Specification Development

The purpose of this document is to provide a brief outline of the the types of specifications and stakeholders to involve in developing an effective specification to deliver the business requirements.

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Specification Development

Why develop a specification?

The procurement team is often responsible for specifying and documenting the business requirements for supply.

A specification is a systematic statement of the requirements to be satisfied in the supply of a product or service and sits at the heart of the contract between the buyer and the seller.

A specification is developed to define the business requirements clearly and communicate these to suppliers effectively to facilitate the evaluation of goods and services against the agreed specification.

An effective specification provides evidence of what is agreed and removes any doubt, ambiguity or misunderstanding as to what is required. It ensures consistency and uniformity of the product between one or more sources and enables the quality to be measured against agreed criteria.

Developing a detailed specification can be a timely and costly exercise, and there is a need to engage the necessary stakeholders and main users of the product or service to ensure an effective specification is created. There are costs associated with the quality checks upon delivery of goods to ensure the specification is being met. During the specification development process procurement must take steps to ensure the product is not being over specified and the agreed tolerances are achievable as not to add cost into the product and leave you exposed with too many restrictions on supply.

The implications of not developing an effective specification can be misunderstandings with key stakeholders and also with the supplier over the requirements. This exposes the business requirement to interpretation or being over-specified or even inferior goods being delivered with defects or ununiformed.

Types of Specification

There are two main types of specification:

- Conformance specification – is more output driven as it outlines the product details exactly which may include the material, dimensions, tolerances, source, ingredients, packaging, storage of the part or material.
- Performance specification – is more output driven in terms of what the part or material must achieve.

Conformance specifications can be difficult and time consuming to develop and more appropriate in certain circumstances and helps to minimise risk and ensure consistency. However, conformance specifications can result in either the supply being restricted or inhibiting suppliers innovation.

Performance or outcome based specifications can be easier to develop and useful where the supplier has more expertise than the buyer which can deliver innovation and low-cost solutions and the supply base is potentially wider. However the buyer will need to assess the outcomes of the supplier's proposals to ensure the goods will be able to do what the buyer expects them to do.

Specifying service requirements can pose buyers further problems over and above the purchase of materials or goods, as services are often intangible in nature which makes it more difficult to draft accurate specifications. Therefore, performance or outcome based specifications are commonly used in service specification and commissioning to achieve the target business requirements whilst taking full advantage of service partners' flexibility, expertise and innovation.

Developing Effective Specifications

An effective specification can be described as being clear, concise, comprehensive, compliant and current to ensure there is no ambiguity with regards to the business requirements.

Stakeholders play an important part in effective specification development.
For example:

- Design or engineering functions will contribute to technical specifications and functionality
- Marketing will ensure there is customer focus
- Procurement will provide awareness on markets, materials availability, supplier capability and cost.
- Manufacturing will provide practical input and production factors.

The Stakeholder Management Matrix helps procurement to identify the key stakeholders to engage in the communication loop and development of the specification.

The Early Supplier Involvement (ESI) Matrix helps procurement to establish how best to engage suppliers in the development process and the appropriate time relative to specific developments. Working in collaboration with suppliers in developing the specification and utilising their expertise for specific projects can often help to reduce the lead-time and improve the quality.

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