Why you should work with agile coaches on a freelance contract base

By Sebastian Radics

Shall you work with agile coaches based on a freelance contract?

Nowadays I see many companies that struggle with hiring agile coaches (or ScrumMasters) as the current market in Germany is highly competitive.

Based on past experience working with freelancers is considered to be expensive and is connected with knowledge lost drawbacks. But what are the advantages?

With this post I share some thoughts on working with agile coaches on a freelance contract base, considering pros and cons including a simple cost calculation.

Reservations

I observed the following reservations:

- Costs are significantly higher than for employees.
- Freelancers accumulate quite a lot of knowledge about the company and culture. And that knowledge gets lost as soon as they leave the company.
- They will not get that heavily engaged with the companies culture and values (and just follow their own interests).
- They are quick to jump to other (better) opportunities.
- Team connections and team building is irritated when they leave the team.

Benefits

What are advantages of working with freelance agile coaches?

- You will find appropriate freelancers fast (and therewith you reduce your cost of delay of not working on important team improvements).
- You bring in fresh knowledge (regarding technologies and methods to use), often accumulated from many projects in different companies.
- You buy high flexibility and the ability to scale (also down) based on the teams and product lifecycle.
- Cross pollination to other companies, when the freelancer joins a next opportunity (if your company was a great place to work at they can spread the word about the product and working environment. For sure that can work in both directions – bad products and/or bad place to work at, will spread too).

Lets do some simple math

You can find a simple <u>freelance investment calculation </u>(just create a copy and use it with your numbers).

In the following calculation I assume an monthly team performance improvement of 10%.

I guess that is fair enough when working with young/not yet mature team formations (and you could expect even higher improvement rates in the beginning).

In addition I assume the freelancer could work with 2 teams in parallel (thats why 14 team members … just reduce it to e.g. 7 when you think differently).

On top of the team improvement I consider the earnings of being online earlier with a feature (cost of delay*-1), based on the teams performance improvements.

In the example the feature has earnings of 5k a day and through a 10% team improvement is two days earlier online.

If you sum it up, the investment in working with an agile coach on a freelance contract base pays off (you gain 9k per month, it would be 2k/month for 7 team members).

Total team(s) member count	14	
Run rate per day and team member	500,00 €	
Expected improvement/month	10,00%	
Freelance run rate/day	750,00 €	
Days/month	20	

Team investment	140.000,00 €	
Freelance investment	15.000,00 €	
Gain through team improvement	14.000,00 €	
expected feature earnings/day	5.000,00 €	
earlier online due to team improvements	2	days
earnings through being online earlier	10.000,00 €	
win by freelance investment	**9.000,00 €**	

It will not work if you expect much lower earnings for your product per day (could be due to an unimportant project) and if your team improvements are not that high (due to an already mature team).

It will heavily outperform for top features with much higher earnings/day. In addition with huge team performance improvements you can gain a lot.

Update:2016-05-31: In this post working with freelancers should be seen as just a substitute for working with external support. It can be consulting companies or freelancers or other ways of external support. There are clear pros and cons for one way or another that are not part of this post. Thanks to Luis for your comment on that perspective.

What do you think? Am I missing major parts in my calculation? What are more pro/con arguments to working with agile coaches on a freelance base? Thanks for your comments.