

Choosing a Digital Product Agency

2021 Guidebook

Crema

Software exists for a myriad of reasons

Some leverage technology to stay competitive in their ever-changing industry. Other times software is used as an opportunity to leverage profit for innovation initiatives, opening up new lines of revenue.

Regardless of the use case, digital products should improve some aspect of life. As a product leader, you are likely exploring the best possible avenues to make technology effective for you, your team, and your end user.

As a [report](#) by the Atlantic and ServiceNow points out:

"Organizations report a positive return on investment as they mature their digital customer experience, plus greater customer loyalty and understanding of their audiences' needs.

The outlook is clear: Those who implement digital solutions today to better serve their customers will be ready for what's next—not only enabling them to succeed in the future but also to advance in the present."

Whether you're wanting to improve communication, scale, or automate existing workflows, software continues to be a great catalyst for business improvements and digital transformation.

If you've been tasked with bringing a digital product to market - be that an internal user in your organization or consumers at large - you might be asking:

How do we turn this idea into reality?

How do I budget for this?

How do we supplement our existing team or resources?

How do I find the right external team?

How do I support that solution long-term?

Should I work with a development firm or hire?

All of these are valid questions, and there are even more to explore to produce an exceptional product. A digital product agency can help you navigate these waters with skill and precision.



In this guide, we'll explore the following topics:

Chapter 1
5 Understanding Your Options

Chapter 2
13 Where to Find an Agency

Chapter 3
17 Questions to Ask a Digital Product Agency

Chapter 4
23 Green, Red and Yellow Flags

Chapter 5
30 Navigating the Logistics

Chapter 6
33 What to Expect Getting Started

We want to share our learnings with you

Drawing from our 10 years as a digital product agency and hundreds of client engagements, we'll share everything we think you need to **master the agency-client relationship** and ultimately bring exceptional software to life.

These chapters will help you minimize the risks and identify the agencies that are going to help you solve your problems - not create new ones.

Chapter 01

Understanding Your Options

As with most things, there are multiple ways you can approach getting your digital product built, and the right answer depends on individual needs.

Let's break down what those are



D1

Pros and cons of choosing an existing solution:



- You can rely on the support and ecosystem of an established team that continues to develop and improve their product. With the right license or subscription, you will get additional levels of support and customization.
- You won't need to hire an entire team and change the way you work, justifying the investment into your own design, development, DevOps, SecOps and support.



- In order for this business model to work, the creators of the software will be working to create a common denominator product that serves the broadest audience. This may mean it will do some of what you need, but might not perfectly meet your very specific needs.
- You don't own it. If this app developer goes under or decides to pivot direction, you may be back to square one trying to solve your problem in a different way.

OPTION 1

Find an existing solution

PAY

There is no shortage of SaaS solutions on the market that may already exist to solve your problem. Conduct a quick Google search and ask around your peer group to understand what's in the market today and if purchasing a licensed product would fit your needs.

ADAPT

Say you've found a product that comes close but doesn't check all your boxes. There are likely implementation teams that can help you make adjustments to the tool so that it fits your unique scenario. This will likely come at an additional cost but may get you what you need.

BUY

Assuming the product is exactly what you're looking for and you'd like the exclusive rights to it, there may be an opportunity to acquire the tool or company that created the tool. This is, obviously, a more considerable investment than paying for a license. This could give you not only the tech solution but also the talent to continue supporting it out of the gate.

02

Pros and cons of hiring or shifting existing resources:



- If you've chosen to build a product yourself, having a dedicated, in-house team is a great long-term solution to begin and sustain your tech company.
- You'll have control over the type of roles, experience levels and skills that you want to hire.



- Hiring for product designers, developers and product managers is an extremely competitive market. Recruiting always takes longer than expected.
- Not everyone will join at the same time. This means a lot of onboarding processes for both HR and for your team as you bring on each new role.
- Because the market is so competitive, retaining talent takes going above and beyond in your compensation offer, culture development, professional development and more. Remember that replacing amazing talent takes ample time.

OPTION 2

Hire internally or shift existing resources

RECRUIT

You'll need to find a way to fulfill multiple roles: design, development, product management, testing, and some level of DevOps or SecOps. You may have this talent already in house, but chances are they're in high demand and have a backlog of other work to do.

ONBOARD

You'll need to make sure the individuals pass through the normal HR processes. Then, they'll be introduced to the team, the project context, the tech stack, constraints, timelines, and general dynamics of the culture. Expect a few cycles to get fully up to value-generating speed.

RETAIN

Retaining great talent will take more than just paying them well. Creative, tech, and innovation talent is motivated by purpose, people, and personal growth. They want to work with and for a team that fosters a positive work culture that helps employees flourish while making a real change in the world.

PROFESSIONAL DEVELOPMENT

Closely tied to retainment is employee development. This will require both time and resources to invest in continual education and growth – not only so that the person can grow in their career, but because the tech industry changes so quickly that you'll need your people to be able to adapt with the changes.

STRATEGY AND MANAGEMENT

Most tech teams assume they just need a couple developers to be set for success. While a great dev team is crucial, a product manager will unlock even greater potential in these teams. These PdMs help to see the forest and the trees all at once. Product managers and strategists are the lifeblood to any great tech team.

03

OPTION 3

Acquire for tech and talent

FIND

- Finding an existing product to acquire can be done through a broker, or through just doing some good ol' fashion grassroots research. Look for companies that are up and coming to get the best value. Acquiring a legacy solution can introduce more work than value to bring it up to modern standards.
- Consider products that are in parallel industries that might serve your need, even if it is not currently positioned directly at your company's market.

NEGOTIATE

- When negotiating the acquisition, understand what you're getting. Do the due diligence to understand the current state of the technology, its existing features and function, the infrastructure it is built on, and any existing user-base. Consider if it's an acquihire (hiring for both technology and the talent that currently supports it) or a technology-only acquisition. This will affect your integration timing.
- Do your research on the market value for similar solutions. Determine if this is the right ROI vs building your own solution.

SEAL THE DEAL

There are several purchase models based on a combination of cash, equity, and/or bonus opportunities. Bonus or payout can be determined based on milestone, time retained, potential growth, and more. Consider the additional payroll the acquisition will add to your overhead.

Continued



Acquire for tech and talent

INTEGRATE AND RETAIN

Integration involves both technology and people. Make sure that your existing IT or DevOps organization knows about the incoming technology being added to your solution.

Consider how the tech may integrate with your existing solution or run independently. If the team is coming with the product, understand that it is a massive culture shock to go from a passionate startup to a new parent company with new policies, culture, people, legacy, expectations, etc. If you want to retain these people, take your time onboarding them.

BE A TECH COMPANY

If this is your first technology acquisition, be aware that technology teams do not work in a traditional workflow. Technology is iterative and creative. Remove bureaucracy in favor of empowering the team to work with end users of the technology to learn quickly and continue increasing the value of your investment.

Pros and cons of acquisition for tech or talent:



- Finding the right investment in tech and talent, you can reduce the time to value generation.
- At the right price, you may be able to acquire the lion share of your needs for less than you would spend custom building it yourself.
- Market validation of another company is an incredible clue into the potential of your investment. If the company you're acquiring has happy users, then you've got a great product and likely a great team in-house now.



- Acquisitions come with a lot of emotion, as often they are the purchase of someone's prized possession.
- The integration of teams and people rarely goes perfect. The combination of two separate cultures is hard enough. Add to that the need to then ask the people that crafted the initial versions to rethink how it'll be adapted to your needs and it may be a pretty big pivot for them.
- Your existing team may or may not see and/or agree with the value of the acquisition and may struggle to accept the incoming technology
- Acquisition tends to see a pretty big turnover in talent unless extremely intentionally approached.

D4

OPTION 4

Hire a partner, vendor, or ... a digital product agency!

FIND

There are a growing number of digital product agencies ready to help build your product. Using Google, referrals, Clutch, and other avenues, you can identify agencies that fit your needs, company requirements, geographic preferences, tech stack, and more. These agencies might also identify as UX design, custom software, or app development companies depending on their team makeup and strengths, but, traditionally, they all build products.

QUALIFY

Review their case studies, testimonials, and reviews to determine whether they qualify for what you need them to. If these are not easily accessible on their website or other channels, ask for them. Any reputable agency with a good track record will be proud to show off their previous engagements.

CHOOSE

We'll get into more details later, but once you select an agency, it's best to loop in your Legal and/or accounting teams as soon as possible for contract negotiations and review.

ONBOARD & ALIGN

Once the SOW is signed, you'll need to get the agency team up to speed with where your product is and what your goals for the product are. If you've hired an expert staff, they likely have their own process of getting everyone on boarded effectively. These first few weeks are some of the most exciting.

Continued



Hire a partner, vendor, or ... a digital product agency!

REFINE

Typically, there will be a period where the working relationship and/or product will need to be refined. You should have an open line of communication with your agency to suggest adjustments to meeting schedules, processes, and other elements of your working agreement. Iteration is natural and necessary.

MANAGE

It's important to work alongside – typically – the product managers and product owners on the team to help ensure the engagement is being managed appropriately. You should have a clear picture into the product roadmap and product milestones in order to communicate back to stakeholders that may be outside the core team.

GROW

An expert agency will help move you and your team through several phases of a project, ultimately growing to fit the needs of the product. They should be talking about these opportunities with you and often so that each team can prepare accordingly and help support the future of the product.

Pros and cons to hiring an agency:



- Existing teams are already familiar with working together and bring a strong culture to the table.
- Process and workflows have been vetted and established through the agency allowing you to bring your expertise.
- Agencies often integrate well with existing teams if positioned correctly and set up to communicate transparently.
- A fresh perspective outside the organization can bring a lot of creativity to the solution that may not be seen when the challenge or problem is so close to home.
- Most of the roles are represented: Design, Development, Testing, and Product Management under one roof. This drastically reduces the time to onboard and get up to speed.
- They are used to onboarding to new ideas. They can learn extremely quickly what you need and how to bring their skills to your need.



- Communication and trust will take more time and work to get perfect.
- They will bring their own process, and these will need to be eventually aligned with yours.
- A full stack team all at once can be a higher price solution to your problem.
- They likely have a specialization in a particular tech stack or integration that may not be your exact solution set today.

Hire a partner, vendor, or ... a digital product agency!

Agencies also invest in educational opportunities on an ongoing basis. Because designers and developers are challenged with different projects over time, the team naturally learns to experiment, push their creativity, and proactively look for new learning opportunities.

If you're wanting to hire a partner or vendor, you're going to search for a digital product agency. Multi-disciplinary product teams offer a unique value-add in that they look at the product from many different perspectives. Teams like this generally have easier hand-offs between the designers and developers, fewer silos, and greater alignment around objectives.

The difference between a digital agency and digital product agency is significant.

Where a digital agency might deal in ads and marketing, a product agency typically specializes in software development and design. They build web and mobile apps - not marketing campaigns or single-page websites. If there's a platform that your end user has to log into, you're likely in the market for a digital product agency.

So, is an agency the right choice?

Using the steps that go into each of the four options listed above, identify the route that makes the most sense for your budget, product needs, and long-term goals. Consider whether your company has the ongoing technology needs that would require an internal team. If your company's red tape and bureaucracy hold back the internal options or you're looking to get creative outside of your walls, consider the benefits of a smaller, more agile team that could work alongside you as a creative technology partner.

Consider the following:

- The challenge you need technology to help solve
- The initial and long-term budget
- The level of support your solution will need
- The ROI each option might provide, near and long term
- The perspective and creativity each solution might bring to your organization

Where to Find an Agency

If you've chosen to hire a digital product agency, the next step is finding the right one. As mentioned in the earlier section, you can always use Google to browse websites, but there are a few other ways to determine agency credibility.

Credible sources this way





Check agency lists like Clutch and scour testimonials

Clutch is a platform that connects companies with agencies through verified reviews.

These reviews include a star rating out of five, the approximate cost of the engagement, the timeframe of the engagement, and a breakdown of the client's feedback for the agency. In addition, agencies maintain [their profiles](#) on the site to be up-to-date with their employee count and price range.

Testimonials are also a good way to gauge client satisfaction at a high level, and they can typically be found on an agency's website or social media channels. Testimonials that credit the person giving the review and include a job title are the most valuable when determining how the agency works with clients.



Source referrals from your network and see who they would recommend

Agency advocates love matching organizations with a team that can help them accomplish their goals. A simple post on LinkedIn asking for agency recommendations can go a long way. If a connection comments with a recommended agency, ask for specifics about what sets them apart. Reaching out in Slack channels, via Twitter, or through a direct email can yield wonderful results if you need a springboard for further research.



Identify who's creating thought leadership content like articles and videos

One of the best ways to gauge the expertise of an agency is through their content. Once you've narrowed down your list, spend some time browsing their videos, social media posts, blog posts, etc. If you don't already have specific agencies in mind, LinkedIn's 'Content' feature lets you sort by 'author's industry' so you can browse content specific to computer software.

If you aren't as product-savvy, ask product people in your company if there are any agencies they admire. If the agency is published on other sites, that's further validation that they know their stuff. A great way to get a feel for the content an agency puts out is to sign up for their newsletter and download their offers.

These steps will hopefully weed out the spammy agencies and bring the talented, transparent options to the forefront.



Identify the type of agency you're interested in working with

Marketing or advertising agency with product experience

Over the years, many creative full service digital agencies with experience in website design or e-commerce have started to make in-roads into custom software development. Be sure that your needs align with their experience.

Continued

Off-shore outsourcing and project management

Off-shore (Europe, Asia, Middle East) and near-shore (Mexico, Middle & South America) options are rapidly becoming a popular solution to invest in global talent. Consider your needs to collaborate closely with your team. This might include potential language or cultural barriers as well as time differences. Strong project or product management with experience working with these teams can make this work, but the cost savings does not always translate to value.

Software implementation teams

Many legacy development studios invested highly into the advantages of a partner networking such as Microsoft, Salesforce, Oracle, or Netsuite. These solutions can bring a lot of advantages to enterprise IT teams and their familiarity with the tech stack and architecture model, but can be limiting on creativity and customization. These studios can often be coupled with a boutique product agency to check experience and infrastructure needs of the organization.

Large scale design and development firms

As software continues to take over the business world, firms have hired, merged, scaled, and deployed offices around the world. Large scale design and development firms offer a large set of service options, many resources, and loads of experience. They tend to price higher in order to cover the cost of their organizational size and overhead demands.

Boutique product consultancy with small collaborative teams

Boutique or smaller product consultancies offer an intimate relationship with your product team. Usually, they keep the people on their team close or extremely accessible. They invest heavily in culture and collaboration. They often have a forte in one aspect of the product experience over others, but they partner well to find the complete solution. They price high because they invest in people, process, and professional development.

Questions to Ask a Digital Product Agency

Once you've identified the agencies for your short list, you should compile a list of questions that will help determine whether they have the expertise to match the promise.

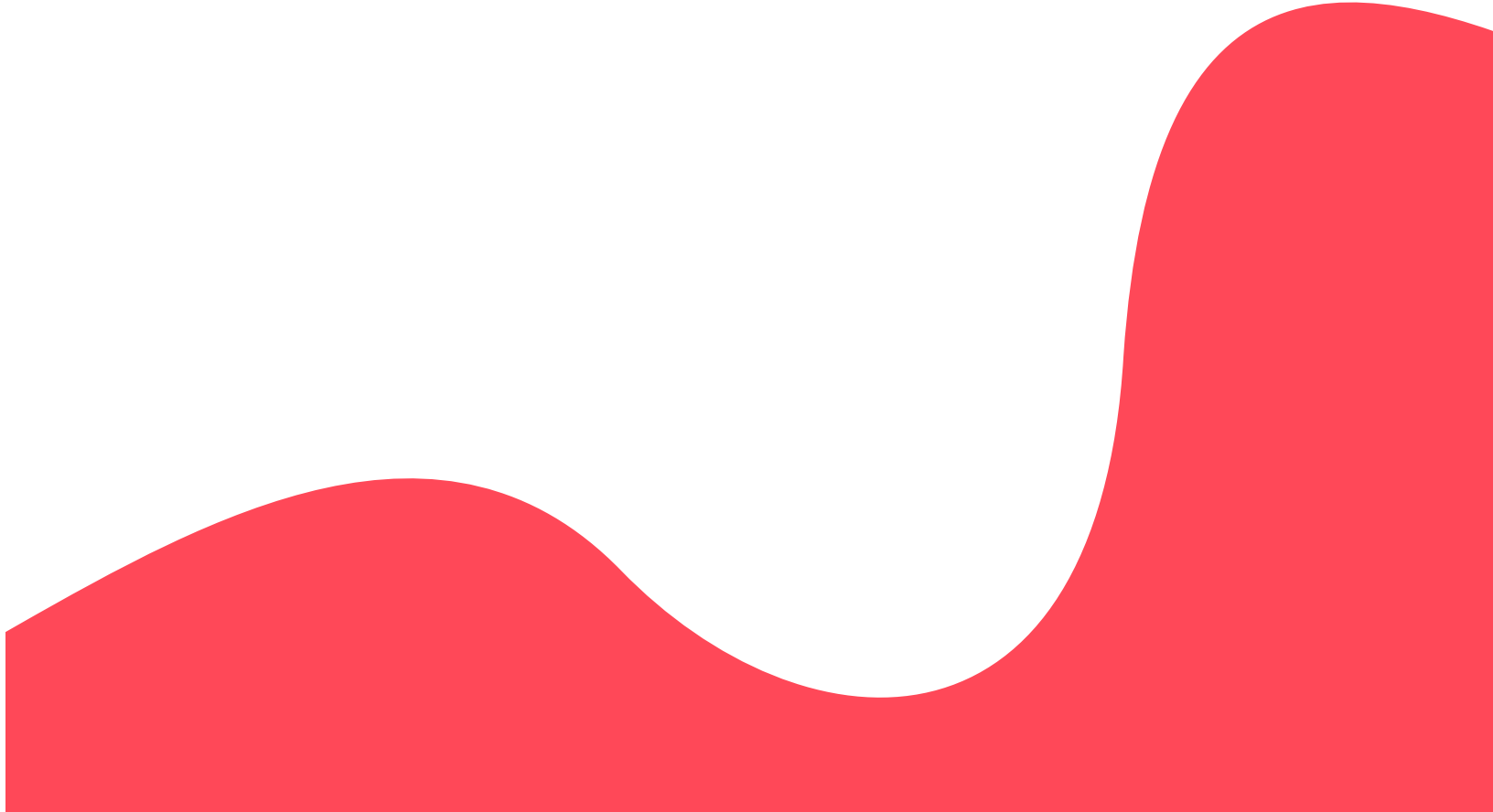
Ask away!



Questions to Ask a Digital Product Agency

Arming yourself with questions like the ones below will help ensure that you get the most out of those initial conversations. Rest assured you'll have plenty of opportunities to clarify specifics before you reach the contract phase, so don't get too hung up on getting answers to all these questions on the first call.

Try not to lead any of these questions. Listen for how they respond and look for anything that would cause you to go deeper and build trust early.



Listen



What does a great engagement look like to you?

Make a list of what's important to you. See how this aligns with how they answer. Is it speed, quality, price, collaboration, proximity? All of these factors will go into you choosing the agency that is right for you. Listen for experience. Do they complain about bad projects or highlight what they like? Do they talk about size, budget, and complexity, or do they focus on culture, collaboration, and outcomes? If they struggle to describe a great engagement, you may want to make sure they've had one.

What does your team look like in terms of size and skills?

Listen for how they describe the organization and skill levels of their teams. They'll likely jump to a list of roles and possibly tech stack, but listen for how they refer to their team as people instead of resources. Dig into their range of experience and feel free to ask about how they help their teams pursue professional development to stay up on best practices and new trends.

What would my team makeup look like?

Listen carefully for some type of creative or design, technology or development, testing or QA, and product management. Some teams will add roles like DevOps, Security, Research, Business Analyst, Strategist, and more. Listen to how they talk about the size of the team. A small, collaborative team can be extremely nimble and creative, but some agencies will throw out the value of putting lots of people on projects to make it sound like more will get done.

What do you NOT do?

This is a great question! How they answer this will let you in on their confidence around customer needs and how they check those boxes creatively. For example, not all studios will have in-house testing or security, but they may have a partner network or suggest they find another agency to work with. Also, they may note that they don't work in certain technologies, but hopefully can find other teams to partner with to help you check the box if needed.

Who needs to be involved on our side and yours?

Listen for them to suggest that there should be constant collaboration and access to the team and the tools they use. They may still set point meetings, and primary points of contact to keep information organized, but if they suggest only needing to be involved at key milestones, request more.

How much time should I expect to invest on my end?

It's important to set expectations early about how often you'll need to be involved in the engagement. As mentioned above, the agency will likely have a process they follow, but be sure to get a sense of how many hours per month, for example, you should expect to dedicate to them. They should have averages to work off of.

What are your values?

The team should at least know most of the values of the company, but they may also have values that are unspoken and important to them as individuals. The team's understanding of their values and purpose as an organization will really help you to see how much they've bought into the vision of what they do.

Why do other clients choose you?

This may vary between agencies. They might value their flexibility, design chops, development capabilities, cost-saving options, a proven process, proximity, etc. Or they may tout that they are the best and list logos of previous companies. Try to see beyond the sale, and look for the type of people that you'd be working with. To work effectively with a product agency, expect a long-term, trusted partnership. Make sure that people hire them because they trust them.

What makes an engagement successful?

Listen for outcomes. There will be wins and losses when building software. The wins should not be based purely on build and launch, but on the outcomes and impact the solution had to its users. Ideally, a successful engagement is one where the client wants to keep working together because of the value that the team brought.

What causes your projects to fail?

Projects fail. They should have failure stories. Listen carefully for if they shift all the blame to their previous clients. Failed projects or relationships are always a two-way issue. How did they learn from their failures to get better?

Why do people come work for your agency?

As we mentioned in our previous chapters, recruiting and retaining people is hard work. Why people come to work for this company will help shed light on the company's reputation, and the morale of the team. This posture will impact the quality of their relationship with you.

Can I chat with one of your existing or former clients?

Always follow up on this. Talking to previous clients is the best way to learn why it will go great or be a challenge for you to work with them. Ask some of the same questions from above to see how previous clients respond.

How would we kick things off?

These questions help to determine if they have a shared understanding of their process. They will tweak the process to meet your needs, but they should be able to describe how they will onboard your project, get the team aligned, and start the flywheel of your partnership.

What does your culture look like?

There are lots of ways to describe a culture. Note how they describe each other. How much trust is already built into the team. What do they value? Is it just a cool office and beer in the fridge? Or is it a mindset of creativity, collaboration, and growth?

How will you prioritize work on my project?

This can be a hard question to answer because every technology team in the world struggles with this. They should be able to address that mix of your input, their insights, the user's feedback, and negotiating things like tech debt, release timelines, and stakeholder needs.

Considerations



This list is only a starting point for you to build off of, and we encourage you to integrate questions more specific to the objective you're trying to achieve. **These questions will help you determine team compatibility and what sort of value you can expect out of an engagement.** They'll also help you flesh out a pitch that you can use to get your team on board with collaboration. Understanding the way an agency thinks and works is imperative for client/agency relationships to be successful.

Bonus: if you're talking to an experienced firm, they will likely have their own punch list of questions for you. Be prepared to get into specifics (assuming an NDA has been signed) about the milestones and metrics that matter. Agencies want you to succeed just as much as you want to succeed.

Green, Red, and Yellow Flags

Now that you're equipped with the right questions to ask, it's time to gauge their answers. We've broken down some green, yellow, and red flags to help you pinpoint the truly spectacular agencies.

Stay alert!



GREEN FLAGS

They ask lots of questions

When an agency is asking questions, it shows that they are more interested in having a clear understanding than appearing all-knowing. We like to refer to this as they want to get it right, not be right.

They're as transparent as possible

Agencies that are forthcoming and honest will help you set accurate goals and qualify them as a potential partner. They're qualifying you just as you're qualifying them, and a quality agency will refer you on to a different alternative if they think it's a better fit.

They retain long-term clients

Agencies with longer client engagements have proven that they have the skills, processes, and follow-through to be worth the investment. If others trust them to continue bringing value, maybe you can too.

They retain long-term employees

Since you'll be working directly with an agency's team, you want to make sure they're happy in their current position. Retention is a good indicator of employee fulfillment. Some turnover is normal, but if they can retain in this industry, they are doing something right.

They share information and expertise online or at events

Another great credibility source is their thought leadership. Check their website and social channels to see what kind of content they share openly. We've found if they are sharing, they are learning, which means they will learn how to solve your needs quickly.

They can clearly explain what they are great at and not great at

This ties back in with transparency. An agency that knows its strengths and weaknesses knows where there may be hurdles in an engagement.

They mention people's names, not just roles

To better connect with the people you'll be working alongside, it's nice to put a name with the role. If nothing else, this should be included in the agency's proposal for your team.

They are honest about failures

Failure is one of the best ways to learn. An agency should be able to show that they've learned from their failures and have enough successes to balance things out.

They are willing to share names of existing or previous clients for referral conversations

If their previous engagements were positive, they should have no issues providing this information. There may be some confidential information included in this, especially if all of their case studies aren't publicly available, but ask for proof of their value. Chances are, an agency will be happy to share.

They are busy with existing clients

If an agency makes mention of clients they're working with currently, this is a sign that other companies have engaged with them. Social proof can go a long way in establishing trust.

RED FLAGS

They promise that they can do anything and everything

Agencies that are unrealistic about their shortcomings will only disappoint you later on down the road. You want to be sure the agency is drilling down deep into specific things rather than spreading themselves thin over too many things. No one likes a partner that over-commits and under-delivers.

They offer cheap hourly rates

While this might look great on paper, there are normally trade-offs with any product team that's 'cheap'. This might indicate that they're outsourcing work overseas or skimping on some aspect of the building process (like testing). Outsourcing can work, but you usually get what you pay for.

They offer to throw a lot of people at the project

More people doesn't always equal a better product. We believe product teams should be between 4 and 10, because communication breaks down as teams grow larger. It often becomes more difficult, costly and inconvenient to get everyone on the same page the bigger the group is.

They say yes to every idea you have

A 'yes' team can be even more dangerous than a 'no' team. You want an agency that's going to feel confident to ask hard questions and challenge you to make a great product.

You don't get to meet at least one member of the team you'd work with during the sales process

It's important to meet the people you'll be working with before you sign anything. You're paying for the team, not the salesperson you've been interacting with thus far.

They don't have a process they can articulate to you clearly

If an agency can't explain their process, how can you trust them? Process alignment will help set expectations and prepare your team for what to expect. There is a lot of value to an agency that will adapt to your needs, but they should have invested in training their people to bring value fast through a consistent workflow.

YELLOW FLAGS

While the red and green flags listed above are pretty self-explanatory, we wanted to dive deeper into each of the yellow flags below to explain why these facets straddle the line.

They ask for a specifications document

You may have a specification document for your product, and that's completely fine. However, if you don't and the agency is quick to ask for one, it could mean they rely too heavily on the punch list of what a product ought to do rather than a proven process for building digital products that solves the real problem at hand. Remember: you will always be the expert in the industry, but a digital product agency will bring their own expertise to the table.

They don't have a ton of case studies

Every agency has to start somewhere, but you may not want to be their guinea pig if your product has high stakes. Some agencies might have case studies that they can't share publicly on their site due to NDAs, so reach out to see if there are any confidential case studies they can share with you privately.

It's possible the agency just doesn't have the resources to invest in case study creation, so work with them to help establish that level of confidence you need to move forward. Keep in mind: there's no golden rule for the number of case studies they should have.

They talk about themselves a lot

Humble confidence is a key quality to look for when choosing a digital product agency. This means an agency has the confidence to execute on their ideas and provide recommendations plus the humility to acknowledge areas where they still have room to grow.

If an agency is more interested in talking about their own expertise rather than how they can help guide you to be the hero of your story, that's a clear yellow flag. You want to be sure that they'll be open to learning more about the nuances of your situation AND eager to work alongside a team that they can learn a lot from.

They've never worked in your industry

It's understandable to have trepidation if an agency hasn't worked in your industry – or a parallel industry – before. Though it isn't entirely necessary, it's helpful to know that the agency will be able to speak your language and understand the pain points of your end user. For government and health engagements, specifically, it can be a huge time commitment on the client's part to get the product team up-to-speed on requirements specific to their industry. If you identify an agency that has a willingness to learn and you're okay with doing some teaching along the way, these engagements can still be successful.

They use a ton of jargon

More of a nuisance than anything, it can be difficult to engage with an agency that uses lingo you're unfamiliar with frequently. If it seems like they're using big words to compensate for a lack of true understanding, that might be a yellow flag. Working with an agency to establish familiar terms that you can be used between the teams can help optimize communication and ensure alignment.

Note: The more you field different agencies, the easier it will be to keep an ear out for some of these phrases.

They bill on the reported hour

This is not a total deal breaker. Many great agencies prefer to work on the reported billable hour. The problem is that this incentivizes the wrong outcome. It puts the value of the agency spending more hours to get things done because they'll make more money. There is no incentive to find efficiencies. The ideal is a balance between time and material and outcomes.

Navigating the Logistics

At this point, you've identified an agency that checks all of the boxes and you want to move forward. The next step - paperwork and logistics - can be intimidating for a lot of people. We're going to explain a few different project types and the pros/cons associated with each.

Engagement types





Engagement Types

Fixed scope or fixed bid

This type of project keeps the scope small, focuses on outcomes, and requires that you understand the change management process.

Fixed-scope contracts can present challenges in effectively collaborating with your agency down the road. Changes that weren't explicitly outlined in the contract may be costly in both time and money. These types of fixed agreements can be good for smaller engagements where the timeline is short and you know exactly what must be done.

If you move forward with a fixed bid try to focus on the "fixed" nature of the outcomes of the project. In other words, define what you need the product to do rather than a features list with an explicit breakdown of function. These specification documents are usually irrelevant or outdated after even just a couple sprints of learning.

Duration & price*

These projects are managed by duration. Estimations and scope are only used to inform the client and product team – not direct it.

With duration and price engagements, changes don't require costly addendums since product requirements are not ingrained in a fixed contract. These agreements are agile in nature, better for long-term engagements, and provide room to adapt to market feedback. Because software development is so complex, these agreements are ideal.

Note: This is the type of contact we use. This empowers us and our clients to operate as partners, working towards a shared understanding we develop at the onset of our partner-driven relationship.

Hybrid

With this option, you might have both a fixed scope element and time & material element. It's important to understand what's fixed and what's flexible to ensure expectations are aligned on both ends. These engagements allow the agency to achieve a better match between the requirement and how the work is priced.

You can be billed by milestone, outcome, time spent, or deliverable, so make sure that's hammered out prior to signing anything.

Some no-so-legal stuff

Involve your legal team early

Once you've landed the engagement type, the next step is to involve your legal department as soon as it makes sense. Looping them in sooner rather than later helps streamline the process and makes things far more efficient. The same thing could be said about the accounting department, depending on your processes.

NDA

Out of the gate, look to get a Mutual NDA (non-disclosure agreement) completed. The NDA will not take any time at all, and you can continue talking with greater transparency. If you're just chatting up front to vet the agency, it's not absolutely necessary, but as soon as you want to go a step deeper, it does help to have that kind of paperwork in place. It's pretty standard practice, but some agencies fear it keeps them from talking to multiple potential clients. Set expectations up front.

MSA

The Master Services Agreement, or MSA, is a larger document that does exactly what it says; it is the main source of truth for the working relationship. This is the guiding legal document between the two organizations. Review and feedback between both parties on this document often takes more time than expected. A more mature agency will likely have refined their MSA to a really good place to work with companies of all types and sizes.

Contracts

When reviewing your engagement contract, there are a few things that are often included:

- Payment terms & price-setting mechanisms (listed above)
- Service-level requirements/SOW
- Legal liabilities
- Intellectual property rights
- Exit strategies and stipulations
- Model for governance over the agency
- Technical specifications (ie: status reporting)
- Payment schedule
- Vendor audits

Your legal team should have better insight into how each of these should be established with the agency.

Mutual Action Plans

A mutual action plan is a document shared between the potential client and the agency that collaboratively outlines key milestones and relevant resources. At Crema, we create these together with some of our clients to set expectations and navigate the process together. Next steps, respective dates, and a description of upcoming steps are laid out in a list format as a visual for where you're at in the process. Having this document to reference helps create a shared timeline between the two parties.

What to Expect Getting Started

If you've found the agency that's the right fit and signed all the appropriate paperwork, it's time to get started! There are some things you can expect right after the papers are signed, as well as during the life of the engagement.

Ready for kick-off



Beginning stages

1. An onboarding process to set expectations

Outlined in a working agreement that establishes the points of contact, common meetings, etc.

2. Discovery to get aligned

This allows both teams to meet and share knowledge beyond what was shared during the sales process

3. Transferring knowledge around the project

This could include work done thus far, research, and other pertinent details. The agency may also request that they shadow certain people involved with the product to get a deeper understanding.

4. Ongoing discussions

These conversations should be focused on sustaining the relationship, the goals of the product, and lifetime value for both teams

Lifetime of the engagement

- Clear lines of communication between your decision maker(s) and the agency
- Daily and weekly check-ins alongside sprint meetings
- Feedback loops on both the work and the team
- A blended use of design, documentation, conversation, and live product to show progress

If you have specific expectations for your product team, lay them out during the kick-off meeting.


Your postures, structures, and disciplines may differ, so figuring out which aspects from each team will be applied to the engagement is imperative from the get-go. These might include:

- Cadence of check-ins
- Communication channels (ie: Slack, Microsoft Teams, etc.)
- Having video on or off during meetings
- Retrospective formula
- Other team norms that will emerge during the engagement

Clear communication

Transparency and collaboration are key when it comes to client relations. Product backlog reviews and sprint planning will be an important space for you to express your expectations and goals for the product. [Shared Slack channels](#) will help make this interaction more agile and seamless.

Bi-weekly calls between yourself and members of the agency's leadership team to speak candidly about how things are going is a great practice. These conversations help to illuminate what's going well and what could be improved that may not come up as naturally during retrospectives and other meetings that are regularly taking place.

 **Realistically, a client should expect a high level of collaboration throughout the entirety of the project.**

How high is high? We find that a weekly checkpoint, at the least, is necessary to ensure that priorities are in line and any blockers can be identified and mitigated. Ideally, our teams are chatting with clients asynchronously throughout the week to get answers to questions, feedback on options, and provide general updates on the project.

Conclusion

With these tools, we hope you feel comfortable navigating your digital product agency journey.

Building technology can be a long road, but the process of choosing a solid partner is one of the first steps.

Perhaps the timing or budgets don't line up to make an agency partnership possible right now, but that's quite alright. You can always make a note and follow back up when the stars align!

If you have any questions about hiring a digital product agency, feel free to reach out to our **Director of Sales, Nate Olson**, at nate@crema.us.

References

[Option Five Podcast](#)

[YouTube Channel](#)

[Atlantic and ServiceNow Report](#)

[Measuring the ROI of Your Software Projects](#)

[Selling to Leadership: Gathering Proof to Pitch Your Product Concept](#)



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