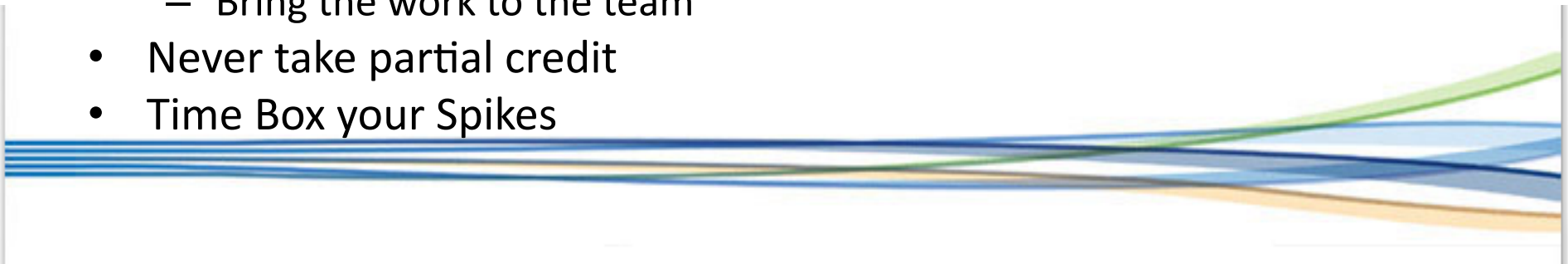# Agile Budgeting & Contracting

My Notes…

- If you are not mature enough for two weeks try 1 week
- Standardize what you want to Fossilize
- We did bicoastal product manager
  - One Day Iterations
- How do you make it spread
  - Be sure your team persists
  - Deliver and Get Promoted
  - Both: Top Down and Bottom up required
  - To convince the top: Sell the value not the name
- Selling Pairing
  - Don't sell it; just do it and deliver what you say you will
  - Know one cares how you get it done, if its done
- Creative Organization
  - Publishing – a book can never be changed
- Stop doing projects
  - Bring the work to the team
- Never take partial credit
- Time Box your Spikes

Why Agile Will Not Work Here...

- We can't do Agile because we need budgets
- Our Business needs to know the cost up front

Some of my favorites

- Our business changes their mind to often
- [Slightly Unrelated Point] Tester: If I give the developers the tests they will simply write the code to pass the tests.

Debate Club 101

- Do not fall for the premise of the argument
  - So they hit their budgets today?
  - Do your systems cost what you say? Most do not, so does your business really know the cost up front?
  - Is there a better way to deal with business change? Are you sure they like your current solution?

- You need to understand the current context of your audience.

One More…

- But We need a plan!
- Of course, but My Plan will be better than your plan
  - You will do requirements for 12 weeks
  - Developers will read and guess in a day

  - I will get the high level requirements
  - I will eliminate risks (spikes & conversation)
  - I will use history to predict future

Types of Efforts to Contract

- Agile Transformation / Organization Design
  - What does not work
  - Implementing a Transformation Roadmap
  - Contracting Details
- **Project Delivery**
  - **What does not work**
  - **What needs to change?**
  - **Contracting Details**

Agile Project Contracting

What does not work

- Traditional Fixed Scope
  - Prevents agility by blocking the benefits of change and learning
  - Assumes we can know all up front

- Traditional Agile Management
  - Commit to Date and Cost but not Scope
  - Vendor does not have enough skin in the game

- Staff Augmentation (initially)
  - Companies new to agile to not know how to recruit, form, manage, or measure agile teams.
  - Once you are agile we can help add capacity

We traditionally commit at different levels of detail.
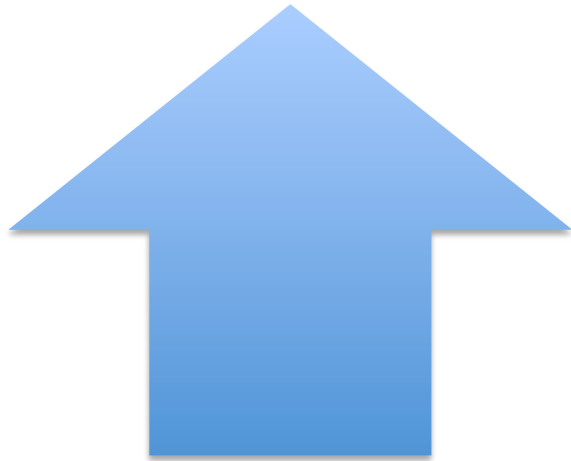
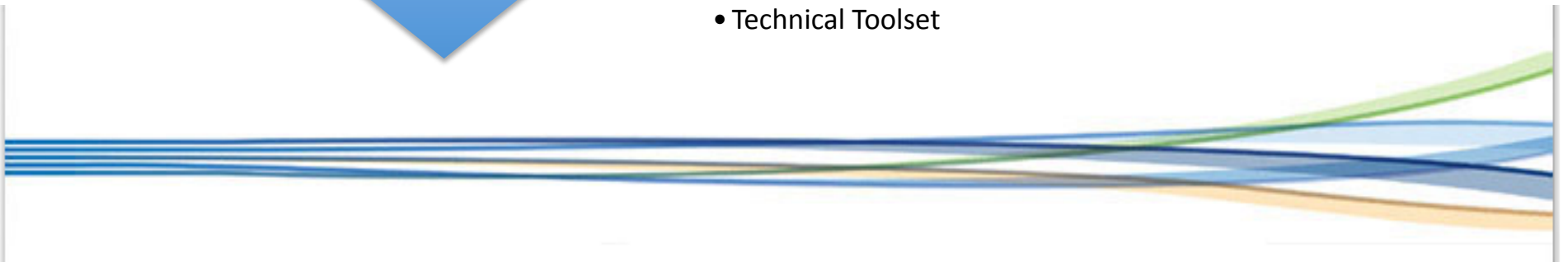**Internal Budget Commitment:**

High Level Commit to the Business

- High Level Features
- Budget
- Date

Vendor Selection / Commitment:

Detailed Commitment from team and contractors

- Detailed Feature Requirements
- Screens, Fields, Labels
- Business Rules
- Architecture
- Technical Toolset
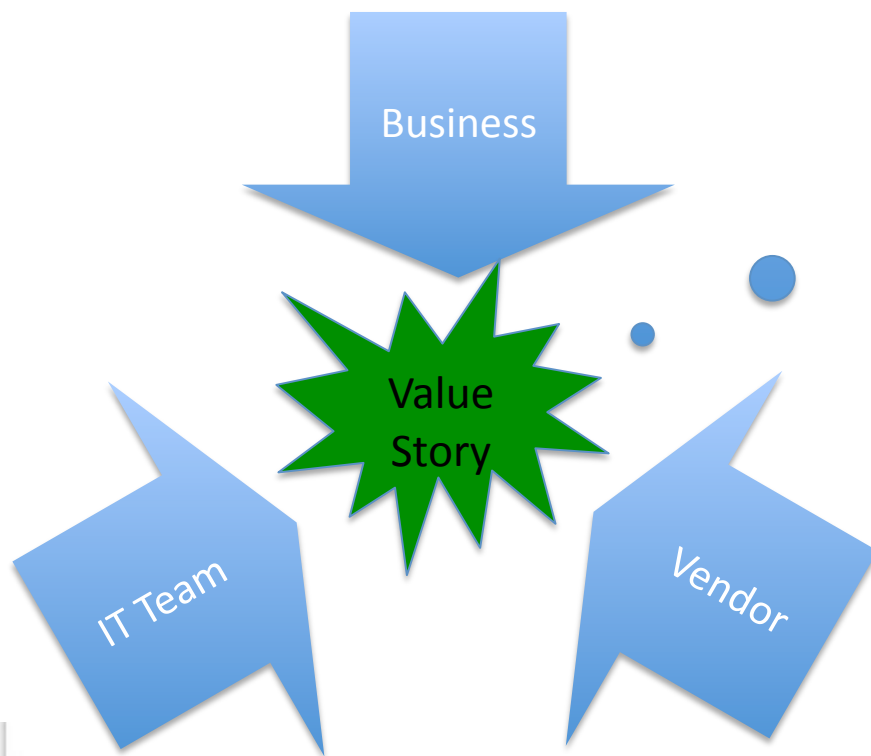
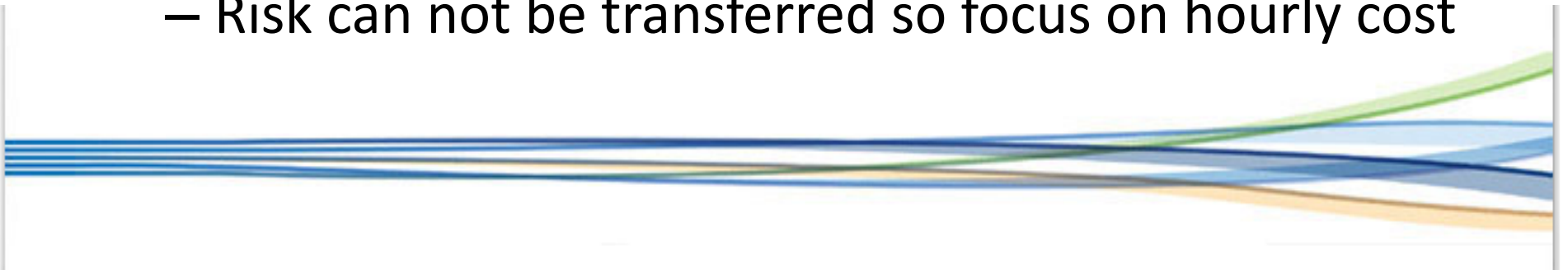# All must make a commit at the same level of detail

Value Story Example:
We will reduce the cost of maintaining data from $300K to $30K per year by providing an online maintenance screen.

Business

Value Story

IT Team

Vendor

- **We should all commit to deliver a Value Story**
  - On a Given Date
  - Within a budget (preferably contracted based on value achieved)
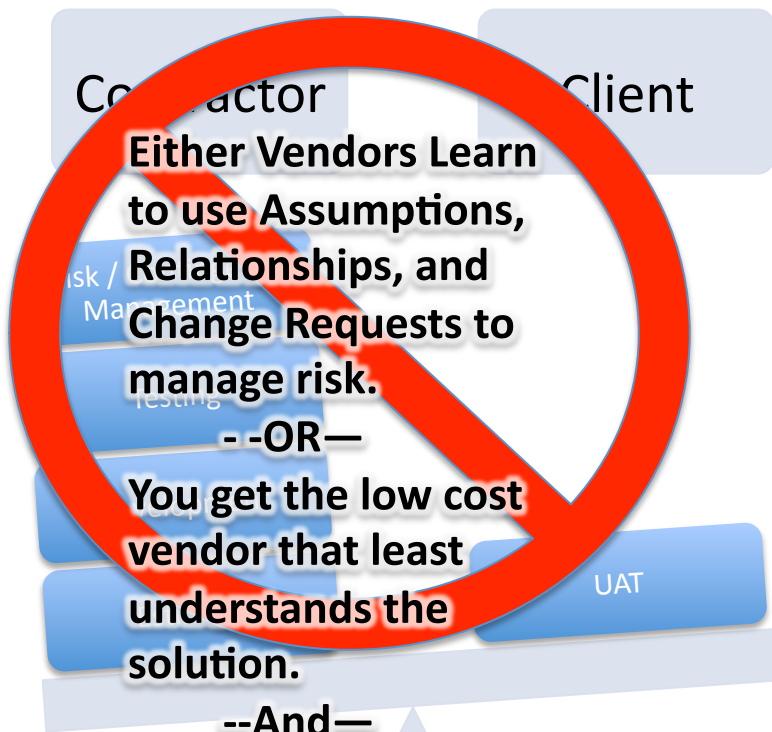
We need to change our assumptions

- Waterfall Assumes:
    - Change is expensive so eliminate change
- Agile Assumes:
    - Change is inevitable so reduce the cost of change

- Fixed Bid Assumes:
    - Risk can be fully transferred to a vendor.
- Staff Augmentation Assumes:
    - Risk can not be transferred so focus on hourly cost

We need to change contract approach

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From: Contract to outsource risk

Contractor | Client

Risk / Management

Testing

UAT

Either Vendors Learn to use Assumptions, Relationships, and Change Requests to manage risk.
- -OR—
You get the low cost vendor that least understands the solution.
--And—

You get what you asked for not what you wanted!!!!!!!

To: Partner to truly balance risk

What Contractor Should Own | What Client Must Own

High Functioning High Velocity Teams | Prioritizing Business Value

Solution Quality | Change Budget

Contracting Details

- Done in One or Two Contracts
  - Sprint 0
    - Uses agile to do planning
    - Create High Level Backlog for each Value Story
    - Create Detailed Backlog for Sprint 1
  - Build
    - Commitment made One 4-6 week Sprint at a Time
    - Signoff made by sprint
    - Each Sprint is Production Ready

- Vendor Commits to
  - Overall Value Stories
  - Sprint One Backlog Stories
  - Quality Measurements
  - Providing High Functioning High Velocity Team
  - Mechanisms to
    - Set Stories for future months
    - Signoff on delivered User Stories
    - Report progress on Value Stories

A Project that looks like this...

- Needs to solve these problems (Value Stories)
  - A
  - B
  - C
- Needs to be done is 6 months
- We have an existing team that can do 35 points of work per week
- We think we have about 1000 points

Should be contracted like this...

Team	Points / Week	Total Points Including Change
Small Team (Current Team)	35 points/ week	910 points (Contract this if date not critical)
Medium Team (Current Team plus 2)	45 points/ week	1170 points (contract this if date is critical)
Large Team (Current Team plus 4)	55 points/ week	1430 points (Budget this)

The Future of Agile and Lean

The Value Focused Enterprise

Value Focused Enterprise

Value Centered Design

- User Centered Design cares about the
  - user
- IT Centered Design cares about the
  - Developers
  - Architects
- Value Centered Design cares about the
  - Business

Value Focused Execution

- Traditionally the business owns the
  - Value Story

- XP & SCRUM the Product owner owns the
  - Value Story

- Team Dedicated to deliver the Value Story
  - The team is the Business

Who Am I?

- @VLEET
- mvanvleet@pillartechnology.com

- 30% of time dedicated to "Agile Evangelism" →
- 70% of time dedicated to running an Agile Company
  - Finance has backlog
  - Marketing has backlog
  - Human Capital has a backlog
  - Regions have a backlog
  - …

- Code Retreat
  - Next Saturday
  - Spend the day practicing TDD
  - www.CodeRetreat.ning.com
  - FREE

- The Path to A-GIL-ITY
  - May 27th
  - National Speakers (5 Agile 2010 speakers)
  - Local Experts
  - www.ThePathToAgility.org
  - Almost FREE
  - Use Discount Code: COHAA25

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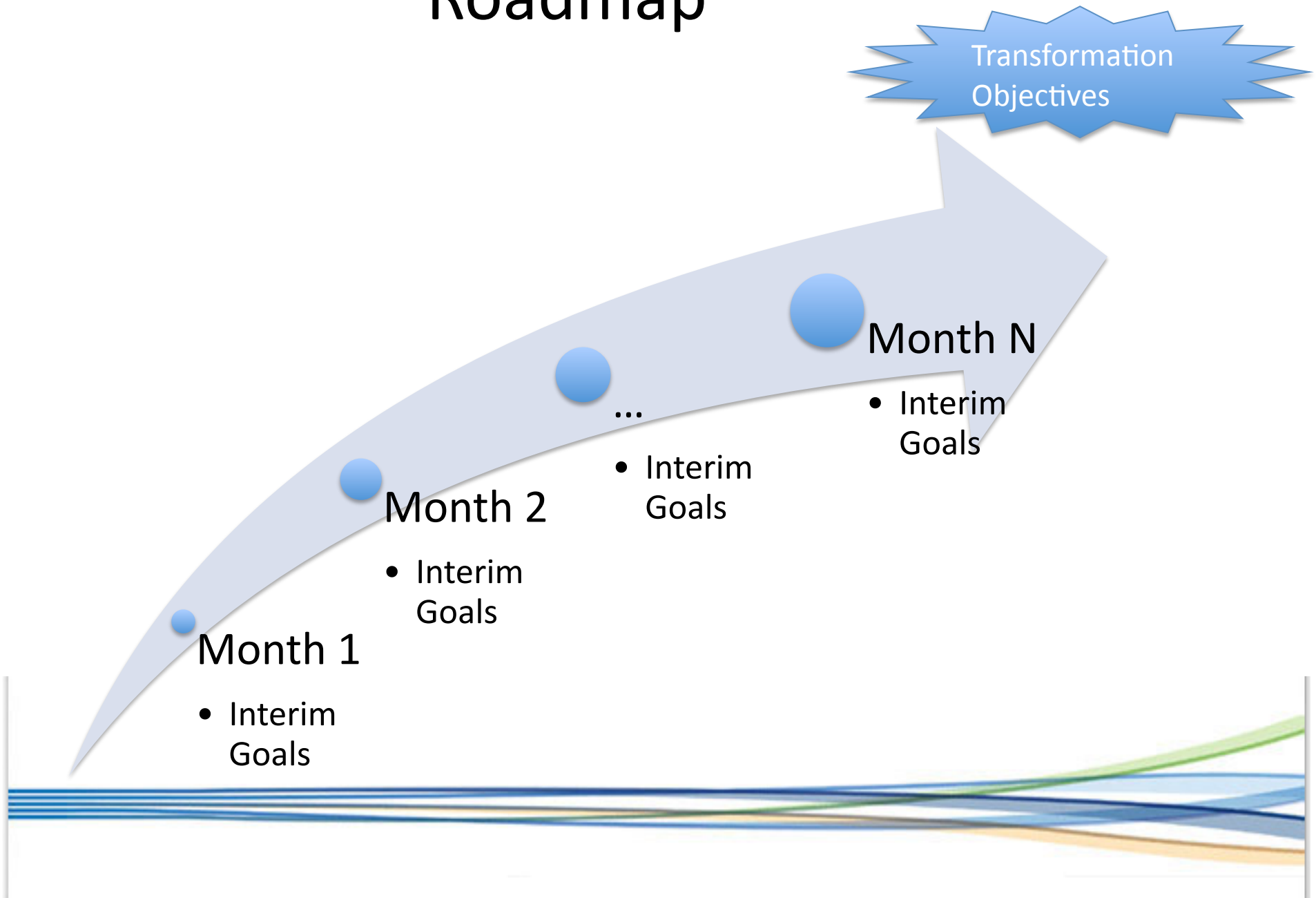# Agile Transformation Contracting

What does not work

- Adding smart people (Staff Augmentation)
  - Without Clear Goals & Objectives
  - With no planned Cadence
  - With Limited Feedback Mechanisms

- Locking in on a plan (Traditional Fixed Bid)
  - Not designed to change
  - Assumes we learn nothing along the way

Building an Agile Transformation Roadmap

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Transformation Objectives

Month N
- Interim Goals

...
- Interim Goals

Month 2
- Interim Goals

Month 1
- Interim Goals

Building an Agile Transformation Roadmap

These are **Transformation Stories** like User Stories they must fit into a Value Story.

At Pillar we call these **Value Stories**

Transformation Value Stories

Month N
- Transformation Stories

...
- Transformation Stories

Month 2
- Transformation Stories

Month 1
- Transformation Stories

Building an Agile Transformation Roadmap

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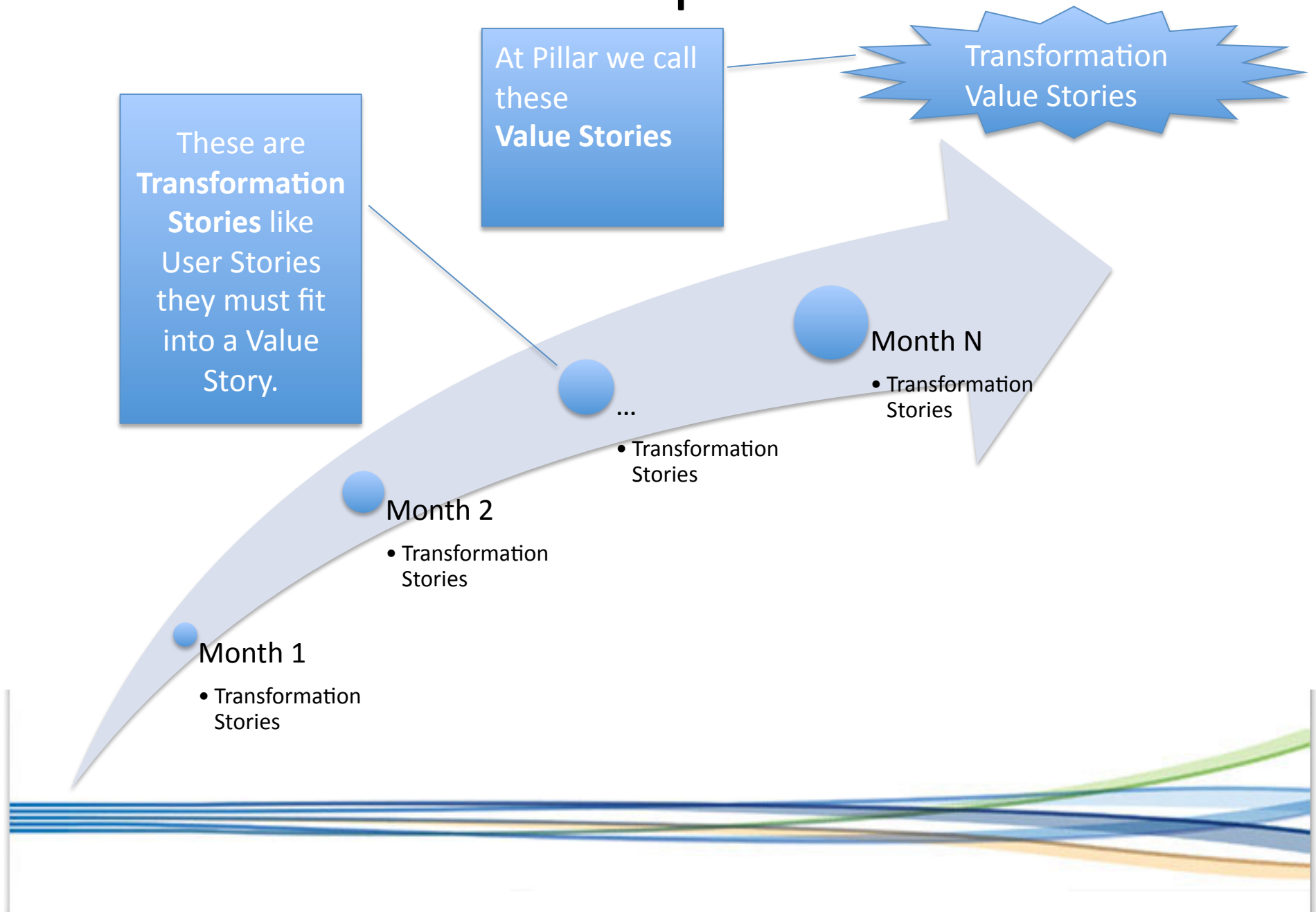
Step 1: Perform Assessment

- Identify Transformation Value Stories
  - What are the goals of the Transformation?
  - What are the root cause issues?
- Identify Transformation Stories for Month One

Transformation Value Stories

Month N
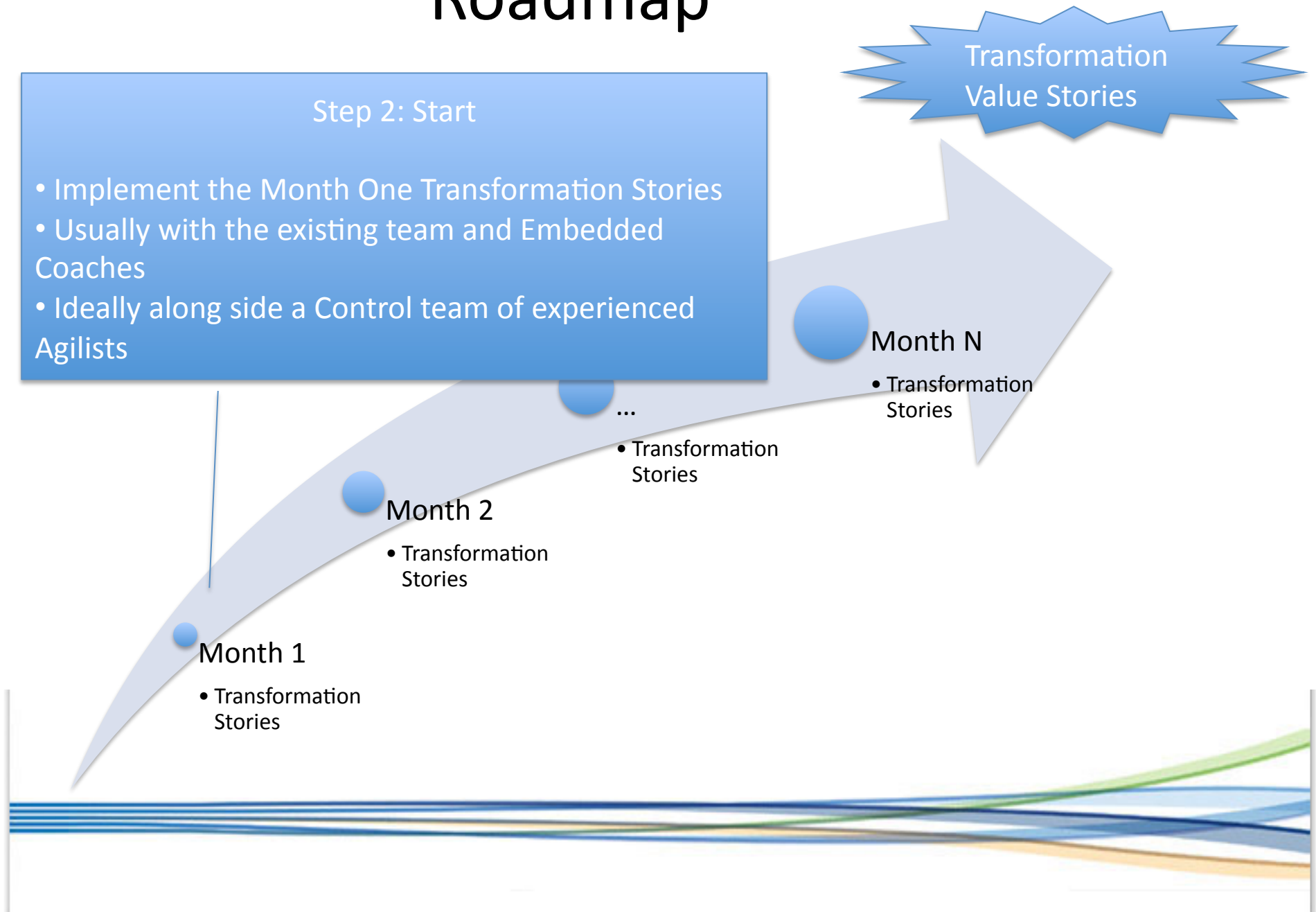- Transformation Stories

...
- Transformation Stories

Month 2
- Transformation Stories

Month 1
- Transformation Stories

Building an Agile Transformation Roadmap

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Transformation Value Stories

Step 2: Start

- Implement the Month One Transformation Stories
- Usually with the existing team and Embedded Coaches
- Ideally along side a Control team of experienced Agilists

Month N

- Transformation Stories

...

- Transformation Stories

Month 2

- Transformation Stories

Month 1

- Transformation Stories

Building an Agile Transformation Roadmap

Step 3: Measure and Retrospect

- Did we achieve our Transformation Stories
- Are we on track for achieving the Transformation Value Stories
- What would we do differently next month?

Transformation Value Stories

Month N
- Transformation Stories

...
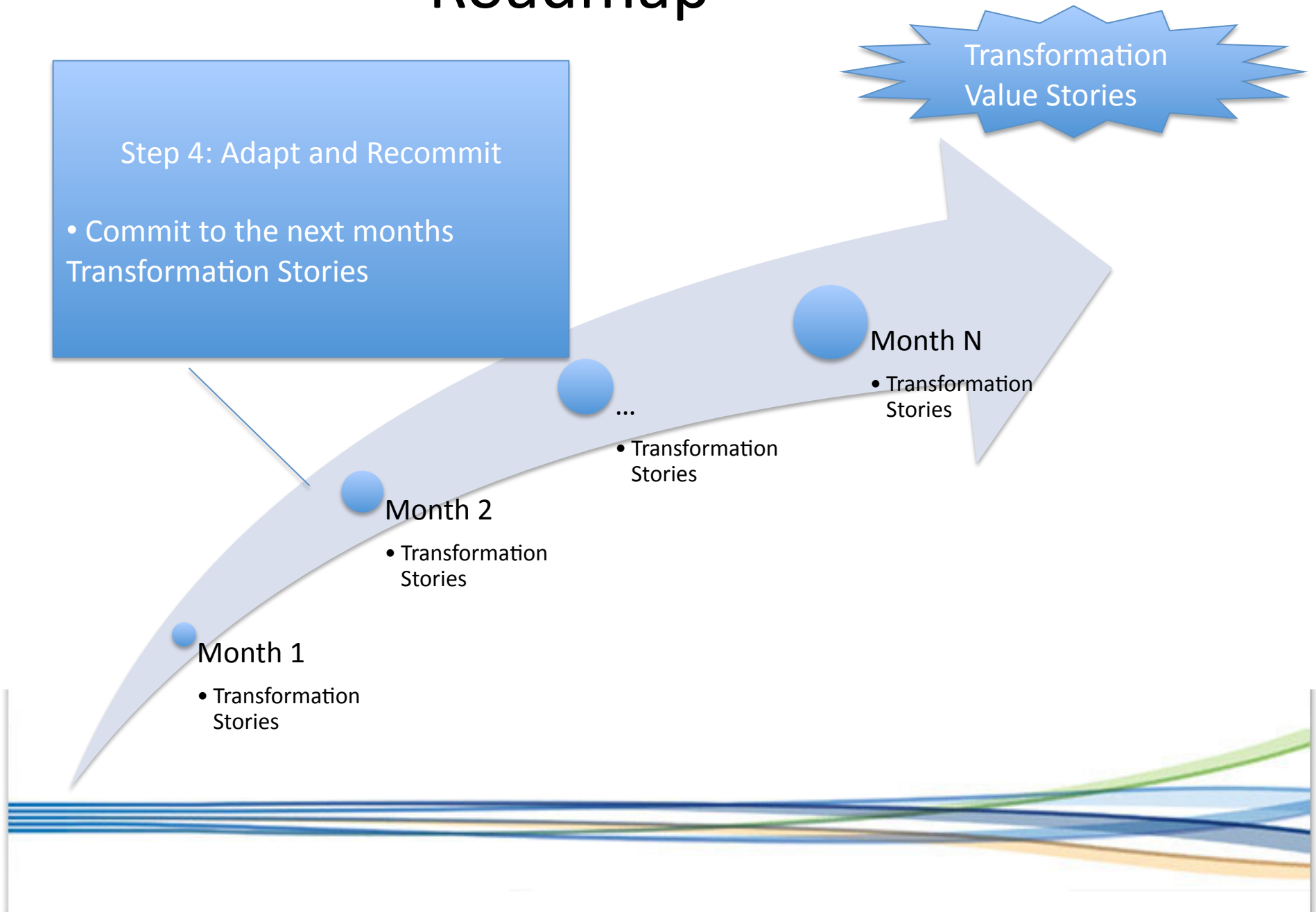- Transformation Stories

Month 2
- Transformation Stories

Month 1
- Transformation Stories

Building an Agile Transformation Roadmap

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Transformation Value Stories

Step 4: Adapt and Recommit

• Commit to the next months Transformation Stories

Month N
• Transformation Stories

...
• Transformation Stories

Month 2
• Transformation Stories

Month 1
• Transformation Stories

Contracting Details

- Done in Two Contracts
  - Assessment: Typical contract
  - Transformation: Segmented contract with checkpoints
- Assessment Contract
- Transformation Contract Specifies the following
  - Transformation Value Stories
  - Month One Transformation Stories
  - Mechanisms to
    - Set Transformation Stories for future months
    - Signoff on Transformation Stories
    - Report progress on Transformation Value Stories