exact place, if any has been decided upon.

By time the reader has finished reading the SOW, it should leave them with a strong sense of confidence. They should have completely understood every word put before



them. They should feel that, with this statement of work, the project will undoubtedly be a successful one.

## **Change Control Process**

Ironically, while a SOW needs to clearly define the planning and execution of the project, it also has to take into account it can't know everything. There should be some agreement within the content of the SOW that it may need modification upon commencement of the project. This is referred to as the change control and is necessary to protect the contractor from events they couldn't foresee that might hinder the project.

Project goals should be monitored and measured to maximize the identification of deviations from the plan. This will allow corrective actions to be employed as needed. Project managers and other authorities can do their part based on the SOW's outlines but there's always the possibility of a limitation that wasn't anticipated by the SOW. The change control process allows a modification to the SOW that adjusts the overall plan to accommodate the issue. This detail could be an alteration in the project's completion date, locating a new supplier of materials or using another company for the physical labor. The change control process should list in the original SOW what parties would be needed to affect a change in the SOW. This may include, but is not limited to, program and project managers, stakeholders or an executive board or another party that has been given authority to approve or deny changes to the SOW.

## **Bad SOW**

The consequences of a poorly executed SOW are plentiful. To start, there's the complete loss of the project. If the SOW cannot convey the idea that this undertaking will go smoothly, the client will definitely go elsewhere. This will be a hit to a contractor's reputation. Contractors are, for the most part, independents and word of mouth is critical to business. Developing a reputation of losing out on work does not help.

Other issues that can result from a poorly written SOW include time delays, diminished confidence and loss of trust. Going into a project, there's the possibility of operational risks that include weak contract management and complete project failure.

There's financial risk as the budget escalates or has to be amended to accommodate unforeseen or even unwarranted expenditures. Contractor litigation is only one of the many legal risks that can result. Reputational risks include diminished public confidence, bad media coverage and audits.

## **Conclusions**

A statement of work is a critical juncture in the preparation of work on a project. While there aren't necessarily templates or styles that define the structure, it does require coverage of a specific range of content and topics. They can be as unique or generic as needed to accommodate a project. Yet, it needs to contain necessary information that will clearly inform all parties how a project will progress in detail.

The SOW is a binding contract. Yet it shouldn't be filled with legal jargon. This is to avoid confusing and misleading communication in all areas of the project. The reader (s) should have a concise understanding of the SOW content. Conflict, duplication or poorly worded SOWs can lead to loss of work or running into obstacles after the project has begun. This is disastrous as the original purpose of the SOW is to avoid these very difficulties.

The SOW is not a sales pitch, a promotional tool or a presentation. It is a concise and well-structured break down of what all parties can expect over the course of the project to completion. There should be no content about who's best for the job and why. It should avoid mentioning specific retailers or vendors unless they've been agreed upon beforehand. It should contain well prepared timelines, milestones, expected receipt of deliverables as well as regulations and standards that need to be adhered to in regard to the region and project.

The SOW identifies responsibilities, precisely details objectives and requirements, demonstrates how to reach a completion on time and within budget, can include anything from a payment schedule to the contracting method and most importantly helps keep all parties involved in line with expectations and goals. Tasks, limitations, duties, materials and more, if included in a well written SOW, the project's potential success is assured before the first step is taken.

While the project may be complex and multifaceted, the SOW need not be. This is why pretty much anyone can write it. Yet, it's not a simple task. One needs to have a firm

grasp of how a SOW is constructed, demonstrating who is best for the job without necessarily blurting it out. Do not lose out on potentially lucrative and reputation building opportunities because of a poorly worded SOW. Worse; don't find yourself on the wrong end of a bad SOW when a project runs into problems that weren't appropriately addressed.

The functions of an effective statement of work have to be thoroughly understood by any potential author. It would be prudent to learn as much as you can before approaching the venture. How it's handled will affect reputation and the project itself. The importance and benefits of knowing how to prepare an exemplary SOW can only enhance one's profile and greatly increase opportunities. Do not underestimate its potential by not taking it seriously.

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