Agile Contracts
Some advice and a template

Allan Kelly

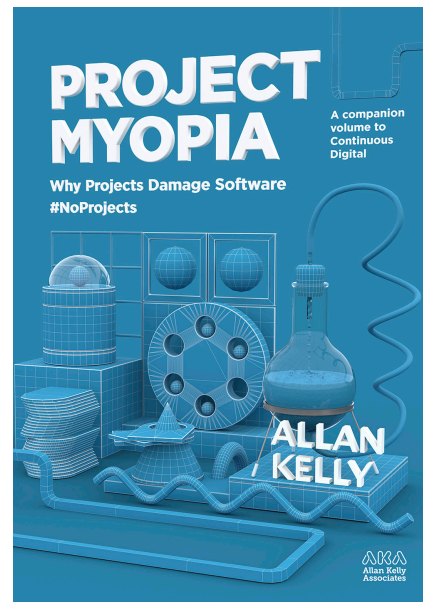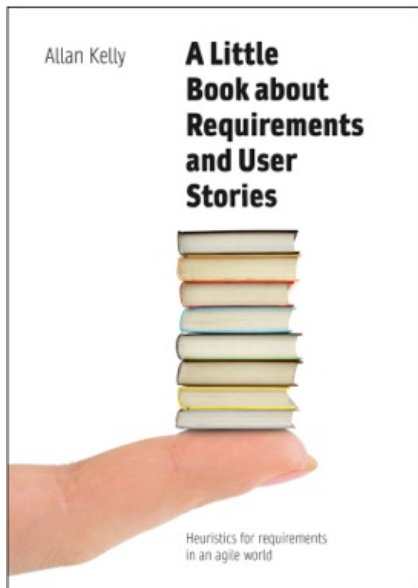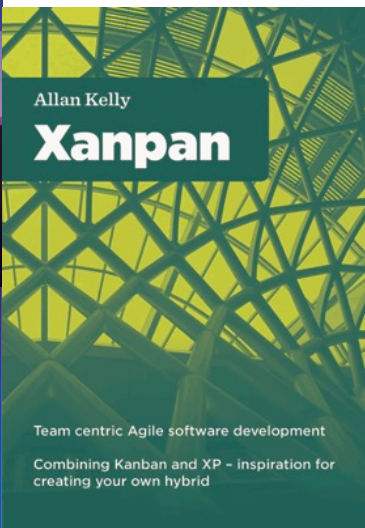allan@allankelly.net

@allankellynet

http://www.allankelly.net

Allan Kelly

Agile & Digital

Processes & Products

Business Patterns for Software Developers

Allan Kelly

- Clearly defines the route to business strategy and operations
- Includes over 38 strategy patterns
- Explains how to implement specific patterns
- Includes sequence diagrams linking patterns

Forward by Linda Rising

Changing Software Development

LEARNING TO BECOME AGILE

Allan Kelly

Allan Kelly

Xanpan

Team centric Agile software development

Combining Kanban and XP – inspiration for creating your own hybrid

Allan Kelly

A Little Book about Requirements and User Stories

Heuristics for requirements in an agile world

PROJECT MYOPIA

A companion volume to Continuous Digital

Why Projects Damage Software #NoProjects

ALLAN KELLY

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CONTINUOUS DIGITAL

An agile alternative to projects for digital business

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4 Agile Contract options, 2011

InfoQ: https://www.infoq.com/articles/agile-contracts

1. **Hide it** (most common)
   - Traditional contract with Agile delivery
   - Lacks honesty and creates tension

2. **Rolling contract**
3. **No cure, no pay** (Tom Gilb)
   - Client has no skin in the game, risk incentives misaligned
4. **Money for nothing, change for free** (Jeff Sutherland)
   - Rolling contract dressed up as traditional

AGILECONNECTION™

A TECHWELL COMMUNITY

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🏠 **Q&A** **Topics** **Resources** **Events**

Dear Customer: The Truth about IT Projects [article]

By Allan Kelly - March 13, 2012

Summary:

In this personal and direct letter to customers, Allan Kelly pulls no punches and explains why IT projects don't always pan out for all of the parties involved.

Dear Customer,

I think it's time we in the IT industry come clean about how we charge you, why our bills are sometimes a bit higher than you might expect, and why so many IT projects result in disappointment. The truth is that when we start an IT project, we don't know how much time and effort it will take to complete. Consequently, we don't know how much it will cost. This may not be a message you like to hear, particularly since you are *absolutely certain* you know what you want.

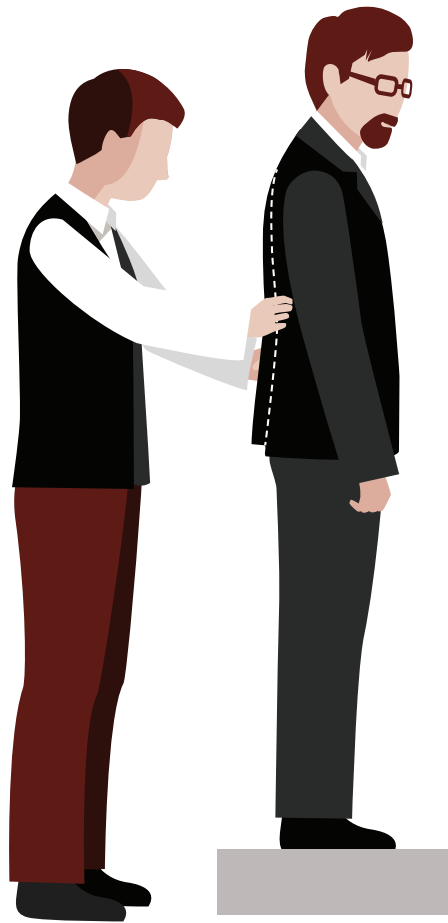Allan Kelly

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Team centric Agile software development

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www.xanpan.org

Prologue to Xanpan

https://www.agileconnection.com/article/dear-customer-truth-about-it-projects

What are you?

Agile Contracts

Scopeless

Hypothesis 1 - *In the real world*^{tm}

(Most) Work is awarded as fixed cost, fixed time, fixed features

(Most) Suppliers feel they have to bid on this basis

BUT

Some companies see the problems

Some look for something different

Some companies find fix-fix-fix odd

Observation

Suppliers offering Agile & Scopeless contracts find work is booming

London

Contracts without requirements

Collaboration builds understanding
of what is needed

Cornwall

Fired clients who wanted everything specified in advance

Business trebled

Hypothesis 2

Agile & Scopeless contacts filters out weak suppliers

Don't

Offer Agile contracts if you are not agile

Executing Agile is essential for Agile contract
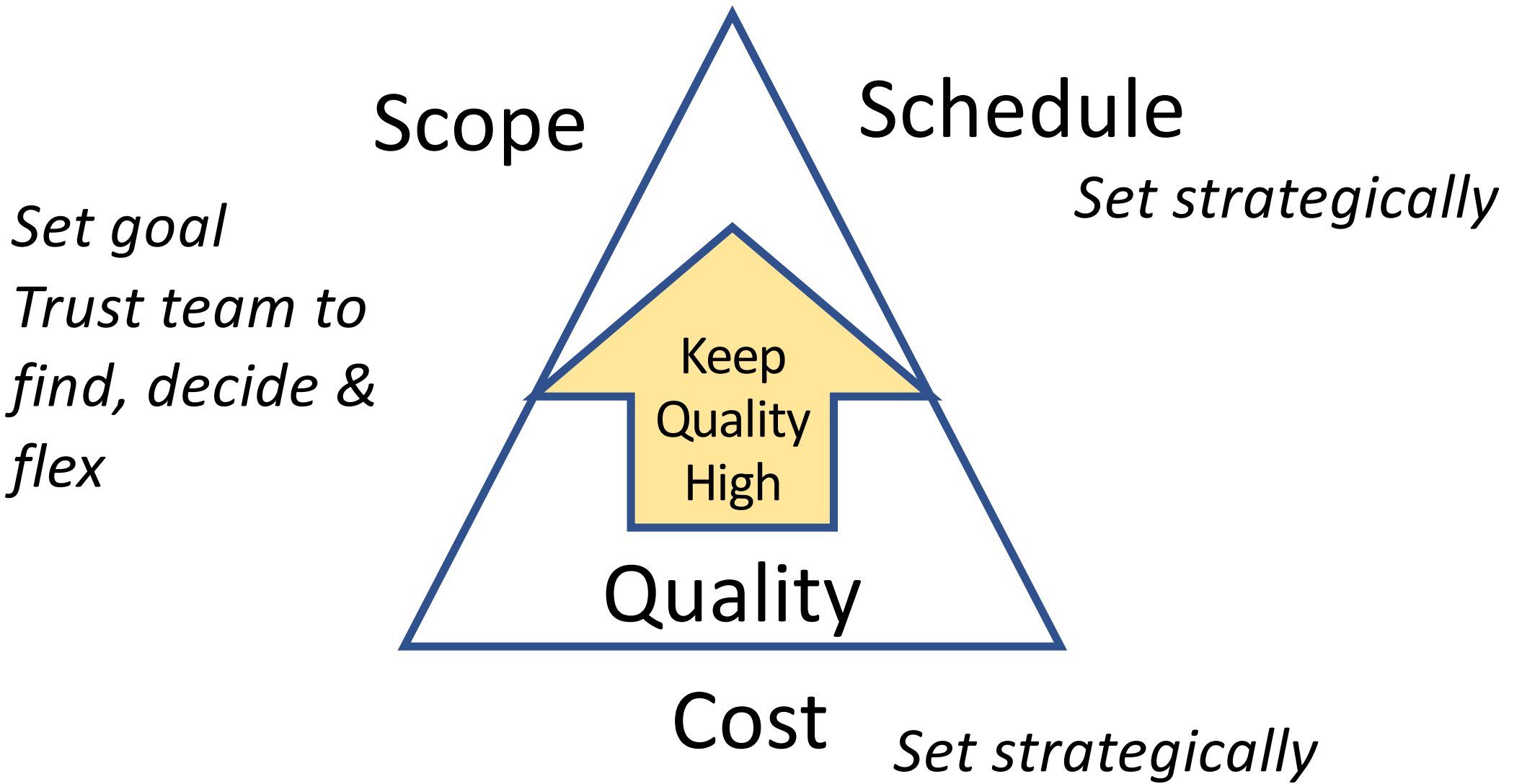
Agile Contracts: A template

Contract
- Risk sharing
- Set overarching objective
- Contract for service not scope
- Discover, deliver & flex within contract
- Fix cost, fix time -> people
- Easy exit or rolling

Execution
- Start small, grow
- Combined team
  - Client & supplier
  - Discover & delivery
- Keep quality high
- Release early, release often
- Regular governance review

#BizTech

Scope

Schedule

Set strategically

Set goal
Trust team to
find, decide &
flex

Keep
Quality
High

Quality

Cost

Set strategically

Price = Cost + Profit

Or

Profit = Price - Cost

Cost = People x Time

$$\text{People} = \frac{Cost}{Time}$$

Fix spend <u>strategically</u>
- How much is it worth?
- How much can you afford to loose?
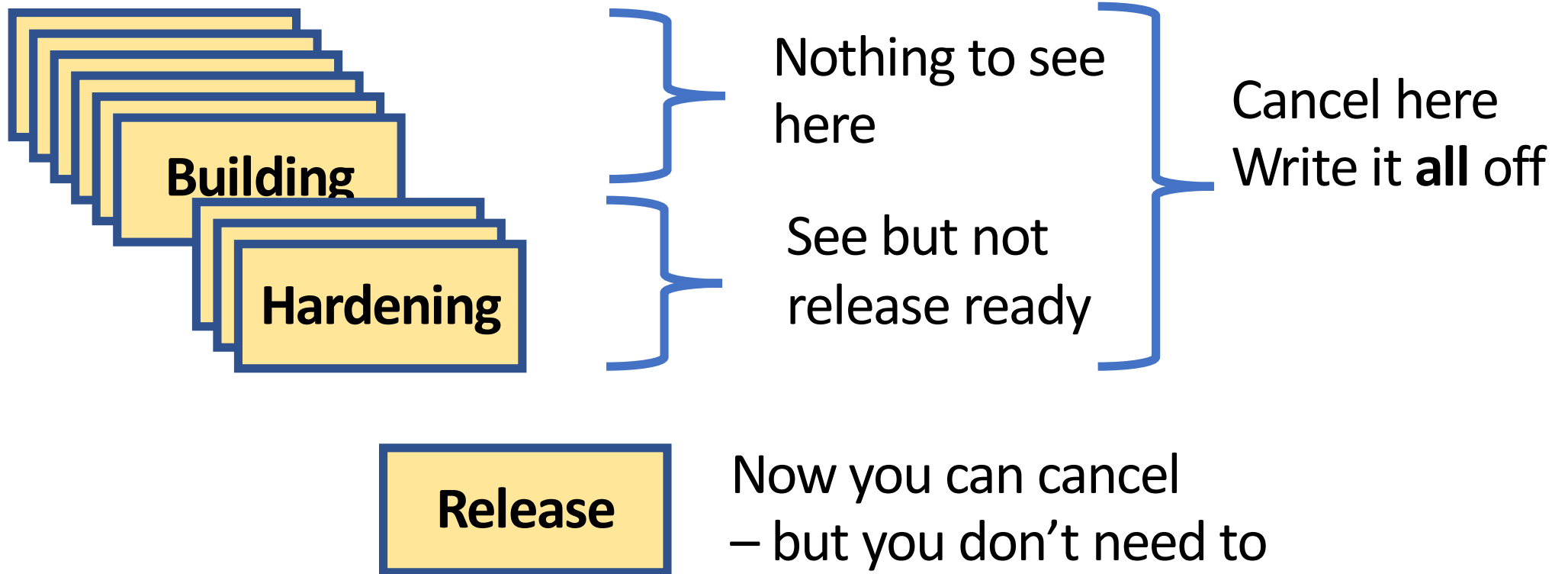- Team create solution within constraints

Start with a small trial
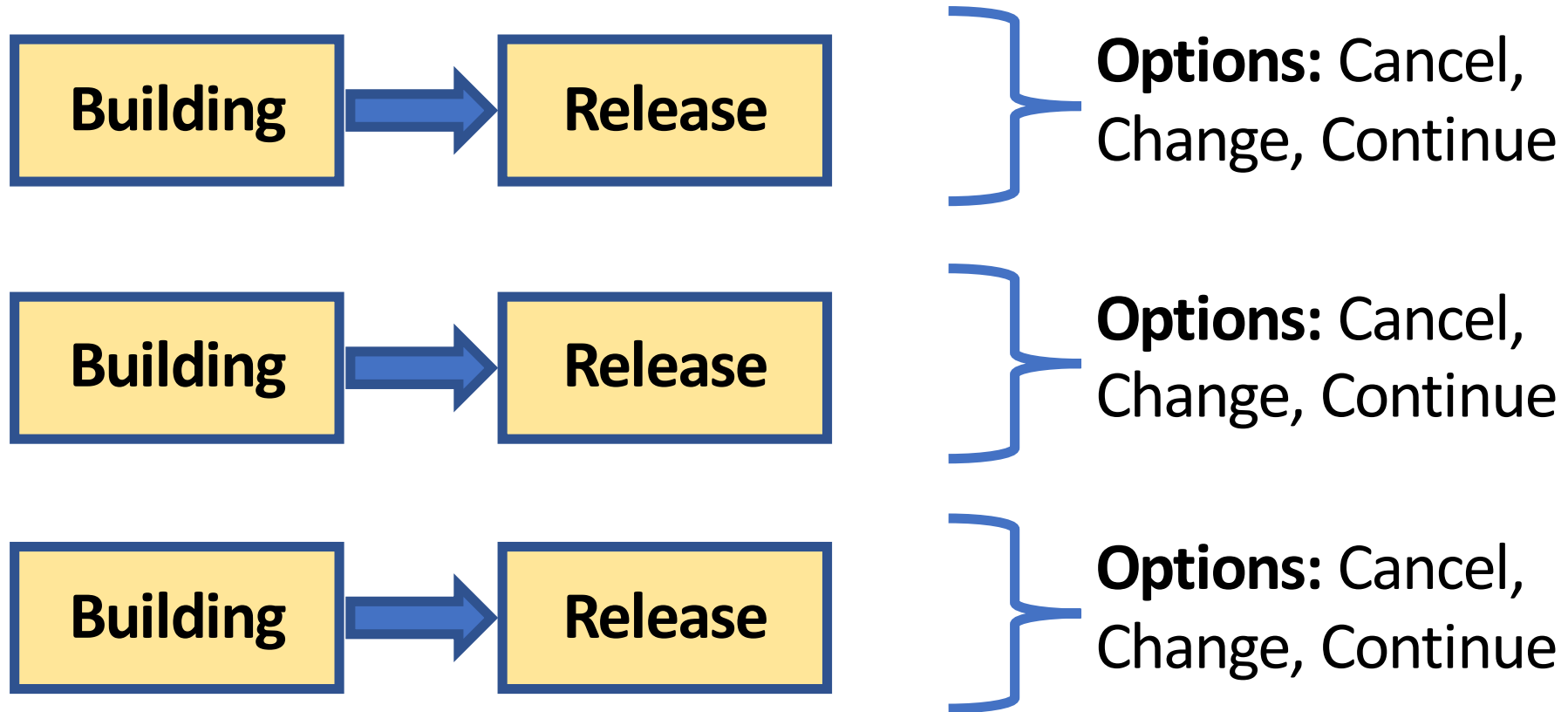Big money after success demonstrated

Scopeless

- Overarching goal but <u>no feature list</u>
- Trust the team to find the right thing

- Regular demonstrations & releases
- If you don't like what you see -> Abort!

Low quality captures clients

Building — Nothing to see here
Hardening — See but not release ready

Cancel here
Write it **all** off

Release — Now you can cancel – but you don't need to

High quality (bug free) + regular releases
Reduce sunk costs & allow easy break

Building	→	Release	Options: Cancel, Change, Continue
Building	→	Release	Options: Cancel, Change, Continue
Building	→	Release	Options: Cancel, Change, Continue

Agile Contracts, scopeless

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Dear Customer
https://www.agileconnection.com/article/dear-customer-truth-about-it-projects
OR
in **Xanpan** http://www.xanpan.org