

# Procuring for agile projects

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## Why this paper?

### Scene-setting and the aim of this white paper

Traditional legal drafting likes certainty. It aims to nail down every detail or at the very least define the terms sufficiently to get a meaningful 'fixed price' from the market. But change happens on projects, and that means the parties can easily be drawn into fighting over the cost, timescale and the other impacts of the change rather than delivering what the client wants.<sup>1</sup> Furthermore, traditional projects delivered under contract are often delivered late, with a 'big bang' coming all in one go. On a long project, this 'big bang' (whilst delivered to specification) could end up meeting outdated stakeholder requirements or using out-of-date technology.

It is for this reason that agile methodologies developed in the fast-moving IT sector have become popular in the last decade.<sup>2</sup> However, the whole world – not just IT – is moving faster in a more VUCA (volatile, uncertain, complex and ambiguous) environment. Consequently, project delivery methods are becoming more adaptable and collaborative. As a result, delivery teams are prizing collaboration and iterative approaches where risks are evolving and outcomes are not easily specified. These trends can be summarised in a slide taken from the APM's 'Projecting the Future' project.

### How might the future profession look?

	Traditional	Transformational
Setup	Detailed design approved before execution	Broad vision of outcomes. Iterative approach: test and learn
Leadership	Defined network, specific outputs	Loose network, common aspirations
Stakeholder management	Support for a define plan	Jointly developing 'the what and why'
Budgets and plans	Use external comparisons to ensure realistic goals	Avoided detailed plans to early. Test and learn
Risk management	Detailed risk register and contingency plans	Focus on big issues e.g. customer behaviour, delivery pace
Commercial/procurement	'Big bang'	Experimental, incremental
Key skillsets and mindset	Specific technical skills, esp. programme management - applied rigorously	Transformational leadership, organisation design, digital leadership, communications, tailored governance and review; applied flexibly, embracing change

<sup>1</sup> This white paper uses the terminology of the Contracts and Procurement SIG's (2017) *APM Guide to Contracts and Procurement for Project, Programme and Portfolio Managers*, ISBN 978-1-903494-66-0. It also loosely follows the same structure.

<sup>2</sup> In the IT world, there exists a set of well-defined methodologies known by the overall term 'agile' that are specifically designed to cover the efficient development of software (e.g. 'scrum'). In this paper, we use the term 'agile' to have the more general, wider meaning of the word.

As can be seen, 'commercial/procurement' needs to facilitate a move at a very high level from the safe 'big bang' approach to 'experimental, incremental' (i.e. agile). This is already happening.

Two other trends in contracts and procurement are also worth mentioning, as they both impact on and result from working in a more agile way. The arrangements are becoming:

- more outcome- or benefits-focused i.e. what the business/user wants from the project, as opposed to being led by the technical specification. This understanding of the needs and possibilities generally only develops over time and cannot be fully foreseen.
- more collaborative, particularly in projects and especially in programmes, where relationships are increasingly being constructed to be 'win-win'. This is because longer-term productive relationships cannot survive and thrive if the parties to it are not getting what they want from the relationship. This compares with the illusory 'fixed price' approach, where both parties often end up fighting to be the winner in a 'win-lose' relationship. The reality is that it often ends up as 'lose-lose', with the so-called winner simply losing less than the other party.

But it is important not to confuse 'working collaboratively' with 'working in an agile way'. We consider 'working collaboratively' a necessary prerequisite for 'working in an agile way'.

Up to now, if you wanted to procure in an agile way, there seems to have been two approaches: the illusory 'fixed price and fixed deliverable' approach discussed above, or a 'time and materials' approach with little incentive for the provider to achieve better outcomes at a lower cost.

The aim of this white paper is to outline how procuring and contracting approaches can be developed to facilitate and support a more agile approach in any sector where there is need for a commercial arrangement to deliver an unknown or changing outcome.

## Our approach to developing this paper

The development of this paper was kicked off by a three-hour evening event attended by roughly 20 professionals in May 2019.<sup>3</sup> Three speakers, whose brief was to raise questions and issues to stimulate thought and conversation among the wider participants, each gave a 10-minute talk. Each talk was followed by a 45-minute exercise, including feedback, before the next speaker. The thoughts and conversations were collected on flip charts and Post-Its and then written up.

A smaller group – the authors of this paper – then met in June 2019 to discuss and refine this output and 'storyboard' the structure of this paper, both in terms of section titles and what the key points should be in each section.

The paper went through four drafts before its final published version.

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<sup>3</sup>The authors would like to thank PwC for providing the meeting facilities both for the initial event and the subsequent meeting.

## Before we start ...

As the authors, we want to be clear about what this white paper is and is not covering:

- It is not aimed solely at IT projects. It is about procuring and contracting for any project or programme in an agile way – whatever sector that project is in.

One of the examples suggested as being a suitable agile project was a rebranding of a growing membership organisation. The body is trying to capture a younger, more dynamic membership, while balancing the needs of its more traditional members. As a result, logos, tag lines and so on might well need to go through several iterations and at a pace which linked in with other initiatives before arriving at their final form.

- We are not basing our suggestions for the procurement and contracting on any specific agile methodology in terms of rules for project control.
- We see a spectrum of project types, where traditional 'waterfall' (in IT terminology) project management might be suitable at one end, but a full-on agile methodology might work better at the other. This paper is about procuring and contracting projects towards the agile end of the spectrum, not necessarily at the extreme end.<sup>4</sup>

In our original workshop to kick off the development of this white paper, a number of participants suggested that 'procuring for agile' could be suitable for refurbishment/estate improvement projects, especially where the asset had to be kept live. Examples given included office and conference buildings (with the Houses of Parliament being mentioned), two historical airport projects and a manufacturing facility. The common characteristics were flexibility in the order in which work was done and some repeat work, where lessons learned could be applied both in what the user wanted and how the work was done.

It is also worth stating here that the procurement and contracting approach may change throughout a project.

Crossrail started off as a very big civil engineering contract with defined scopes in each contract package, e.g. dig a tunnel from A to B. However, it has since become a systems integration project, where hardware and software from many different providers are integrated both technically and in terms of how and when the work is done. Adopting a more agile procurement and contracting strategy for the later stages may well assist with this integration.

- We are not prescribing that this is how you should do it. Instead, we are presenting some questions you need to ask yourself and some suggested principles and approaches.
- We absolutely are not saying 'abandon good project management practice'. You still need good short-term planning for the sprints/projects, and you need even better and slicker programme management to do the right sprints/projects in the right order to maximise your contracted resource's efficiency (to keep the resource working) and effectiveness (delivering what you want, when you want it).
- You can deliver projects and programmes between parties without an agile procurement and contracting approach. However, having a commercial arrangement that works with, rather than against, this ethos can only be beneficial.

<sup>4</sup> One of the contributors to this paper defined the essence of agile working as "rapid and informed decision-making to deliver something useful". Ergo, we are talking about 'more rapid and informed decision-making to deliver something useful more often' than traditional methodologies.

## And before you start ...

It is easy to say that you want to contract in a more agile way, but your organisation may have to fundamentally change its mindset about contracting. Your organisation should ask itself these and other questions, answer them honestly and be prepared to change. Recognising that change is typically driven from the top down, these questions should be answered, understood and accepted at the highest level:

- 1) **Provider selection:** Is your procurement function willing and able to select the providers on the basis of technical competence, collaborative ability and input costs rather than on a fixed price for fixed scope, which simply gives the illusion of certainty?
- 2) **Governance and decision-making:** Are you willing to change your current governance procedures, moving from a typical gate model, with all its sign-offs and delays, to a more fluid model where you work with providers to select the best projects to do at the time (given your outcomes) and then instruct them in a timely manner so that the providers can resource and execute it properly and efficiently?
- 3) **Legal considerations:** Is your legal department comfortable with and signed up to having lighter, more flexible, shorter contracts with far fewer remedies and which define how the parties will work together as opposed to what has to be delivered?
- 4) **Project controls:** Are your administrative departments - including contract administration, change control, quality assurance, finance etc. - comfortable with iterative processes and documentation that needs to be done in a timely manner?
- 5) **Skills and culture:** Are your people able to work in a more collaborative and agile manner? Have they got the relevant skills? Are they capable of changing their attitude and style? Are you prepared to put the resources into the new or modified systems, the organisational structure and the people to help them change?
- 6) **Wider buy-in:** Have the wider organisation and key stakeholders bought into the approach? Do all parties recognise and accept that what is really being procured is, at the extremes, a managed team of competent resources rather than a fixed deliverable?

A water company wanted to work in a more agile way with their term maintenance contractors for the repair, maintenance and upgrade of water mains and sewers. Projects could last from a couple of hours for a simple repair to several weeks for the replacement of a whole section of pipe. The more work that could be delivered in a planned (as opposed to reactive) way, the greater the efficiencies that could be generated, with cost savings being shared between the parties. Substantial investment was made by both parties in the systems and in the integration of the project teams. However, the customer services and operations people naturally wanted leaks fixed as fast as possible, so they continued marking up almost every reported leak as urgent, leading to resources still being deployed reactively and inefficiently. A further education initiative was then aimed at the wider stakeholders.

In industries such as construction, the contract is often with a prime contractor, who subcontracts almost all the physical work to other companies under the prime contractor's control. In order to deliver in a more agile manner, the agreements with these subcontractors must also reflect the agile working and motivate them accordingly. This may necessitate direct meetings with key subcontractors to ensure understanding and buy-in to the approach.

- 7) **Leadership support:** Do your CEO, CFO and supply chain understand why you are doing this? Do they buy into it? Are they willing to actively champion it?

The position of your planned projects on the traditional/'waterfall' to agile spectrum should provide an indication of the scale of the change necessary.

## Does an agile approach fit with your projects?

Below is a table to give an indication of where on the traditional/'waterfall' to agile spectrum a potential contract package falls. On each row, tick where you think your project or projects typically sit, then add up the ticks in each column. This should give an indication of where on the 'waterfall' / agile spectrum your project or projects sit and hence the nature of the arrangements – not just with respect to contracts and procurements – used to manage the project, programme or portfolio.

	Traditional	1	2	3	4	5	Agile
1	One-off project for client organisation						On-going business need for improvements
2	Precisely defined outputs						Only high-level outcomes and benefits are defined
3	Stakeholder/user involvement complete at the time of entering the contract						Ongoing stakeholder/end user input into what is delivered
4	Big bang delivery/handover – one and done						Progressive delivery of outputs that are of benefit to stakeholders
5	Sprints/tasks are likely to last ...	Years	A year or so	6 months or so	Months	Weeks	Sprints/tasks are likely to last ...
6	Nature of the work and how it is done changes significantly over the duration of the project						Feedback on what and how an output has been delivered can be incorporated into future sprints/tasks
7	Variable type and/or level of resource						A fixed or constant level of the same resource
8	Established mature technology which is unlikely to change rapidly						Rapid technological change affects what is delivered
9	Fixed and known constraints						Changing constraints, e.g. regulation, access etc.
10	Known risks and few opportunities						Evolving risks and opportunities
	<b>Total ticks per column</b>						

If the majority of ticks are on the right-hand side, then it would indicate that the potential package sits on the agile side of the spectrum. Consequently, the remainder of this paper might apply to you.

## What does an agile contract look like?

### Our top 10 characteristics

We suggest that a contract for packages of work to be delivered in an agile way would have the majority or all of these characteristics compared with contracts for more traditional, 'waterfall'-type projects:

- 1) **It is designed collaboratively with provider input.** This is not to say you single-source it, although you may. However, the market and then perhaps the shortlisted potential providers are consulted on what would make the contract attractive for them to work in an agile way which delivers to your objectives, with their suggestions enhancing the contract. You are harvesting the value from them early on.
- 2) **The focus is on 'how' the parties work with each other, not 'what' is delivered,** because there is an acceptance that the 'what' will change and evolve as it is being delivered. The contract should presume, encourage and enable collaboration and good project management, as we want the best and most timely decision-making. This contrasts with the traditional contracting approach of fighting change (and often each other).
- 3) **Each deliverable/sprint/project can be instructed as a task without the need for a new contract to be negotiated and signed.** The aim is to avoid potentially lengthy traditional corporate governance requirements, including directors having to sign contracts before work can proceed. Obviously, there should be appropriate governance in terms of selecting and instructing the right tasks in the right order, as well as metrics to measure performance in terms of both efficiency and effectiveness. However, there must be a focus on making timely, informed decisions.
- 4) **The contract describes the overarching programme management and technical requirements, so that only the specifics of each task need to be in each task order.** This is so that a task order can be put together quickly and those involved do not need to review masses of text for each task. Likewise, the results and outcomes of each task need to feed into project controls rapidly to inform the decision-making.
- 5) **The conditions of the contract need to be high-level,** with the more detailed 'how' sitting in the requirement. Over the long term, as the relationship evolves, the 'how' is highly likely to evolve and therefore needs to be able to be changed.
- 6) **Detail (of both the 'how' and 'what') is 'just sufficient' to provide a framework,** but not over-prescriptive, so as not to stifle innovation and creativity. Even so, it should ensure the provider delivers what is wanted in an effective manner.

Connect Plus maintains the M25 motorway under a Private Finance Initiative (PFI) contract. For its renewals works, it now has framework agreements with four contractors. Much of the work is of a similar nature in a similar live environment, but continuous improvement is needed to meet budgets. Most of the relationship and consultancy-type services are described in the framework-level documents. Each year, annual contracts are signed to deliver around 10 packages of work per contractor, totalling approx.  $4 \times £10m = £40m$  p/a. The vast majority of constraints and technical standards are described in the contract-level documents. The package-specific information (which used to be about 250 pages in length) is now typically less than 60 pages. The revised target is to get it down to less than 10!

- 7) **Payment is primarily based around the cost of inputs rather than an agreed price for outputs,** i.e. 'time and materials' or demonstrable cost, as opposed to delivering something. This is in part because resource is likely to be more fixed, but also because it promotes greater openness and transparency. **But...**



- a. a completed task is one which delivers something useable, and;
- b. input-based payment mechanisms are supplemented by positive incentives, which vary depending on the characteristics of the work and which are related to desired outcomes/benefits being achieved.

An airport was being substantially redeveloped, with the terminal building being remodelled while remaining operational. A pavement-laying contract for repairing and adding aeroplane taxiways and parking was let on a Term Services Contract, with the intention that roughly three-month-long tasks would be instructed for a fixed level of resource. What was in each task was assembled from a combination of existing asset maintenance needs, both minor repairs and the development needs of the airport, all to fit around the operational requirements of the airport and the contractor redeveloping the terminal. The price for the task was built up from a schedule of rates but paid for on a cost-plus-percentage basis. Any difference between the amounts was split between the parties, creating an alignment of interest. If a task was finished within two and a half months, then the next task would have three and a half months of planned work included, and vice versa if it overran.

- 8) **The emphasis is very much on 'carrots' rather than 'sticks'**. Research<sup>5</sup> – and our own experience – clearly demonstrates that the ability to make deductions, charge high damages and so on all inhibit creativity and innovation. Instead, they encourage the hiding of problems which, when they come to light, result in arguments of blame in order to avoid liability, rather than just solving them. As one of this paper's contributors said, "a lack of sticks enables teams to fail fast and openly and then move on".

A contract on the South Island of New Zealand sought to transform the operation of a coal mine by merging the site-specific knowledge and long-term interests of the mine owner with the expertise of a big Australian mining company's management. The mining company's management resource was paid for on an 'at-cost' basis, i.e. no profit. On an annual basis, a profit-sharing arrangement was agreed, but how much the Australian mining company received was based largely on its performance in eight areas – environmental remediation, stakeholder relationships, capital delivery, health and safety and so on. The weighting of each of these eight areas, as well as the detail of the specific measures, could be varied as both the external environment changed (i.e. the demand for and the price of coal), and as the transformation project evolved.

- 9) **Liability, where possible, should be for failing to 'exercising reasonable skill and care'**. All of the points above imply that you are buying a service rather than an end result. Additionally, if each task is contracted on the higher 'fit for purpose' level of liability, then more time will need to be spent by the client in nailing that purpose in the documents and by the provider in understanding the risks before accepting and undertaking the task. This will inhibit rapid decision-making. Having said this, the documentation for each task does need to be 'just sufficient' to adequately define what is required.
- 10) **The 'how' is based on collaboration with a presumption of trust** – trust in competence, trust in integrity and trust in the sensitivity to each party's needs. Without trust, bureaucracy, administration and defensive behaviours stifle collaboration and the ability to be agile.

Some, like one of our contributors, would argue that much of the above is good procurement and contract-drafting practice... and they would be right.



<sup>5</sup> Broome J C, Procurement Routes for Partnering: A practical guide, Thomas Telford Publishing, London (2002). ISBN 0 7277 3136 X

## Preparing the contract

Based on the previous section, these points are relevant to both the preparation and operation of the contract. We have tried to arrange them in an approximate order in which they need to be addressed:

- 1) **Get your decision-making processes in order:** Internal procedures, particularly regarding governance, will need to be re-engineered so that they work within the timescales demanded by the chosen agile approach. This will need to be thought through in advance of writing the contract so that how a task order receives the go-ahead and the obligations of both parties to make it so are clearly spelled out. The decision-making process needs to align with the project controls and the feedback process.
- 2) **Put stakeholder engagement at the heart of the decision cycle:** Stakeholder engagement – be they the user, those involved in governance or other providers working on the same programme – is likely to be high and needs to be done early. How to do this should be a strong feature of the contract.
- 3) **Establish how success criteria will be set:** Determine the process by which emerging and evolving targets, against which positive incentives may be set, are going to be agreed. Research clearly demonstrates that negotiated incentive arrangements work better than those that are imposed, but you want a structure for doing so. Your decision-making and stakeholder engagement processes, as well as up-to-date and realistic assessments of risk, feed into this.
- 4) **Contractualise the critical agile methods:** If you are selecting a provider based largely on how they will work with you – be it systems, the organisational structure of their team and/or people – incorporate the provider's 'how' (its agile method) into the contract. This needs to be a consideration in contract design, e.g. how is the contract structured so that the client's higher-level requirements flow into the provider's specifics? What happens if there is a contradiction? I.e. which has precedence?
- 5) **Project owners must own the agile processes:** The authors of the 'how' documents should be the people who will work with the provider, so that they have ownership of the processes and systems. They should be project-managed to ensure that they are not being over-prescriptive or simply documenting how it has always been done. Some redrafting may be needed to ensure that what is written is contractually sound.
- 6) **Bring subject-matter experts with you:** Legal and technical authors need to be properly briefed with respect to working in an agile manner. They need to be project-managed and coached so that the agile system can operate – especially to ensure they do not revert to type by becoming over-prescriptive and detailed, by writing a contract incapable of changing as the relationship develops, or by introducing excessive remedies.
- 7) **Allow for change over the duration of the relationship:** The provider is likely to be engaged much earlier in the project life cycle to help develop the concept, assess different delivery options or methods before moving into a delivery phase. So it is very likely that the 'how' will evolve as the project or programme progresses. This is not just because of the developing relationship, but also because of the different nature of the work being done, e.g. it may initially be consultancy-based, before becoming more delivery-focused.

Previously, we talked about tasks being instructed under one contract. However, it might be that as the nature of the work instructed fundamentally changes, a new contract needs to be put in place. These contracts could be linked together by an overarching framework-type contract (which also happens to provide a natural break if the client decides not to proceed with the programme or if it is not working out with the initial provider).

- 8) **Pay for insight, information and decisions:** Once a provider has been selected, they should be paid for their effort. This is for two reasons: firstly, you will have to pay for it somewhere and if it's not done directly, costs will be hidden, undermining transparency and trust. Secondly, until a contract is signed, you may be working with a different team (e.g. business development) to the one that will deliver the work. This should be clearly stated in the tender documents, otherwise there is a risk that the provider will be paid twice.

## Selecting the provider

The key challenge is that there will only be a loosely described outcome or output on which to estimate, and this will almost certainly change. Consequently, selecting a provider based on end price for an ill-defined and changeable scope to give the 'illusion of certainty' is of dubious logic. The financial assessment should therefore be based predominantly on input costs.

Public-sector clients face a particular challenge, as they have to select on a most economically advantageous tender (MEAT) methodology with strict compliance constraints which, if not followed, could result in fines, compensation and/or the competition being set back to zero, thus meaning they have to start again. However, the concept of achieving 'best value' – benefits delivered over the whole-life cost of the project – also applies to the private sector.

We suggest that the procurement is approached with this perspective:

- An agile approach to working has been chosen on the basis that is more likely to achieve better value than a traditional 'waterfall' project management method;
- The contracts reflect this chosen way of working; and
- The selection criteria used should reflect what will make this way of working operate most effectively and efficiently.

Or, to put it another way, the basis of selection is not the lowest initial price, but the right people, organisation and processes to achieve the best value.

Public-sector clients typically select potential providers based on financial standing and previous experience, with previous experience typically being related to similar technical experience. We suggest this criteria should also include previous experience of working in an agile way, or at the very least a collaborative way.

For the final selection, we suggest that the 'quality' part of the bid, like the contract documents, should focus more on how they will work with you, rather than what they will deliver. For instance, think about how their organisational structure will combine with yours; what systems, process and procedures they will use; whether they will replace, work alongside or integrate with yours; and above all, who they will provide with evidence both of technical capability and collaborative/agile ability. Ideally, these can be expressed as contractual commitments and incorporated into the contract.

If you are a public-sector client, financial criteria must be a component of how you select a provider, and it would be naive to ignore this aspect as a private-sector client. We believe the focus here should be on realism rather than the lowest cost for it to be sustainable for the provider. This should be both for profit and operating margin, as well as for any resources directly allocated to the client (because you are unlikely to get superior resources allocated to you over the long term if you are paying below the average market rate).

For its renewals frameworks (see box on page 8), Connect Plus knew what typical construction industry profit margins were, but unusually told tendering contractors that it would be two per cent. Instead, Connect Plus wanted them to bid their head-office overhead, which would be applied to specific costs related to the work on the M25. However, the overhead percentage was built up from scratch by each contractor and then marked for realism. This was judged by an interrogation and audit of the percentage for its realism: no adjustment equalled full marks, minor adjustments got half marks and a major adjustment would have resulted in zero marks and elimination from the competition.

## Managing and delivering the work

- 1) **Do your thinking early:** Much of this has already been decided by how the contract was written, which included the provider contribution, so you need to have done your thinking early.
- 2) **Collaboration is a means to an end, not the end:** Do not confuse working collaboratively or in an agile way with being nice to each other. Equally, it does not replace good project and programme management practices. Collaboration should mean that together you can make better and faster decisions due to strong project controls, more rapid and honest feedback, and greater realism about risk.

Working collaboratively also does not mean sweeping the hard issues under the carpet in order to avoid confrontation. It does mean identifying and addressing those hard issues early, resolving them using each other's expertise and with regard to the impact on the other party.

- 3) **Agility needs to be nurtured:** This applies at all levels of the organisations that interact with each other, in addition to the delivery team. There will be issues and misunderstandings, and the easy thing to do is to revert to type. Leadership from all parties will need to step up.
- 4) **Collaboration is not just about 'behaviours', but also infrastructure:** Effective infrastructure is needed to support efficient working and ensure there is 'one version of the truth'. The 'how' of working together might include:
  - a. Booked-in meetings, not just to progress tasks but also 'time-out' workshops to consider how the relationship and the 'nuts and bolts' of operating it are working and can be improved. It makes sense to use agile methods to do this, e.g. value mapping, a plan-do-check-act (PDCA) cycle, *gemba* walks and/or *kanbans*;
  - b. a shared database of project information;
  - c. shared planning tools between the parties;
  - d. videoconferencing and other collaborative technologies if the parties are geographically distant; and
  - e. common reporting standards.
- 5) **'Just sufficient' governance:** This needs to be in place for the client's project manager to be able to instruct the right tasks or sprints promptly so that the provider's resources are not being used inefficiently or, worse still, are on stand-still.
- 6) **Governance of the 'how' (not just the 'what'):** This needs to be in place to prepare for changes in the 'how' as the relationship develops. Because the contract defines the 'how' at a 'just sufficient' level, this should not mean that every adaptation needs to be approved. However, the contract documents should be able to be updated periodically to reflect both the reality of how the parties are working together and how they aspire to work together in the future.

All of the above can be seen as an increased overhead of *managing* the contract... and that's exactly what this is! However, the benefits should be much better delivery (i.e. what you want from the contract), less administration, and fewer arguments and disputes. The benefits of working in this way *should* outweigh those of working in a more traditional, transactional manner. The benefits, therefore, need to be recorded.

Connect Plus – which maintains the M25 motorway – uses a 'values register' to record the value, including innovations, that have come about through working in a more collaborative and agile way. The register informs:

- the board of the value being delivered;
- the asset management plan, both in terms of what interventions are being made when and also the whole-life costs through to the end of the PFI contract;
- the target prices agreed with contractors for future interventions;
- records innovations and lessons learnt in sufficient detail with proper tagging so that others can find and use in future similar interventions; and
- judgement of which contractors are adding most value which, in turn, informs allocation of work under the framework.

## Summary

The approach taken to developing this white paper has been to collect the views and real-world experiences of a group of interested volunteer project professionals to structure and refine that information. The purpose of this white paper is to equip commercial project managers and project-based procurement professionals, as well as senior decision-makers, with some pointers regarding:

- the internal organisational changes that are likely to be needed for an agile contracting approach to be successful, and ways to ensure that senior management buys into and endorses it;
- identifying what sort of projects and programmes might benefit from an agile approach. The view of those consulted and the authors is that there is a spectrum of project types, where traditional 'waterfall' project management might be suitable at one end but a full-on agile methodology might work better at the other. We provide a scale to identify where your projects and programmes are on this spectrum;
- what the contractual arrangements might look like. While we give our top 10 characteristics in terms of contract features, the result is a contract that focuses more on the 'how' rather than the 'what', that has built-in flexibility, that is likely to be input-/cost-based and that both presumes and encourages collaboration between the parties through positive incentivisation;
- how to develop the contract. This can be summarised as project-managing the drafters to ensure they do not revert to type, be they legal or technical drafters;
- the key considerations in selecting the provider, which could be summarised as searching for a track record of working in an agile, or at least collaborative, way. Likewise, final selection is based more on how the provider will work with you and less on what they will provide. It therefore makes sense to design the contract to incorporate how the provider has said they will work with you in an agile way; and
- managing the contract in a collaborative manner with good project management discipline, especially in terms of slick governance when it comes to selecting, in a timely manner, the right task/sprint to do.

We reiterate that this work is not intended to be any way prescriptive, more to give the reader a level of perspective.

Finally, the APM Contracts and Procurement SIG wishes to express sincere thanks to the contributors to this paper, both those who attended the initial workshop and especially those involved in drafting this paper, for taking time out from their busy schedules to give us the benefit of their experience in managing contracted works.



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