

---

# **More Customer Satisfaction, Less Scope Creep**

**Applying Process Improvement Techniques to Manage  
Customer Expectations and Reduce Out-of-Scope Work**

---

October 2006



---

## More Customer Satisfaction, Less Scope Creep

### Importance of a Scope of Work (SOW)

If you're a solution provider, you recognize the importance of providing a Scope of Work for any project or service you are offering. The Scope of Work sets expectations so that all parties understand what is included and excluded, the phases of the project or service, and the entry and exit criteria for each phase. By creating a well-defined Scope of Work that is based on a blueprinted service, you can minimize scope creep and design your service to proactively meet your customers' needs.

### Pitfalls of a Poor Scope of Work

Creating an incomplete or imprecise Scope of Work has some serious implications. The primary three are:

1. Scope creep
2. Low margins
3. Poor customer satisfaction

**Scope Creep:** Scope creep occurs when customers or stakeholders think something is included in the service or project, and then ask for it to be completed. In the name of customer satisfaction, service teams and companies complete these requests, which originally were not priced or calculated into the service.

**Low Margins:** Hours are spent, travel costs accumulate, and equipment expenses expand as additional work needs to be done to "fix" scope misunderstandings. These additional costs directly reduce the service's profit.

**Poor Customer Satisfaction:** It is always better to have a service delivered as expected the first time. Although heroic efforts may be appreciated, such efforts typically come with confusion and delays that are not understood by customers. This is particularly true if the Scope of Work problems require customers to reallocate budget to obtain the service they thought they were receiving all along.

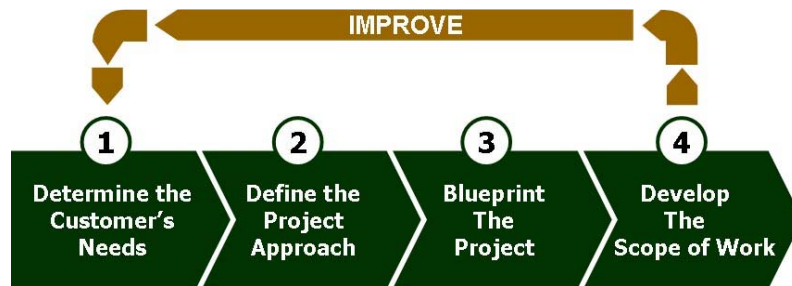
### Purpose of the Scope of Work

Before we look at creating the document, we should review the purpose of the Scope of Work. The SOW:

- Creates the service boundaries (what is included and what is excluded)
- Lends the service to be repeatable and consistent
- Defines the service success factors (what will make this service successful)
- Identifies the service phases with entry and exit criteria
- Specifies the customer and solution provider responsibilities

## Building a Better Scope of Work

When designing a service, the Scope of Work should use the results from the service design process to produce a document that specifically spells out what is included and excluded in the service, as well as the team member responsibilities. There are number of phases of designing a service to be repeatable and profitable, but we'll highlight the areas critical to the Scope of Work in the chart below:



**Determine Customer Needs:** Understanding the Voice of the Customer allows you to identify your customers' needs and design features to meet these needs. Adapting the Six Sigma Critical-to-Quality technique, you can capture customer needs and then identify the service features that will be required to meet these needs. Taking this one layer deeper, you can then design the service requirements necessary to deliver these features. Once the features are set and the service delivery is well defined, you can be confident that the service will meet your customers' needs. For additional detail, see our whitepaper on [Uncovering Customers' Hidden Needs](#).

**Define the Service / Project Approach:** Taking the features and service requirements from the Customer Needs Assessment, group the delivery requirements into logical segments or phases. This will help you establish a systematic flow with toll gates for the service. After you have defined the high-level service flow, take the information you have created and begin to craft the Service Concept document. The Service Concept defines target markets, value propositions, and sales channels, as well as the specific service features. This will help solidify the service deliverables and features, their associated phases, and the value to the customer. The Service Concept sets the foundation for many other possible service sales and marketing documents, as well as the inputs for the Service Blueprint. For additional detail, see our whitepaper on [Overcoming Sales Hurdles](#).

**Blueprint the Service / Project:** This one is critical. By creating the Service Blueprint, you are able to graphically depict the end-to-end customer experience of your service. From the Service Concept, take the features, phases, and deliverables and apply them to the blueprint. You can then define what is delivered "onstage" at the customer location versus "backstage" at your facility. You can also define the gating actions required to progress in the service delivery process. The level of granularity of the Service Blueprint should directly relate to the complexity and repeatability of the service offering.

**Create the Scope of Work (and Supporting Documents):** Elements of the Service Blueprint directly map to the Scope of Work providing specifics of the project / service. We'll look at some components of the Scope of Work in the "Elements of the ultimate Scope of Work" section below.

### Additional Downstream Tools

Once the core service design documents have been created, you will have a set of tools that provide the structure of a repeatable service that should not require time-consuming rewrites to the Scope of Work and other documents. The Service Blueprint is an excellent foundation for 2 key project / service management tools: the Work Breakdown Structure and the Project Schedule.

**Work Breakdown Structure (WBS):** The WBS is a project management document built from a deliverable mindset. The components are derived from the Service Blueprint and provide the high level view of the project.

**Project Schedule:** The critical actions of a project schedule can be ported directly from the Service Blueprint. The project schedule can then be created to apply per-project timelines, assign resources, and manage the deliverables.

## Elements of the Ultimate Scope of Work

Now that we've identified the purpose and the information sources, we can define the elements critical to the Scope of Work. We'll start with a description of the components and finish with a graphic of how this all might pull together.

An effective Scope of Work should contain the following sections:

**Objective:** This may seem obvious, but state the purpose of the service. Think of this in terms of customer benefits such as increased security, reduced cost, or minimized risk.

**Service Scope:** It is important to look at the service design and provide the high level detail of all that is included in the service. This would include technology areas covered, functionality included, and the ultimate deliverables. It's equally important to detail the service assumptions and exclusions. Assumptions could include dependent systems or specific processes that must be in place and running. Additionally, list in detail what is not included in this service. This is a key area to think through in detail to prevent scope creep and delays. Identify potential points of delay or service failure, and if they're not in your control, specify that your service performance will be affected by any errors or omissions within these customer dependent systems.

**Service Methodology:** Typically it's a good idea to segment a service into phases. You can then be more specific about the objective of each phase. You also can build in service "gates" which will allow you to dictate that a set of actions must be completed, both by the customer and you, before moving to the next phase. This helps to set a short-term purpose for each phase and set interim goals.

**Phase Responsibilities:** For each phase, detail the responsibilities of both the customer and your organization. It's then easy to review the entire service prior to launch and spell out which actions are required by the customer. By stating the customer requirements in the Scope of Work, you can reference them in the assumptions section by indicating that if the customer responsibilities are not met in their appropriate phases, the timeline will not be met and the service objectives will be at risk.

**Phase Deliverables:** For each phase, describe and define the deliverables or outcomes of the specific phase. This will help all stakeholders understand the relevancy and importance of each phase relative to the service objective.

**Phase Completion Criteria:** Completion criteria, or boundary conditions, are critical for each phase. They act as toll gates or checkpoints to make sure that all responsible parties are contributing to reach the goal. In project management terms, they act as milestones to the service where critical actions need to be completed. Think of this in terms of a decision to move forward, or an acceptance of a phase deliverable.

The Finished Product

The completed Scope of Work can take on a variety of forms, but remember that this is ultimately a legal document binding you to perform the services as described. An example of a phase description page of a completed Scope of Work follows:

**Scope of Work**

**Phase 3: System Build and Ship**

**SHM, Inc. Responsibilities**

- Procure server hardware
- Stage server in accordance with the Detailed System Design
- Install and configure application in accordance with the Detailed System Design
- Update customer on the status of the system build effort
- Ship the server to the customer

**Customer Responsibilities**

- Review system build status via online status board
- Receive server on loading dock and transfer to data center

Deliverable	Description	Provided By
SHM Server	<ul style="list-style-type: none"> <li>Host processor for the SHM application as specified in the contract bill of materials and modified by the change order (if any)</li> </ul>	SHM, Inc.
Configuration Checklist	<ul style="list-style-type: none"> <li>Checklist showing the results of the QC checks perform by SHM installers prior to shipping the hardware</li> </ul>	SHM, Inc.

**Phase Completion Criteria**

- Customer receives staged server

**Phase 4: System Install and Test**

**SHM, Inc. Responsibilities**

- Coordinate on-site installation of the server, including provision of power, HVAC, and space requirements for the data center
- Install the SHM server in the data center
- Prepare the System Test Plan and review it with the customer
- Conduct SHM System Testing and provide the resulting System Test checklist to the customer

**Customer Responsibilities**

- Prepare the data center (power, HVAC, and rack space) for the SHM server
- Review, provide input to, and approve the System Test Plan
- Participate in SHM System Testing and review the test results
- Accept the completed SHM System

Deliverable	Description	Provided By
Power, HVAC, and space requirements	<ul style="list-style-type: none"> <li>Detailed environmental requirements specification for the SHM System</li> </ul>	SHM, Inc.
System Test Plan	<ul style="list-style-type: none"> <li>Test objectives, methodology, and responsibilities for SHM System Testing</li> </ul>	SHM, Inc.; approved by customer
System Test Checklist	<ul style="list-style-type: none"> <li>Checklist for capturing test results during SHM System Testing</li> </ul>	SHM, Inc.; reviewed by customer
System Acceptance Form	<ul style="list-style-type: none"> <li>Form denoting customer review of the test results and acceptance of the SHM implementation</li> </ul>	SHM, Inc.; signed by customer

Service ID: 300-0201-01

Service Title: Secure Healthcare Messaging Implementation

AntFarm, Inc. Form 000-4004-01

Page 3 of 5

Copyright © 2006 AntFarm, Inc. All Rights Reserved

Scope Problems Solved

Once completed, you'll have a document that can be legally used to define responsibilities and deliverables. **Scope creep will be dramatically minimized** as the service boundaries, responsibilities, and deliverables are well defined. **Higher margins** will result as you begin to reduce unanticipated time, travel and other resource expenditures. Through it all, you'll achieve **higher customer satisfaction** as your customers will understand the full project parameters and get what they expect the first time. You'll be recognized for having a high quality organization as you meet commitments and achieve results.

AntFarm, Inc.  
12600 Deerfield Parkway  
Suite 100  
Alpharetta, Georgia 30004

(P) 888-ANTFARM (268-3276)  
(F) 678-566-3551

[www.antfarm-inc.com](http://www.antfarm-inc.com)