



How to build an effective statement of work

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Jon Milton,
Growth Director – Services Procurement,
Reed Talent Solutions

When you're responsible for commissioning and managing professional services, it's not always easy to know whether you're truly getting the best outcomes for your organisation. Statements of work (SoW) can be complex, expectations aren't always clear, and small gaps in definition or process can quickly lead to inefficiencies or missed value.

This third guide in the series, has been created to help you navigate that challenge with greater confidence.

It draws on Reed Talent Solutions' experience supporting organisations across both the public and private sectors, where we've been involved in thousands of professional services procurements over the past decade. Through that work, we've seen first-hand what works well - and where things commonly go wrong.

Rather than focusing on theory, this guide zeroes in on the practical steps that make the biggest difference. It is built around three critical stages in the lifecycle of any professional services engagement:

- 1 Clarifying what you actually need and choosing the right approach
- 2 Translating that need into a clear, structured set of requirements
- 3 Agreeing a statement of work that sets both you and your supplier up for success

These stages may seem straightforward, but in practice they are where most of the value is either secured or lost. Paying closer attention to them can lead to more effective delivery, stronger supplier relationships, and better overall outcomes -regardless of how your organisation currently operates.

Jon Milton

Getting started

A SoW is a key document that defines the scope, timeline and cost of a project between two parties, typically a customer and a supplier. Its primary purpose is to ensure everyone involved has a clear, shared understanding of what is expected and who is responsible for each aspect of the work.

When written effectively, a SoW sets out roles, responsibilities and deliverables in a way that helps prevent misunderstandings, supports accurate budgeting and improves cost control. It also provides a structured framework that makes it easier to

manage changes to the project scope or approach as work progresses. In essence, the SoW acts as a formal record of the agreement between the two parties. It clearly outlines what will be delivered, when it will be delivered, who will deliver it, and the conditions under which the work will take place. As such, it plays a critical role in the procurement process, with its effectiveness closely tied to the quality of earlier planning and scoping. A well-prepared SoW is fundamental to achieving value for money while effectively managing risk.



Shaping needs and testing the market

In professional services procurement, buying activity can often be initiated directly by a line manager engaging with a single supplier, based on a high-level discussion of the requirement. This informal approach introduces material risk for the organisation, including:



Over-buying

due to poorly defined or untested objectives



Weak value for money

because alternative delivery options and suppliers have not been considered



Contractual exposure

where supplier-preferred SoW templates or delivery terms are used, organisational standards are bypassed, and performance measures are absent

As line managers are not professional buyers, a practical way to support better outcomes is to encourage them to adopt a structured, [consumer-style decision-making approach](#) before committing to a purchase.

Early-stage buying behaviours

Awareness: Clearly articulate the problem or need and conduct initial research into how it could be addressed. Search engines and AI tools can help identify delivery models, solution approaches, and typical outputs. Once options are understood, review potential suppliers' websites or marketing materials to assess suitability.

Consideration: Engage with one or more shortlisted suppliers. Start with a high-level description of the requirement and ask suppliers to outline:

- How they would approach delivery,
- The steps involved,
- What the key assumptions, dependencies, and constraints are.

Supplier responses should be used to inform a structured scope of requirements, including deliverables, milestones, dependencies, and acceptance criteria.

Recommended actions

1. Develop guidance for below-threshold professional services buying, incorporating the best-practice principles outlined above, supplier onboarding requirements, and information needed to define a scope of requirements.
2. Provide visibility of contracted professional services suppliers, the services they offer, and clear points of contact.
3. Make guidance accessible to line managers through multiple channels, such as the intranet, targeted communications, and leadership briefings.



Creating a scope of requirements

A scope of requirements defines what needs to be delivered and forms a core component of the SoW, alongside the supplier's proposal. It should contain sufficient detail to ensure the work is delivered in line with expectations and contractual intent.

In practice, scopes for professional services are often limited to high-level deliverables. This creates significant risk for both buyer and supplier, including:



Ambiguity of expectations – unclear boundaries between what is in scope and out of scope increase the likelihood of misinterpretation and delivery failure.



Misaligned success criteria – buyer and supplier may have different views of what 'good' looks like, leading to rework, disputes, or change requests.



Scope creep – without clear definition, buyer assumptions about what is included in the price may be incorrect, leading to incremental cost and duration increases. This is particularly common in time-and-materials engagements delivered through rolling sprints.



Planning and delivery risk – without defined milestones and timescales, it is difficult to track progress or manage delivery effectively.



Weak value assessment – high-level deliverables make it difficult to evidence value for money or justify spend.



IR35 exposure – where services are delivered through embedded resources without time-bound, deliverable-based milestones, HMRC may consider individuals to be 'deemed employees'. This can result in significant tax liabilities and penalties. A status determination statement alone is insufficient; working practices must demonstrate genuine outside-IR35 delivery.

Key components of a scope of requirements

A well-constructed scope of requirements should typically include:



Overview / introduction – a concise ‘executive summary’ of the requirement.



Objectives and outcomes – clear and concise statements of what success looks like for the work.



Milestones and deliverables – each milestone should detail what needs to be achieved and by when, with all associated deliverables. Milestones should accurately reflect requirements and ideally feature as standard in SoWs, irrespective of the payment mechanism. For fixed price SoWs, a value should be assigned to each milestone.



Roles and responsibilities – key supplier personnel responsible for delivering the service, with their roles and responsibilities.



Assumptions and dependencies – conditions that underpin successful delivery, including required customer inputs. Assumptions and dependencies also help to provide context on milestones and deliverables where necessary.



Acceptance criteria – clear, objective and measurable conditions that must be met for milestones and deliverables to be accepted. These provide a shared understanding of completion, and are designed to reduce the risk of dispute.



Commercial approach – the preferred pricing model (e.g. fixed price or time and materials), or confirmation that the supplier may propose an alternative.

Recommended actions

1. Be detailed but concise. Remove ambiguity and provide sufficient clarity to establish obligations. The scope will form part of a legal contract and should be written accordingly.
2. Avoid vague or subjective language. Terms such as “best endeavours”, “seek to”, or “reasonable” lack precision and offer limited protection in dispute scenarios.
3. Collaborate early. Circulate the draft scope to key stakeholders for input, particularly where they are impacted by delivery. This supports alignment and reduces the risk of future scope creep.
4. Define exclusions. Where appropriate, explicitly state what is out of scope within assumptions and dependencies.
5. Be proportionate and fair. Professional services engagements often involve organisational complexity. Suppliers may need reasonable flexibility to deliver effectively; be prepared to discuss and agree justified amendments.

Agreeing the SoW

SoWs may be agreed directly with a supplier or awarded following a competitive procurement exercise. Competitive procurement is recommended, as it helps the buyer to carefully develop their requirements, and objectively select a supplier based on the best available option.

Suppliers also benefit from the clarity of requirement developed through a competitive process and the ability to co-create this with the buyer.

Contractual governance

The SoW should operate under a master services agreement (MSA) between the buyer and supplier. The MSA provides the contractual framework for the relationship, establishing standard terms that apply across all engagements. Rather than renegotiating core legal positions for every project, the MSA sets out agreed principles covering payment, intellectual property ownership, liability, termination, and dispute resolution. This provides consistency, legal certainty, and efficiency.

The SoW

The SoW is the project-specific call-off under the MSA and should remain focused and proportionate. It normally includes:

- Agreed scope of requirements, including any amendments agreed during supplier engagement
- Supplier proposal, ranging from a simple pricing confirmation to a detailed delivery model and supporting documentation such as a project plan
- Local specifics, such as:
 - IR35 status (where embedded services apply)
 - Purchase order reference
 - Named customer contacts
 - Invoice and approval arrangements
 - Issue escalation routes
 - Security or vetting requirements, where applicable
 - Variation control process, defining how changes to scope, cost, or timescales will be managed

The SoW should be formally signed by both parties and stored securely for audit and reference. Any agreed variation orders should be documented, signed, dated, and appended to the SoW.



Recommended actions

1. Establish a standard professional services MSA for new suppliers, with appropriate flexibility (e.g. insurance thresholds aligned to supplier size and engagement value).
2. Put in place a clear supplier onboarding process. Line managers often seek to commence work before contractual documentation is in place, increasing risk for all parties.
3. Define a clear process for SoW approval and signature, alongside a secure central repository.
4. Agree a controlled variation process and a method for tracking changes to the SoW.
5. Define a structured project close process, covering:
 - Final payment arrangements
 - Confirmation that risks and issues are resolved
 - Knowledge transfer and handover
 - Confirmation of any post-project obligations
 - Legal and contractual closure
 - Lessons learned and formal closure review

Practical considerations

The best practice tips detailed in this guide are all constituent parts of services procurement management, an emerging model designed for business enablement and the prudent management of the costs associated with buying professional services.

If you haven't already, we recommend you read our ['Practical guide to services procurement management \(SPM\)'](#), and our second resource ['Ensuring value for money from your professional services SoW spend'](#) for further information.



Key takeaways

Implementing a dedicated services procurement management function will enable you to take control of your professional services spend and realise significant cost and process benefits. You'll also be creating an enabling function for your business, helping your stakeholders to work smarter and realise better outcomes.

For many large organisations with complex professional service needs, implementing SPM internally may not be straightforward or achievable. In this instance, working with a vendor neutral SPM should be your approach to leverage their expertise, infrastructure and experience.

**Ready to build more effective statements of work?
Let us take the complexity out of it.**

If you're looking to strengthen the quality of your SoWs - improving clarity, increasing value, and reducing risk - we can support you at every stage. Start with a free, no-obligation discovery audit or initial consultation, where we'll review your current approach, assess a sample of your SoWs, and identify practical opportunities to enhance structure, consistency and control.

From defining clear scope and deliverables to embedding stronger governance and commercial rigour, we help you create SoWs that work harder for your business.

With no commitment required - and the option to pilot SPM in just days - you can start improving the effectiveness of your SoWs almost immediately.

**Reach out to Jon Milton directly
to book your discovery session, today.**

 jon.milton@reed.com

 07950 111 466



