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An Output Based Specification focuses on the desired outputs of a service in physical terms, rather than a detailed technical specification of how the service is to be provided; this allows providers scope to propose innovative solutions that might not have occurred to the procurement team. Well written output specs make auditing performance much easier and transfers all the responsibility to the contractor to achieve the desired results.

Successful output specifications share a number of common features. One of the most important is to set the standard at the right level. The higher the standard is set, the more expensive it is to deliver or it can even become unachievable rendering the exercise worthless. It is understandable that the client will want high standards but they must be realistic and take account of practical realities and their financial consequences.

Under specifying can be just as problematic. If the specification is too vague and generic there is little to prevent interpretation disputes. What is a minor repair? Which building elements are fittings and which are fabric? What does clean look like? Questions like these must be anticipated and clarified before accurate costs can be determined.

Accurate zoning of service levels is another crucial exercise with a significant impact on both cost and performance. Specifying different standards of clean to different locations ensures that effort is only applied where it matters most. Many facilities budgets have been wasted cleaning staircases that are never used while client meeting rooms receive half the attention they deserve.

Output specifications require robust audit and incentive regimes to ensure consistent performance. Self monitoring is an acceptable part of this process but regular joint inspections ensures a common interpretation of standards and an annual independent audit or mystery shopper initiative maintains a fresh and unbiased perspective.

Output specifications benefit from a robust performance measurement process linked to a profit risk or commercial incentive mechanism. The effort required to develop quality performance specifications is wasted if nobody is motivated to achieve it. Output specifications can be a major factor in driving continuous improvement and innovation but must be properly implemented for the benefits to be realised.

The National Outsourcing Association publishes case studies and good practice guides on all aspects of the outsourcing process including the development of effective specifications. www.noa.co.uk