Agile | SOW for Agile Engagements

AGILE WEBINAR

Things to know...

- All participants will be on mute
- Questions are welcome
- Use the question box to ask questions
- Agile training is valid for 1 PDU
- Must be in attendance for full session
- PDU certificate sent by the end of the day
- Recording and slides sent by tomorrow

Moderator

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Marketing

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Presenter

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Agile Coach and Trainer

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Special Guest

Dan Brown, CSM, PMP

Business Development Executive @Technossus

Agile Enthusiast, Coach, Delivery Leadership

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Business leaders struggle to develop statement of work (SOW) that supports agile engagements. Lawyers and procurement groups have a difficult time writing SOWs that support iterative development without having a large set of requirements documented. The webinar will explore steps to establish agile SOWs that support frequent delivery without upfront well known requirements.

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Topics

- SOW Types
- Benefits of Agile SOW
- Develop Working Agreements
- Supplier and Customer Responsibilities
- Anatomy of an Agile SOW

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Learning Objectives

- Develop SOW agreements to enable agile engagements
- Discover the power of the vertical slice
- Learn how to increase customer engagements

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Why do we need a SOW?

- Document agreements in the event of a law suit
- Minimize risks
- Maximize profits
- Establish outcomes that are beneficial to customers

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My SOW Experiences with Agile Engagements

- Supplier – Maximize profits and minimize risks
- Customer – Maximize outcomes and minimize risks

Supplier

- Developed & presented agreements
- Negotiated rates
- Time and material focused
- Minimize risks
- Established exit clause

Customer

- Received agreements
- Negotiated rates
- Identified outcomes
- Minimize risks
- Established exit clause

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Types of SOW

- Four types of well known SOW contracts

1) Firm Fixed Price
- Fixed specs.
- Fixed price and date
- Changes for a fee
- Risk to supplier

2) Target price
- Fixed specs. & date
- Target price
- Supplier negotiated target price
- Shared risk

3) Time and Material
- Open specs.
- Price based on rate
- End specified by customer
- Customer shoulders risk

4) Cost Plus
- Target specs. & date
- Customers pays cost plus profit margins
- Customer shoulders risks

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Group Interaction #1

Select the SOW type with the highest risk to customers.

A. Time and material

B. Target price

C. Firm fixed price

D. Cost plus

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Conversations with Legal, Controllers, & Procurement

- We must list every feature in the SOW
- Every feature must have a specified end date
- How do we know when Done is achieved?
- We have to protect ourselves against litigation

Traditional vs Agile SOW

Traditional Engagements:

- Fixed and based on milestones
- Priority changes need an approved change order
- Require higher customer trusts
- Final outcomes are defined upfront
- Large and often longer terms (9 to 18 months)

Agile Engagements:

- Fluid based on prioritized backlogs
- Priority can change
- Require higher customer trusts
- Final outcomes not always specified
- Iterative and shorter terms (2 to 3 months)

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Challenges of Agile SOW

- Suppliers avoid fixed price agreements
- Suppliers assume higher risks with fixed SOW
- Time and material is common to reduce risks
- Customer legal representatives want specific details

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Develop Working Agreements

- Agree to establish working agreements to establish trust
- Acknowledge change is a constant
  - Apply inspect and adapt thinking
- Focus on beneficial value outcomes
- Harmonize to achieve complimentary economic interest

Group Interaction #2

Working agreements help to establish trust and boundaries.

A. True

B. False

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Benefits of Agile SOW of Agile SOW

- Pivot or shift based on customer demands
- Risks limited to shorter terms (1 to 3 months)
- Customers and suppliers share risks and rewards
- Use Value streams to define, organize, and deliver value
- Articulate cost of delay

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Customer Responsibilities

- Define concise vision and roadmap
- Communicate vision and roadmap with supplier
- Share desired path for a successful partnership
- Request definition of fixed and variable intent
- Accept a shared responsibility for success

Supplier Responsibilities

- Understand customer vision and roadmap
- Analyze potential feasibility of solution intent
- Evaluate resource needs and duration requirements
- Establish objective evidence of fitness for use
- Define customer investment timelines
- Establish a prioritized backlog

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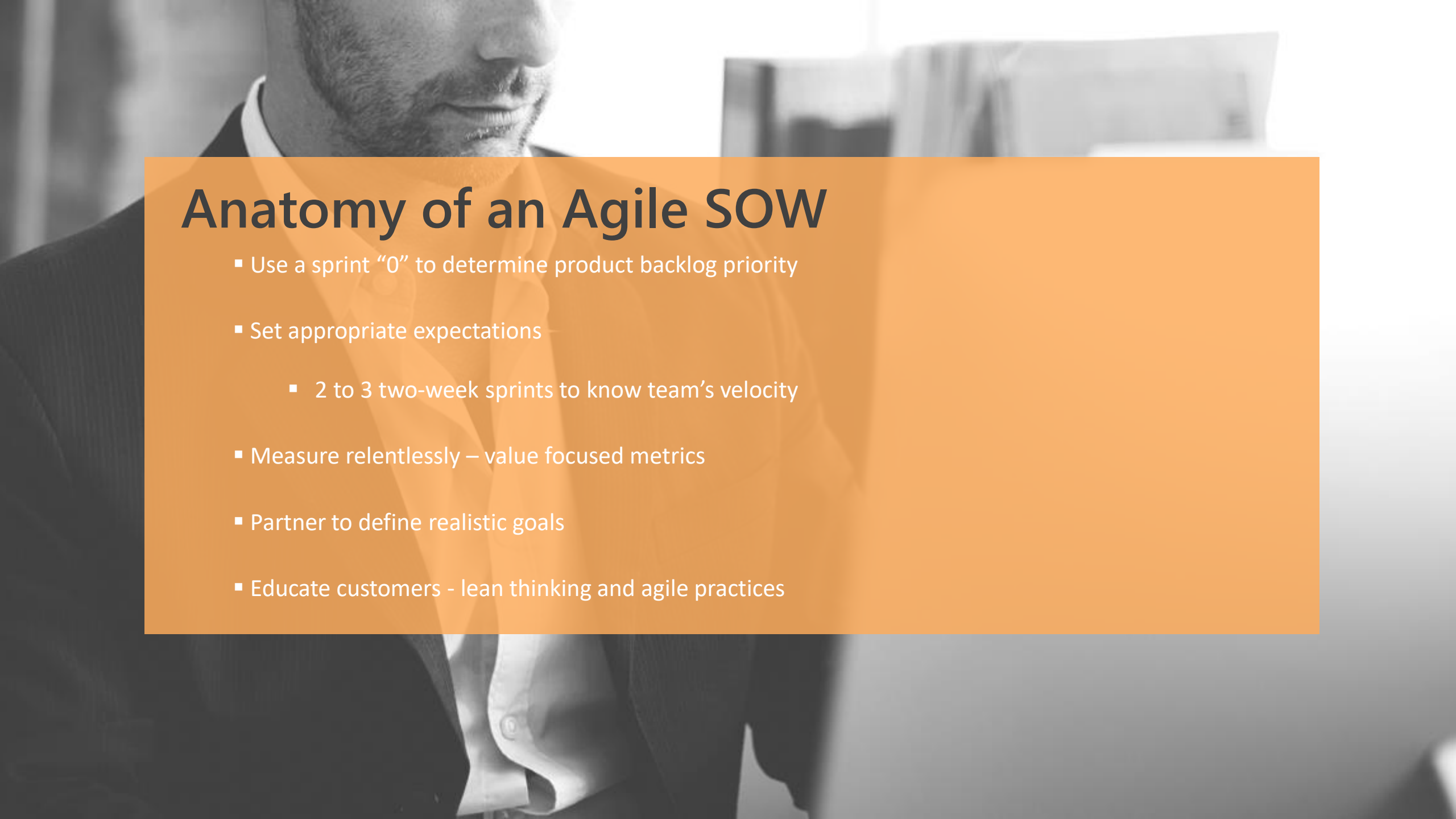

Anatomy of an Agile SOW

- Use a sprint “0” to determine product backlog priority
- Set appropriate expectations
  - 2 to 3 two-week sprints to know team’s velocity
- Measure relentlessly – value focused metrics
- Partner to define realistic goals
- Educate customers - lean thinking and agile practices

Group Interaction #3

How would a Sprint “0” help define an Agile Sow?

A. Create a prioritized product backlog

B. Ensure “0” impediments

C. Synchronize multiple teams

D. Guarantees a successful Agile project

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Summary

- Agile SOW limits risks - sorter durations (1 – 3 months)
- Customers and suppliers share risks and rewards
- Customers and suppliers have responsibilities for success
- Share desired path for a successful partnership

Any Questions?

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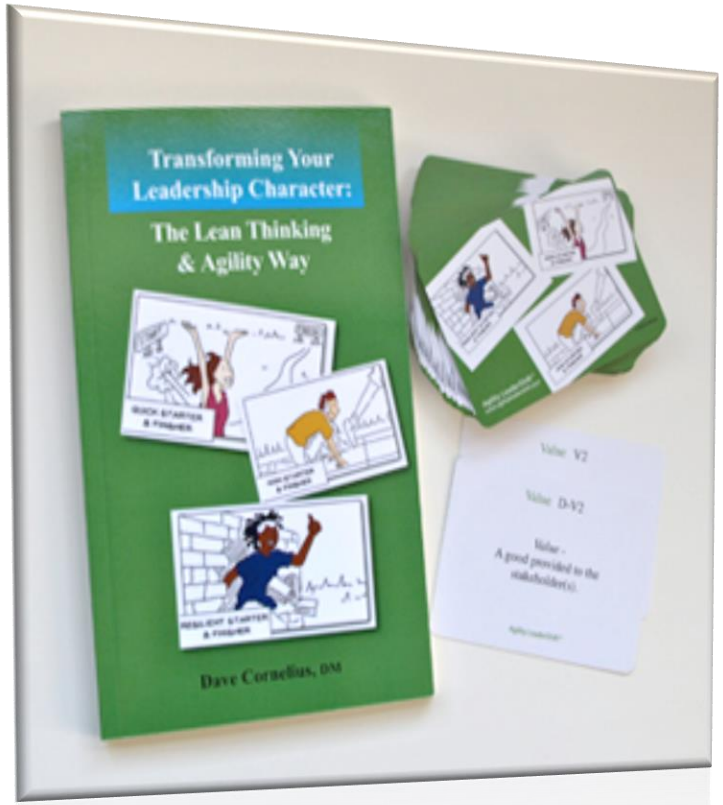

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