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Statement of Work
Project Workflow Management
by Dan Epstein

Project Workflow Management[1]

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Note: *This article is based on the book Project Workflow Management: A Business Process Approach by Dan Epstein and Rich Maltzman, published by J Ross Publishing in 2014. The book describes PM Workflow® framework, the step-by-step workflow guiding approach using project management methods, practical techniques, examples, tools, templates, checklists and tips, teaching readers the detailed and necessary knowledge required to manage project "hands-on" from scratch, instructing what to do, when to do and how to do it up to delivering the completed and tested product or service to your client.*

The project workflow framework is the result of Dan's research into the subject, having the following objectives:

1. Create the virtually error-free project management environment to ensure significant reduction of project costs
2. Reduce demands for highly qualified project managers using the step-by-step workflow guiding approach.

While PM Workflow® is the continuous multi-threaded process, where all PM processes are integrated together, this article will attempt to describe the resource management group of processes as a stand-alone group that can be used independently outside of PM Workflow® framework. It will be difficult in this article not to venture into processes outside of the current subject, such as planning, quality, communications and other management processes, so they will be just mentioned. However, to get full benefit and the error free project management environment, the complete implementation of PM Workflow® is required.

In order to understand how PM Workflow® ensures this environment, I strongly recommend reading my article Project Workflow Framework – An Error Free Project Management Environment. *in the PMI affiliated projectmanagement.com (*https://www.projectmanagement.com/articles/330037/Project-Workflow-Framework--An-Error-Free-Project-Management-Environment*)*

For more information, please visit my website www.pm-workflow.com

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[1]*This series of articles is based on the book* Project Workflow Management: A Business Process Approach *by Dan Epstein and Rich Maltzman, published by J Ross Publishing in 2014. The book describes the PM Workflow® framework, a step-by-step approach using project management methods, practical techniques, examples, tools, templates, checklists and tips, teaching readers how to manage a project "hands-on" from scratch, including what to do, when and how to do it up to delivering a completed and tested product or service to a client.*

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This article includes, along with SOW (P10), also the High Level Design (P11), the Create/Update Project Plan Package (P8) and the Approve Construction Frame Plan and Budget (P9) processes, because they are precursors to SOW.

Create SOW (P10)

This process describes steps necessary to create the SOW, which is the single most important legal document laying the foundation for the project.

Purpose

The purpose of the SOW is to outline the work required for the project completion. The SOW helps to control client's expectations. It is written and finalized during the Planning Frame of the project. Statements of Work Contents include:

1. Revisions
2. Overview and Objectives
3. Assumptions
4. Scope
5. Approach
6. Deliverables
7. Major Milestones
8. Delivery Organization Responsibility
9. Client Responsibility
10. Ownership and License
11. Completion Criteria
12. Project Benefits
13. Charges and Payments Schedule
14. Approvals Page

The description of the SOW contents will provide the general form of the SOW and relations between the delivery organization, which owns the project and is responsible for the satisfaction of the client's expectations and requirements.

Revisions

This section lists all revisions to the document, dates of approval and names of approvers. The Document Revision Form is shown in Table 13-1. The additional signature page at the end of the SOW will be added for each new revision. Project scope changes, as described in the Change Control process, do not necessarily require changing the SOW, but do include modifications to the Traceability Matrix.

Table 13-1

#	Revision	Date	Approved by	Description

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Overview and Objectives

This section provides a brief overview of the project and the attached Business Requirements Definition document. A statement should be made that the terms and conditions described in the SOW are agreed upon by both parties for the period of this engagement *date1* through *date2* (specify period). Roles and responsibilities of both sides and their representatives must be explicitly described. All changes to this SOW must follow the existing Change Control process and an additional sign off page must be added to this SOW upon accepting changes. A statement should be made that the delivery organization will maintain an agreed quality of deliverables and all other SOW objectives. The client must agree that the existing project management processes of the delivery organization will be followed.

Assumptions

All project assumptions must be listed here. Some of the general examples of assumptions are:

- *Delivery Organization* will provide qualified staffing to perform the agreed work at the agreed schedule
- *Delivery Organization* will comply with the established processes of the project sponsor and all mandatory local and national laws and regulations and with other relevant requirements unless agreed otherwise
- Each of the individual efforts, described in this document, will be staffed by *Delivery Organization*. Any additional work will be a subject to a separate SOW.

Scope

The *Delivery Organization* will manage the following project activities:

- Development of *deliverable 1*
- Development of *deliverable 2*
- Management of all project activities

Approach

Here the overall approach to implementation and the technology used must be described. If integration with other project modules or projects is required, it must be described here.

Major Deliverables

The major deliverables to the *Client* must be described here.

Client Deliverables:
      Milestones or the Project Plan
      Test Plan Objectives
      Integration Plan
      ………………
Architecture

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Deliverable1
Deliverable 2
………….

Major Milestones

The following are the major schedule milestones and delivery dates:

Milestone 1	mm/dd/yyyy
Milestone 2	mm/dd/yyyy
Milestone 3	mm/dd/yyyy
Milestone 4	mm/dd/yyyy
Milestone 5	mm/dd/yyyy
Milestone6	mm/dd/yyyy

It is important to keep these at a high-enough, reasonable level which convey meaningful information but which prevents an over-disbursement of detailed information.

Delivery Organization Responsibility

The following are some examples of delivery organization responsibilities to be highlighted in the SOW:

- Assign project manager to manage the project staff, to maintain communication with *Client* and be the focal point for all communications with *Client.*
- Assign other members of the project staff
- Provide the best effort to deliver the project at the agreed schedule and budget.
- Provide *Client* with status reports as documented in the Communications Management plan
- Maintain *Client* satisfaction.
- Ensure that the qualified resources are assigned to project tasks in the most effective way.
- Monitor actual monthly charges once project has started, and work with *Client* to reconcile and validate variance from the original plan.
- Maintain all quality management activities in accordance with the project quality management plan
- Assist *Client* in conducting User Acceptance Test. The acceptance criteria are in conformance with the agreed specifications as documented in the Project Control Book

Client Responsibility

- Assign a focal point, who will be responsible for daily communications with the Delivery Team and for the overall business direction of the project.
- Provide Delivery Team with response to queries within 48 hours and the sign offs of the requested documentation within 72 hours or as mutually agreed otherwise. In the case that the signoff cannot be made due to issues with the quality, defects, requirements or

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understanding of those requirements, the reply must state the exact reason why it was not signed off. If the response or signoff or the signoff denial is not received during this timeframe, the Delivery Team will continue the work as previously scheduled and all charges to *Client* will be made accordingly.

- Assure that funding for the agreed work is available.
- Participate in all project status meetings as described in the Communications Management process and review status reports weekly, providing feedback when needed.
- Provide payment for the work performed on a monthly basis or as mutually agreed and documented otherwise.
- Authorize travel of the Delivery Team personnel when required.
- Provide any agreed required supporting facilities and services to the Delivery Team personnel.
- Advise Delivery Team in advance of all changes and modifications that may impact the implementation of this SOW
- Strictly follow Change Control process of the Delivery Team.

Ownership and License

The ownership of the intellectual property produced by the Delivery Team during this project belongs to the Delivery Team. *Client*, his customers and agents are granted full user license to this intellectual property.

Out of Scope

Everything that is not explicitly documented will be assumed out of scope. The basis of the documentation is the original baseline requirements plus all approved change requests.

Completion Criteria

These criteria take precedence over all other criteria in any documentation.

This Statement of Work will be complete when the first of the following has occurred:

1. All described above, deliverables have been produced and approved by the *Client*

    OR

2. The Delivery Team will have completed the work under this Statement of Work and has accomplished the tasks and provided deliverables listed above, which customer did not explicitly reject by sending appropriate notification as described in the Client Responsibilities section.

    OR

3 The Client has decided to cancel the contract and not to complete the balance of the project work. In this case, the Delivery Team must be notified 45 days in advance, for

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which charges will be made for the planned work, unless staff members were successfully reallocated to another project

Charges and Payments Schedule

The Delivery Team will invoice the *Client* monthly for professional fees based upon *actual* time worked for the engagement until end of project at a flat rate of $XX.xx*/hour*. The Example of Monthly Charges is shown in Table 13-2.

Table 13-2

Charges for the month of January, 2013		
Labor Description	Hrs	Cost
Effort	1200	$84,000
Management Overhead	60	$ 580
Total		$84,580

Note*: The calculations in Table 13-2 are based on actual rates with the addition of 20% contingency for Delivery Organization efforts.*

Direct expenses for project-related travel and living by the project team members will be billed separately at actual cost.

Approvals Pages

Project (or SOW Revision) Authorization

Client (provide name)
Address:
Phone:
Delivery Organization (provide name).
Address:
Phone:
Project Name:
Estimated Project Start Date:

Estimated Project End Date:
Estimated Engagement Costs: $

The Delivery Organization will provide and *Client* will accept Professional Services for the *project* under this Statement of Work.

The Objectives, Scope, Deliverables, *Delivery Organization's* Responsibilities, *Client* Responsibilities, Completion Criteria, and other applicable terms are described on the preceding pages.

The parties acknowledge that they have read this Statement of Work, understand it, and agree to be bound by its terms and conditions.

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Both parties to this agreement accept this Contract and agree to all terms and conditions denoted in this SOW.

Delivery Organization:

_____   _____

(Date)
Name, Position

Client:

_____   _____

(Date)
Name, Position

High Level Design and Architecture (P11)

A high level design provides overall project design and the overall architecture of the solution without getting into implementation details. This process is executed at the same time as the rest of the planning processes (P1, P2, P3, P5, P6, P14), before the detailed estimating of the H/L Design and Planning activities can start. The process flow for P11 will vary for different industries.

Create / Update Project Plan package (P8)

The Project Plan package is a collection of various subsidiary plans and documents required for the project or the partial project budget approval. The plan usually contains the following information:

1. Project schedule with all tasks and their dependencies included, resources assigned and estimates made
2. Quality Management Plan
3. Risk Management Plan
4. Resource Management Plan
5. Communication Plan
6. Configuration Management Plan
7. Other plans as needed

Not all those plans are separate documents. If the data required by the plan is included in the project schedule, then no separate document need be produced. For example, if all Quality Management audits and reviews are scheduled as required by the QM process, then no separate QM plan should be produced. However, it is assumed that all required checklists and templates established in the Quality Management process are documented and used as described in the Quality Management section of the book.

The Project Plan package is assembled first after the first project planning takes place. It is usually updated when the project scope changes are planned, the significant project risks found or the project overruns the budget/ schedule, etc.

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By the time the process flow gets to the Create/Update Project Plan Package, all required plans should be available. This process consists of bundling all project plans together in one package.

Approve Construction/Tracking Frame Plan and Budget (P9)

This step is executed at the end of the Planning Frame just before the Construction Frame starts. The final budget is determined at this point with a definitive accuracy of -5% +10%. The budget and the project plan package are sent to the client and the senior business manager for approval. When the budget is approved or approval is withheld due to clearly specified reasons, the process ends.

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About the Author

Dan Epstein

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Dan Epstein combines over 25 years of experience in the project management field and the best practices area, working for several major Canadian and U.S. corporations, as well as 4 years teaching university students project management and several software engineering subjects. He received a master's degree in electrical engineering from the LITMO University in Leningrad (today St. Petersburg, Russia) in 1970, was certified as a Professional Engineer in 1983 by the Canadian Association of Professional Engineers – Ontario, and earned a master's certificate in project management from George Washington University in 2000 and the Project Management Professional (PMP®) certification from the Project Management Institute (PMI®) in 2001.

Throughout his career, Dan managed multiple complex interdependent projects and programs, traveling extensively worldwide. He possesses multi-industry business analysis, process reengineering, best practices, professional training development and technical background in a wide array of technologies. In 2004 Dan was a keynote speaker and educator at the PMI-sponsored International Project Management Symposium in Central Asia. He published several articles and gave published interviews on several occasions. In the summer of 2008 he published "Methodology for Project Managers Education" in a university journal. His book, *Project Workflow Management - The Business Process Approach*, written in cooperation with Rich Maltzman, was published in 2014 by J. Ross Publishing.

Dan first started development of the Project Management Workflow in 2003, and it was used in a project management training course. Later this early version of the methodology was used for teaching project management classes at universities in the 2003–2005 school years. Later on, working in the best practices area, the author entertained the idea of presenting project management as a single multithreaded business workflow. In 2007–2008 the idea was further refined when teaching the project management class at a university. Since 2009, Dan has continued working full time in Project Management. Dan can be contacted at dan@pm-workflow.com.