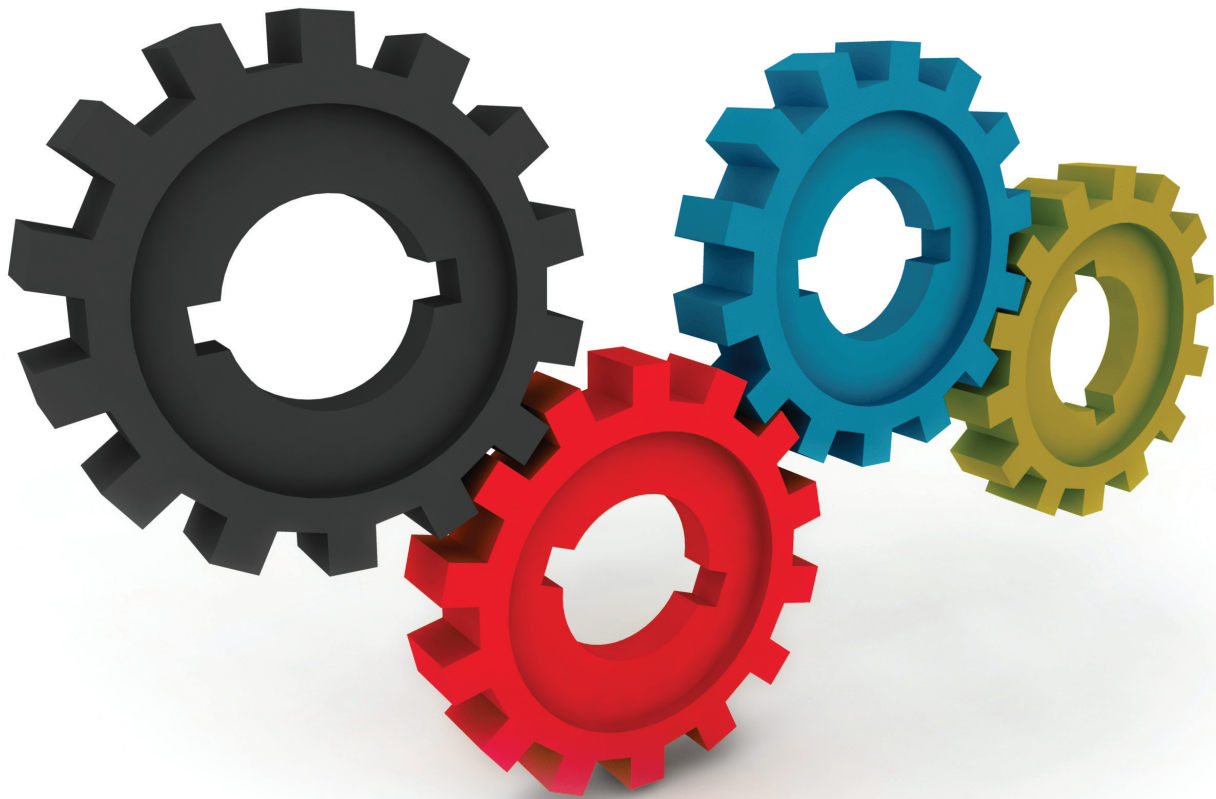


The Public Relations Procurement Toolkit

Published by the Joint PR
Profession Panel on Procurement

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Module 5: The Statement of Work

This is one of a series of modules that together comprise the PR Procurement Toolkit – a joint initiative of the Chartered Institute of Public Relations (CIPR), Public Relations Consultants Association (PRCA), Central Office of Information (COI) and the Chartered Institute of Purchasing and Supply (CIPS).

The Toolkit as a whole is designed to help clients of the PR profession – in functions including Marketing and Procurement – and their suppliers, including agencies and other service providers, to work together to maximise the value delivered by PR practitioners and PR activity. The modules within the Toolkit are independent but interlinked, each covering a specific stage of the client/supplier relationship.

Whatever form it takes, the 'Statement of Work' is the foundation of any successful commercial transaction. It describes in clear, precise and mutually understood terms:

- what services or goods will be provided
- in what quantity and /or of what quality
- by whom and to whom
- when
- for how much, and how payment will be made

Unfortunately, relationships in the PR world often start with no proper Statement of Work (SoW). Sometimes – if only through good luck – no harm is done; on other occasions, the result is confusion, conflict and the wasted time, effort and money of both the client and the supplier.

The tendency to start work without a SoW may be due to the fact that the client, the supplier or both find it difficult to describe precisely what outcome a given PR activity will have. This is a mistake because an effective SoW specifies the inputs and outputs involved in an activity, and not the outcome. The outcome may be difficult to describe – such is the nature of marketing and communications – but while it may be a factor in a 'payment by results' agreement, it is not an appropriate element of the SoW.

In terms of process, the SoW normally sits between the legal Contract or Master Agreement (which governs the client/supplier relationship) and the Purchase Order (which is the legal authority to pay the supplier) and it should therefore be seen as a document with legal standing. While this makes it even more vital to ensure the SoW is properly drafted, it does not mean that developing a SoW for each project or transaction should be daunting or require the involvement of a lawyer or legal expert, regardless of the size of the project concerned.

If client and supplier are both clear about what is required, a SoW should be a relatively simple document to create. The format and content may vary, but there are certain elements – outlined below - that should always be included. Addressing each of these points will not guarantee success, but failing to address them will, to one extent or another, prevent it.

In preparing a SoW, it is worth bearing two points in mind.

First, each successive SoW you create will make the next one easier, partly because you will soon build up a 'library' of definitions and clauses which you can simply 'cut and paste' – obviously taking care to ensure that the precise phrasing of previously-used material is still appropriate.

And second, if you are finding it difficult to create a SoW for any given project, it may be an indication that either the client or supplier – or both - has not fully understood or agreed the requirement.

It is precisely because creating a SoW imposes the need for complete and mutual clarity between client and supplier that it is such an essential process and document. This is especially the case in the world of PR, where inputs and outputs, as well as outcomes, are often – wrongly – thought to be intangible or unmeasurable.

The PR Statement of Work: suggested format and content

What to include	What to consider
Background	The SoW should start with a brief summary of the project concerned, including the parties involved, giving enough detail to ensure that someone entirely new to the project can quickly and easily understand the purpose and costs of the services or goods the SoW covers
Objectives	The SoW should set out the objective to be achieved through the purchase of the services or goods concerned, focusing on inputs and outputs rather than outcomes. For example: 'this Statement of Work is designed to ensure the timely and cost-effective provision of a media monitoring, evaluation and analysis service, helping to ensure that the Corporate Communications leadership of XYZ plc is continually aware of current and potential issues of interest to the media relevant to the company'
Definitions	Any and all terms used in the SoW should be defined, to the point of removing all reasonable doubt or dissent. For example, if the SoW includes 'provision of press office services', precisely what services are included or excluded? What might be meant by a term such as 'strategic counsel'; 'press release; or 'media list'?
Deliverables	Both parties must take great care to ensure that the services or goods to be supplied are defined clearly, precisely and completely. If a given deliverable cannot be defined in these terms, it should be reassessed. The focus must be on inputs (for example, the number of hours to be spent by a given member of a PR agency's account team in writing a press release) and outputs (for example, the number of roadshow events to be conducted as part of a consumer outreach campaign) rather than outcomes (which might include the number of channels using the press release, or the number of people attending the roadshows). Outcomes can (and should) be specified in a separate 'payment by results' document, but are rarely, if ever, a reasonable element of a SoW. Deliverables should be described in sufficient reasonable detail such that there can be no possible argument over the precise nature, quality and/or quantity of the services or goods covered by the SoW upon whose delivery payment of the agreed amount becomes automatic.
Schedule	The SoW must set out not just the overall period covered by the project, but any specific, important or otherwise relevant dates or milestones involved
Acceptance	The process for formal approval and acceptance of the deliverables should be clearly described and specified, including by whom, on what date and against which criteria
Price	The amount that the client has agreed to pay for the deliverables must be stated clearly and with an evident rationale – for example, the number of hours of consultancy time to be delivered, by each level of staff and their individual hourly rates. In a SoW for an agency relationship, this section should also detail what non-fee costs are allowable and how these will be paid. Again, the costs set out in the SoW must relate to inputs and outputs, and not to outcomes: any outcome-related payments that may have been agreed should not be included in a SoW, but in a separate document.
Contingencies	If the budget includes a contingency for costs arising from unexpected or unforeseeable circumstances, the size of the contingency and the conditions under which some or all of it may be drawn down must be clearly specified
Variations	Any circumstances under which any part of the SoW may be varied must be clearly identified; when they cannot be identified or conceived in advance, a procedure under which they can be fairly and reasonably addressed should be specified
Terms & Conditions	Any relevant Terms and Conditions, other than those covered in other parts of the SoW, which might affect delivery, acceptance or payment must be detailed, either within the SoW or by reference to some other master Agreement or Contract
Signatories	The SoW must be signed by authorised representatives of both parties. It should be explicitly stated that without both such signatures, the SoW is not valid
Contact details	Contact details for both parties should be given, specifically including the postal addresses required for service of legal notices