Performance or Functional Specifications

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Performance Specifications is a document specifying operational requirements of a component or installation. In other words, a performance specification informs the contractor what the final installed product capabilities are. In contrast, see Conformance Specification.

In this case the buyer simply explains problems the product should solve and the supplier provides such. In essence this is less rigid than conformance specification.

Examples of what typical specifications may be like include;

- Required quality levels
- Required safety levels and controls

Compared to conformance specification, performance specification has a number of ADVANTAGES such as;

- The specifications are easier to draft
- The efficacy of specifications does not depend on technical knowledge of the buyer
- Supplier can use their creativity to develop the products
- Greater share of specification risk is borne by the supplier.

When is it advisable to use performance specification?

- When the supplier has more technical or relevant skills than that of the buyer
- When technology is constantly changing in the suppliers industries in which case it will be hard to specify methodologies
- When there is a clear criterion for evaluating alternative solutions suggested by the suppliers competing for the contract

When there is enough time to assess the functionality of the product as proposed.

Source: http://zeritenetwork.com/typesofspecificationswhencontracting/