How to write a Statement of Work

What is it?

A Statement of Work (SOW) is a document within a contract that details the requirements for a specific project. The SOW covers the working agreement between two parties: The Line of Business, buyer, or government entity, and the agency, vendor, or contractor. An effective SOW should also provide information on outcomes as well as standards and metrics.

A Performance-Based Statement of Work is the preferred type of SOW for most Canadian government procurements. It covers the outcomes and deliverables but does not tell the contractor how to perform the work. This SOW offers the most flexibility in terms of how the contractor works and focusses on outcomes over processes. More accountability is placed on the contractor or collaborator, since they are responsible for delivering results using whatever methods they believe will be the most effective.

Why is it important?

A Statement of Work (SOW) is an important part of both project and contract management. It helps guarantee the work for a project will be done according to certain guidelines and expectations. Contractors or collaborators will use the SOW to guide their work during a specific project.

Who does it?

The statement of work should be written by the Line of Business (LOB). In the case of Indigenous and Northern Housing Solutions (INHS), Specialists may be responsible for drafting the SOW based on project needs as described by an Indigenous partner.

Format:

The general format for a Statement of work includes:

1. Introduction

The introduction is where you identify the type of work to be done, whether it's performing a service or creating a product. This is also where you identify the two parties involved: The Line of Business, vendor, buyer or entity, and the contractor, supplier, provider or agency. The introduction also covers the type of agreement that the SOW will be used to create. Within INHS, we use Contribution Agreements (CA) for Indigenous Skills Training (IST) projects.

2. Objectives/Purpose

This section describes why the work is being done. It talks about the purpose, objectives and outcomes of the project and why they are important. It may discuss specific benefits or improvements the project is expected to bring or may simply be a high-level overview of project goals and objectives.

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3. Scope of Work

The Scope of Work section outlines the work that needs to be done. It covers the project in terms of services, product or time commitment, and clarifies acceptable project outcomes. It may include a high-level bulleted list of the steps that need to be taken to complete the work. However, detailed task lists should go in the Requirements and Tasks section.

4. Requirements and Tasks

The requirements and tasks section breaks down the scope into more granular tasks. This section also lists requirements that contractors or service providers must meet (for example, certain training, certifications or security clearances) or hardware and software that could be used. Make sure to list all the important tasks that need to be done to complete the project in this section. You can break tasks out into lists for different phases of the project.

Note: Tasks are different than deliverables. A task is an action that must be undertaken, while a deliverable is the end of the project or outcome of a task.

5. Period of Performance

The period of performance defines the time period during which work will be completed. The period of performance may be measured in one of the following ways:

- Specific, predetermined dates
- A given period of time (e.g., "one 12-month period")
- An end date that coincides with the fiscal year end

Note: The period of performance is different than the deliverables schedule. The deliverables schedule lays out, in detail, when specific deliverables are due, whereas the period of performance is high-level, and only describes the duration of the contractor's work.

6. Place of Performance

Describes where the work will take place.

7. Resources

In the resources section, make a list of personnel involved in the project, such as the project manager and any other key players on both the Line of Business's and the contractor's sides. Also include any equipment or other resources that will be used in the completion of the work, such as hardware and software.

8. Deliverables and Schedule

In this section list all the deliverables the vendor, supplier or contractor will deliver and to who. Be specific. Deliverables are not the same as tasks; these are quantifiable products or services that are being supplied. You should also include a schedule of when each deliverable is to be completed. While deadlines and end dates for deliverables must be included, start dates may be optional depending on the project.

9. Payment Terms and Schedule

In the payment terms and schedule section, you will outline pricing for the work to be performed along with the terms and schedule on which payments will be made. Here are two examples of how you can set up payment terms:

- **By milestone or deliverable:** Payment is due upon completion of each milestone or deliverable. This model is typically better for the Line of Business or entity. This way, if any work is delayed, they don't have to pay until they get the deliverables.
- **By schedule:** Payment is due according to fixed dates, according to the schedule laid out in this section. This model is generally better for the contractor or supplier, since it guarantees payment at certain times, no matter what stage the work is in.

10. Miscellaneous/Special Requirements

In this section, outlined any additional information that has not been covered in the SOW. Requirements in this section could include:

- Security requirements
- Industry specific standards
- Travel requirements
- Exclusions and assumptions

Tips and tricks for writing a SOW:

Make a plan

Decide what you're doing and how. Define the deliverables so you can clearly articulate what's in and what's out of project scope.

Put it into context

Explain why you're doing it. Make the purpose of the process clear so even if the specifics of the plan evolve, the statement of work is clear on how you'll know if the process was a success.

Be specific

Set the project's boundaries. Minimize the risk of misinterpretation from your Line of Business by defining the extent of the work to done and quantifying it wherever possible so they don't expect more than they're paying for.

Make assumptions

Lay the ground rules. Use project scope statements to explain mutual expectations and what has to hold true to properly execute the project, being clear about what's included, and what's not.

Make it simple

Be clear and concise. Make it as short as possible, avoid words with multiple interpretations, and ensure it's easy to understand.

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