

Developing a High-Performing Statement of Work and Current Conditions

Jake Smithwick, PhD, MPA | Jake.Smithwick@charlotte.edu



Agenda

- **Overview**
- **Content & Structure of a High-Performing SOW**
- **The Importance of Current Conditions**
- **Summary & SOW Assessment Handout**

Download Today's Slides & Resources

center4procurement.org/kppa/



Center for Procurement Excellence (CPE)

CPE is a non-profit, 501(c)6 membership organization

MISSION

Improve effectiveness of RFPs for public and private organizations worldwide

GOAL

RFPs that emphasize the CPE Principles of Fair, Open, Transparent, Value, and Integrity

RESOURCES

Professional Development Training, RFP Templates, Advocacy



RFP

Request for Proposal



Information Technology (IT)
Software Implementation Template

RFP Number: #####

RFP Release Date: MM/DD/YYYY

RFP Due Date: MM/DD/YYYY

*What is the
Goal
of the RFP?*

Goals of the RFP?

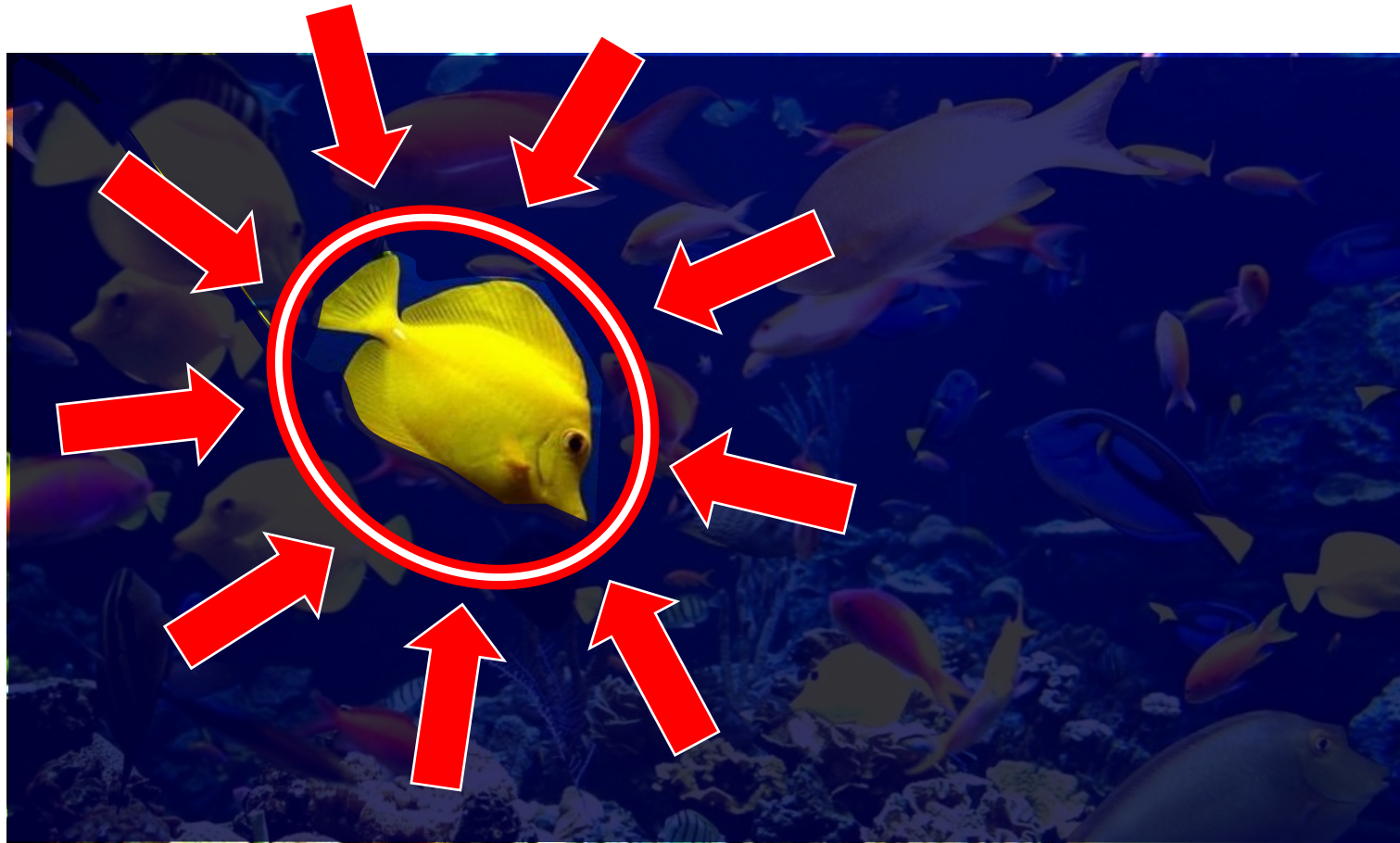
- **Make it difficult to determine your needs?**
- **Confuse vendors?**
- **Frustrate vendors?**
- **Increase the odds of missing a requirement?**



Always Remember...Vendors Have Options!



You Want To Look More Attractive Than All Other Current Owners!!!



If You Look Dangerous....



So how do we attract more
High-Performing Vendors?

**Starts With
Your
Solicitation!**

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RFP vs. SOW: How are they Related?

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1 Statement of Work

2 Current Conditions

3 Proposal Requirements

4 Evaluation Procedures

5 Administrative Requirements

6 Proposal Forms

7 Attachments & Exhibits



Organizing a High-Performing RFP

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What the Client
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What the Client is Purchasing

How the Client will Evaluate and Select the vendor



DEFINITION: Statement of Work (SOW)

- The Statement of Work (SOW) is an essential part of any solicitation.
- Describes what you are looking to purchase, acquire, or achieve.

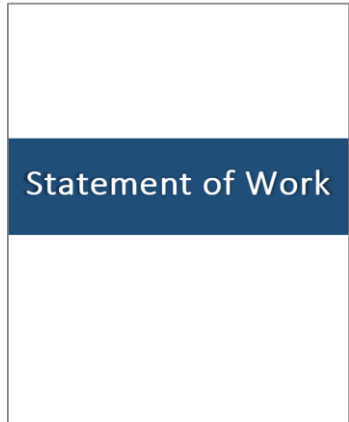
4 Major “Steps” to Contract

Contract



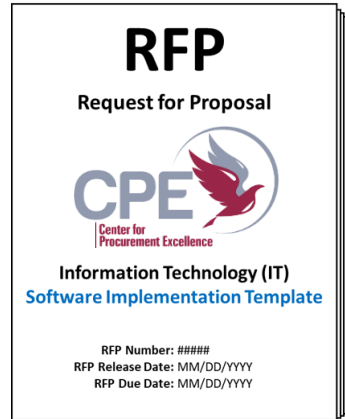
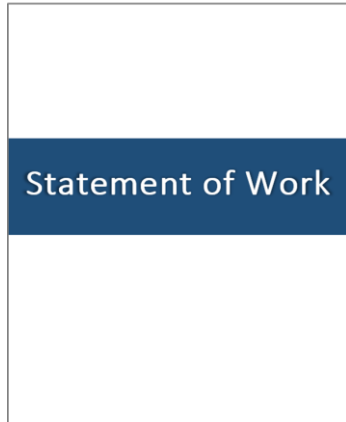
1) Define the Project SOW

General Procurement Process



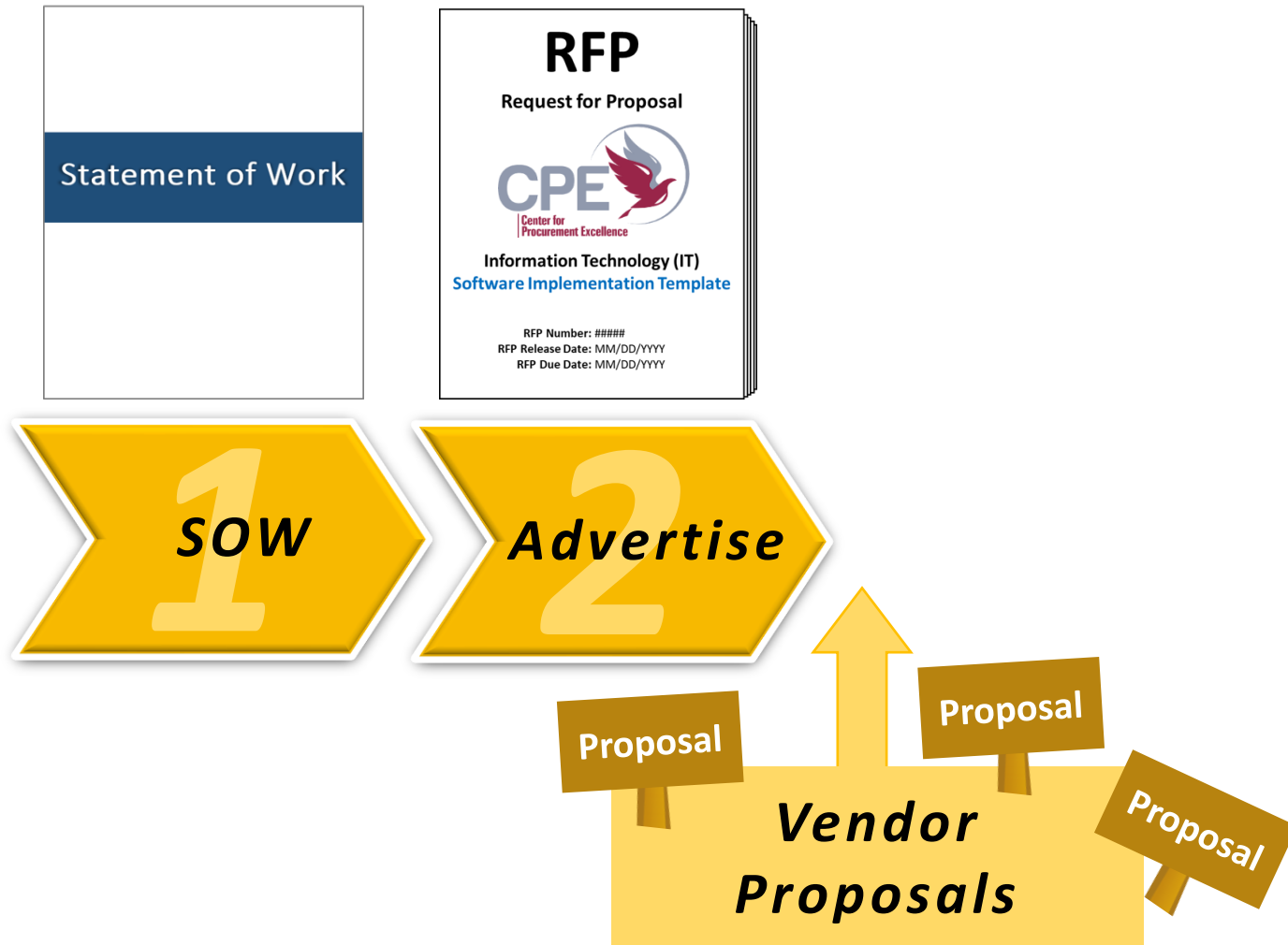
2) Advertise the RFP (and SOW)

General Procurement Process



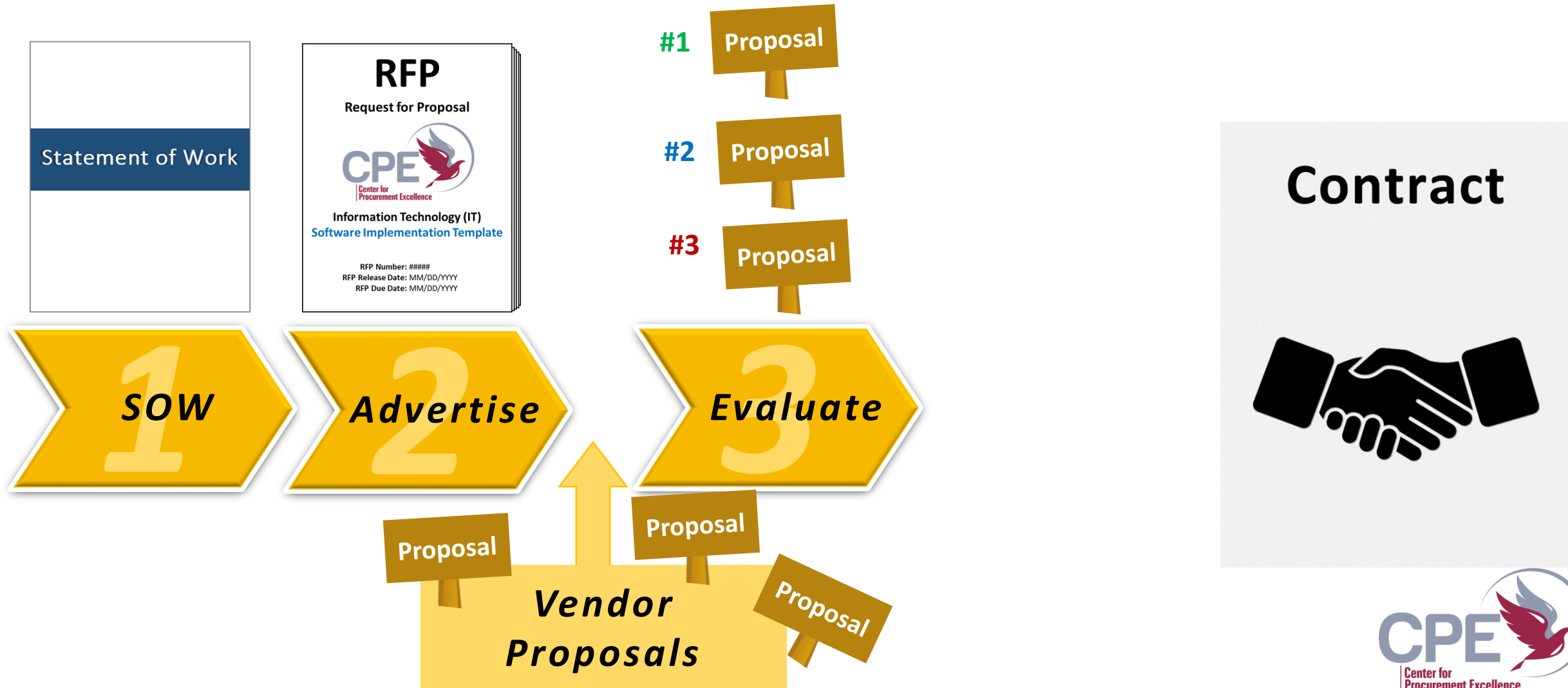
Vendors Respond with Proposals

General Procurement Process



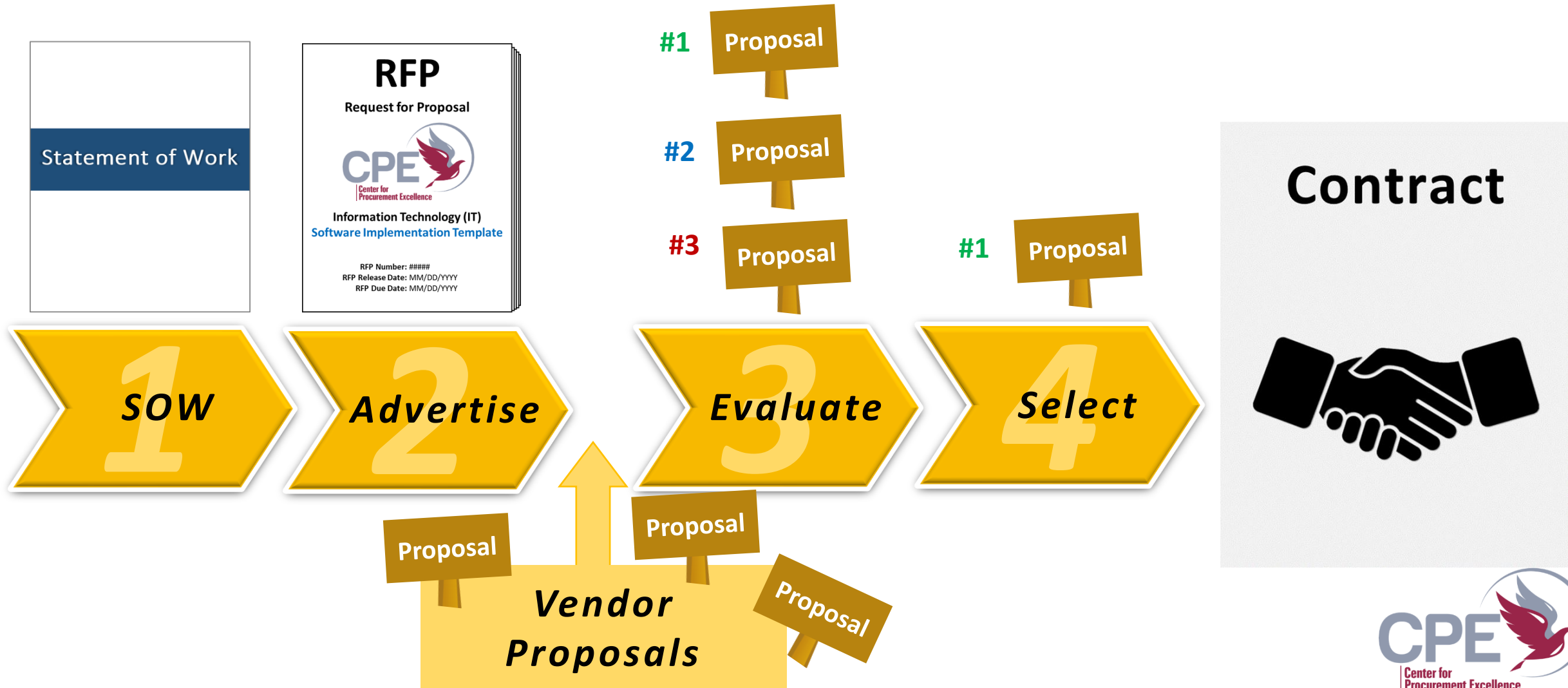
3) Evaluate the Proposals

General Procurement Process



4) Select the Top-Evaluated Vendor(s)

General Procurement Process



ITB
RFQ
SOI
RFP
SOQ
RFT
IFB
RFSQ

Solicitation

Contents

Section 1 Scope of Work
Section 2 Evaluation Criteria and Procedures
Section 3 Administrative Requirements
Section 4 Submittal Forms & Exhibits

***Whatever
Type of
Solicitation
You Issue...
... A High-
Performing
SOW is
Crucial!***

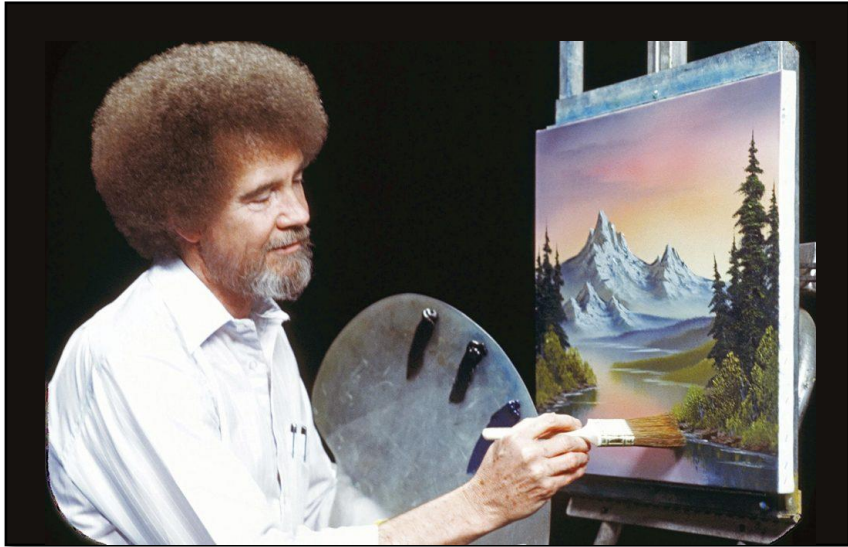
Terminology

All are Included...

- **Statement of Work (SOW)**
- **Scope of Work (SOW)**
- **Specifications or Minimum Specifications**
- **Requirements or Minimum Requirements**
 - Business Requirements
 - Technical Requirements
 - Functional Requirements
- **Minimum Qualifications**

**SOW =
What you are
Hiring the
Vendor to do**

The Goal of the SOW



- **Paint the picture of what success looks like**
- **Describe what it will take to make you 100% satisfied (what are the outcomes & achievements)**
- **A good SOW assures that all of the vendors propose a proper solution (that meets your needs)**

Content & Structure of a High-Performing Statement of Work

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What the Client
is Purchasing

How the Client will
Evaluate and Select
the vendor



Content & Structure of a High-Performing SOW

Statement of Work

- 1 Overview & Purpose
- 2 Future State
- 3 Itemized Requirements
- 4 Schedule & Budget
- 5 Unique Considerations

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Concisely Describe
“What” & “Why”

Content & Structure of a High-Performing SOW

Overview & Purpose

- **Project Overview:** high-level summary that is easily understandable (**1-2 sentences up to 1-2 paragraphs max**)

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Content & Structure of a High-Performing SOW

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- **Goals, Objectives & Motivation:** primary business drivers and purpose

Content & Structure of a High-Performing SOW

Overview & Purpose

- **Project Overview:** high-level summary that is easily understandable (**1-2 sentences up to 1-2 paragraphs max**)
 - **Avoid technical language, jargon, details, or specifics.**
- **Goals, Objectives & Motivation:** primary business drivers and purpose
- **Key Measures of Success:** top 3-5 quantifiable metrics (cost, time, quality, functionality)

Key Measures of Success

- **Key Measures of Success:** top 3-5 quantifiable metrics (cost, time, quality, functionality)
- **Difficult for Business Units to do!**
 - They often focus on activities rather than outcomes.
 - Takes intense questioning.

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What the Client
is Purchasing

Overview &
Purpose are right
up front, so must
be easy to find &
understand!



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**Departures from
Current Conditions**

Content & Structure of a High-Performing SOW

Future State

- Describe each of the deliverables/services to be provided by the selected vendor for this Statement of work
- Describe the minimum requirements that must be performed to achieve a 100% satisfaction
- Attach exhibits to make this easier to follow (i.e. drawings, specs, pictures, site plans, etc.)

Content & Structure of a High-Performing SOW

Future State

- **Overview:** clear, concise, & easily understandable description
- **Project Deliverables:** tangible outcomes to be produced by vendor
- **Figures, Diagrams, & References:** supporting explanation
- **Transition/Migration:** efforts to bring legacy data forward

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**Mandatory & Desired
Items**

Content & Structure of a High-Performing SOW

Itemized Requirements

Organization:

- Itemized
- Organized into major categories
- Attach (and reference) Exhibits to make this easier to follow (i.e. drawings, specs, pictures, diagrams, site plans, reference files, etc.)
- Do **NOT** need a written commentary for each requirement

Content & Structure of a High-Performing SOW

Itemized Requirements

- Drawings & Specs (Construction)



- Requirements (IT/Software)

ID Num	Requirement Area	Requirement Subcategory	Requirement Name	Requirement
5402	System and Technical	Workflow	Approval / Denial	System shall provide ability to define multiple approval levels for electronic transactions / documents / business events processing.
5403	System and Technical	Workflow	Approval / Denial	System shall provide ability to restrict processing of electronic transactions / documents / business events until they pass all required approval levels.
5404	System and Technical	Workflow	Approval / Denial	System shall provide ability to set up Approver Groups associated with electronic transaction / document / business event processing.
5405	System and Technical	Workflow	Approval / Denial	System shall provide the ability to define a unique approval process for each user and type of document/business event.
5406	System and Technical	Workflow	Approval / Denial	System shall provide the ability to specify multiple approvers for a document/business event where only one of the approvers listed must approve the document in order to consider the document approved.
5407	System and Technical	Workflow	Audit Trail	System shall provide an audit trail of all adds, changes, and deletes to workflow rules.
5408	System and Technical	Workflow	General	System shall ensure that any transaction, document or business event entered into the on-line system is reviewable prior to its saving / processing / commitment.
5409	System and Technical	Workflow	General	System shall provide the ability to reverse / unwind processed transactions, documents and business events.
5410	System and Technical	Workflow	General	System shall permit a minimum of 10 levels of approval that may be established for each type of electronic document/business event.
5411	System and Technical	Workflow	General	System shall allow all authorized users to see the approval status of a document/business event.
5412	System and Technical	Workflow	General	System shall assure that an employee is removed from and added to the workflow process based on qualifying events (e.g., termination from or appointment to agency, or transfer to another organization entity within the agency).
5413	System and Technical	Workflow	General	If a user modifies an electronic document/business event, the system shall allow approvals to be reprocessed in accordance with business rules.
5414	System and Technical	Workflow	General	System shall provide the ability to search/retrieve documents/records based upon user defined criteria.
5415	System and Technical	Workflow	Notification	System shall include a workflow process, with notification options, for business events and documents.
5416	System and Technical	Workflow	Notification	System shall provide the ability to re-route transaction/document/business event for approval based upon user defined criteria such as dollar thresholds or random selection for statistical sampling purposes.
5417	System and Technical	Workflow	Notification	System electronic document management function shall be integrated with the State's electronic mail system or provide other means to alert "reviewer" of documents awaiting approval.
5418	System and Technical	Workflow	Tracking Document(s)	System shall provide ability to track (e.g., identify, record, inquire, report) the progress of electronic transactions / documents / business events.

Content & Structure of a High-Performing SOW

Itemized Requirements

- **Mandatory Requirements (minimum, pass/fail):**
 - vendors **MUST** meet these or be disqualified.
itemized, organized, and categorized
- **Desired Requirements (value proposition):**
 - vendors **NOT disqualified** for missing any individual item.
 - But the Client's goal is to achieve as many as possible.
itemized, organized, and categorized

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**Time & Financial
Constraints**

Should we share the budget?

YES

Content & Structure of a High-Performing SOW

Schedule & Budget

- **Schedule:** clear & transparent identification of timing needs and constraints
- **Budget:** clear & transparent identification of financial needs and constraints

Content & Structure of a High-Performing SOW

Schedule & Budget

- The Budget is crucial (one of the most important SOW elements)
- Clarifies your technical Statement (what you can afford)
- Clearly define any financial constraints or expectations that you have (**not ranges or “fuzzy” information → don’t cause confusion!**)
- Be direct, such as:
 - The construction budget for this Project is \$150,000
 - The estimated spend for this Project is \$2 Million
 - The project budget is \$3,000,000 over 5 years, of which \$500,000 is allocated for implementation and \$500,000 for annual subscription/support.
- (same for Schedule expectations, constraints, critical dates, phasing, etc.)

Content & Structure of a High-Performing SOW

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**Supplemental
Information**

Content & Structure of a High-Performing SOW

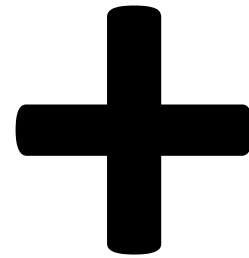
Unique Considerations

- **Unique:** what may be unusual in your environment?
(vs. the vendor's other clients)
- **Unknowns & Assumptions:** list any conditions that are unknown or assumed
- **Attachments & Exhibits:** pertinent supplemental information

The Importance of Current Conditions

Content & Structure of a High-Performing SOW

Statement of Work



Current Conditions

Content & Structure of a High-Performing SOW

Current Conditions

- 1 Overview & Background
- 2 Volumes & Quantities
- 3 Pain Points
- 4 Strengths
- 5 Figures, Diagrams, & References

Current Conditions



- Easiest to document
- Often skipped, ignored, missed
- **Most common request from vendors!!!**

Painting-The-Picture (Statement of Work)

We spend a lot of time focusing on the SOW...

- What success looks like
- What will make you happy at the end of the contract
- What you want to look like
- What you want to achieve



Painting-The-Picture (Current Conditions)

...But we forget to describe what we look like right now



Do Your Current Conditions Really Matter?



Importance of Current Conditions

- Allows the vendors to understand the impact of the change
- Allows the vendor to confirm if SOW is achievable
- Allows the vendor to identify & address challenges
- Allows the vendor to verify the accuracy of your SOW



Current Conditions
Can Allow An Expert vendor To
Address Your Needs

Balancing Act:

Too Open-Ended

vs.

Overly Prescriptive

Public Sector Agency

- Full Technical Specification: “Pls dig a hol”



Set a Benchmark to Propose to!!!!

- Ensure proposals are apples-to-apples (**as much as possible**)
- This is the answer to...
“How do I know if I am too Open-Ended?”
- *If you’ve established a solid benchmark to bid to...*
- *... you have probably provided “enough” SOW info to avoid being open-ended.*

Impact of Open-Ended or Unclear SOW

- Open to interpretation
 - Encourages the minimum
 - Less consistency in pricing (*wider range in cost proposals*)
 - Less competitive pricing (*increased contingency*)
 - Discourages vendors from submitting
- **Brings Risk to the Project!**

Impact of a Poor SOW

Perceptions of Owner SOWs

- **Unclear**
- **Information is missing**
- **Overly prescriptive**
- **Unrealistic**
- **Discourages innovation**
- **The owner is “fishing”**
- **Misunderstands Needs**
- *Procurement is Not Fair*



Impact

- **Fewer proposals**
- **Low quality proposals**
- **Less qualified teams**
- **Less competitive pricing**
- **Less consistent pricing**
- **Open to interpretation**
- **Have to believe the vendor**
- *Brings Risk to the Project*

What is a **High Performing SOW**?

Core Objective: What would a **High-Performing Vendor** need (or want) to know?

ALWAYS question whether the SOW....

- Allows vendors to provide the **best price**?
- Gives vendors **information to plan** their approach?
- Enables vendors to **minimize contingency**?
- Prevents vendors from **walking away**?

Foundations of a High-Performing SOW

- **Apples-to-Apples:** clear & reasonable proposal benchmark
- **Current Conditions:** align expectations on the starting point
- **Realistic:** understand the norms of industry structure
- **Clear, Concise, Complete:** comprehensively describe needs
- **Not Perfect:** High-Performing does not mean Flawless

Goal:
Become a
“Client of Choice”

A “Client-of-Choice” (“Customer-of-Choice”)

- Suppliers/Vendors/Contractors want to work for you over other owners
- Clients-of-Choice get vendors’ **best teams (experts)** on their projects
- Vendors spend the time to put together an **accurate proposal**
- Client-of-Choice personnel know how to **behave with experts**
- Client-of-Choice has an owner “team” that is **trained and prepared** to work in a high performing delivery environment

Using Expertise

- Is there anything you'd do differently?



Innovative Ideas

“Mishap”





Asking the Right Questions

- **Supplier proposed an alternative procedure** (different from specified process) **for removing damaged steel panels that was:**
 - *Cheaper*
 - *Faster*
 - *Safer*



Final Outcomes

- Finished **ahead of schedule**
- **0 change orders** or cost increases
- Client saved **60% in cost**



Take-Aways

Free Webinar Series

3rd Thursdays every month

@ 12pm Central

15-min Teaching Moment

(learn a new tip, trick, or tool)

30-min Virtual Peer Group

(network with professionals)

Office Hours

(open Q&A until the questions run out!)



Previous Recordings Available Online!

How Do You Ask For
(& Evaluate) Cost Proposals
In Software RFPs?

April 15, 2021



Simpliar's Evaluation
Criteria to Minimize
Budget Risk

May 20, 2021



Current State of Practice
In Software RFPs

June 17, 2021



How to do Market
Research More
Effectively

July 15, 2021



"Don't Worry, the
Contract Will
Save Us"

August 19, 2021



The Value of
Debriefings

September 16, 2021



Handling Large IT
Hardware Buys
With Different Scope Packages

October 21, 2021



Vendor of
Record Programs

November 18, 2021



7 Most Deadly
Marketing Phrases

December 16, 2021



It's a New Year -
Ready for the
Next Level?

January 20, 2022



Best Practices for
Evaluator Training

February 17, 2022



Got RFP Soft Skills?


March 17, 2022



center4procurement.org

17

Oct

 Add to Calendar



AI Will Change RFPs

Come learn why CPE predicts Artificial Intelligence will fundamentally change the supplier/client relationship and make solid RFP processes more important than ever!

21

Nov

 Add to Calendar




Re-Thinking Contract Negotiations

After you pick a new supplier in your RFP, what's next? This session will cover the important period between selecting the top-evaluated supplier and signing the contract. All procurement professionals should be familiar with the critical activities of this phase and to add value during negotiations.

19

December

 Add to Calendar



The Secret of How High-Qualified Suppliers can offer Lower Costs

How can highly qualified suppliers simultaneously offer cheaper costs? We'll cover an example where this happened and how the client substantiated the low cost (and ultimately achieved a successful project!) We'll also uncover the real-world benefits of how becoming a "client of choice" results in cost savings.

This afternoon →

Upcoming Topics!

Register at: center4procurement.org/rfp-doctor



NEW RESOURCE – CEU Hours!!!

CPE is pleased to announce that all attendees @ **live** “Ask the RFP Doctor” events will receive 1 hr Continuing Education Unit (CEU)!



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Key Learning Points



- 1. A quality scope of work helps the industry put together a better proposal**
- 2. It doesn't need to be perfect... but can't be terrible!**
- 3. Long-term payoffs are significant!**



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