

A COR's Guide to Statements of Work, Performance Work Statements, and Statements of Objectives

Statements of work (SOWs), performance work statements (PWSs), and statements of objectives (SOOs) are all methods of defining the work the government wishes a contractor to perform. This guide explains the basic components and differences between them. The contracting officer's representative (COR) or someone from the program requiring office is responsible for developing the SOW, PWS, or SOO.

Most agencies have guides and formats for developing these documents. Samples and templates also can be found in the Virtual Acquisition Office.

Statement of Work

The SOW is used for more traditional procurements, when the government needs to specify the processes and methods the contractor is to use when executing the planned work. The SOW is designed to describe not only *what* is to be done, but also *how* it is to be done.

SOWs are detailed descriptions, telling the contractor exactly what to do and how to do it. By describing the work in such detail, the government essentially provides the preferred approach or solution to the problem, and locks in the approach the contractor must take. The danger of this method, of course, is that if the contractor follows the government's SOW and the result is unacceptable, it is the government's fault.

While there is no specific template for a SOW, most use the following format:

- **Background** – provides a general description of the requirement.
- **Objective** – provides a succinct statement of the purpose of the work or the desired end product.
- **Scope** – provides a broad, nontechnical sketch of the nature of the work required by the acquisition.
- **Task Requirements** – defines and explains in detail the work to be performed, and indicates the steps the con-

tractor will complete, typically in chronological order. Includes period of performance or delivery date(s) for each key result or task; levels of effort, if applicable; amount of travel anticipated; and reporting requirements. Note that some SOWs separate out each of these items in discrete sections.

- **Final Product(s)** – specifies the product(s)/deliverable(s) that will be the end product of each task or phase.

Because SOWs are written to describe how the work is done, many do not contain measurable performance standards, because all the government has to do is check that the contractor did the work when and how it was specified in the SOW.

Performance Work Statement

The PWS is a feature of performance-based acquisition. "Performance-based contracting," as defined in Federal Acquisition Regulation (FAR) 2.101, means structuring all aspects of an acquisition around the purpose of the work to be performed, with the contract requirements set forth in clear, specific, and objective terms with measurable outcomes, as opposed to either the manner by which the work is to be performed or broad and imprecise statements of work.

The PWS has two mandatory features: (1) work stated in terms of outcomes or results, rather than methods of performance; and (2) measurable performance standards and a method of assessing contractor performance against those standards. As stated in FAR 37.602:

37.602 Performance work statement.

- (a) A Performance work statement (PWS) may be prepared by the Government or result from a Statement of objectives (SOO) prepared by the Government where the offeror proposes the PWS.
- (b) Agencies shall, to the maximum extent practicable—
 - (1) Describe the work in terms of the required results

rather than either “how” the work is to be accomplished or the number of hours to be provided (see 11.002(a)(2) and 11.101);

(2) Enable assessment of work performance against measurable performance standards;

(3) Rely on the use of measurable performance standards and financial incentives in a competitive environment to encourage competitors to develop and institute innovative and cost-effective methods of performing the work.

In conjunction with a PWS, the agency develops a quality assurance surveillance plan to monitor a contractor’s performance to ensure the standards of the PWS are met within the cost, quality levels, delivery, and other standards of the contract.¹

An agency should ask several questions to assist in developing the PWS:²

1. What must be accomplished to satisfy the requirement? This will help in defining the desired outcome.

2. What tasks must be accomplished to arrive at the desired outcome? This will help in identifying the performance objectives.

3. When or how will I know the outcome has been satisfactorily achieved, and how much deviation from the performance standard will I allow the contractor, if any? This will identify the performance standards and acceptable quality levels. Examples of performance standards are response or delivery times (meeting deadlines or due dates); error rates (number of mistakes/errors allowed in meeting the performance standard); accuracy rates (similar to error rates, but most often stated in terms of percentages); completion milestone rates (x percent complete at a given date); and cost control (keeping within the estimated cost or target cost for cost-reimbursement type contracts).

While there is no specific format for a PWS, many agencies use the following:

- Brief description of services
- Background
- Objectives
- Scope
- Period of performance
- Quality control
- Quality assurance

Statement of Objectives

A SOO also is a feature of performance-based acquisition. It is a methodology that requires competing contractors to develop the PWS (i.e., their solutions), perfor-

mance metrics and a measurement plan, and a quality assurance plan, all of which should be evaluated before contract award.

The SOO provides basic, top-level objectives of an acquisition and is provided in the request for proposals in lieu of a government-written SOW or PWS. It provides potential offerors the flexibility to develop cost-effective solutions and the opportunity to propose innovative alternatives meeting the objectives. It also presents the government with an opportunity to assess offerors’ understanding of all aspects of the effort to be performed, by eliminating the “how to” instructions normally contained in the SOW the government provides to prospective offerors.

With the SOO approach, the government does not address the required tasks the contractor is to perform, but provides the outcomes/results that must be achieved. The contractor must list in its proposal the necessary tasks to be performed for each outcome. The government will then formally incorporate these tasks in the contract as the PWS.

According to FAR 37.602(c), a SOO should consist of the following, at a minimum:

- Purpose
- Scope or mission
- Period and place of performance
- Background
- Performance objectives, i.e., required results
- Any operating constraints

The Seven Steps to Performance-Based Contracting library contains several examples of SOOs.³

Difference between the SOW and PWS

The distinguishing difference between a SOW and a PWS is that the PWS does not tell the contractor how to do the work, but rather describes the work in terms of outcomes or results. As an example, let’s use mowing a lawn. A SOW would define exactly how and when to mow the lawn (the contractor shall mow the grass once a week using a gasoline-powered lawn mower set at a two-inch height), whereas a PWS would define the required outcome (the contractor shall mow the grass so that it is maintained at a level from two to four inches at all times). The SOW requirement does not take into account seasonal variations, such as weeks when it rains continuously or weeks when it does not rain at all and the grass does not grow. The PWS attains the same objective—maintaining the grass at a certain height—but without dictating how often it must be done. As this example shows, the work is

described in terms of what is to be accomplished rather than how to do it.

Not dictating the “how” is not a new concept. Long before FAR subpart 37.6, agencies were encouraged to keep the “how” to a minimum in drafting SOWs, unless it was necessary to specify an approach or methodology. Unfortunately, the government has been slow to let go of the “how,” and it persists in many requirements that are identified as PWS. In fact, many agencies use the terms SOW and PWS synonymously, and simply develop a quality assurance plan to use with a SOW and call it a PWS.

Advantages of the SOO

The SOO-based methodology, in our experience, has several significant advantages over more traditional approaches to performance-based acquisition. First, offer-

ors are free to use their knowledge and experience to craft the most effective solution. The offerors propose the PWS and identify the performance measures, metrics, and/or service level agreements. This ensures that the performance-based work products are specifically tailored to the offeror’s proposed solution.

Second, the proposal becomes a valuable tool for evaluating the offeror’s understanding of the requirement. The proposed technical and management solutions, the proposed metrics or service level agreements, and the proposed performance standards all become significant factors in the best value selection process.

Finally, in our experience, it takes significantly less time to conduct a SOO-based competition than one using more traditional approaches. This savings is mostly due to the elimination of the significant time and effort usually associated with developing a comprehensive SOW. ♦

Endnotes

- 1 See the At-a-Glance on quality assurance surveillance plans for more detailed information.
- 2 From the Department of Defense “Guidebook for Performance-Based Service Acquisition,” December 2000; <http://www.dau.mil/pubscats/PubsCats/pbsaguide010201.pdf>.
- 3 Available at http://www.acqnet.gov/comp/seven_steps/library3.html.

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