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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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.
Topics

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

- Develop SOW agreements to enable agile engagements
- Discover the power of the vertical slice
- Learn how to increase customer engagements
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
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
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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Select the SOW type with the highest risk to customers.

A. Time and material
B. Target price
C. Firm fixed price
D. Cost plus
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)
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
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
Working agreements help to establish trust and boundaries.

A. True

B. False
Benefits 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
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
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
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
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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