

Agile Agreements

How do you sell something yet undefined?

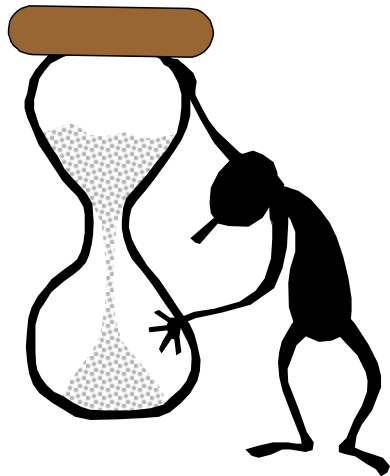
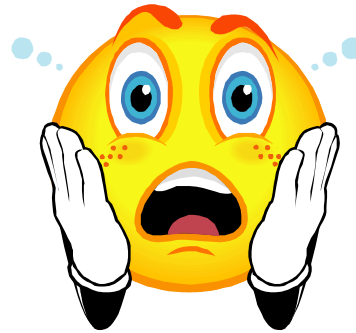
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My view



The customer's view



We all want this...



A little bit about myself...

Carina Meurlinger

Consultant at Agero since early 2005

Project manager and Scrum Master

I have been interested in project methods for many years, but it is first since I "met" Agile that I feel a real connection

Who are you?

What are your interests and roles?

- Developer?
- Project Manager?
- Scrum Master?
- Product Owner?
- Sales?
- Other?



Why I like Agile?

Agile feels like the logical way to work for developers as well as for management and buyers and users of systems and products

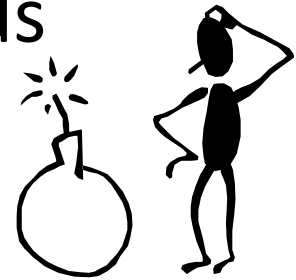
It is how you as a developer would choose to work if nobody told you how to do it

With a well balanced level of routine and rules

So, what is the problem?

To sell the concept of working agile to a team of developers is rarely a problem.

To convince the customer of the methods potential is another matter.



The customer may feel that he is not in control, though it is often really the other way around.

And... is it really a problem?

The funny thing is that it isn't even a real problem. It is more a matter of letting go of old habits and building up courage to try something new.



What will we discuss today?

- How to convince a potential customer that the agile approach can actually be the preferred one
- How agile can be an easier and more reliable way to make win-win contracts
- Different ways to write contracts for agile projects

Why is this important?

Old habits inhibit the agile concept to spread faster than it otherwise could

The question how to sell the agile concept to potential customers is the one I always return to

There is no one easy answer, but there are several that might work

We can change this together!

Many of us find ourselves, again and again, planning and promising things for much longer in advance than we should

Who or what is making us do that?

And most importantly why?

We can all contribute to change this situation

Where do we start?

1. Identify and present benefits for the customer
2. Find win – win situations
3. Discuss different possible agreements
4. Write and sign a contract for the “best” alternative

Who is your customer?

First you need to consider what kind of customer situation you have.

- New customer?
- Internal / External
- Old customer that already are confident with your quality of work
- Maturity in agile thinking?



The ideal customer situation?

Probably looks something like this...

1. You already have a good working relationship
2. The customer is well aware of the mission/vision for the project/organization
3. The task at hand is not too well defined

Discussion time!

If the task is too well defined it's no point trying to be agile.

Would you say this is true?



How does agile benefit the customer?

We want our customer to feel confident that

Agile can be a safe way to ensure that their organization really get what it needs compared to a contract related to a fixed time plan and scope

The customer must see and feel value

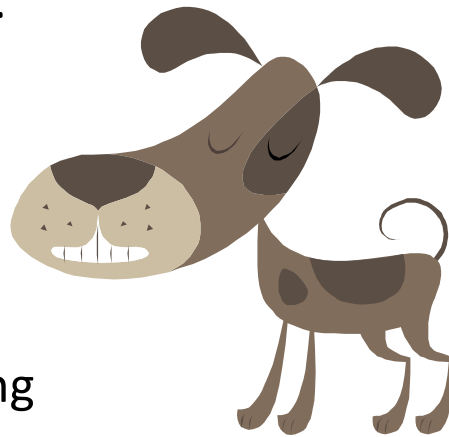
Company A vs Company B

Good old Waterfall

The time plan for the project is one year

The work is divided into the following activities:

- Pre-study
- Specifications
- Development
- System Testing
- Acceptance Testing
- Bug fixing
- Documentation



Agile

The time plan for the project is also one year with more or less the same activities as for A

But

Something will be usable after 4 months and 80 % of the most important functionality will be available after 9 months.

The system will not contain the unnecessary functions that was part of A's plan but will have a few new good ones that A will lack.

This is Agile

- Undefined
- Flexible
- Visible
- Early results
- Customer involvement

Undefined is good

Use the "undefined" as an advantage for the customer

A detailed plan that stretches over a long period of time is a false security

Possibility to change during the development, nothing is "written in stone"

Perfect for new and/or complex things

Flexibility is an advantage

It makes the customer more agile towards its competitors

The project scope can be changed over time as the world around it changes



Decisions can be made at a late point in time.
Alternative routes are kept open as long as possible

Visibility

The progress of the project is very visible for everybody who is interested

No late surprises



Mistakes and misunderstandings will be reduced
It is easier to make decisions if you are
continuously aware of the present situation

Early bird...

The customer is able to launch prioritized parts of a new system early

- Gets early feedback from users
- Can start educational activities
- Sales activities



The customer also has the option to stop the project at any time and still get value out of it

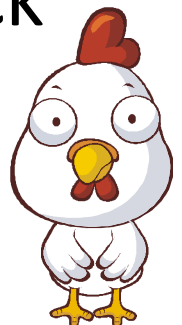
Customer involvement

Agile does mean more work for the customer

- Requirements
- Decision making regarding functionality
- Testing and acting on results after each sprint

And responsibility

The product owner is the single wringable neck
And a chicken's neck that is too...



Customer involvement cont.

The customer's engagement in defining the requirements will save time in the end

And will also give the customer a good and early insight in what organizational changes he or she may have to deal with

Changes in the organization

A new system often leads to changes and adaptations of a work process

The persons affected can try the new system and give feedback rather than worrying that the system will take their job away from them

And if it will, they will have more time to adjust, and learn new skills more in line with the new process

Castle or Cottage?



Challenge – How would you do this?



Picture this scenario...

- You have a brand new customer
- The project is on a running account – no fixed price
- Five months into the project the customer gets worried and feels that they are loosing control over the costs

Challenge – cont.

- One, highly prioritized, function has taken a lot of time to investigate and sort out the requirements for (120 hours of 470 in total, or 25%)
- The customer is now worried that the function will be very expensive to implement

Alternatives



One possible solution (our)

The specific function was excluded from the rest of the project and was given a fixed maximum price that the customer could accept

No more worrying and since a lot of work obviously already had been done the fixed price (consisting of an additional 100 hours) was enough (almost) to implement the function

The rest of the project could continue on a running account

Agreements and Contracts

There are several ways to make agile agreements that have positive effects for both sides

- Many small agreements
- Combinations
- Reducing Risk



Who takes on the risk?

- Delays
- High costs (and is it worth is?)
- Misunderstandings about functionality



- Is this system really what the customer needs?
- Will we get payment for all our work?

Ideally agile leads to a reduced risk for both sides

Something to start with

Have a fixed price project at start (3-6 months)

The following sprints can be in the form of optional add-ons with separate agreements for each

- + The customer gets a chance to build up confidence in our work

- The first period is an agreement of the "old and safe" kind

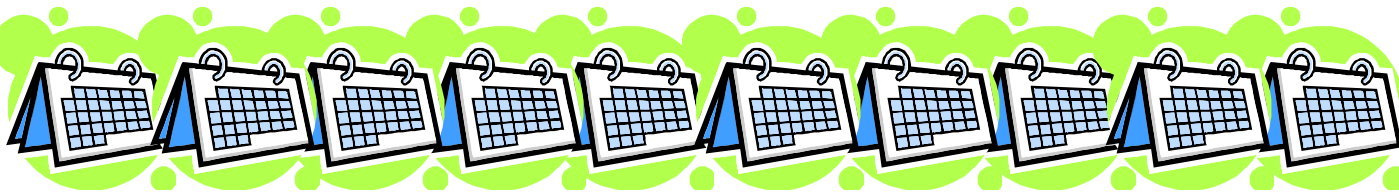
Many small agreements

View each sprint as a separate agreement with its own contract



Each sprint being well defined both in time and scope (fixed price or not)

The more uncertainties - The shorter sprints



Maintenance and support

Agile thinking is a good choice for this particular kind of agreement

- No end date
- Very hard to plan
- The workload and scope varies a lot over time

Reducing the Risk

A fixed service charge can be kept to a minimum
(an advantage for the customer, not the provider)

Let the minimum service charge be based on the
past (for example the 3 latest months) and
therefore automatically adapted over time

With this approach the risk is more evenly divided
between customer and provider

Reducing the Risk cont.

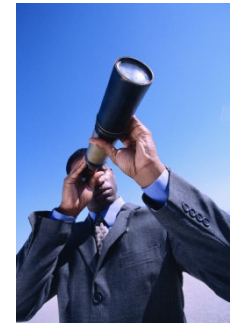
The hourly price can be set higher for unplanned support and maintenance outside the fixed service charge

This will encourage the customer to adjust the fixed part to a level reflecting the actual workload

With this price model it is easier to scale up and down and guarantee that resources are available

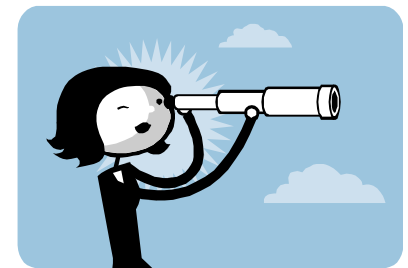
Plan the possible, envision the rest

If the scope of the project is large it is more difficult to plan in detail



And you should refrain from doing that...

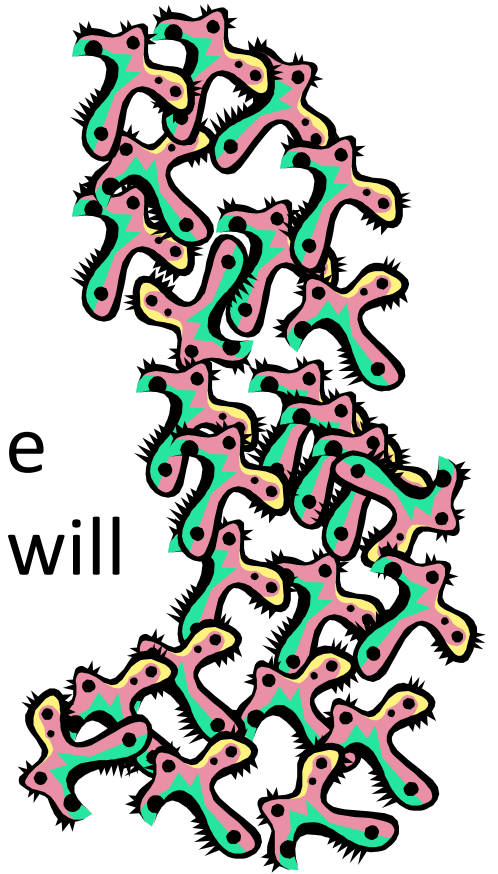
A long term vision is necessary, however not a detailed one



Things Take Time

None of this is really hard to comprehend
Nevertheless it is a difficult process

- Change takes time
- In some ways we could view the agile movement as a living organism that will eventually spread naturally



Summary

The agreement is the hardest part of the Agile approach.

It is mainly because old habits are hard to break

It is OK and even necessary for this process to take time

agero.

Not the End...
But to be continued I hope ;-)

Thank you for participating!

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