

Survival Sheet to Vendor Selection on Agile Projects

How to choose Vendor?

- **Vendor Management System (VMS)** – The easiest thing to do, would be to refer to and pick from VMS, as long as a vendor card-rate is in a ballpark of what you wish to pay. **But please, don't do that.** Do not let costs become the most important determining factor in your selection. There is a chance that a vendor you are about to choose ended up in VMS, based on old selection criterion, very different from what you might be looking for, for agile work. Do not automatically assume that old relationships will seamlessly work under new conditions, while operating in new ways.
- **Case Studies / Use Cases / References** – They could be great ways to understand if a vendor is really capable to do what they say they can do. As a client, be always skeptical about heavy, well-formatted power point decks, with lots of fine-print, when they are used by a vendor during initial presentations. Ask for practical demonstrations, working solutions and engage a vendor in extensive Q&A – and please make sure that real hands-on doers present/answer, NOT engagement/sales managers that are specifically trained to make a great first impression. Whenever possible, ask for references from other clients of the same vendor, to provide feedback about similar work that was performed for them.
- **Interviewing Vendor workers** – Make sure that you interview every person from the vendor-side, who will be involved in performing work. Be on a lookout for workers that were just hired by a vendor or *swapped* (for other workers) last minute, just before work commenced, or were being asked to split their time with other projects/clients.

How to structure your ongoing relationship with Vendor?

- **SOW** – Regarding SOW types (e.g. Design/Detail, T&M, Performance Based), try avoiding 'fixed everything' (time, scope, budget) agreements. When all three corners of a 'management triangle' are locked, work becomes very non-adaptive/non-agile/rigid. It will increase risk aversion and decrease interest to experiment and innovate. Try building in some contingencies and flexibility into one of the three above variables. Don't fix-plan work by using waterfall tooling (project plans, Gantt charts, etc.)
- **Location of Vendor people** – Ideally, bring vendor workers on-site (client) and fully integrate them (physical space, daily interaction) with your internal workers. Once engaging vendor people, don't treat them as 'second-class citizens'. Engage them in team-bonding and other social activities to minimize polarization and other adverse behaviors that are typical in contractual relationships. If geographic distribution is inevitable, at least, try to engage with a vendor in the same time zone.
- **Strong Partnership at Senior Leadership level** – It is imperative to establish close working ties between senior leadership of a client company and senior leadership of a vendor company, not just at the time of SOW creation but beyond it. A relationship must be genuine, multi-dimensional and long-lasting. Client leadership must keep vendor leadership well informed of long-term company strategy, vision and expected future service needs. Vendor leadership must keep client leadership well informed of its internal dynamics, such as staffing limitations, plans for expansion to another geographic area, etc. If client-vendor relationships at senior leadership level are superficial and contractual only, it will likely lead to disjuncture and miss-alignment at team (workers) level down the road. Periodic retrospectives between leaderships of both sides, facilitated by a third, impartial party - are strongly recommended.
- **Communication with Vendor Workers** – Communicate directly with doers, not with their line/engagement managers or alike proxies/conduits. Make sure that intra-team (e.g. Scrum, Kanban) relationships between vendor people and client people prevail over reporting relationships on a vendor side.
- **Investing in Vendor learning** – Invest in education and training of vendor people *if you think this will strengthen your relationship and there will be a notable ROI*, while they work for you (client). Be also wise about who you invest into and to what extent. Make sure you don't (over)invest in what a vendor was expected to know from start.
- **Multiple Vendor Involvement** – Be on a look out for any signs of potential rivalry or competition between multiple, concurrently engaged, vendors - this will jeopardize a healthy working environment. Avoid assigning activities to different vendors in ways that increase hand-overs and lead to additional contractual relationships and sequential work (e.g. vendor A – design/development, vendor B - architecture, vendor C – testing).

How to track progress of your relationship with Vendor?

- **Progress Tracking & Communication media** – Select a single "source of truth" to capture, track and visualize work by agile teams. If a physical board is not sufficient, leverage an electronic tool but make sure that there are no multiple versions information (metrics, reporting, statuses, RAGs etc). Try basing all communications to senior leadership and stakeholders on raw metrics and empirical data that comes directly from teams, without passing through multiple layers of massaging, refinement and interpretation. Avoid having a vendor using one set of work management tools and you (client) - another set.

How to position Product Ownership in fully outsourced (Vendor) solutions?

- **Client-Vendor interaction** – Make sure that product ownership represents you (client), clearly and unambiguously. A product owner should be positioned organizationally in a way that he/she faces *externally*, and communicates with/sets priorities to doers/team members (vendor) directly (not through engagement managers, BAs or other translation layers), as well as *internally* - by closely interacting with SMEs, stakeholders and other internal customers, with the latter providing clarifications but not setting priorities.