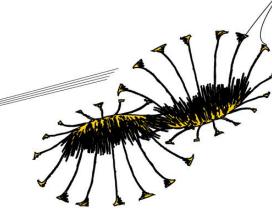
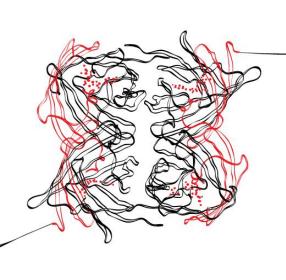


Master Thesis

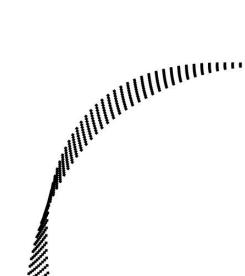
Why a contract manager?!



Bianca Sjoerdstra



UNIVERSITY OF TWENTE.



University of Twente

School of Behavioural, Management and Social Sciences

Drienerlolaan 5

7522 NB Enschede

Company

Het NIC

Hanzeallee 34

8017 KZ Zwolle

Author

Bianca Sjoerdstra

s1454552

b.m.sjoerdstra@student.utwente.nl

First supervisor

Prof.dr. J. Telgen

Professor of Applied Operations Research and Public Procurement j.telgen@utwente.nl

Second supervisor

Dr.ir. F. Schotanus

Assistant professor of Purchasing Management and Management Science f.schotanus@utwente.nl

External supervisors from Het NIC

Raymond van Weeghel

Nienke Kieft

Programme 2016-2017

Master Business Administration with specialisation track Purchasing & Supply Management

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Abstract

Organisations are setting up contract management and appointing contract managers to execute contract management. Nevertheless, there exists ignorance on what the added value of contract managers is for organisation. The aim of this master thesis is to explore the added value of contract managers in organisations. It does so by analysing the role of contract managers, the contracts for which contract managers are appointed and the advantages for an organisation to have a contract manager.

In order to answer the research question firstly a literature review on contract managers is conducted. Additionally, 25 interviews with contract managers mainly from various Dutch public organisations are conducted.

The literature review showed that the existing literature on the function of the contract manager is scarce. The literature is focused on discussing how to implement contract management in organisations, but not explicitly discussing the function of the contract manager.

The face-to-face interviews aimed at providing more insight into the function of the contract manager in practice. As in correspondence with the results of literature review, the face-to-face interviews demonstrated the diversity in roles of a contract manager and the contracts being managed by a contract manager in organisations which leads to diversity in assessing the added value of the contract manager in organisations.

Based on the results a two by three matrix was developed in which contract managers can be positioned on two dimensions. These two dimensions are 'the number of contract(s) managed by the contract manager' and 'the effort contract management executed on the contract(s) by the contract manager'. According to the position of the contract manager in this matrix, among other things the added value for the organisation can be determined. The results of the interviews showed that contract managers managing a few contracts with advanced contract management effort provide the highest added value for an organisation.

The literature review implied that there is a research gap on what the function of the contract manager is and should be and especially in relation to the added value for the organisation. The added value of contract managers has not been dealt with in academic research before. Therefore, this master thesis adds to existing academic research by providing insights on the function of the contract manager and his or her added value for an organisation. Moreover, the matrix developed based on the results can be used by organisations as a tool to give an indication about the added value of the contract manager for the organisation.

Future research could be conducted to further research the added value of contract managers, how it can be determined and influenced. Moreover, future research could examine the matrix developed in this master thesis.

Keywords: Contract manager, contract management, supply contract, added value, (public) organisation, purchasing, public procurement, supplier management

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1. Introduction

1.1. Introduction of the topic: Contract Manager

Organisations are becoming increasingly aware of the added value of well-managing relationships with suppliers through contract management. Many organisations are setting up or designing contract management within their organisational process in order to create value and obtain the most from relationships with suppliers after the contract has been signed.

Contract management is the management of contracts with customers, vendors, partners or employees. In this research the focus will be on contracts with suppliers. Contract management is defined as 'the planning, monitoring and control of all aspects of the contract and the motivation of all those involved in it to achieve the contract objectives on time and to the specified cost, quality and performance' (International Association for Contract & Commercial Management, 2013, p.178). Furthermore, contract management is about managing the performance of and the relationship with the supplier. Contract management is focused on monitoring and improving contracts with suppliers and ensuring proper implementation of the contracts (Schurgers, Van Duren, De Vree & Coolen, 2012).

The subject of analysis for this research is the contract manager, which is 'the role assigned to contract management activities' (International Association for Contract & Commercial Management, 2013, p.279). A contract manager is an employee in an organisation who is appointed to execute contract management and responsible for managing a contract with a supplier. Managers in organisations are often wondering 'why a contract manager?!' There is a need to explain the added value of contract managers and why an organisation should appoint them.

1.2. Description of the company: Het NIC

The abbreviation of 'NIC' stands for 'Nederlands Inkoopcentrum', meaning Dutch purchasing centre. The 'NIC Groep' consists of Het NIC, NIC finance projects, NIC purchasing finance staffing, NIC Invoice Projects and Best Deal. The organogram of the NIC Groep is presented in Appendix A. The strategy of the 'NIC Groep' is to better deploy people and resources in a socially responsible manner. The core values of the NIC Groep are involvement, competence, innovativeness and trustworthiness.

This master thesis was conducted at the company 'Het NIC' of the 'NIC Groep' in the Netherlands. Het NIC is a consultancy company providing organisations with professional advice on purchasing, (European) tenders and contract management. Het NIC was established in 1921 and consists of about 150 professionals. Het NIC is divided into different business units which all operate in different areas of the Netherlands. This enables Het NIC to serve customers in all regions of the Netherlands. The business unit for the region Groningen, Drenthe and Friesland (GFD) and the business unit for the region Utrecht, Flevoland and Overijssel (UFO) are situated in the office in Zwolle. The business unit for the province 'Zuid-Holland' is located in Den Haag and the business unit for the province 'Noord-Holland'

is situated in Amsterdam. The business unit for the area Limburg and Gelderland and Zeeland and Brabant are located in the office in Eindhoven. Moreover, Het NIC has an office in Den Dolder. This office serves as a supporting office. The owner and recruiters are situated here and trainings and meetings of NIC employees from different business units or managing consultants are often located here due to the central location in the Netherlands.

This master thesis was executed at the UFO-department of Het NIC in Zwolle. In Appendix B an overview of the turnover of the UFO-department is presented. This overview illustrates the distribution of the turnover over different market sectors over the previous five years. Besides, the master thesis was conducted in collaboration with NIC Academy. Het NIC possesses a wide range of knowledge and expertise on purchasing, finance and process automation. In order to share this knowledge and expertise with others, Het NIC recently started offering hands-on trainings. These trainings are offered by NIC Academy. One of the trainings given is contract- and supplier management which corresponds with the subject of this master thesis.

1.3. Problem statement

Het NIC often receives questions from clients about the appointment of contract managers. In some organisations it appears to be difficult to explain or convince top management of the value of appointing a contract manager for managing contracts. Once the top management is convinced and a contract manager is appointed, it remains unclear what the role of the contract manager should be in order to achieve a high added value for an organisation. Organisations are interested in knowing what contract managers deliver to an organisation, what is their added value. Therefore, this research is exploring and illustrating the role and added value of a contract manager in organisations.

Het NIC uses the 'Nederlands Integraal Contractmanagement Volwassenheidsmodel (NICV)'-model, which can be found in Appendix C (Schipperheijn, Siersema & Huizinga, 2013). This model is based on the Contract Management Maturity Model (CMMM) of Rendon (2008). The model assesses different dimensions of contract management in order to gain insight into which phase of contract management the organisation is at the moment. Furthermore, the model provides recommendations on what organisations need to accomplish in order to grow to the next phase. Since the establishment of the NICV-model in 2013, Het NIC has assessed the contract maturity of about 500 organisations in different branches. Het NIC has recently analysed the results of the contract maturity assessments conducted at the organisations. They have concluded from the results that in general there has not been an increasing trend in the contract management maturity over the past several years. There has been a slight increase in the dimension 'personnel', but this increase is small and there are still many opportunities for development. The dimension 'personnel' is about deploying personnel to execute the contract management within an organisation, in other words contract managers. In the context of the NICV-model and besides the start of offering trainings in contract management by NIC Academy, there is a need out of Het NIC to further research the added value and role of contract managers in organisations. Understanding the added value and role of contract managers can help Het NIC in analysing the dimension 'personnel' in the NICV-

model and propose recommendations on how to develop into the next phase in this dimension. Moreover, it could provide new insights for the training on contract management.

1.4. Research question and goal

Based on the problem statement, the following main research question was formulated: *What is the added value of a contract manager?*

In this master thesis added value implies what the organisation accomplishes with appointing a contract manager for managing contracts. The added value is the return and achievements of a contract manager for an organisation.

Therefore, the research goal was to explore the added value of contract managers in organisations by analysing the role of the contract managers, the contracts for which contract managers are appointed and what the contract manager is bringing in for an organisation.

1.5. Academic and practical relevance

So far existing academic research on the topic of contract managers is rather limited as was shown by literature review. Contract management is occasionally dealt with in literature, but the contract manager in particular has scarcely been given attention. Moreover, the added value or the return of the appointment of contract managers for organisations is not discussed. Therefore, there exists a gap in academic research on what the function of the contract manager is and should be in order to achieve added value for an organisation. This master thesis adds to future academic research by exploring and illustrating the diversity in the function of contract managers and providing insights on the added value of contract managers for an organisation. The matrix developed in the master thesis provides an indication on the added value for contract managers in various situations in organisations.

This research provided Het NIC with more insight on contract managers in public organisations. It can help Het NIC in proposing a recommendation to their customers on the added value of having a contract manager. Het NIC and their customers, but also other organisations can use the developed matrix as an indication about the added value of contract managers in their organisation.

1.6. Outline of the thesis

The master thesis is structured as follows. Firstly, it initiates with discussing the theoretical framework for this master thesis in Chapter 2. Subsequently, in Chapter 3 the research methodology applied will be described. In Chapter 4 the literature review conducted for this master thesis will be presented. After that, the results of the interviews will be discussed in Chapter 4 and 5. In Chapter 6 the analysis of the results developed into a matrix will be presented. This all led to a conclusion, recommendation and suggestions for future research in Chapter 7.

2. Theoretical framework

In this chapter firstly supply contracts for which contract managers are appointed will be explained. Secondly, the concept of contract management will be discussed and its growing importance will be elaborated. Subsequently, the purchasing process and its relation to contract management will be discussed. After that, the Kraljic matrix will briefly be explained. Finally, several models on contract management and supplier management will be presented.

2.1. Supply Contract

In order to explain and understand contract management and contract managers, there is a need to first understand what a contract is. In literature there are different definitions given of a contract. A contract is stated to be 'a legally enforceable promise or set of promises' (Mallor, Barnes, Bowers & Langvardt, 2013, p. G-5). 'A contract is a binding legal obligation between two or more parties.' (International Association for Contract & Commercial Management, 2013, p.22). Another definition of a contract 'is a legally enforceable agreement between two or more parties to do specified actions in return for some consideration' (Monczka, Handfield, Giunipero & Patterson, 2009, p. 498). There are more definitions of a contract but in general the definitions have in common that they state that a contract is legally binding and enforceable and it is an agreement between two or more parties about the execution of a particular activity in the future (Van Beckum & Vlasveld, 2014). The scope of this master thesis was limited to only deal with contracts between a buyer and supplier, also called 'supply contracts' (Simchi-Levi, Kaminsky & Simchi-Levi, 2007). Therefore, it was ensured that the literature used is discussing contracts between suppliers and buyers and not other types of contracts like psychological contracts which were often shown among search results.

According to Simchi-Levi et al. (2007), the development of relationships with suppliers is required for adequate purchasing strategies. Supply contracts are a means to formalize the relationship between a buyer and supplier by documenting the relationship as a contractual arrangement (International Association for Contract & Commercial Management, 2013). These contracts define the legal boundaries of a relationship between a buyer and supplier and may help ensuring trust (Handfield & Bechtel, 2002; Sobrero & Roberts, 2002). They are a way to manage risks and distribute risks, for both the relationship and performance (Crocker & Masten, 1991; Allen & Lueck, 1999; Moeller, Fassnacht & Klose, 2006; Simchi-Levi et al., 2007; Dekker, Sakaguchi & Kawai, 2013; Van Servellen & Tatan, 2016). Furthermore, supply contracts are a mechanism to obtain global optimization (Simchi-Levi et al., 2007).

In general, in a supply contract the buyer and supplier agree on the terms of the purchase, these include: quantity, time, quality and price (Giannoccaro & Pontrandolfo, 2004; Sethi, Yan & Zhang, 2005; Simchi-Levi et al., 2007; Van Weele, 2007). However, first of all, the choice of the legal form of the supply contract needs to be agreed. Next to this, the length of the supply contract needs to be agreed upon (Sobrero & Roberts, 2002; Ministerie van

Verkeer en Waterstaat, 2004). Moreover, the purchasing terms are agreed for the supply contract. The purchasing terms explain what needs to be delivered by the supplier under which conditions to the buyer. The purchasing terms include for instance: pricing and volume discounts, minimum and maximum purchase quantities, product or material quality, service level agreement, place of delivery, delivery lead times, payment arrangements, ownership, authority and assurances (Cachon, 2003; Ministerie van Verkeer en Waterstaat, 2004; Rogers, 2006; Simchi-Levi et al., 2007; Van Weele, 2007; International Association for Contract & Commercial Management, 2013; Malatesta & Smith, 2015; Dinesh Kumar, 2014). Besides, in most supply contracts the buyer and supplier settle arrangements on incentives and sanctions, also referred to as bonus-malus (Sobrero & Roberts, 2002; Ministerie van Verkeer en Waterstaat, 2004; Van Weele, 2007). These incentives are a means to achieve contract accountability (Girth, 2012).

2.2. Contract Management

When explaining and defining contract management, the distinction between contract administration, contract management and supplier management needs to be described. These three concepts are often discussed in literature about contract management (Monczka et al., 2009; Schurgers et al., 2012; International Association for Contract & Commercial Management, 2013; Van Velsen, 2013a; Van Beckum & Vlasveld, 2014; Vereniging van Nederlandse Gemeenten, 2014; Hupkens & Van Weeghel, 2015a).

Contract administration can be explained as the administrative process of guarding and controlling supply contracts. It is the psychical and digital administration of contracts within an organisation. This ensures the availability of information for example about contract duration or period of notice, which provides organisations insight on data of contracts and the long-term commitments made (Donders & Zwirs, 2016). Contract administration is considered to be the foundation for contract management (Hupkens & Van Weeghel, 2015b).

Contract management is focused on monitoring and improving the aspects of supply contracts. It is about managing all the documented responsibilities, obligations, procedures, conditions and tariffs of a contract. In addition, uncertainties and modifications of the contract are managed. The objective is ensuring proper utilization of the contract and optimal achievement of the intended goals of the contract. In other words, preventing value from contracts being lost (Van den Hoven, 2015). Furthermore, contract management can deliver the purchasing team with input for the strategy of a new purchasing process.

Supplier management has to do with monitoring the performance of contracted suppliers and managing the relationships with these suppliers. It is aimed at building and maintaining relationships with strategic suppliers. The goal is obtaining more effective relationships and added value for each other.

2.3. Growing importance of contract management

Contract management is important to ensure that an organisation receives what it needs and pays for (Schurgers et al., 2012). There have been several developments which have increased the importance of contract management. The augmentation of outsourcing activities by

organisations has increased the dependency of organisations on suppliers and therefore supply contracts (Franceschini, Galetto, Pignatelli & Varetto, 2003; Schurgers et al., 2012; Hupkens & Van Weeghel, 2015a). Furthermore, trends of globalisation have resulted in cost and quality pressures and proposed new risks for organisations (Schurgers et al., 2012; International Association for Contract & Commercial Management, 2013). This makes buyer-supplier relationships more complex and it all needs to be properly managed in supply contracts which are becoming global, longer and denser with more sophisticated terms (Quélin & Duhamel, 2003; International Association for Contract & Commercial Management, 2013). Additionally, performance measurement became significant which makes monitoring the performance agreed in the supply contract more critical (Brown, Potoski & Van Slyke, 2006; Rendon, 2008).

Organisations in the public sector became increasingly dependent on private and non-profit organisations to deliver their goods and services to their citizens. There is a need to manage this increasing number of contractors and suppliers who are performing critical functions for public organisations. Therefore, contract management has become an important core competence of public organisations (Rendon, 2008; Girth, 2012; Provost & Esteve, 2016). The decentralisation of social support (Wet Maatschappelijke Ondersteuning, WMO in Dutch), a specific trend in Dutch municipalities caused a growth in the importance of contract management (Hupkens & Van Weeghel, 2015a). Municipalities became responsible for the execution of social support in their municipality so their purchasing spend augmented tremendously and they started having many new complex contracts to manage with suppliers for social support (Vereniging van Nederlandse Gemeenten, 2014).

2.4. The purchasing process

The racing car model, as displayed in Figure 1 is a visualisation of to the purchasing process as formulated by Van Weele (2007) with several extensions (Veeke & Gunning, 1993; Schotanus, Telgen & Van der Lans, 2004, NEVI., n.d.). The purchasing policy describes how an organisation would like present itself to external parties, like suppliers. Besides, the purchasing policy describes how specific choices throughout the purchasing process are made. The purchasing policy should be in line with the corporate policy which describes the guiding principles and procedures on economic, organisational, idealistic and ethical topics. Performance indicators are derived from the purchasing policy. Good performance indicators properly measure the elements of purchasing and support in guiding the purchasing function of an organisation.

In the racing car model the purchasing process is supported by the following pillars: organisation and personnel, methods and procedures and information systems. Furthermore, the purchasing process is supported by both internal and external partners which are illustrated as the wheels of the racing car. The internal partners are the internal customers, who are the persons from the internal organisation making use of the purchased item. The most important external partner of the purchasing function is the (potential) supplier of the purchased item.

This purchasing process demonstrates the process before and after signing the contract, the process in which the contract manager is involved.

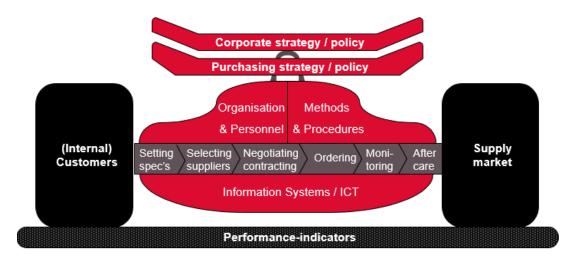


Figure 1 Racing car model. Reprinted from *Purchasing management*. *Lecture 4: Commodity strategy* (slide 2). Lecture, University of Twente., by J. Telgen, 2013 [Powerpoint Slides].

Contract management is not mentioned in the theory by Van Weele (2007), neither in the racing car model. Van der Valk & Rozemeijer (2009) state that contract management takes place in the second half of the purchasing process so after the supplier is contracted (see Figure 2). Once the supply contract is signed, it needs to be controlled and managed (Schurgers et al., 2012).

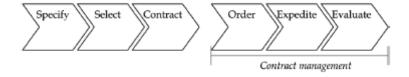


Figure 2 Contract management in the purchasing process. Reprinted from Buying business services: towards a structured service purchasing process (p. 5), by W. Van der Valk & F. Rozemeijer, 2009, *Journal Of Services Marketing*, 23(1).

The purchaser is involved in the first three steps of the process, while the contract manager is mainly active in the second half of the process. The first half of the process takes about three to six months, while the latter half can have much longer duration from two to about twenty years, depending on the time span of the contract (Schurgers, 2017). Furthermore, Schurgers (2017) highlighted that contract management is cyclical, as presented in Figure 3. When the purchasing process has ended, the progress of the contract is evaluated. The feedback from these contract evaluations are used as input for the new purchasing process and the new contract. Moreover, as in the racing car model, performance indicators or also called KPI's are mentioned. Performance indicators give guidance to the execution of the contract.

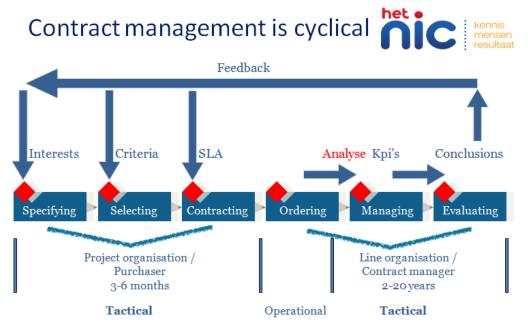


Figure 3 Contract management is cyclical. From *Workshop Valt er nog wat te redden...?* (slide 3), by H. Schurgers, 2017 [Powerpoint Slides]. Retrieved from Het NIC.

Many organisations neglect the continuing interaction after the contract has been signed (Van der Valk & Rozemeijer, 2009). Contract management does not always receive the attention it deserves in every organisation (Hulsebos, 2014). The emphasis is put on the initial stage of the purchasing process (Van der Valk & Rozemeijer, 2009). Even though signing the contract is just a snapshot and the contractual engagement is for years (Van Servellen & Tatan, 2016). After a new successful contract has been signed, often it disappears in a desk drawer. There is no control conducted on the contractual agreements made and whether the desired quality has been achieved (Hupkens & Van Weeghel, 2015a). Whereas, especially the compliance of contractual agreements can deliver added value and limit risks (Hulsebos, 2014).

2.5. Kraljic matrix

Kraljic (1983) developed a well-known comprehensive portfolio matrix in which purchase items can be positioned in order to determine a suitable sourcing strategy (Gelderman & Van Weele, 2003; Cousins, Lamming, Lawson & Squire, 2007). In the matrix the purchase items can be classified low or high on two dimensions: supply risk and profit impact which resulted in a two by two matrix consisting of four categories: leverage, critical, routine and bottleneck (see Appendix D). Even though the Kraljic matrix is initially intended to position purchase items, it can also give an indication about the type of contract to be applied (Knoester, n.d.). For example, for purchase items in the leverage categories short-term contracts are proposed while for purchasing items in the critical or strategic category often a longer contract duration is implied (Caniëls & Gelderman, 2007; NEVI, 2016). Therefore, it can be used as a tool to determine the type of contract to be signed with a supplier (NEVI, 2016). Moreover, the supply risk and profit impact of contracts can be taken into considerations when an organisation is considering to appoint a contract manager for a specific contract (Van Velsen, 2013b). The Kraljic matrix can help in making a trade-off between the profit impact and

supply risk of a specific contract for a purchase item with a supplier and the costs of appointing a contract manager for the supply contract.

2.6. Models on contract management and supplier management

2.6.1. NICV-model

In the introduction of this master thesis the 'NICV-model' was already mentioned. Het NIC has developed a maturity model on contract management, called NICV-model in order to quantify the maturity of contract management in organisations (Schipperheijn, Siersema & Huizinga, 2013). The model is displayed in Appendix C.

The maturity of contract management in organisations is evaluated based on the five following dimensions:

- 1. **Policy**: how and to what extent is contract management part of the organizational policy?
- 2. **Processes:** what is happening now with the contract, its agreements and its output?
- 3. **Systems:** to what extent do systems support contract management?
- 4. **Personnel:** is the organisation setting in enough qualified capacity for proper contract management?
- 5. **Suppliers:** how is de organisation collaborating with its suppliers on creating value?

The phases in which organisations can be classified are:

- 1. Ad-hoc phase: inventorise, registration and contract administration
- 2. Basic phase: administration and control of the most basal contracts
- 3. *Structured phase:* controlling output of contractual agreements and supplier evaluations to guarantee compliance with contractual agreements.
- 4. *Integrated phase*: supplier evaluations for continuous improvement of services
- 5. *Optimised phase:* collaboration evaluations with suppliers for proactive co creation of added value

By means of a survey and interviews Het NIC classifies the five dimensions and its corresponding phase in an organisation. Accordingly, Het NIC can provide organisations with recommendations on how they can develop into the next phase based on the NICV-model.

2.6.2. Contract management-differentiation matrix

Van Beckum & Vlasveld (2014) present the contract management-differentiation matrix as a tool for organisations to determine on which contracts contract management should applied (see Appendix E). In the matrix two criteria are applied to distinguish contracts. On the vertical axis of the matrix, the criteria is the impact of the contracted service on the primary process of principal is represented. The horizontal axis represents the criteria of the size of the service. The size is most obviously determined by financial size, but can also be influenced by the number of people involved or the duration time of the contract. Both axes are divided into 'high' and 'low'. The boundary between high and low differs per organisations. This results in four possible combinations and three levels of contract management: complete, adjusted and restricted.

The contract management-differentiation matrix by Van Beckum & Vlasveld (2014) and the portfolio matrix by Kraljic (1983) have some resemblance. They both have two criteria which can be scored low or high, this results in four possible combinations. The matrixes have one overlapping criteria, the impact of the contract of the business. However, the Kraljic matrix takes into consideration the supply risk of the contract, while the contract management-differentiation matrix takes into account the size of the contracted service.

2.6.3. Priority matrix

Covalis (2014) presents the application of a priority matrix in order to prioritise contracts for contract management. The contracts of an organisation do not all have the same priority and therefore they also do not all need the same extent of contract management. In a priority matrix two dimensions of contracts are taken into considerations and based on these two dimensions contracts can be positioned in the matrix. An example of a priority matrix can be found in Appendix F. In the example the dimensions 'risks' and 'costs' are used, but other dimensions are also possible like costs and knowledge, innovation or the amount of work. The contracts which score high on both dimensions have the highest priority and vice versa. This priority matrix is a simple tool to be used by organisation to prioritize for which contracts they should appoint a contract manager. Nevertheless, this matrix is very similar to the Kraljic matrix and contract management-differentiation matrix discussed previously.

2.6.4. Supplier pyramid

Suppliers are often classified by organisations in a pyramid (Geelen, 2009; Rijkswaterstaat, 2015; Daimler, 2017; PwC, 2017; "Supplier Segmentation", n.d.). The pyramid enables organisations to classify every supplier based on several criteria to determine the type of supplier and how the relationship with the supplier should be managed. The pyramid can have many different forms and consist of three or four layers. Strategic suppliers are classified in the top of the pyramid. These suppliers have the highest impact of the organisation. In the layer below the top of the pyramid the collaborative or development suppliers are classified. In the third layer the preferred or performance suppliers are classified which need active management. The solid base represents the remaining suppliers, often called transactional which demand basic management.

The classification executed in the supplier pyramid is conducted per suppliers, while in the other matrices the classification is made per portfolio of purchase items. The supplier pyramid would be an useful tool for organisations to classify their supply contracts in order to make the decision for which supply contracts contract management should be executed by a contract manager. A contract manager is more likely to be appointed for supply contracts in the upper layers of the pyramid than in the lower ones.

3. Methodology

This chapter will initiate with explaining the research strategy and research questions formulated for this master thesis. After that, the implementation of the literature review for this master thesis will be illustrated. Subsequently, the sample for the face-to-face interviews and the execution of the face-to-face interviews will be explained.

3.1. Introduction of methodology

The research strategy of this master thesis was studying literature about the contract manager and conducting face-to-face interviews with several contract managers in various organisations. The literature review provided insight on the contract manager in theory, while the face-to-face interviews provided insight on contract managers in practice. The similarities and discrepancies between the literature review and the face-to-face interviews were discussed. This all led to conclusions and recommendations about the contract manager. A schematic overview of the methodology applied in this master thesis is displayed in Figure 4.

The master thesis was based on qualitative research. According to Dooley (2009), qualitative research has the advantage of comparing different views and perceptions of the same subject. This corresponds with this master thesis in which different views and perceptions of contract managers were compared and analysed in order to gain new insights. However, the personal involvement of researchers in qualitative research may have influenced the reliability and validity of the research which should be taken into consideration. Blumberg, Cooper & Schindler (2014) stated that exploration relies on qualitative techniques. This master thesis can be classified as exploratory qualitative research because the objective of the research was obtaining insight into contract managers in order to develop hypothesis. The expectation was that existing theory on the role and added value of contract managers in organisations is scarce. This master thesis aimed at further exploring the subject of contract manager and providing new theory about the contract manager.

In order to answer the main research question about the added value of the contract manager, the following sub research questions and corresponding sub sub questions had been formulated:

- 1. What is the function of a contract manager?
- 1.1. What is the role of a contract manager in an organisation?
- 1.2. What are the tasks of a contract manager?
- 1.3. What are the responsibilities of a contract manager?

The answers to these questions provide insight on the function of a contract manager which helps in analysing the added value. The function of the contract manager in an organisation could influence the added value obtained.

- 2. For which contracts are contract managers appointed?
- 2.1. For which purchase items are contract managers appointed to manage the contracts of?
- 2.2. How many contracts are being managed by one contract manager?

- 2.3. What is the monetary volume of the contracts being managed by one contract manager?
- 2.4. How long is the duration of the contracts managed by contract managers?
- 2.5. What is the supply risk of the contracts being managed by the contract managers? Can it be classified as high or low?
- 2.6. What is the financial impact of the contracts being managed by the contract managers? Can it be classified as high or low?
- 2.7. Why are contract managers put on these contracts in organisations?

These questions provide a view on which contracts are attributed to contract managers, whether all contracts are being managed by a contract manager or whether a selection is made and based on what this selection is made. The theory of the Kraljic matrix has been used for classifying the contracts. The contracts for which contract managers are appointed could have an influence on the added value.

- 3. How does a contract manager deliver added value?
- 3.1. What are the advantages of appointing a contract manager for an organisation?
- 3.2. What are the costs of having appointed a contract manager for an organisation?
- 3.3. What is the return of having a contract manager appointed for an organisation?
- 3.4. How can the added value of contract managers be assessed?
- 3.5. Do organisations assess the added value of contract managers?

These questions offer a view on the added value of contract managers.

All together these three sub questions and corresponding sub sub question should provide an explanation and illustration of the added value of contract managers by looking into their functions, the contracts they are managing and what they deliver to the organisation.

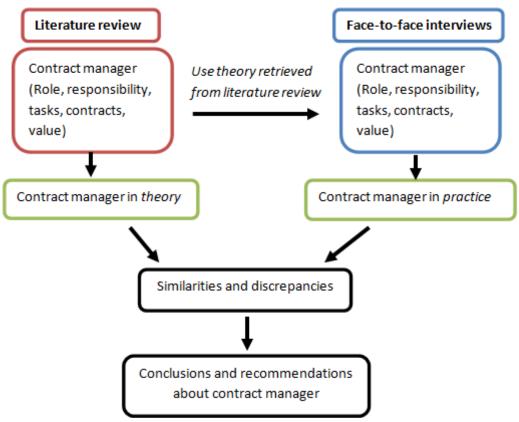


Figure 4 Schematic overview of methodology

3.2. Literature review

The master thesis initiated with performing a literature review. A literature review refines the current literature in a subject field and has the objective of summarizing the state of the art in a subject field (Rowley & Slack, 2004). The subject field of this literature review was contract management and specifically the contract manager. Rowley & Slack (2004) propose three different tools to identify relevant literature for a literature review: library catalogues, search engines and online databases. For this literature review the search engine Google Scholar and the online database Scopus were used. Different keywords and combinations of keywords based on the formulated research questions were entered into the reference bar in order to find relevant scientific literature. Besides, the library catalogue of the University of Twente was consulted to search for relevant books. Furthermore, Het NIC has a knowledge portal, called 'NIC groep kennis portaal' where (white) papers are uploaded discussing different purchasing topics. This portal was explored for the literature review. Next to that, Het NIC published a book on contract and supplier management which was used as a starting point for the literature review. Moreover, the knowledge base of the Dutch purchasing association, NEVI, was consulted for relevant articles.

Next to database research, both backward and forward snowballing were applied when conducting the literature review (Webster & Watson, 2002; Kitchenham & Charters, 2007; Jalali & Wohlin, 2012; Badampudi, Wohlin & Peterson, 2015). Backward snowballing implies that the references of relevant papers are analysed. Forward snowballing means that the citations of relevant papers are reviewed. The goal was to identify more relevant papers

about contract management and a systematic search should ensure that a relatively complete sample of relevant literature about contract managers is collected (Webster & Watson, 2002).

Literature about the contract manager was reviewed to analyse what is discussed about the contract manager in literature. The literature review illustrated what is stated in literature on what a contract manager is, what the roles, tasks and responsibilities of the contract manager are. This resulted in an overview on what is stated in theory about the tasks and roles of the contract manager which was later compared to the results of the interviews about the contract managers in practice. Next to this, the literature review aimed to find out what is discussed in literature about the contracts for which contract managers are appointed. Moreover, the literature review studied what is stated in literature on the outcomes of having appointed a contract manager for managing supply contracts so researching the different views on the value of the appointment of a contract manager. This presented the answers based on theory to the main research question of the added value of a contract manager.

3.3. Face-to-face interviews

Face-to-face interviews with several contract managers in various organisations were conducted in order to obtain a view on the role and added value of contract managers. The main benefit of conducting face-to-face interviews lies in the depth of information and richness of detail that can be secured (Blumberg, Cooper & Schindler, 2014; Cooper & Schindler, 2014). There is more possibility for the interviewer to improve the quality of the information obtained for the research. The presence of the interviewer can help in interpreting questions. Furthermore, during the interview the interviewer can ask additional questions and gather additional information through observation (Blumberg et al., 2014).

The sample for the face-to-face interviews consisted of 25 contract managers. Most of the interviews were conducted with contract managers in public organisations, since Het NIC is mainly operating in the public sector and the majority of their clients are public organisations what is demonstrated by the figures of the UFO-department in Appendix B. Therefore, it was interesting and valuable for Het NIC to obtain insights on contract managers in the public sector. In order to grasp insight on contract managers in public organisations, the objective was to interview contract managers dispersed over different public organisations. The distribution of organisations in the public sector, their size expressed in the number of employees and full-time equivalents and their purchasing volume based on the research by consultancy Significant is displayed in the table in Appendix G (Ministerie van Binnenlandse Zaken en Koninkrijksrelaties, 2016; Ministerie van Economische Zaken, 2016). The goal was to interview contract managers in every category of this distribution of the public sector and this has been accomplished. Additionally, a few contract managers from the private sector were interviewed to obtain a view on contract managers in the private sector. The distribution of the sample can be found in Table 1.

| | Number of interviews |
|-----------------------------------|----------------------|
| Public sector | 22 |
| Public administration services | 14 |
| Government | 7 |
| Municipalities | 3 |
| Provinces | 1 |
| Administration of justice | 2 |
| Water authorities | 1 |
| | |
| Education and Science | 3 |
| Higher vocational education | 2 |
| Scientific education | 1 |
| | |
| Safety | 3 |
| Defence | 2 |
| Police | 1 |
| | |
| Independent administrative bodies | 2 |
| | |
| Semi-public sector | 1 |
| | |
| Private sector | 2 |
| Table 1 Cample distribution | |

Table 1 Sample distribution

The sample consisted mainly of contract managers or persons with a similar function name. Some of the persons interviewed were purchasers who could explain most about contract management in the organisation or who have a combined role and also executed the role of a contract manager.

The contact information of contract managers for the interviews were obtained from the client database of Het NIC, contacts of Het NIC employees, contacts from the network of the student herself or contacts from the network of professor Jan Telgen. The amount of interviews and dispersion of contract managers over the different categories of public organisations depended on the contacts obtained, the response of the contract managers and the availability of the contract managers for an interview.

The face-to-face interviews with contract managers were semi-structured and supported by an interview guide which can be found in Appendix H. The interview guide served as a checklist with topics and questions prepared and determined before the interview to ensure that all the topics are covered during the interview (Dooley, 2009). The interview questions mainly consisted of open-ended questions and were sent to the interviewee a few days before the interview. During the interview the formulation and order of the questions was adapted according to what has already been discussed and answered during the interview or in consistence to the understanding of the respondent (Wilson & Sapsford, 2006). Sometimes interesting aspects came forward during the interview which demanded supplementary questions and explanation. The interviews were conducted by the student of the master thesis

with the contract manager on an agreed location, which was often close to or at the office of the contract manager. On average the interviews lasted about one hour. The interviews were conducted in Dutch since that is the native language of the interviewees. Beforehand, the interviewer carefully read the tips on conducting interviews presented by Fink (2013) and tried to take these into account during the interview. Even though the interviewer may have taken a few notes during the interview, the interviews were fully recorded, because it is difficult to concentrate on the interview while making notes. Besides, the interviewer could listen to the recording after the interview in order to ensure that all the information was captured. The interviewee was asked for permission to record the interview beforehand. Furthermore, before starting the interview the interviewee was informed that his or her name and the organisation he or she is working for will not be mentioned in the master thesis. This could enable to person to speak more freely.

Beforehand, the interview questions were discussed with the supervisors and checked by some NIC employees to make sure that the formulation of the questions is complete and that the questions are understandable. The interview was piloted with two employees from Het NIC. Furthermore, the interview questions were reviewed after the first two interviews and slightly adjusted. Therefore, the first interviews may somewhat deviate from the other interviews.

The face-to-face interviews with the contract manager were structured as following:

• Part 1: Introduction

The interviews initiated with some general questions in order to obtain background information for the course of the interview and for analysing the answers given to the other questions. These questions were about the organisation the person is working for, the department of the organisation where the person is working, who the person is reporting to, the purchasing volume of the organisation, the amount of contract managers, since when contracts managers are appointed in the organisation, since when the person is working in his or her current position, whether the person is working fulltime as a contract manager and how far the organisation is developed in contract management.

• Part 2: Function

Subsequently, questions were asked about the contract manager's function, the tasks which the contract manager performs and the responsibilities of the contract manager in line with the first sub research question. The respondents were firstly asked to name the tasks and responsibilities of a contract manager. After that the interviewer started assisting, evaluating the answers and comparing them to the list of tasks (Knoester, 2013) and responsibilities (Vereniging van Nederlandse Gemeenten, 2014) found in literature. If the answers given by the contract manager deviated from what was studied in literature, the interviewer could ask follow-up questions to the contract manager referring back to theory asking why they are not mentioning specific aspects which are mentioned in literature. This also helped in analysing and understanding the discrepancies between theory and practice. Moreover, it showed whether contract managers have corresponding

tasks and responsibilities in various organisations.

• Part 3: Contracts

In this part of the interviews the contract manager was questioned about the contracts he or she is managing. This part corresponds to the second sub research questions. The contract managers were asked about the amount of contracts they are managing. The parameters of the supply contract asked for were: the type of purchase item for which the supply contract is signed, the duration of the supply contract and the monetary volume of the supply contract. During the interviews the contract managers were asked about the supply risk and profit impact of the contracts they are managing. In this way an analysis could be conducted on the contracts for which the contract managers are appointed, determining in which categories of the Kraljic matrix they can be positioned. Even though also other similar models were discussed in the theoretical framework for positioning contracts, the decision was made to use the Kraljic matrix in the interviews due to the Kraljic matrix being mostly known among managers. The contract managers were also asked about how the decision is made on which contracts a contract manager is appointed. This could provide a perspective on whether organisations consider the supply risk and profit impact of contracts in their decisions on appointing contract managers for contracts.

• Part 4: Added value

In the final part of the interviews the contract managers were asked about what they perceive to be the return for organisations of having a contract manager and their added value and whether they are being assessed in their organisation. In order to research the added value of the different contract managers, the contract managers were firstly asked to explain their value in words. Next, the contract managers were asked to estimate how much the contract manager costs the organisation and how much return he or she is bringing in. The costs could be estimated by asking the contract managers in public organisations about the salary scale to which their salary falls and in private organisations they were just asked about their gross salary. On top of the gross salary of the contract managers a percentage of 23% for employer costs was added up in order to calculate the total labour costs for an organisation. This percentage was derived from a report by Centraal Bureau voor de Statistiek (2017) about the Dutch labour market (See Appendix I). The return could be estimated by the cost savings the contract manager has achieved in a year. In this way a cost-benefit analysis could be applied to observe the difference between the return and costs of having a contract manager for an organisation and the added value could be approximated. Nevertheless, caution should be taken that the answers given by the contract managers are biased since the contract managers probably want to look like adding value and give desirable answers.

After the interviews had been conducted, the interviewer wrote out the interviews based on the recordings made. This raw data obtained from the interviews required to be transformed into a form which could effectively be analysed. There was a need to get acquainted with the data and search for similarities and differences. Within the scope of this research the search was for the similarities and differences on the roles of the contract managers, the tasks of the

contract managers, the responsibilities of the contract manager, the contracts for which the contract managers are responsible and the estimated added value of the contract managers. An overview of the results was made in Excel. The interviews were numbered. Tables have been made per question in which the given answers were noted per interview number in order to obtain an overview of the given answers per question. In this way the answers of questions could be grouped and compared per question. Additionally, an analysis had been conducted across questions to assess whether some similarities and differences could be found between the answers given by specific contract managers. The results of the interviews led to conclusions about contract managers in practice, their role, tasks and responsibilities, the contracts they manage but most importantly their expected added value. Moreover, this resulted in recommendations for organisations about assessing the added value of contract managers.

4. Literature review

In this chapter the results of the literature review on the contract manager will be presented according the research questions. Firstly, the chapter will start with an introduction briefly describing the general results of the literature review on contract managers. Secondly, the results of the literature review on the function of the contract manager will be discussed. After that, the literature found on contracts being managed by contract managers will be reviewed. Lastly, the results of the literature review on the added value of contract managers will be presented and analysed. The chapter will end with a conclusion on what is retrieved from the literature review performed on contract managers.

4.1 Introduction literature review

When entering the keyword 'contract manager' into the reference bar of GoogleScholar, about 1,200,000 results were shown and when entering the keyword 'contractmanager' about 10,000 results were shown. Nevertheless, when looking at the first page of the results it could be noticed that contract manager is already not in the titles of the results shown. Next to this, another search had been conducted by entering the keyword 'contract manager' as an exact phrase but again the same could be noticed. When entering the keyword 'contractmanager' as an exact phrase some Dutch articles were shown.

In general little was found in the literature review on contract managers. If literature was found about the topic of contract management, the literature was mostly about contract management which was used for the theoretical framework but rarely about the contract manager specifically. The few articles or useful documents about contract manager that were found will be used throughout the following section to present a view on what has been written in literature on the role, tasks, responsibilities, the contracts and added value of the contract manager.

In the Netherlands the CATS CM book by Van Beckum & Vlasveld (2014) is literature which is mostly used and known in the field of contract management, so it will also be used throughout this chapter. In this book the application of the CATS CM method for contract management is extensively explained. The book briefly discusses the role of the contract manager in this method, but does not go into details about the tasks and responsibilities of the contract manager. The focus is on the setting up contract management in an organisation, for instance by providing the contract management differentiation matrix. According to the preface of the book the method treated in this book is based on findings and experiences in practice and benchmark researches. Nevertheless, there are no details provided on this researches for instance the organisations which have been researched.

4.2. Function of contract manager

As already said the literature is discussing contract management but not the contract manager in particular. Therefore, literature specifically about the function of the contract manager was limited. Contract management can be the function for which a contract manager is appointed

or it can be a role or a task of an employee in the organisation. This lack of clarity and distinction results in different employees executing contract management (Alting, Nieland & Schutjes, 2014). However, often in organisations there is no contract manager appointed or the role of the contract manager is not allocated which causes contract management not to be properly set up in the organisation (Van Velsen, 2013b). Alting et al. (2014) concluded that in 56% of the organisations the contract manager is executing contract management. Secondly, contract management is executed by the budget holder or contract administrator. The person executing contract management is mostly depending on how contract management is organised in the organisation. The research of Alting et al. (2014) was conducted in the public sector in accordance with the sample for this master thesis and is therefore relevant for this master thesis. It implies that there is diversity in organisations on how the function of the contract manager is designed, whether it is a role or a function and who is executing the function.

Van Beckum & Vlasveld (2014) state that in order to successfully execute contract management in an organisation contract management should not only be given as a role but contract management should be assigned to an independent function, the function of the contract manager. Additionally, a clear description of tasks and responsibilities is required. Nevertheless, they do note that for simple or small contracts 'contract manager' can be a role which is added to the job function of another staff member. For less simple contracts or larger packages the role and corresponding tasks of a contract manager are more than enough for one full-time job function. Therefore, according to Van Beckum & Vlasveld (2014) it depends whether the contracts are simple and small or complex and large, but they do not elaborate on what are simple or less simple contracts and what the boundary is.

Only the research by Alting et al. (2014) and the book by Van Beckum & Vlasveld (2014) could provide some insights on the function of the contract manager in organisations. This already shows that there has not been many research conducted and especially not academic research conducted on the contract manager. They both explain that contract manager can be only a role or a dedicated job function. However, it would be interesting to find out what the influence of the contract manager being a role or function is on the execution of contract management.

4.2.1. Role of contract manager

As said in the previous paragraph the function of a contract manager can be a role. In literature the distinction is made between two roles, the role of the **contract owner** and the **contract manager** (Van Beckum & Vlasveld, 2014; Vereniging van Nederlandse Gemeenten, 2014). The contract owner is the person who has the final responsibility for a contract. This person initiated the agreement out of his or her responsibility. The contract owner benefits from and is liable for the realization of the contractual objectives. The contract owner most likely has the budget of the contract at his or her disposal. Nevertheless, the contract owner does not always have enough time or maybe does not possess the right skills to execute this responsibility. Therefore, the contract owner can delegate the tasks of contract management to a contract manager. The role of the contract manager is monitoring the execution of the

contract, recording this in contract evaluations and adjusts the contract where needed. In literature these two roles are explicitly discussed and recommended to be applied. However, they do not state whether this distinction is really being applied by organisations. It has not been researched how these roles influence the progress of a contract and the relationship or cooperation between these two roles in organisations.

4.2.2. Tasks of contract manager

Searching for literature about the tasks of the contract manager was difficult. There is little written about the explicit tasks to be conducted by the contract manager. Contract management is defined and the contract manager executes contract management activities (IACCM, 2013), but what these tasks are not mentioned.

Knoester (2013) proposed the following list of tasks of the contract manager:

- Administration of contracts

In the second chapter of this master thesis the definition of contract management was given and a distinction between contract administration and contract management. Therefore, it is remarkable that Knoester (2013) names it as one of the contract manager's tasks. It could be that in some cases both contract administration and contract management are conducted both by the contract manager while in other cases it is conducted by separate functions.

- Signing of contracts
- Evaluation of contracts
- Drafting of contracts
- Negotiating about contract
- Evaluation of make-or-buy decisions
- Conducting market research
- Monitoring the performance of the contract
- Guiding outsourcing processes
- Making management reports

This seems to be a clear task list for the contract manager. However, Knoester does not explain whether all the contract managers execute these tasks in organisations or whether it differs per organisation. Like mentioned before in literature, the function of the contract manager is diverse. Therefore, the expectation would be that the tasks of the contract manager also differ. Moreover, it is unclear how Knoester has formulated this task list and whether he has examined the list of tasks in organisations.

Nevertheless, since this is the only compact tasks list found in the literature, it was compared to the tasks mentioned during the interviews with the contract managers and discussed with them.

4.2.3. Responsibilities of contract manager

The importance of capturing responsibilities in order to understand the expectations of all parties was highlighted in literature on contract management (Knoester, 2013; IACCM, 2013; Van Beckum & Vlasveld, 2014). On the contrary, the responsibilities of the contract manager are not clearly named in literature.

Only in the practical guidance of the Vereniging van Nederlandse Gemeenten (2014) a list of responsibilities of the contract manager could be found. According to this practical guide the contract manager is responsible for:

- the supplier delivering the performance in full accordance with the contractual agreements
- the organisation being informed about the contract
- the organisation accurately following up on the commitments of the contractual agreement, including timely provision of boundary conditions
- the contract staying up-to-date by frequently monitoring the costs and quality of the contracted supplier, including an open and transparent process of handling modifications of the contract
- the relationship between the organisation and the supplier being and remaining open and positive
- supplier performance improvement during the contractual duration
- being able to give account at all time about the mutual performances under the contract and the corresponding expenditure of money
- the contract being regularly evaluated
- the contract being up-to-date

Even though this practical guidance is written especially for municipalities and can deviate for other organisations, the list of responsibilities is clear and general. The practical guidance is written in cooperation with contract managers. However, it is not elaborated whether this list of responsibilities has been researched among many organisations and how the responsibilities are executed. Like with the list of tasks, this list of responsibilities is discussed during the interviews with the contract managers.

When comparing the list of responsibilities with the list of tasks, these are not completely corresponding. Not all the tasks of the task list are translated into responsibilities. The task of monitoring the performance is translated in the responsibility of the supplier delivering the performance in full accordance with contractual arrangements. On the contrary, for instance the tasks of evaluating and drafting contracts are not translated in responsibilities.

4.3. Contracts managed by contract managers

This part of the literature review aimed at finding out for which contracts contract managers are appointed, the amount and the values of these contracts. Unfortunately, little has been stated in literature or researched on this topic. Literature on contract management mainly discusses how to distribute contracts among contract managers, like the Kraljic matrix and the contract management differentiation matrix discussed in the theoretical framework but they do not discuss how many contracts a contract manager can handle to manage and the value of these contracts. The research by Alting et al. (2014) and Vlasveld (2015) are the only found research on the contracts being managed by contract managers.

Alting et al. (2014) concluded that one contract manager can manage 120 contracts based on their research conducted in the public sector. They identified five variables which influence the amount of contracts to be managed by a contract manager: the organisation of contract

management, the number of registered contracts, the type of government organisation, whether contract manager is a role or function and the added value of contract management. The type of contract and the subject of the contract may also have an influence. This research showed that there is not a straightforward number of contracts to be managed by a contract manager and that it depends on many different factors. It gives an indication of the amount of contracts that a contract manager can managed and the influential factors.

Vlasveld (2015) conducted research among contract managers in the Netherlands. The results showed that the number of contracts being managed by contract managers is much dispersed, ranging from about five contracts to above 800 contracts. The value of the contracts being managed by the contract manager ranges from just below 5 million till over 800 million euro's. The value of contracts till 20 million euro's was most common. The research of Vlasveld (2015) provides data about contract managers in the Netherlands but this data is not extensively analysed. It would be interesting to further research what the meaning is of these data and how the researched factors influence each other.

It has been stated in literature that the function of the contract manager is diverse but these two researches show that the number and the value of contracts being managed by the contract manager is also diverse. Unfortunately, there was no literature or research found on the type of contracts or contract duration of the contracts being managed by the contract manager.

4.4. Added value of contract manager

In this section what has been stated in literature on the added value of contract managers will be reviewed. Results of the literature review showed that the term 'added value' is not used in literature and especially not used in combination with the contract manager. A research for literature describing the added value of contract managers using other terms was conducted. The literature reviewed in this section discusses the advantages of contract management and the return of contract management.

Advantages of contract management

The advantages of contract management mentioned in literature are the advantages or added value of contract management. Since contract management is performed by a contract manager it is assumed that the benefits of contract management influence the added value of contract management mentioned in literature which lead to added value of contract managers. IACCM (2013), Vereniging van Nederlandse Gemeenten (2014) and Covalis (2014) provide a list of advantages of contract management. Next to this some other sources briefly discussing benefits of contract management were found. The main advantages of contract management are structured and discussed by topic.

Cost saving

VNG (2014) names cost savings as a main advantage of contract management. These cost savings are realised by working more efficiently, less repairs, less maintenance, noticing possible additional work in time and contract savings. Van Beckum & Vlasveld (2014) also mentioned that organisations realize huge cost savings by contract management. According to the previously mentioned responsibilities list, the contract manager is responsible for monitoring the costs of the contracted supplier, this could lead to cost savings.

Insight

Vereniging van Nederlandse Gemeenten (2014) and Covalis (2014) both discuss more insights as a benefit of contract management. VNG (2014) explains that contract management provides more insight into the total performance of the supplier instead of per contract in order to additionally gain more insight into the added value of this supplier for the organisation. Additionally, VNG (2014) mentions more insight into risks. Furthermore, IACCM (2013) names the benefits of 'early identification and resolution of poor contract performance and associated problems and disputes' and 'identification of things that worked well and not so well to inform and benefit future contracts' which are actually also providing insights for an organisation. This advantage of increased insight could be linked to the tasks of executing contract administration and making management reports performed by the contract manager. Moreover, it corresponds to the previously mentioned responsibility of the contract manager of the organisation being informed about the contract.

Risk management

Several sources mentioned the prevention of risks as an important advantage of contract management (Gelderman & Albronda, 2013; IACCM, 2013; Alting et al., 2014; Covalis, 2014; Van Beckum & Vlasveld, 2014; VNG, 2014). Covalis (2014) regards risk control of contracts as one of the objective of contract management. The following advantages are mentioned with this objective:

- Being able to identify the risks and size of risks
- Ensuring the execution of the right action by the right people
- Compliance with laws and regulations, both internally and externally
- The authorization process as part of the internal system
- Standardization of the purchasing process and the procedures
- Contract standards

Risk control and prevention is regarded as a benefit of contract management in literature, but there is no task or responsibility mentioned in literature in relation to this benefit. Based on this benefit the expectation would be that risk management is part of the function of the contract manager and a responsibility but this has not been explicitly stated in literature. In the theoretical framework of this thesis the racing car model was discussed (Veeke & Gunning, 1993). In this model the purchasing process in which the contract manager is involved is supported by both the internal customer or organisation and the supplier externally. Benefits concerning the supplier and the internal customer or organisation were also named in literature and will now be elaborated.

Supplier

VNG (2014) states that supplier relationships are improved by contract management. In the practical guidance it has been mentioned that more streamlined collaboration, harmony and satisfaction between the supplier and the organisation is realised by contract management. This is related to another benefit mentioned in the list, improved internal and external communication. The supplier relationship is not included in the task list of the contract manager previously discussed but it is mentioned as a responsibility.

Vereniging van Nederlandse Gemeenten (2014) mentioned improved utilisation of qualities and capacities of the supplier and improved power of knowledge to the supplier as advantages. Covalis (2014) names 'control of supplier performance' as an objective with the following advantages: active surveillance of milestones, analysing current costs relative to planned costs and systematic invoice control. IACCM (2013) also states improved quality of service and controls over performance, costs and standards as main benefits.

The control of supplier performance corresponds to the earlier mentioned responsibility of the contract manager of the supplier delivering the performance in full accordance with the

The control of supplier performance corresponds to the earlier mentioned responsibility of the contract manager of the supplier delivering the performance in full accordance with the contractual agreements. Next to this, the contract manager was said to be responsible for working on supplier performance improvement during the contractual duration. These responsibilities all lead to the advantage of control on the supplier and the improvement of supplier performance.

Internal organisation

Some advantages of contract management related to the internal organisation or internal customer have been mentioned. These advantages explain what contract management can deliver an internal organisation. According to VNG (2014), advantages of contract management are improved internal distribution of time and capacity in the interests of the contract and the supplier and improved internal and external communication. Covalis (2014) names the objective of 'Supporting strategic and tactical purchasing decision

- Analysis opportunities within and between contracts
- Availability of relevant management information
- Advice based on obtained insight and overview

making' with the following advantages:

Another objective mentioned by Covalis (2014) is 'improving the effectiveness and (cost)efficiency of the purchasing process' with the following benefits:

- Central clear documentation of contracts and contract information
- Digital availability of contract information of the entire organisation
- More insight into processes which provides more insight into the required resources
- Standardisation of the contracting process which shortens the lead time

- Saving personnel forces by standardisation and automation
- Automated workflow and procedures
- Prevention of maverick buying

Not all these advantages are covered in the tasks or responsibilities list. For instance, supporting decision-making or providing advice has not been named before.

All these advantages imply that next to achieving improvements in the contracts and with the supplier, contract management can additionally lead to many improvements for the internal organisation and support.

Contract compliance

According to the racing car model of Veeke & Gunning (1993) and the contract management process by Schurgers (2017), the expectation is that a contract manager monitors the performance indicators agreed upon in the contract. Therefore, another benefit of a contract manager could be 'contract compliance by both the internal customers and the supplier'. Earlier in the master thesis it has already been stated by Hulsebos (2014) that especially the compliance of contractual agreements can deliver added value and limit risks. Another literature review was conducted on finding literature to confirm this benefit.

Literature often discussed contract compliance. However, no scientific literature could be found on contract compliance in which the contract manager was mentioned. There appears to be a gap existing in academic literature discussing the relationship between the contract manager and contract compliance.

Only a few website pages could be found discussing contract compliance and the contract manager, but these sources were not highly reliable (Masters, n.d.; "Contract management", n.d.). Masters (n.d.) explains that a contract manager evaluates the performance of the contract and therefore ensures contract compliance.

This corresponds to the task 'monitoring the performance of the contract' and the responsibility 'the supplier delivering the performance in full accordance with the contractual agreements' which were found in literature. However, the internal client is not explicitly mentioned.

The advantages named by IACCM (2013), Vereniging van Nederlandse Gemeenten (2014) and Covalis (2014) provide an overview. Nevertheless, these sources are providing organisations with guidance on contract management based on experiences. Therefore, these advantages are formulated but not researched or examined in organisations, at least this has not been mentioned in the sources. The literature review already showed that the function, role and contracts managed are diverse so the resulting advantages are also likely to be diverse and likely to depend on how the function of the contract manager is set up in the organisation and the contracts distributed to the contract manager.

Return of contract management

There have been a few quantitative researches which have made an attempt to give a percentage of the return of contract management based on the contract value. A PWC-report in 2002 stated that 5 to 10% of the contract value is saved when applying contract

management on contracts (Van Beckum & Vlasveld, 2014). Research conducted by CM Partners in 2011 showed that a percentage of 6% is most common. Most of the organisations in this research regarded 6% as the financial return achieved from proper contract management (Van Beckum & Vlasveld, 2014). In 2012 the International Association for Contract and Commercial Management (IACCM) conducted a research amongst its members to investigate the return of contract management. The research was conducted in many different parts of the world, in a wide variety of industries and the respondents included both the purchasing company as suppliers. According to this research the impact of poor contract management on the business result is 9% (Cummins, 2012; International Association for Contract & Commercial Management, 2013; Van Beckum & Vlasveld, 2014).

The following causes for poor contract management were mentioned:

- Disagreement about the scope of the contract
- Poor settlement of contractual changes
- Not achieving the agreed performance due to over-commitment
- Issues about the performance due to disagreement about the description of the performance
- Poorly applicable contract- or responsibility structure
- Disputes about prizing
- Problems with subcontractors

Van Beckum & Vlasveld (2014) state that this list shows that there can be much more derived from contract management than only financial return.

The quantitative researches conducted provide a percentage of financial return of contract management but unfortunately they do not elaborate on how contract management has to be set up in organisations in order to obtain this financial return. Again it can be concluded that since the function of contract managers diverges in organisations the financial return is likely to also diverge.

There has been no literature found on assessing the contract manager and then particularly assessing the added value of the contract manager within organisations. Therefore, during the interviews the contract managers were asked about whether they are being assessed by their organisation and how they are being assessed in order to obtain insights.

4.5. Conclusion literature review on contract managers

The literature review showed that the literature which is available is discussing and giving guidance on the application of contract management for organisations. The focus in literature is on setting up contract management in the organisations and not the function of the contract manager. This literature is also mainly based on experiences and not on thorough researches in organisations. Only the researches of Alting et al. (2014) and Vlasveld (2015) could provide some indication of the contracts being managed by contract managers. Additionally, some quantitative researches on the return of the contract manager were found. These researches demonstrated a positive return of contract management for organisations, ranging from 5 to 10% (Cummins, 2012; IACCM, 2013; Van Beckum & Vlasveld, 2014).

Concluding, the literature review showed that the academic literature and research on the function of the contract manager is scarce. The research question of the added value of the contract manager has not been approached in academic research. There is a gap which is relevant to assess in practice. The lists of tasks and responsibilities of a contract manager which were found in the literature review will be used during the interviews and assessed in practice.

5. Results

After the literature review has shown in the previous chapter that there is a gap in literature and academic research on the function of the contract manager, this chapter will discuss the results obtained from the face-to-face interviews according to the research questions. At first, the results of the interviews about the function of a contract manager will be presented. Secondly, the results on the contracts being managed by the contract managers interviewed will be discussed. Finally, the results on the added value of the contract managers based on the interviews conducted will be explained.

5.1. Function of contract manager

5.1.1. Function description

Many of the interviewees found it difficult to describe their function. The answers given were diverse but some common aspects of the function of the contract manager were brought forward. Obviously, the function was often described as managing contracts or contractual agreements. This was explained as ensuring contract compliance, the contracts running properly or realizing maximum utilisation of the contract value.

The aspects of the function of the contract managers which were mostly mentioned during the interview are illustrated in Table 2:

| Agnost | Evulonation |
|---|--|
| Aspect | Explanation |
| Advising, guiding, coordinating, signalling | These verbs were frequently mentioned by respondents when describing the function of a contract manager. The contract manager advices, guides and signals the internal organisation about a contract. The contract manager is mentioned to have a director's role in the execution of the contract but does not actually execute the decisions within the contract. It is questionable whether a contract manager can be measured or his or her added value can be assessed based on the execution of contracts if he or she is only guiding and advising. These aspects did not come forward in the literature review about the function of the contract manager. Nevertheless, advising and supporting decision-making of purchasing was called as an advantage of contract management (Covalis, 2014). |
| Implementation of the contract | The implementation of the contract was mentioned to be an important aspect of the function of a contract manager. This aspect was not mentioned in the literature review. |
| Realisation of strategy | The contract manager has an important role in the realising the (purchasing) strategy of the contract. This aspect did not appear in the literature review. |
| Relationship with supplier | About one third of the respondents included the relational aspect of the function of the contract manager, the contact of the contract manager |

with the supplier and the importance of the relationship with the supplier. This was also named supplier management. Some respondents regarded supplier management as part of the function of the contract manger, while others regard it as a separate function of a supplier manager or the organisation is working towards setting it up as a separate function.

In the theoretical framework of this master thesis supplier management was separated from the definition of contract management. Based on these results and what has been found in literature, supplier management often seems to be integrated in the function of the contract manager. Additionally, the relationship with the supplier is illustrated in the racing car model as one of the wheels of the racing car, in other words supportive to the purchasing process (Veek & Gunning, 1993).

Risk

A few times risk management and risk analysis was mentioned in the function description.

Risk management was already mentioned in the literature review as an advantage of contract management and to be missing in the list of tasks and responsibilities (IACCM, 2013; Alting et al., 2014; Covalis, 2014; Van Beckum & Vlasveld, 2014; VNG, 2014). The mentioning of risk management in both literature and by interviewers, implies that it is an important aspect in the function of the contract manager.

Internal and external stakeholders

The contract manager has to take into account both the internal and external stakeholders and acts as a mediator between them. Some descriptions focused more on ensuring that the performance of the supplier is in compliance with the contract, while excluding the performance and compliance of the internal organisation. Whereas a few other descriptions did explicitly highlight the importance of the internal organisation in the execution of the contract.

The relationship with the supplier, the external stakeholder and the internal organisation were also mentioned in the literature review (Covalis, 2014; VNG, 2014). However, they were not referred to as 'stakeholders'.

Central point of contact

The role of the contract manager was described as a central point of contact, both internally and externally.

This aspect was not named in the literature review. Moreover, this can be linked to the racing car model discussed in the theoretical framework of this master thesis, in which the purchasing process is supported by both the internal and external partner (Veeke & Gunning, 1993). The contract manager is also supported by both the internal and external partner and his or her added value may depend on them.

Legitimacy and effectiveness

A few times the terms legitimacy and effectiveness were mentioned in the descriptions. Particularly in the public sector legality and effectiveness play an important role and contract managers are guarding this. Public organisations are spending money from citizens and should take care and accountability in how they are spending this money and comply with regulations. The added value of contract manager in the public sector may be influenced by the role of the contract manager in guarding this.

This aspect did not come forward in the literature review but is important in the context of the public sector.

Table 2 Aspects in function description of contract manager

A difference in the description of roles during the interviews could be found in whether contract managers were involved and collaborating in the purchasing process of a contract so before the contract was being signed. If a contract manager was involved in the purchasing process, the function was additionally described as collecting the needs of the internal organisation, preparing the quotation process, providing input for new contracts and ensuring the establishment of good contracts. Even though according to Van der Valk & Rozemeijer (2009) contract management takes places in the second half of the purchasing process, these results of the interviews show that in some cases the contract manager already plays a role and is involved in the first half of the process. This also corresponds to explanation of Schurgers (2017) about contract management being cyclical. The influence and the input of the contract manager on the contract formation may influence the added value of the contract manager. This topic has been neglected in the literature review.

Both the literature and the results of the interviews show diversity in the contract manager function. The results show some important aspects of the function of the contract manager which helps in understanding the function.

5.1.2. Tasks of contract manager

The interviewees were firstly asked about what the tasks of a contract manager are. These tasks were compared to the checklist of tasks found of Vereniging van Nederlandse Gemeenten (2014) and discussed with them. At first the results to the checklist of tasks will be presented and after that the additional tasks mentioned during the interviews will be discussed.

| 1. Administration of contracts | |
|--------------------------------|--|
| About half | Yes, they do execute this task. |
| respondents | One contract manager conducts this task together with a purchaser. |
| 13 of 25 | One contract manager conducts this task with project control. |
| respondents | |
| Other half of | No, they do not execute this task. |
| respondents | Some respondents added that the task is conducted by: administrative |
| 12 of 25 | worker, the departments working with the contracts, contract |
| respondents | administration, purchasing or separate team. |
| | In one case the contract manager is not executing the task but is |
| | providing input. One respondent answered that he conducts this task |
| | sometimes for some contracts. |

| Explanation | In some cases the contract managers answered that they conduct the |
|-------------|--|
| | task but the archive part of administrating the contract is conducted by |
| | a secretary or administrative worker. |

| 2. Signing of contra | 2. Signing of contracts | |
|---|--|--|
| About half respondents 13 of 25 respondents | Yes, they said they do execute this task. However, most of these respondents said yes they are involved. One said he is preparing or providing input for these contracts. Therefore, they are not actually signing the contracts but they mostly meant they are involved with signing the contract. The contracts are signed by the contract owner which will be discussed later. In one case the contract manager was only involved in signing important contracts. | |
| Other half of respondents 12 of 25 respondents | No, they do not execute this task. Most of these respondents said they are involved but not actually signing, as in correspondence with the other half of the respondents. The task was executed by: the managing director of business, purchasing consultant or contract administration. One respondent said she acts as a mediator. | |
| Explanation | In many cases the respondents said that as a contract manager he or she is not actually signing the contracts but is involved in the process. | |

| 3. Evaluation of con | ıtracts |
|-------------------------------------|--|
| Majority 23 of 25 respondents | Yes, they do execute this task. These respondents explained that as a contract manager they are involved, regularly evaluating and checking contracts. They provide recommendations for the organisations about contracts. One respondent explained that these evaluations are taken into account for the new contract. One respondent conducted this task together with legal affairs. |
| Minority 2 of 25 respondents | No, they do not execute this task. They explained that the contract manager is not executing this task yet but the intention is that this will be his or her task in the future. |

| 4. Drafting contracts | |
|-----------------------|--|
| 10 respondents | Yes, they do execute this task. |
| | A few respondents said they are involved in the drafting of contracts and provide input. |
| | One respondent only conducted this task for small contracts. |
| | In one case it was a co-production of legal affairs, purchasers and the |
| | contract manager. |

| 12 respondents | No, they do not execute this task. In seven cases it was the task of purchasing. In a few cases it was the task of legal affairs and sometimes together with purchasing. One respondent said it was the task of contract administration. |
|----------------|--|
| 3 respondents | These three respondents did not give a clear yes or no answer. In one case the contract manager was only providing input. One respondent said partly. He or she was involved and giving advice for contract drafts. |

| 5. Negotiating abo | out contract |
|--|---|
| About half of respondents 13 respondents | Yes, they do execute this task. Respondents did emphasize that caution needs to be taken with negotiations due to tendering regulations and that negotiations should remain within the scope of the contract. One respondent said that she only negotiates for large contracts. |
| 7 respondents | No, they do not execute this task. Most of these respondents added that this was the task of others like purchasing. In one case it was not the task of the contract manager yet. |
| 5 respondents | These respondents said this task was 'not applicable' for them as a contract manager. They explained that this is not applicable due to tendering regulations or does not occur. One respondent added that everything is mostly fixed in the contract and cannot be negotiated once the contract is signed. |
| Additional explanation | In the public sector care needs to be taken with negotiations since there may not be made any substantive amendments to the contract after the tender contract has been awarded to a party. There are different criteria which can determine whether an amendment to a contract is substantive. The contract manager is guarding the legality of contracts in public organisations and should therefore be ensuring that no substantive amendments are taking place when negotiating. Therefore, caution needs to be taken when applying this task as a contract manager in public organisations and ensuring compliance with tendering regulations. Whereas in the private sector the contract managers are allowed to make amendments to the contract. Consequently negotiating is an important task of contract managers in the private sector. This task had not been mentioned in the literature review. |

| 6. Evaluation of make-or-buy decisions | |
|--|--|
| 11 respondents | Yes, they do execute this task. All these respondents added to their answers that as a contract manager they are providing the organisation with advice on make-or-buy decisions. Respondents emphasized that the contract manager is advising on make-or-buy decisions but the decision is made by the internal organisation or contract owner. |
| 9 respondents | No, they do not execute this task. Some of these respondents mentioned that this task is not part of the role of the contract manager but for instance of the purchaser. One respondent said that the make-or-buy decision is already made in an earlier phase of the purchasing process so before the tendering starts and the contract manager is involved. In one case the respondent said make-or-buy decisions do not occur. Another respondent said that this was not the task of the contract manager yet. |
| 5 respondents | These respondents said that the task was 'no applicable'. They explain that make-or-buy decisions do not occur in their organisation or they have never experienced it in practice. |

| 7. Conducting ma | rket research |
|------------------------------|---|
| About half 13 respondents | Yes, they do execute this task. They said that it is important for a contract manager to know what is going on in the market. Some explained that market research consists of executing market scans and market consultations. |
| 10 respondents | No, they do not execute this task. In most of these cases it was the task of the purchaser or purchasing department. |
| 2 respondents | One respondent answered that market researchers are organised by purchasers, but it is the role of contract manager. Another respondent answered that the contract manager is partly executing this task but that it is mainly the task of someone else. |
| Additional remark | Whether a contract manager conducts this task may influence the role and therefore added value of the contract manager. It could be that if a contract manager has knowledge about the market he or she can provide improved advice to the internal organisation on the contracts or provide better input during the contracting phase which in the end increases the added value of the contract manager. Market research was not mentioned in the literature review. |

| 8. Monitoring the | performance of the contract |
|----------------------------|---|
| Majority 22 respondents | Yes, they do execute this task. The majority of the respondents said they definitely execute this task. Some added to their answers that they monitor by using KPI's or by carrying out inspections. In the theoretical framework chapter performance indicators were shown in the racing car model (Veeke & Gunning, 1993). Both the (internal) customers and the supplier market or supplier are supported by the performance indicators. Moreover, Schurgers (2017) showed the importance of KPI's in contract management. Therefore, in order for this task to be executed by the contract manager he or she needs to take into account the performance of both the contracted supplier and internal customers under contract. |
| Minority 3 respondents | No, they do not execute this task. In two of these cases this task was not yet executed because they were still in the beginning phase of contract management. In one case it was not the task of the contract manager but of the internal organisation. They monitor the performance of the contract. |

| 9. Guiding outsourcing processes | |
|----------------------------------|---|
| 10 respondents | Yes, they do execute this task. However, most of these respondents did add that outsourcing processes only occur sometimes. |
| 9 respondents | No, they do not execute this task. Some respondents added that this task is conducted by purchasing. One respondent said the contract manager is not guiding but providing input. |
| 6 respondents | Five of these respondents answered that this task is not applicable in their organisation. One respondent did not give a clear yes or no answer. |

| 10. Making mana | gement reports |
|----------------------------|---|
| Majority 19 respondents | Yes, they do execute this task. These respondents explained that contract managers are periodically making management reports about the progress of contracts. It differed per organisation whether these reports are made monthly or quarterly. In some cases only sometimes management reports were made since the reports are often provided by the supplier. In one case mainly reports were made about strategic suppliers. |
| Minority 6 respondents | No, they do not execute this task. In three of these cases it was the task of someone else, purchasing or a function dedicated for this. One respondent explained that it is not yet a task of the contract manager but it will be in the future. In one case the |

contract manager only conducted this task during the purchasing process. In another case management reports were provided by the supplier so it was not the task of the contract manager to make them.

During the interviews additional tasks or important aspects were mentioned which were lacking on the list of tasks used from the literature review. Some of these tasks are overlapping to what was mentioned in the description of the function of a contract manager. The following aspects were mentioned:

Both the supplier and internal customer were also named in the racing car model by Veeke & Gunning (1993) and appear to be missing in the task list in literature but are relevant and were mentioned during the interviews.

- Relationship with supplier

The aspect of the relationship with supplier was not emphasized in the tasks list. Subsequent tasks mentioned during interview were: managing relationships with the supplier, communicating with the supplier, planning and leading meetings with the suppliers, acting as a mediator between the internal organisation and the supplier. Communication with the supplier is regarded as significant and a task for contract manager. The following tasks are related to this: designing consultation structures with the supplier, setting up governance and ensuring governance compliance of the contract.

The relationship with the supplier was also mentioned in the literature review and mentioned in the function description during the interviews. Therefore, it seems to be relevant to include the aspect of the relationship with the supplier in the tasks list for a contract manager.

- Internal organisation

The internal organisation was often mentioned by respondents but is missing in the task list. In some organisations the contract manager has the task of advising and signalling the internal organisation about contracts. The contract manager needs to conduct internal stakeholder management. A task of the contract manager is collaborating with the business and the contract owner. Other tasks mentioned are communicating with the internal organisation and collecting information.

In the literature review several advantages related to the internal organisation have been mentioned. Moreover, some respondents named internal stakeholders in the function description of contract managers. Therefore, it seems to be reasonable to add tasks to the task list related to the internal organisation.

- Implementation of the contract

Respondents named a few times that the implementation of the contract is an important task of the contract manager which is missing on the list of tasks.

The implementation of the contract was not named in the literature review.

- Legality and effectiveness

Once the balancing of legality and effectiveness was mentioned by a respondent, an important task in the public sector.

This aspect was also mentioned by some respondents in the function description of the contract manager. Nevertheless, this aspect did not come forward in the literature review.

- Tendering process

When a contract manager is also involved and taking part of tendering processes and already included in the contracting phase, then the following tasks were mentioned: preparing the tendering process, providing input for new contracts and involvement in the tendering process.

It could be that this task is also applicable for the purchasing process, so not particularly in the tendering processes. This aspect also came forward in the previous section of this chapter, in the function description by respondents.

5.1.3. Responsibilities of contract manager

During the interview the respondents were asked about the responsibilities of a contract manager. Again a checklist of responsibilities was discussed with them like with the tasks. The results of the responsibilities will be presented in the following tables.

| 1. The supplier delivering the performance in full accordance with the contractual agreements | |
|---|---|
| All respondents | Yes, this is a responsibility of a contract manager. A contract manager is responsible for watching and guarding contract compliance by the supplier and contract control. |

| 2. The organisation being informed about the contract | |
|---|--|
| 22 respondents | Yes, this is a responsibility of a contract manager. It is important that the contract manager communicates about contracts throughout the organisation because they are running on it and there are expectations from the internal organisation based on the contractual agreements. The contract manager signals or alerts the organisation about the contract or contractual changes. However, it can be difficult to have an organisation informed about a contract. The internal organisation does not always know what is in the contracts, especially in large organisations and the contract manager can receive many questions. |
| 3 respondents | No, this is not a responsibility of a contract manager. In two cases it was not explicitly the responsibility of the contract manager but he or she does execute it. In the other case it was not yet the responsibility of the contract manager. |
| Additional remark | What the internal organisation does with the information given by the contract manager may differ. The internal organisation may do something with the provided information and take it into account during the rest of progress of the contract. The internal organisation may also do nothing with the information and this may influence the |

| rest of the progress of the contract. This again can influence the added |
|--|
| value of the contract manager if he or she is assessed based on the |
| progress of the contract. |

| 3. The organisation accurately following up on the commitments of the contractual agreement, including timely provision of boundary conditions | |
|--|---|
| 19 respondents | Yes, this is a responsibility of a contract manager. Some respondents emphasized that contractual agreements need to be met on both sides, both internally and externally. The internal organisation has also committed to some contractual agreements which they need to meet. A few respondents explained that this is discussed in meetings with the supplier. Two respondents mentioned that this responsibility is part of the implementation of the contract. |
| 4 respondents | No, this is not a responsibility of a contract manager. Four respondents said that it is not a responsibility of the contract manager. However, three out of these four respondents explained that is it not a responsibility but the contract manager is the driving force and does feel responsible. The other respondent explained that it receives minor attention in the organisation and that it should be improved. |
| 2 respondents | In these two cases it was unclear whether it was a responsibility. |

| 4. The contract staying up-to-date by frequently monitoring the costs and quality of the contracted supplier, including an open and transparent process of handling modifications of the contract | |
|---|---|
| 19 respondents | Yes, this is a responsibility of a contract manager. A few respondents remarked that the contract manager also signals or reports about this to the internal organisation. The contract manager checks the contract and modifications and whether the contract is still fitting the needs of the organisation and signals about it towards the internal organisation. |
| 3 respondents | No, this is not a responsibility of a contract manager. Two respondents said that it is not really a responsibility of the contract manager because the contract cannot be updated or modified, especially in framework contracts. The contract is fixed and cannot be changed. In one case it was not formally the responsibility of the contract manager but informally the contract manager executes it. |
| 3 respondents | Two respondents said that this responsibility is not applicable. One of these respondents explained that it is not applicable because framework contracts are to be followed. In one case this was not the responsibility of the contract manager yet but was likely to be in the future. |

| 5. The relationship between the organisation and the supplier being and remaining open and positive | |
|---|--|
| 19 respondents | Yes, this is a responsibility of a contract manager. One part of the respondents: regard supplier management as part of the function of the contract manager, it is embedded in the role of the contract manager. In these organisations no distinction is made between a contract manager and a supplier manager. Another part of the respondents: working on setting up supplier management and would like to have supplier managers in the future. Supplier management was considered to be the next step after contract management was set up in an organisation. At the moment the contract manager has the role of the supplier manager. Only one organisation already had a supplier manager, but still at contract level the relationship was regarded as a responsibility of the contract manager. |
| 4 respondents | No, this is not a responsibility of a contract manager. Few respondents explained that the relationship is the responsibility of the contract manager but the contract manager has the role of a mediator. One respondent explained that as a contract manager he does not have time for this but it happens informally. One respondent said he is responsible for the agreement, not the relationship. |
| 2 respondents | Not yet responsibility of a contract manager. In two cases it was not yet the responsibility of the contract manager, but likely to be in the future. |
| Additional remark | The relationship with the supplier was already named several times, in both the literature review and the previous section discussing the results. Therefore, it can be regarded to be a relevant responsibility for contract managers. |

| 6. Supplier performance improvement during the contractual duration | |
|---|--|
| 20 respondents | Yes, this is a responsibility of a contract manager. |
| • | Some respondents explained that the contract manager is continuously working on improvements with the supplier. It is regarded as part of the collaboration and improvement objectives are formulated during meetings with the supplier or in the contract. Moreover, it was once mentioned that the contract manager should be working on performance improvements proactively with strategic suppliers and reactively with other suppliers. Several respondents replied that it is a responsibility of the contract manager but it is not yet consistently being applied or not yet executed often or it should be improved in their organisation. |
| 2 respondents | No, this is not a responsibility of a contract manager. |

| | In two cases it was the responsibility of the internal organisation to work on performance improvement with the supplier. |
|----------------------|---|
| 3 respondents | Not yet responsibility of a contract manager. In three cases it was not yet the responsibility of the contract manager, but likely to be in the future. |
| Additional remark | One respondent mentioned that working on improvements should be done with the supplier as well as with the internal organisation. Nevertheless, working on performance improvement internally in the organisation was neglected in the list of responsibilities. A contract manager can work on improving the performance of the supplier, but should at the same time also monitor and work on improving the performance of the internal organisation. This is an important responsibility which can lead to additional added value. The aspect of the internal organisation was already mentioned previously and seems relevant to be included in the responsibilities of the contract manager. |

| 7. Being able to give account at all time about the mutual performances under the contract and the corresponding expenditure of money | |
|---|--|
| 17 respondents | Yes, this is a responsibility of a contract manager. It was regarded as a responsibility of the contract manager by the majority of the respondents. In some public organisations there is a control mechanism in the form of an auditing committee to which the contract manager needs to take responsibility for his or her contracts. One respondent indicated that it is possible to take this responsibility as long as the internal organisation reports about the performances. |
| 7 respondents | No, this is not a responsibility of a contract manager. In two cases it was the responsibility of the contract owner. Another two respondents answered that it was not the responsibility of the contract manager but if something goes wrong with regard to the contract the organisation does turn to the contract manager. Besides, another respondent said that it is not a responsibility at all time, but the contract manager needs to know what is going. |

| 8. The contract being regularly evaluated | |
|---|--|
| 22 respondents | Yes, this is a responsibility of a contract manager. Some respondents added to their answer that contract evaluations take place during the periodical evaluation meetings with the supplier. The number of evaluation meetings varies per supplier. One respondent explained that contract evaluation is included in the contract governance. |
| 1 respondent | No, this is not a responsibility of a contract manager. |

| | In one case contract evaluation was not the responsibility of the contract manager but of the internal organisation working with the suppliers. |
|---------------|---|
| 2 respondents | Unclear In two cases it was unclear whether it was or was not a responsibility. |

| 9. The contract being up-to-date | |
|----------------------------------|---|
| 22 respondents | Yes, this is a responsibility of a contract manager. Respondents added to this that contracts being up-to-date mean updating the specifications agreed upon in the contract and making modifications if necessary. A respondent explained that contracts should be up to date because the auditing committee of the government can check contracts at any time in public organisations. |
| 1 respondent | <i>No</i> , this is not a responsibility of a contract manager. The respondent said this is not really the responsibility of the contract manager. |
| 2 respondents | Not yet a responsibility of a contract manager. In two cases it was not yet the responsibility of a contract manager. A respondent explained that this is not yet the responsibility of the contract manager because there are still too many contracts to check. |

It is important to highlight that in order for the contract manager to perform the responsibilities like monitoring the performance of the contract and following up of commitments, the contract manager is relying on information provided by both the internal organisation and the supplier. This information should be correct and complete. The contract manager can analyse this information and make conclusions about the performance and commitment. Nevertheless, the contract manager can only provide advice about the performance and commitment. He or she can alert it to the internal organisation and discuss it with the supplier. However, what the organisation does with the signalisation and information provided by the contract manager is up to the internal organisation. This again can influence the added value of the contract manager for the organisation.

5.1.4. Contract owner

The respondents were asked about the contract owner of the contracts managed by the contract manager. In none of the cases the contract manager was the contract owner. The answer often given was the person who has the money, the budget for the contract. This may be the person from the internal organisation who is leading the project related to the contract or the budget holder for the contract or the head of the department who is working with the contract. Several times the responses included the mentioning of financial mandates. The financial mandates agreed in an organisation specify who has the authority to sign up to which contract value and therefore who is the contract owner of the contract.

In three cases the purchasing department was indicated to be the contract owner of the contracts and someone from the purchasing department signs the contracts. It was unclear in few cases who the contract owner was or it varied per contract. There were two respondents who said that there are no contract owners in their organisation. One of the respondents did explain that if something goes wrong with a contract they come to the contract manager first. The results correspond to what was stated in literature, there is a distinction between the role of the contract owner and contract manager. Besides, the two roles are conducted by two different persons in the cases analysed.

The contract manager not being the contract owner in the cases analysed implies that the final responsibility of the contract does not lie at the contract manager. The role of the contract manager is more supportive for the contract owner. Therefore, it seems to be doubtful to assess the added value of the contract manager solely based on the progress of the contract of which the contract manager is not the owner.

5.2. Contracts managed by contract manager

5.2.1. Number of contracts being managed by contract manager

The number of contracts managed by a contract manager differed per contract manager and organisation. There are a few groupings that can be made which are presented in Table 3:

| Number of contracts: | Number of respondents: |
|--------------------------------|--|
| 1 strategic dossier or project | 2 |
| 2 large contracts | 2 |
| 3 to 12 | 9 |
| About 24, 30 and 35 | 3 |
| About 50 to 75 | 5 |
| About 150 | 1 (beginning phase of contract management) |
| Unclear | 3 |

Table 3 Number of contracts

In this sample the group of contract managers managing 3 to 12 contracts was the largest. The diversified number of contracts being managed by the contract managers in the sample corresponds to the findings in the literature review. Contradictory, the number of contracts being managed by the contract managers is on the low end compared to the numbers stated by Alting et al. (2014) which stated 120 contracts for one contract manager and Vlasveld (2015) results ranging from five to 800 contracts.

5.2.2. Sort of contracts being managed by contract manager

- Type of product or service

The type of product or service of the contracts of contract managers differed per contract manager. The respondents were not only managing contracts of services or products, it varied. Besides, some respondents explained that even though the contract may be for a product, it can also include some services like maintenance. Based on the diverse results, no proper

conclusion could be drawn about the type of product or service being managed by contract managers.

In some cases the contract manager was mainly focused on IT related contracts or facility service related contracts. In some situations the contract manager was solely managing contracts of a specific type or category of products or services. While in other situations the contract manager was managing a wide variety of products or services. However, this could not be related to the number of contracts being managed. Some contract managers managed a few contracts in several different categories or many contracts in several different categories. Whereas other contract managers managed a few contracts in one category or many contracts in one category.

- Contract value

The contract value of the contracts being managed differed per contract manager. When a contract manager was only managing one or two contracts or contract dossier, the contract manager was able to give the contract value of the contract and it was a few tens of millions euro's yearly. When a contract manager was managing more and a varied group of contracts, the contract manager was not always able to give the total contract value. The contract value of the contracts being managed ranged from a few thousand, hundred thousand to a few millions of euro's. Some respondents gave the average or the total contract value they manage. However, the numbers given were dispersed and when dividing the total contract value with the number of contracts divergent answers were retrieved which could not lead to useful conclusions. The answers given did imply that one contract manager is managing a contract value of millions which can range from a few millions to tens of millions of euro's which corresponds to the findings of Vlasveld (2015) in the literature review.

- Contract duration

The responses given about the contract duration of the contract being managed by contract managers were corresponding. Many respondents answered that the contract duration was four years, with a contract duration of two years and one or two years of extension options. This is conforming to the European regulations of tendering. These answers regarded contracts which were the results of European tendering procedures which are most of the contracts managed by contract managers in the public sector in this sample. The average contract duration mentioned was three years. Several respondents did not give a clear answer about the contract duration because they manage many contracts and the contract duration is diversified.

In one case the respondent explained that the small contracts can have a longer duration and it varies from two to ten years. In another case the large contracts are mentioned to take up to ten years. In two other cases the contract duration is about one year. Both these short contract durations of about one year and long contract durations up to ten years, are mentioned by contract managers who are managing IT contracts. One of the respondents remarked that even though signing contracts of about one year should ensure flexibility in the dynamic IT environment, it does increase administrative work if these contracts are extended ever year.

- Financial risk & supplier risk – Kraljic matrix

In order to assess the kind of contract being managed by the contract manager, the respondents were asked about the financial and supply risk of the contracts they are managing based on the portfolio matrix of Kraljic (1983) as discussed earlier.

Table 4 presents the number of contracts and in which quadrant the contracts were positioned.

| Number of contracts: | Position in Kraljic matrix: |
|----------------------|--|
| 1 | Strategic |
| 2 | Strategic |
| 3 to 12 | In half of the cases the contracts were classified as strategic or mostly strategic. In the other half of the cases the contracts varied and were not always all strategic. These contracts were important for the organisation but the supply risk of these contracts was not always high. Therefore, these contracts could be positioned both in the strategic and leverage quadrant. |
| About 24, 30 and 35 | 24 contracts: mostly strategic or bottleneck, not routine 30 contracts: mostly routine or strategic, a few leverage contracts but no bottleneck contracts 35 contracts: the supply risk of these contract was low, but a few of these contracts were routine |
| About 50 to 75 | The classification of the contracts was much diversified. Contract managers with this large amount of contracts were managing different types of contracts from all quadrants of the Kraljic matrix. |
| About 150 | These contracts did not include many strategic contracts but the contracts could be mostly classified as leverage or bottleneck or in-between. |
| Unclear | In these cases the respondents explained that since the number of contracts varies the positioning of these contracts in the Kraljic matrix also varies. |

Table 4 Positioning contracts of contract managers in Kraljic matrix

The responses to these classifications could indicate that when a contract manager is only managing a few contracts these contracts are mostly strategic. When a contract manager is managing many contracts these contracts do not necessarily need to include strategic contracts but can be of all classifications, mainly leverage and bottleneck. As expected by theory, contract managers are mainly put on strategic contracts instead of routine contracts.

Nevertheless, there were also respondents who answered that the contract manager is managing bottleneck and leverage contracts.

It is not possible to make general conclusions based on this sample about which contracts are managed by contract managers because it varies widely. The number and type of contracts managed by a contract manager may influence the added value that the contract manager. However, the results of this research cannot provide any conclusions about this and it should be further researched.

5.2.3. Distribution of contracts for contract manager

The respondents have been asked about the distribution of contracts over contract managers in their organisation and on what reasoning the decision to put a contract manager on a contract was based. In three cases there was no distribution of the contracts over the contract managers. In one case there was a random distribution of contracts over the contract managers. The results about the distribution of contracts over contract managers in organisations correspond to what has been discussed in the theoretical framework. Many organisations base their distribution of contracts on the theories of the portfolio matrix of Kraljic (1983), CATS method by Van Beckum & Vlasveld (2014) and supplier pyramid discussed in the theoretical framework of this thesis. The Kraljic matrix was used in six cases. However, there were some extensions to the Kraljic matrix. Many respondents did use more or other criteria than were used in the Kraljic matrix for distributing the contracts of their organisation. These methods were developed by the organisation itself or based on established methods like the CATS method of Van Beckum & Vlasveld (2014) or the practical guidance of Vereniging van Nederlandse Gemeenten (2014). The following criteria were used by organisations: value (money), risk, complexity, improvement potential, quality, volume, costs, performance and loss of credibility. Based on these criteria classifications were made, which were named differently among organisations but they all consisted of three or four categories with top, high, middle and low contracts or suppliers. Most of the respondents explained a distribution based on the contracts, while only a few respondents explained a distribution based on suppliers like in the supplier pyramid.

Furthermore, respondents explained that the distribution of contract managers over contracts is also based on the department, categories, impact on the service, expertise and experiences of the contract manager and availability of the contract manager.

The contracts which are distributed over contract managers may influence the added value of a contract manager. If the more strategic contracts are given to more experienced contract managers, it may be that this contract manager can achieve a higher added value than a contract manager who just started and receives non-strategic contracts. Due to the impact of strategic contracts on the organisation being higher, a higher added value can be achieved by the contract manager.

5.3. Added value of having a contract manager

5.3.1. Benefits or return of having a contract manager

During the interview the respondents were asked about the benefits and the return of having a contract manager for an organisation which explains the added value of contract managers for organisations. The responses will be discussed in this section.

The aspects as presented in Table 5 were named during the interviews. The aspects are ordered from most often named to least often named or only mentioned once. The answers corresponded to what has been found in the literature review but also some additional aspects of the added value of a contract manager have been mentioned. For every aspect in the table the comparison to the literature review has been mentioned.

| Aspect | Explanation |
|--|---|
| Cost savings | This was mentioned most often by more than half of the respondents. The contract manager creates value and reduces costs in the organisation. This aspect was also discussed in the literature review (VNG, 2014). |
| Getting what you purchased, contracted or paid for | The contract manager ensures that an organisation is getting what they are paying for. This is related to another benefit mentioned a few times, the benefit of receiving good service in the end. This aspect was not mentioned in the literature review. |
| Providing insight | Several respondents explained that contract managers are providing insight into agreements, costs, boundaries and obligations. Besides, they are providing insight into the performance and added value of the supplier. Moreover, they are providing insights into risks. One respondent described contract managers as specialists who know exactly what the possibilities are, the do's and don'ts for both the supplier and the internal organisation. This corresponds to what was stated in the literature review (IACCM, 2013; Covalis, 2014; VNG, 2014). |
| Monitoring and controlling of contracts and contractual agreements | Contract managers provide monitoring reports of contracts. A contract manager monitors expenditures and peaks and may discover trends. One respondent highlighted the advantage of obtaining better measurement and control possibilities when having a contract manager. Additionally, the advantage was mentioned that a contract manager monitors what the organisation does and does not need. This was also mentioned in the literature review under the aspect of 'improved supplier performance' (VNG, 2014). |
| Being in control | The value of the contract manager lies in the organisation becoming in control of the contracts and therefore the costs. The organisation obtains more grip on contracts when having a contract manager. This aspect was not explicitly mentioned in the literature review but can be related to the aspect of 'controlling' or 'having control on the |

| | symplica? (IACCM 2012, Correlia 2014) |
|---|--|
| | supplier' (IACCM, 2013; Covalis, 2014). |
| Professionalising | Having a contract manager, realizes professionalization of the organisation. More importantly, the organisation becomes a professional client or principal towards the supplier. In the literature review this aspect was neglected. |
| Increased in- depth knowledge about the supplier | This aspect did not explicitly came forward in the literature review but could be related to 'improved supplier relationships' or 'improved supplier performance' (VNG, 2014). |
| Centralisation | Having a contract manager implies having everything at one central point, the information and the knowledge about contract. In literature the following benefit was named 'central clear documentation of contracts and contract information' (Covalis, 2014). This benefit can be related to this aspect. |
| Standardization and bundling | When having all the information and knowledge gathered by the contract manager at one central point, opportunities of standardization and bundling can be seen and executed more easily. Standardization was also mentioned in the literature review. Covalis (2014) named as benefits: 'standardisation of the contracting process which shortens lead time', 'standardization of the purchasing process and the procedures' and 'saving personnel forces by standardization and automation'. However, the aspect of bundling was not named. |
| Legitimacy | Legitimacy is especially important in the public sector and can be guaranteed by the contract manager. A respondent explained that as a contract authority, an organisation needs to take responsibility for how they are spending money. The money spend by the governmental institutions is tax money paid by citizens and should therefore be spend wisely and carefully in contracts. It is a responsibility of the contract manager to ensure the legitimacy or at least in the contracts the contract manager is managing. The concept 'legitimacy' was not dealt with in the literature review, but 'compliance with laws and regulations, both internally and externally' was mentioned by Covalis (2014) which is actually the same. |
| Improved efficiency | In the literature review this aspect could be related to 'improved supplier performance'. Moreover, Covalis (2014) named as an objective ' improving (cost) efficiency of the purchasing process'. However, both literature and the respondents during the interviews do not elaborate exactly on how efficiency can exactly be improved by the contract manager. |
| Improved user satisfaction | Due to a contract manager giving more attention to quality. Having a contract manager has the advantage of knowing that the internal customer is being served. The internal customer was also illustrated in the racing car model (Veeke & Gunning, 1993). |

| Improved | This aspect was not explicitly discussed in the literature review. However, IACCM (2013) does state 'improved quality of service' as a benefit which can lead to improved user satisfaction. Again, it has not been explained how the user satisfaction can be improved by the contract manager. Having contract managers in organisations improves supplier |
|--|---|
| utilization of qualities and capacities of the supplier | relationships (VNG, 2014), as was also mentioned in the literature review. |
| Direction on the supplier | This is related to the control on the supplier, which was also named in the literature review (Covalis, 2014). |
| Responsibility to further improve and utilize contracts | The contract manager explicitly carries the responsibility for this in the organisation. In literature this can be related to the aspect of 'improved supplier performance' but also controlling of contracts (VNG, 2014). |
| Central point of contact | The contract manager is one central point of contact, both externally to the supplier as internally to the internal organisation. In the literature review this aspect has been neglected. |
| Improves internal and external communication | This is the consequence of the previous aspect. The internal organisation knows who they need to turn to for any questions or problems with a specific contract or supplier. This aspect was also named by VNG (2014) in the literature review. |
| Prevent of escalations | In the literature review 'prevention of risks' was discussed and escalations can also be a risk (Gelderman & Albronda, 2013; IACCM, 2013; Alting et al., 2014; Covalis, 2014; Van Beckum & Vlasveld, 2014; VNG, 2014). |
| Prevention of exceeding the budget | If the budget is exceeded, it is exceeded consciously with the supervision of the contract manager. This can be related to what was mentioned in literature, the benefit of 'analysing current costs relative to planned costs' (Covalis, 2014) and 'controls over performance, costs and standards' (IACCM, 2013). |
| Critical view on contractual changes | Having a contract manager can have the advantage of having someone who can take a critical view on contractual changes. This aspect can be related to the contract manager having 'control over performance, costs and standards' of the contract (Covalis, 2014). |
| Risk control | This is related to the previously discussed advantage of contract managers providing insight into risks. One respondent explained that contract managers result in reduced commercial and legal risks. In the literature review this was called to be an important advantage of contract management (Covalis, 2014). |

| Good contracts containing good agreements | This was not mentioned in the literature review. |
|--|---|
| Good procedures | In literature 'good procedures' were not named as a benefit, but 'automated workflow and procedures' was named (Covalis, 2014). This can be related. |
| Continuous improvement | This advantage is applicable when contract managers are involved and included in tendering processes for new contracts. When contract managers give input for new contracts and lessons learned from the previous contract are taken into account it can lead to continuous improvement. When discussing the tasks of the contract manager, many respondents explained that they provide input for contracts. This aspect has not been discussed in the literature review but can be linked to the theoretical framework of this master thesis in which it has been explained that contract management is cyclical (Schurgers, 2017). |
| Signalling | A contract manager has the advantage of signalling to the internal organisation about contracts. Without a contract manager who would do the signalisation? This aspect was also mentioned by respondents in the function description of a contract manager. However, it did not come forward in the literature review. |
| No maverick buying anymore | A contract manager can ensure and guard that no maverick buying is taking place in the organisation anymore. In the literature review 'prevention of maverick buying' was also mentioned as an advantage (Covalis, 2014). |
| Ensuring that contracts are being up-to-date | Since the contract manager is monitoring contracts and therefore keeping an eye on the contracts which are running, the contract manager can ensure that the contracts running are being up-to-date. This was named as a responsibility of a contract manager in literature and confirmed by 19 respondents during the interviews. Nevertheless, in literature it was not identified in the list of advantages of contract management. |
| Someone makes agreements with the supplier when things are going wrong | This is related to the advantage of 'control on supplier performance' discussed in the literature review (Covalis, 2014). |
| Innovation power | The term 'innovation' has not been discussed in the literature review or by any other respondents in the previous parts of the interviews. |
| Guiding internal organisation | A contract manager takes along the internal organisation in how to deal with suppliers. |

| | This could be related to the 'advising, guiding, coordinating and signalling' role of the contract manager that was mentioned before by respondents. However, this was not explicitly included in the list of tasks and responsibilities and not mentioned explicitly in the literature review. Nevertheless, this could be related to the objective of contract management 'supporting strategic and tactical purchasing decision making' (Covalis, 2014). |
|---------------------------------|---|
| Contract running smoothly | Receiving no complaints from both the supplier and the internal organisation is also a performance and added value achieved by a contract manager. In the literature review this aspect has not been discussed. |

Table 5 Aspects of added value of contract manager

The results present a divergent collection of benefits which drive the added value of a contract manager in an organisation. Even though half of the respondents name cost savings as an important value driver, many other drivers were mentioned. These value drivers can be used to assess the added value of contract managers and the assessment of the added value of contract managers should not solely be focused on money. However, most of them are difficult to quantify in order to assess. For instance, providing insight and the monitoring and controlling of contracts. How do you quantify this in a way to be able to measure it in relation to the contract manager? Moreover, how do you find out whether the value is achieved by the contract manager?

Furthermore, it is also interesting to find out the difference between when there is a contract manager appointed for managing contracts in an organisation and when there is not. The difference implies the added value of a contract manager. A contract manager may not have achieved cost savings in a contract but the contract has also not exceeded the contract value. It may be that perhaps without the contract manager the contract would have exceeded its contract value or some agreements of the contract would not have been met which would lead to additional costs. This all influences the added value realised by a contract manager.

5.3.2. Measuring the contract manager

In the interviews the respondents were asked whether contract managers are regularly being assessed by the organisation, whether the contract managers need to justify or report what they are bringing in as a contract manager. There were only a few cases in which the contract manager was being assessed by the organisation. In only two cases the contract manager was measured based on the money or savings he or she brought in. Targets were set in the beginning of the year for the contracts the contract manager is managing and the achievements of these targets were evaluated. Next to cost-savings, contract managers were mainly assessed on the improvements they have achieved in quality, service, flexibility, innovation, ethics, sustainability, security or bundling. It is remarkable to observe that contract managers are assessed based on the aspects 'innovation, ethics, sustainability and security' since these aspects were not mentioned in both the literature review or by respondents during the interviews. These aspects were not mentioned in relation to the added

value but they are used to assess the contract manager. In one case the organisation applied a stakeholder assessment to evaluate the contract manager. They believe that measuring a contract manager in money savings is unfair because with some contracts it is possible to save more money than in others. Therefore, they decided to measure on the basis of the stakeholders with who the contract manager is dealing. Nevertheless, the objectivity of the assessment by the stakeholders can be questionable.

In two cases the contract manager was not being measured but the entire department was. There were four cases in which some measurement of the contract manager did take place but little was done with the results of this assessment. The explanation given was that measuring the contract manager is not the highest priority of the organisation. Additionally, a respondent explained that measuring contract managers in money is an one-sided way of measuring contract management. Having the contract running smoothly, receiving no complaints from both the supplier and operations is also a performance achieved by a contract manager. This is also important in assessing the added value of a contract manager but difficult to evaluate.

Some respondents answered that in their organisations they are not measuring contract managers yet but it is their intention to start doing this. These organisations recently started with contract management and did not start measuring the contract manager yet but according to the respondents they are going to do this in the future.

In all the other cases, contract managers were not being assessed individually and did not need to take accountability for what they are bringing in. Many respondents added that they have never had to justify themselves in costs or gains resulted from their contracts and they did not have to take accountability for their contracts.

In one case the respondent described that not the employer involved is being assessed, but the focus is on measuring supplier performance. The added value can be found in the relationship with the supplier. In another organisation the focus was not on gains resulted from contracts but on prevention, prevention of evil or waste in contracts. In one organisation the contract manager was not being assessed because the responsibility of contract management is dispersed over the entire organisation, different departments and projects.

Some respondents were wondering how and whether you could measure it. Several respondents explained that it is difficult or impossible to measure a contract manager since the contract manager has limited influence and can only provide insights, advice or signals. The contract manager does not have the final responsibility for the money and the internal organisation is taking the decisions. One respondent remarked that additional costs or work to the contract may also be created by unanticipated causes on which the contract manager has no influence, like the introduction of a new regulation.

Several respondents stated that measurement is not done by public organisations. Some respondents gave being a non-commercial organisation as a reason for not measuring contract managers. However, this may seem to be contradictory to what was previously said by some of the respondents. Many respondents in the public sector highlighted the importance of justification of spending tax money in contracts. Therefore, monitoring performance in contracts and executing contract management is important, especially in the public sector. The

money spend on paying contract managers is tax money as well. Nevertheless, monitoring the performance of the contract managers seems to be regarded as not important in public organisations, even though the same reasoning can be used.

5.3.3. Cost – benefit analysis of contract manager

A cost-benefit analysis was made in the interviews in order to assess the added value of contract managers. The respondents were asked to estimate the total amount of cost savings they achieved on contracts in a year and their salary. Many respondents found it hard to make an estimation of the savings they achieved in a contract in a year and they could not provide the amount of savings they achieved on a yearly basis. This corresponds to previous results demonstrating that most of the organisations do not measure the value of the contract manager. A few respondents only named one or a few savings but did not know the total of the savings they achieved. Besides, some respondents gave a percentage on the savings achieved from the contract value which ranged from 3 to 10 percent. Previously discussed researches have shown that the return of contract management is between 5 to 10 percent, so the range of percentage given by the respondents is slightly lower than stated in literature. Next to this, some respondents did not want to tell their salary. Due to a lack of information about the benefits or costs of the contract manager in many cases, it was unfortunately not possible to make cost-benefit analysis in most of the cases and only five cost-benefit analyses could be conducted.

In this sample the costs of a contract manager given were rather stable. Most of the contract managers fell within the same salary scales. In general a contract manager cost about €100.000 to €200.000 yearly when taking into consideration all the costs including both salary and employer costs. The benefits varied per contract manager, so the added value the contract manager is delivering to the organisation is diverse. The savings achieved by the contract managers in this sample were about a million or several millions euro's on a yearly basis. This resulted in a definitely positive cost-benefit analysis.

However, there was one respondent who said that his cost savings varied from €100.000 to €500.000. This sounds like a lot of money but if the contract manager only reaches about €100.000 he just outweighed his costs and may not have achieved extra cost savings in money to the organisation. From the perspective of a cost-benefit analysis, the savings that a contract manager achieves should at least outweigh what the contract manager costs.

During the interviews some additional remarks were made on assessing the value of contract managers. A few respondents remarked that when appointing a contract manager for a contract, in the first few years considerable cost savings with the supplier can be achieved. However, after some years the cost savings will be lower and stabilized and not be that high anymore. For example, you cannot reach a cost saving of 20% every year because that would mean that after five years you will obtain the product or service for free. You cannot continue to squeeze a contract forever. There is a limit in cost savings to be achieved in a contract. One respondent explained that he has limited room in his contracts to gain cost savings. The value of having him appointed as a contract manager lies in providing insights into the contracts and not exceeding the contract value. Another respondent explained that a contract

manager is definitely earning himself or herself back by achieving improved delivery and service. Furthermore, a respondent was wondering how an organisation can assess whether a contract manager is doing well. He questioned how an organisation can determine the extent of savings that is possible to achieve within a contract, so how do you know whether the amount of savings obtained by the contract manager is good or whether more could have been achieved.

Some respondents said that money is not the driver in assessing a contract manager and a respondent explained that a contract manager can also obtain value on aspects like in-time delivery, avoidance of publicity damage, legality or avoidance of a legal suit. There was a respondent who pointed out that cost savings can also be achieved preventively. If a contract manager is appointed and included from the beginning of the tendering process, the money is not spend and risks are covered upfront. However, savings achieved in the tendering process are on the account of purchasing while the savings achieved in the implementation and execution phase of a contract are on the account of a contract manager. Sometimes it is questionable who realized the cost savings and on who account it should be, purchasing or the contract manager. Another important critical question was asked by a respondent: what would be realized without contract management? This also displays the added value of a contract manager. The contract manager is realizing savings on expenditures which would have not been there if there was no contract manager. Nevertheless, someone highlighted that the contract manager is not the contract owner of a contract, so whether money is saved does not always depend on the contract manager.

6. Analysis

This chapter will present the analysis and the matrix developed based on the results obtained from the literature review and the face-to-face interviews conducted. Firstly, the chapter will be introduced with describing the reasoning behind the development of the matrix. Secondly, the purpose of the matrix will be elaborated. After that, the matrix will be presented and its corresponding dimensions will be explained. Next, the scenarios of the matrix will be discussed. Finally, movements within the matrix and its corresponding developments will be demonstrated.

6.1. Introduction

The literature research and the results from the face-to-face interviews both showed the diversity in the function of the contract manager and the contracts being managed by the contract manager. Moreover, the literature research showed that there has been limited academic literature or research conducted on the function of the contract manager and there exists a research gap on what the function of the contract manager is and should be. Therefore, this master thesis could provide an indication on the function of the contract manager. The data was collected by conducting face-to-face interviews. Subsequently, this master thesis was focused on exploring the added value of the contract manager for organisations. The added value has not been researched in academic literature. Furthermore, the results from the face-to-face interviews implied that the added value of contract managers depends on the function of a contract manager. There is not one straightforward explanation of the added value of contract managers in organisations, it differs and depends on the situation.

Consequently, based on the results of the master thesis a conceptual model has been proposed in which contract managers can be positioned in a two by three matrix. The theoretical framework already showed that there are already many models on contract management and the organisation of contract management. Therefore, this matrix is not focused on contract management but the contract manager. In order to assess the added value of contract managers, it is useful to first classify the contract managers. By making a distinction in the contract managers, their added value in different situations can be evaluated. The position of contract managers in the matrix provides an explanation of the corresponding scenario and their added value for the organisation.

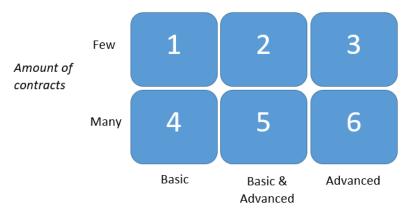
6.2. Purpose

The purpose of the matrix is that organisations can evaluate and position their contract manager(s) based on the effort put into contract management and the number of contracts they are managing. The position of the contract manager in the matrix can provide organisations an explanation of what the added value of the contract manager should be or is for the organisation. Based on the position of the contract manager in the matrix, an organisation can evaluate whether they are satisfied with the current position of the contract manager in the

matrix or whether they would like to develop into another scenario of the matrix. The matrix is a tool to give an indication about the added value of the contract manager for an organisation.

6.3. Matrix and dimensions

Based on the results the following two by three matrix has been developed to present the position of the contract manager (Figure 5):



Effort of contract management

Figure 5 Matrix

Both the literature review and the face-to-face interview results implied that there is a difference in the extent of contract management activities conducted by the contract manager and the number of contracts managed the contract manager. Therefore, the matrix was based on the two dimensions 'effort of contract management' and 'amount of contracts'. These dimensions will now be elaborated upon.

Effort of contract management

This dimension represents the extent of effort put into contract management on contracts by the contract manager. In some situations a contract manager is managing a package of various contracts which have different demands of contract management effort. In the results a difference could be noticed between contract managers who conduct contract management extensively, contract managers who conduct contract management activities occasionally and contract managers who conduct contract management both extensively and occasionally depending on the contract. Therefore, this dimension is separated into 'basic', 'advanced' and 'basic and advanced'.

The classification of 'basic' is given when most of the following aspects occur:

- The contract manager only has some tasks and responsibilities of the lists of tasks and responsibilities that were discussed.
- The contract manager is not or only rarely included from the beginning of the purchasing process or tendering process.
- The function of the contract manager is a role or a combined function with another function like purchaser.

- The contracts managed by this contract manager only demand little controlling and monitoring by a contract manager.
- In some of these situations the organisation is still in the beginning phase of contract management and therefore it is not extensively being applied yet.
- The level of contract management conducted is more operational and tactical. The work is more of administrative character.
- The contract manager does not necessarily require to be highly skilled or have a lot of experience.

The classification of 'advanced' is given when most of the following aspects occur:

- The contract manager has many tasks and responsibilities of the lists of tasks and responsibilities that were discussed.
- The contract manager is included from the beginning of the purchasing process or tendering process.
- The function of the contract manager is a full-time function dedicated to one person.
- The contracts managed by this contract manager demand intensive controlling and monitoring by the contract manager.
- The contract manager also has the role of the supplier manager.
- The contract manager conducts market research and has knowledge about the market of the contracts managed.
- The level of contract management is tactical or strategic.
- The function profile of the contract manager is high. The contract manager is experienced and has a lot of expertise on contract management.

The classification 'basic & advanced' is given when the subsequent conditions apply:

- The contract manager is managing a various package of contracts.
- The contract manager is managing some contracts which demand intensive controlling and monitoring by the contract manager.
- The contract manager is managing contracts which demand little controlling and monitoring by a contract manager.
- The contract manager is distributing his or her time and effort of contract management according to the demands of the contracts.

Amount of contracts

This dimension determines the number of contracts being managed by one contract manager, whether these are a 'few' or 'many' contracts.

The classification of 'few contracts' being managed by a contract manager is based on the following factors:

- The contract manager is managing a few contracts (about 1 to 10 contracts).
- These contracts all have a high financial impact on the organisation.
- Most of these contracts are classified as strategic in the Kraljic matrix.
- Most of these contracts are from the same category like IT or facility services.

The classification of 'many contracts' being managed by a contract manager is based on the following factors:

- The contract manager is managing many contracts (at least more than 10 contracts).
- These contracts can be classified in all quadrants of the Kraljic matrix.
- These contracts can be either from the same category or from many various categories.

6.4. Scenarios

After having described the dimensions of the matrix, the six scenarios in which the contract manager can be positioned will now be discussed. The explanation of the scenarios is based on the sample of contract managers interviewed for this master thesis.

Scenario 1: Few contracts and basic contract management

In this scenario the contract manager is managing a few contracts and executing basic contract management on these contracts. In most of these situations in the sample the organisations were still in the beginning phases of contract management and they were working on developing into having advanced contract management. Next to this, there were some organisations that do not demand advanced contract management on their contracts. Contract managers in this scenario often execute another job function next to being a contract manager. They can be a purchaser or coordinator and at the same time manage some contracts. The contract management conducted is more administrative and operational. In this scenario there is no need to have a highly skilled contract manager with a lot of experience and expertise.

The added value of contract managers in this scenario is not high based on what could be observed during the face-to-face interviews. The added value they are achieving lies in providing some insights and certain control on contracts. At least there is someone in the organisations who is taking a look on these contracts. The contract manager can signalize and check whether contracts are still up-to-date. However, in this scenario the contract managers are mostly acting reactively. Since the contract management they are applying is not extensive, they do not have time or the means to continuously monitor the contracts or intensively work with the supplier and internal organisation on improvements. Some contract managers that could be classified in this scenario did explain that they conduct risk analysis in order to assess which suppliers or contracts have a high impact on the organisation and do need some guidance or attention.

It is not desirable for an organisation to have their contract manager(s) positioned in this scenario. The contract manager is only managing a few contracts and is not doing this intensively. This contract manager has little added value if conducting this job fulltime.

Scenario 2: Few contracts and both basic and advanced contract management

In this scenario the contract manager is managing a few contracts and both conducting basic and advanced contract management activities on these contracts. The contract manager can manage a few contracts advanced and next to that manage a few contracts with basic contract management effort. This depends on the extent of contract management effort demanded by the contracts.

The added value of this contract manager can be a combination of the added value of contract managers in scenarios 1 and 3. The added value of this contract manager for the contracts he or she is managing with advanced contract management efforts is high. While the added value of the contract manager on the contracts he or she is managing basic is rather low.

Scenario 3: Few contracts and advanced contract management

The contract manager positioned in this scenario is managing a few contracts and executing advanced contract management on these contracts. In this scenario identified in the sample of the contract managers, the contract manager is devoting all of his time on managing these contracts. The contract manager is always involved in the purchasing process or tendering process from the beginning and giving input for new contracts which leads to continuous improvement. Contract management in this scenario is mostly further developed and embedded in organisations. The contract manager in this scenario is skilled and experienced.

The added value of contract managers in this scenario is high according to the results of the face-to-face interviews. These contract managers are focused on a few contracts. They are intensively directing, controlling and monitoring these contracts. They have tight contacts with the suppliers of these contracts which results in improved supplier relations. Supplier management is integrated into their function. Moreover, they can work with the suppliers on efficiency, innovation and quality improvements or cost savings. The contract managers from the sample which could be positioned in this scenario were only managing contracts from a specific category like IT. They are specialized in this category and have knowledge about the market of the contracts they are managing. They are supporting and guiding the internal organisation on the contracts they are managing.

Scenario 4: Many contracts and basic contract management

The contract manager in this scenario is managing many contracts but executing basic contract management on them. In the sample of the face-to-face interviews many of these scenarios represent organisations that just started with contract management. These organisations still have many contracts and they just started with conducting contract management on them, this can be developed into conducting advanced contract management later. Moreover, in some scenarios organisations do not have contracts which demand advanced contract management and a contract manager can manage many contracts at the same time with basic effort.

The contract manager in this scenario does provide added value for organisations. The added value of contract managers in this scenario lie in providing the organisations with insights into this group of contracts, executing some control and monitoring on them. Additionally, the contract manager can guide the internal organisation for these contracts, provide the internal organisation with signalisations, ensure that contracts are being up-to-date and explore bundling possibilities between contracts.

Scenario 5: Many contracts and both basic and advanced contract management

Contract managers positioned in this scenario are managing many contracts and both conducting basic and advanced contract management on these contracts. The contract manager can manage a few contracts with advanced contract management effort and many others with basic contract management effort. This scenario can for instance occur in small organisations in which there may only be one or two contract managers so this contract manager just manages all the contracts and a few more extensively than the others.

The importance here lies in the prioritising of contracts. The contract manager or together with the organisation assesses the contracts based on their risk and impact on the organisations, for instance by applying a priority matrix as discussed in the theoretical framework (Covalis, 2014). Moreover, the extent of contract management effort demanded by the contract for the organisation is evaluated. According to this assessment the contract management effort devoted to the contract is basic or advanced. If the proper extent of contract management effort is applied on the contracts, then the added value of the contract manager can be high. Furthermore, the added value of the contract manager is high if he or she can balance his amount of effort on the contracts he or she is managing. The added value of these contract managers lies in the advantage of improved internal distribution of time and capacity. Next to this, the contract manager can achieve a high added value, as was observed in the results of the face-to-face interviews, on the few contracts he or she is managing with advanced contract management effort.

However, it can be that the added value achieved by the contract manager on the contracts which require advanced contract management is limited by the basic contract management effort that the contract manager needs to execute on all the other contracts.

Scenario 6: Many contracts and advanced contract management

In this scenario the contract manager is managing many contracts and performs advanced contract management. Theoretically this would be the most desirable scenario. It would be great for an organisation if one contract manager can manage many contracts with advanced contract management effort. Nevertheless, in practice it is impossible for a contract manager to effectively devote advanced contract management effort to many contracts by him or herself. The added value of contract managers in this scenario is therefore limited, it can be high for some contracts but not for all. In the end the contract manager needs to distribute its effort and energy over the contracts. The results of the face-to-face interviews showed that contract managers are more likely to move to scenario 5, because they cannot execute advanced contract management on all contracts so in the end some contracts do receive basic contract management.

6.5. Developing

The position of a contract manager in the matrix is a given. Whether contract managers are managing a few or many contract and whether they are conducting basic or advanced or both basic and advanced contract management effort on contracts, depends on the decisions made by an organisation. Therefore, organisations can work on developments and move the position

of the contract manager into another scenario. These movements and corresponding developments will be discussed in this section.

Moving from basic to advanced effort of contract management

In order to move the contract manager in the matrix from basic to advanced contract management an organisation needs to develop the contract management on the contracts being executed in their organisation. A contract manager should be given more tasks and responsibilities and supplier management should become part of his or her function in order to make the contract manager execute advanced contract management on contracts. Moreover, the profile of the contract manager for executing advanced contract management is higher than for basic contract management. A contract manager should obtain skills and experience in order to be able to conduct advanced contract management or another contract manager with more skills and experience should be appointed.

Next to that, organisations can make use of recommendations of models like the NICV-model as discussed in the theoretical framework of this master thesis to guide them on how to develop their organisation into the next phases of contract management. This master thesis and the matrix developed explain the dimension 'personnel' of this model. Nevertheless, the development of contract management in an organisation does not only rely on the factor of 'personnel' but also other factors play an important role in the development like the processes and systems that are in place to support the contract manager.

Moving from a few to many contracts or from many to a few contracts

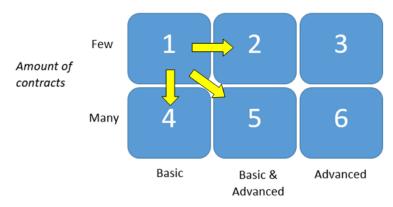
If organisations would like to change the amount of contracts being managed by a contract manager, they should reconsider how the contracts are distributed over contract managers in their organisation. Several models in the theoretical framework of this thesis were discussed to distribute contracts over contract managers like the Kraljic matrix, the contract management-differentiation matrix, the priority matrix and supplier pyramids. An organisation can evaluate how decisions on the distribution of contracts over contract managers are made. If an organisation would like to move from many to a few contracts being managed by a contract manager, they should carefully consider which contracts are most important for the organisation to be managed and why in order to decrease the amount of contracts being managed by a contract manager. If an organisation would like to move from a few to many contracts being managed by a contract manager, again the same reasoning could be used. Nevertheless, now more contracts to be managed can be added to the account of the contract manager or the contracts of several contract managers can be merged.

Move out of scenario 1

As was already mentioned previously, having a contract manager positioned in this scenario is not desirable. The contract manager is only managing a few contracts with basic contract management effort. His or her added value for the organisation is low if he or she is performing this job fulltime. If the contract manager is performing basic contract management next to his other job, respondents highlighted the common pitfall of contract management

becoming a job on the side and not being executed at the right moments. Moreover, in the literature review it was discussed that in order to execute contract management successfully contract management should be assigned to an independent function (Van Beckum & Vlasveld, 2014).

An organisation should aim at moving the contract manager out of scenario 1 into the other scenarios. For instance, an organisation could give the contract manager more contracts or some contracts which require advanced contract management effort. In this way the position of the contract manager is moved from scenario 1 to scenario 4 or 5 and his or her added value for the organisation can be increased. Another possibility is to develop the contract manager into starting to execute advanced contract management on these contracts, so move the contract manager to scenario 3. However, the organisation should carefully evaluate whether advanced contract management on these contracts is needed. Since until then there has always been basic contract management executed on them by the contract manager. Next to this, the contract manager can be given a few other contracts which do demand advanced contract management, so the position of contract manager in the matrix shifts to scenario 2. In this way the added value of the contract manager can be improved. Nevertheless, the contract manager should be trained and developed to execute contract management with advanced effort. The contract manager needs to have enough skills and experience to be able to execute advanced contract management or another person with a suitable profile should execute the contract management.



Effort of contract management

Figure 6 Moving out of scenario 1 in the matrix

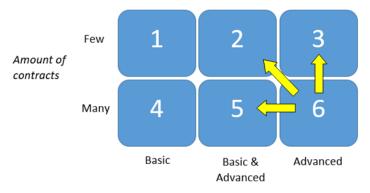
Move out of scenario 6

In practice it is impossible for one contract manager to effectively manage many contracts with advanced contract management effort. Therefore, if the contract manager in an organisation is positioned in scenario 6, the organisation should search for opportunities to shift the contract manager into another scenario.

An organisation should evaluate the contracts the contract manager is managing in order to move his or her position in the matrix. For instance, with the usage of the priority matrix by Covalis (2014) as discussed in the theoretical framework of this master thesis.

Since the contract manager is not able to manage all these contracts with advanced contract management effort, the results of the face-to-face interviews have demonstrated that contract

managers often start to prioritise the group of contracts they have on their account. By initiating to execute advanced contract management on some contracts and basic contract management on others, the contract manager shifts to scenario 5 in the matrix. Nevertheless, caution needs to be taken that the right contracts are receiving the contract management effort they need. In this way the added value of the contract manager can be guaranteed. However, if all the contracts on the account of one contract manager do demand advanced contract management but there are too many to be managed by one contract manager, the organisation can look for opportunities to distribute the contracts over two or more contract managers. In this way these contract managers will be moved to scenario 3 and all manage a few contracts with advanced contract management effort. The added value of these contract managers is high. Moreover, some contracts which demand basic contract management effort can additionally be given to these contract managers and in this way their position is shifted to scenario 2.

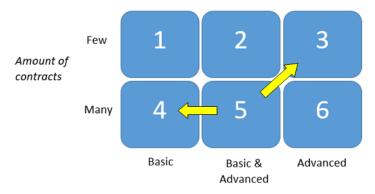


Effort of contract management

Figure 7 Moving out of scenario 6 in the matrix

Move out of scenario 5

As was explained before, in scenario 5 the contract manager is managing many contracts with basic contract management effort and a few contracts with advanced contract management effort. However, the added value of the contract manager on the few contracts managed with advanced contract management effort may be limited due to the contract manager spending time and effort on the many other contracts. Basic contract management is more operational and administrative work. An organisation could give the contracts that demand basic contract management to an administrative worker or contract administration. These contracts will then be moved to a person who can be positioned in scenario 4. Subsequently, the contract manager can start focusing on the few contracts for which he or she is executing advanced contract management effort and move to scenario 3. In this way the added value of the contract manager can be improved. Moreover, the contract manager is likely to be highly skilled and experienced since he or she is conducting advanced contract management. This profile fits better with someone who is focusing on only managing a few contracts extensively. While on the other hand someone with a lower profile can be given the operational work of basic contract management effort on the other contracts.



Effort of contract management

Figure 8 Moving out of scenario 5 in the matrix

7. Conclusion

This chapter will end the master thesis by presenting the conclusion, providing recommendations, discussing the limitations and proposing suggestions for future research.

7.1. Findings about contract manager

In this master thesis the added value of contract managers has been researched by analysing the function of the contract manager, the contracts being managed by the contract manager and the benefit of having a contract manager for organisations in both literature and practice by conducting face-to-face interviews. The results of the literature review showed that there has been limited literature written on this topic and no academic research conducted on this topic. Therefore, the face-to-face interviews could provide more insight on practice. The results of the interviews have presented various aspects of the function of a contract manager in different organisations and correspondingly the aspects of added value that the contract manager can achieve. These aspects can convince an organisation beforehand on what aspects an organisation can achieve with having a contract manager appointed. Nevertheless, both the literature review and the results of the interviews showed the diversity of the function of the contract manager and the contracts he or she is managing. This makes it so difficult to give one clear-cut answer about the added value of a contract manager in an organisation, it certainly depends on different situations. Accordingly, based on the results of the master thesis a matrix was developed in which contract managers can be positioned. This matrix provides an indication about the added value of the contract manager for an organisation. It implied that a contract manager can achieve the highest added value for an organisation if managing a few contracts with advanced contract management effort.

7.2. Assessing the added value of contract manager

Even though the findings of the master thesis showed that the added value of the contract manager is difficult to assess due to the diversity of the function and variety per organisation, based on the results an organisation could attempt to evaluate the added value of contract managers for their organisation. Many respondents in the interviews stated that it is relevant and important to evaluate the added value of contract managers in organisations but it is too difficult so they do not try it. Nevertheless, especially in public organisations, where tax money is spend on the salary of contract managers, it is important to evaluate what the added value is of appointing contract managers.

Firstly, organisations could evaluate the function of the contract manager and the contracts being managed by the contract manager. An organisation can position the contract manager in the matrix of this master thesis in order to obtain an indication of his or her added value for the organisation. The position of the contract manager in the matrix can be evaluated. An organisation can evaluate whether they are satisfied with the current position of the contract manager in the matrix or whether they would like to develop the contract manager and shift to another scenario. Organisations should take into consideration what the demands of the

contracts are, whether the contract demands basic or advanced contract management effort and what the organisation would like to achieve with contract management.

An organisation could continuously assess the contract manager based on the cost savings he or she has accomplished but additionally by looking at the improvements the contract manager has achieved for contracts on the following aspects: quality, service, flexibility, innovation, sustainability and the relationship with the supplier. An organisation can make a tailor made form for assessing the contract manager which the supervisor of the contract manager discusses and reviews with the contract manager on a regular basis, like job evaluation conversations. There can be goals set together with the contract manager per contract in order to align the expectations of the organisation with the performance of the contract manager. These goals can be adjusted to the position of the contract manager in the matrix or in order to shift the contract manager in the matrix.

7.3. Limitations and future research

The main limitation of this master thesis is that the data obtained in the face-to-face interviews is provided by contract managers themselves. Contract managers were asked about their added value and obviously most of them will give a desirable answer showing that they do have a high added value. Nevertheless, this research was of exploratory nature aiming at providing a view on the added value of the function of the contract manager and therefore interviews with contract managers seemed to be suitable.

Secondly, a limitation of this master thesis is that the academic literature on the contract manager is lacking. Therefore, the sources used were mostly white papers, magazine articles or books mainly based on experiences from practice. This master thesis aimed at contributing to this research gap in academic literature.

Next to this, a limitation of the master thesis is that the matrix developed is a conceptual model based solely on the diversified sample of contract managers researched in this master thesis but has not been tested. The matrix can be used a starting point for future research and be examined in a larger sample of organisations and perhaps there are additional dimensions. Another limitation is that the interviews were mainly conducted at public organisations since Het NIC is operating in the public sector. Therefore, no proper conclusions could be made about whether there is difference or not between contract managers in the public and private sector. Future research should include more contract managers in the private sector in order to research a possible difference.

Furthermore, there were only interviews conducted at organisations who already have appointed contract managers. It would be interesting to research the difference between having and not having appointed a contract manager for contracts in organisations in the future. This difference would demonstrate the value for organisations to appoint a contract manager and what they achieve with it.

Additionally, the research was restricted in making comparisons between contract managers since the group of contract managers and the contracts they manage was so diverse. Future research could include criteria for the type or amount of contracts the contract managers are managing in order to make more specific conclusions about contract managers.

Finally, the perspective of the supplier could be included in future research in order to grasp a view on the perception of the supplier on working with a contract manager.

The literature review showed that there is limited research conducted on contract managers and the contract managers in practice indicated that there is still ignorance on the added value of contract managers. Future research should be conducted to gain additional understanding on how the role and the contracts being managed by contract managers influence the added value they achieve for the organisation.

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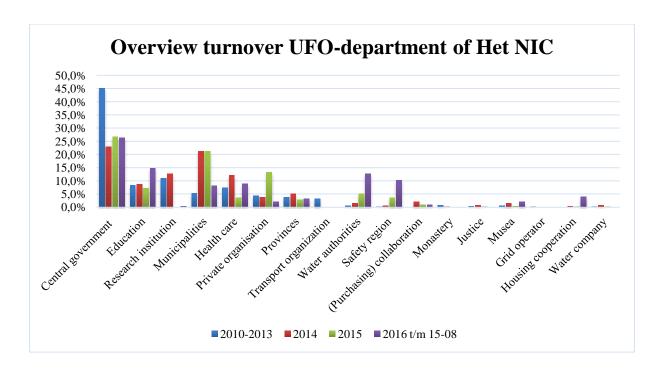
Appendix

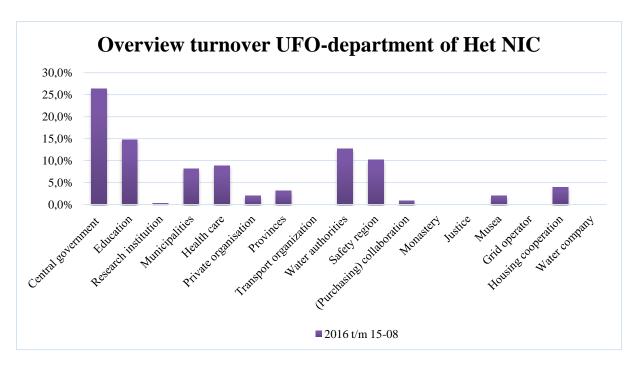
Appendix A: Organogram NIC Groep



Note: Reprinted from *Presentatie NIC Groep versie mei 2017* (slide 3). Presentation, by Het NIC, 2017 [Powerpoint Slides]. Retrieved from Het NIC.

Appendix B: Overview distribution turnover of the department UFO of Het NIC





Note: Data from *Overzicht omzet UFO*, by Het NIC, 2017, Zwolle [Unpublished internal document]. Retrieved from Het NIC.

Appendix C: NICV-model



Note: Reprinted from *NICV Adviezen*, by Het NIC, 2017, Zwolle [Unpublished internal document]. Retrieved from Het NIC.

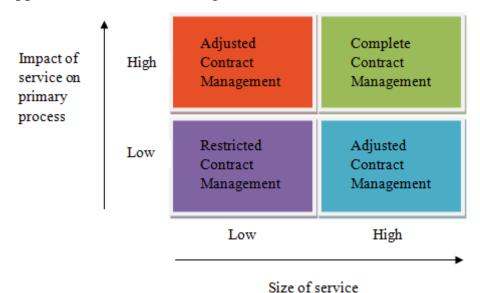
Appendix D: Kraljic matrix

Classification of purchase items

| High | Leverage: Best deal (High profit impact, low supply risk) | Critical: Cooperation (High profit impact, high supply risk) | |
|--|--|---|--|
| Impact on business (internal issues) | Unit cost management important because of volume usage Substitution possible Competitive supply market with several capable suppliers | Custom design or unique specification Supplier technology important Changing source of supply difficult or costly Substitution difficult | |
| | Routine: Efficiency (Low profit impact, low supply risk) | Bottleneck: Supply continuity (Low profit impact, high supply risk) | |
| | Standard specification or 'Commodity'-type items Substitute products readily available Competitive supply market with many suppliers | Unique specification Supplier's technology important Production-based scarcity due to low demand and/or few sources of supply Usage fluctuation not routinely predictable | |
| LOW | | Potential storage risk | |
| Low Supply risk/supply market complexity (external issues) | | | |

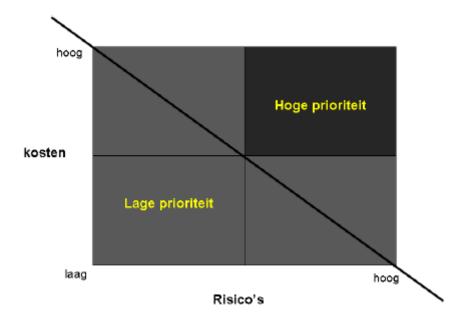
Note: Reprinted from *Strategic supply management* (p. 47), by P. Cousins, R. Lamming, B. Lawson and B. Squire, 2007, Harlow: Pearson Education Limited.

Appendix E: Contract management-differentiation matrix



Note: From *CATS CM editie 2014: Contractmanagement voor opdrachtgever en leverancier* (p. 12), by J. Van Beckum, & G. Vlasveld, 2014, Zaltbommel: Van Haren Publishing.

Appendix F: Example priority matrix



Note: Reprinted from Contract management (p.15), by Covalis, 2014.

Appendix G: Overview distribution public sector

| Public organisations: | Numbers of employees 2015 | Full-time equivalents (fte's) 2015 | Purchasing volume 2015 (in billions) |
|-----------------------------------|---------------------------|------------------------------------|--------------------------------------|
| Public administration services | 286.315 | 261.295 | |
| Government (het Rijk) | 116.528 | 109.150 | 12,9 |
| Municipalities | 145.464 | 129.574 | 2,2 |
| Provinces | 10.970 | 9.993 | 25 |
| Administration of justice | 3.420 | 3.210 | Law, order and security total: 4,2 |
| Water authorities | 9.933 | 9.368 | 2,4 |
| Education & Science | 501.723 | 392.441 | Education total: 10 |
| Primary education | 171.654 | 124.127 | |
| Secondary education | 107.037 | 86.791 | |
| Senior vocational education | 52.858 | 43.010 | |
| Higher vocational education | 45.779 | 34.893 | |
| Scientific education | 53.850 | 44.681 | |
| Research institutions | 2.791 | 2.585 | |
| University medical centres | 67.754 | 56.354 | 2,5 |
| Safety | 120.007 | 117.685 | |
| Defence | 57.510 | 56.805 | National defence total: 2,7 |
| Police | 62.497 | 60.880 | Law, order and security total: 4,2 |
| Total: | 908.045 | 771.420 | |
| Independent administrative bodies | (zbo's) | 38.998 | 350 to 370 million (estimation) |

Note: Data from Ministerie van Binnenlandse Zaken en Koninkrijksrelaties. (2016). *Trends & Cijfers Werken in de publieke sector 2016* (pp. 1-52). Den Haag.

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Appendix H: Interview guide

| Interview number: |
|-------------------|
| Date: |
| Location: |
| Time: |
| Name interviewee: |
| Organisation: |

<u>Introduction</u>

My name is Bianca Sjoerdstra and I am currently working on my master thesis for the master 'Purchasing and Supply Management' at the University of Twente in Enschede under supervision of Professor Jan Telgen. I am executing my master thesis at the company Het NIC in Zwolle, which is a consultancy company on purchasing. My master thesis is about the role and added value of the contract manager. This is the reason why I would like to have a conversation with you about your function as a contract manager. My research question is: what is the added value of a contract manager? I hope that this conversation will help me into further answering my research question and gaining insights into contract managers.

The interview will last for about one hour till maximum one and a half hour. The interview will be recorded for my own use and this recording will not be distributed. I will conduct a case study analysis based on the interview which will be used in my master thesis. Neither your name nor the organisation you are working for will be mentioned in the master thesis. The participation in this interview will remain anonymous.

I wrote an interview guide for the interview with the topics and corresponding questions which I would like to cover during the interview. However, I would like to have an open conversation so we can also go through the questions in a different order and I can ask follow-up questions or clarifications if necessary.

Do you have any questions before starting the interview?

[Start recording the interview]

Interview questions

1. Introduction

- 1. 1. Could you shortly introduce yourself? For which organisation are you working?
- 1.2. For which department are you working as a contract manager? (If applicable)
- 1.3. To who are you reporting in the organisation? (Where are you in the organisation?)
- 1.4. What is the amount of the total purchasing volume?
- 1.5. How much of the purchasing volume is being managed by contract managers?
- 1.6. How many contract managers are there in the organisation?
- 1.7. Since when do you have contract managers in your organisation?
- 1.8. How much/far developed is contract management in the organisation?

- → Refer to NICV-model:
- 1. Ad hoc phase: inventory of contracts, registration and administer (score 1-2)
- 2. Base phase: administration and monitoring of the most basic contracts (score 2-3)
- 3. Structured phase: monitoring output of contractual agreements and supplier evaluations to ensure compliance with contractual agreements (score 3-4)
- 4. Integrated phase: supplier evaluations for continuous improvement of services (score 4-5)
- 5. Optimized phase: collaboration evaluations with suppliers for proactive co-creation of added value (score 5)

2. Function

owner?)

- 2.1. How long have been working in your current function?
- 2.2. Are you working fulltime as a contract manager?
- 2.3. How would you describe your/the function of a contract manager? (What is your role as a contract manager? Are you also the contract owner? Who is contract
- 2.4. What are the tasks of a contract manager?
- \rightarrow Apply theory
- 2.5. How are these tasks conducted?
- \rightarrow Apply theory

Theory on tasks: \rightarrow *If not mentioned, ask whether it is or it is not a task and explanation* Knoester (2013) – contract management tasks list:

- Administration of contracts
- Signing of contracts
- Evaluation of contracts
- Drafting of contracts
- Negotiating about contract
- Evaluation of make-or-buy decisions
- Conducting market research
- Monitoring the performance of the contract
- Guiding outsourcing processes
- Making management reports
- 2.6. What are your responsibilities as a contract manager?
- \rightarrow Use theory

According to the practical guidance of the Vereniging van Nederlandse Gemeenten (2014) the contract manager is responsible for:

- \rightarrow If not mentioned, ask whether it is or it is not a responsibility and explanation
- the supplier delivering the performance in full accordance with the contractual agreements
- the organisation being informed about the contract
- the organisation accurately following up on the commitments of the contractual agreement, including timely provision of boundary conditions
- the contract staying up-to-date by frequently monitoring the costs and quality of the

contracted supplier, including an open and transparent process of handling modifications of the contract

- the relationship between the organisation and the supplier being and remaining open and positive \rightarrow *Supplier management?*
- supplier performance improvement during the contractual duration
- being able to give account at all time about the mutual performances under the contract and the corresponding expenditure of money
- the contract being regularly evaluated
- the contract being up-to-date
- 2.7. What do you think about the function of a contract manager?

3. Contract

- 3.1. How many contracts do you manage as a contract manager?
- 3.2. What type of contracts do you manage as a contract manager?

 Parameters of a contract: type of purchase item, contract duration, monetary volume, supply risk (high/low), profit impact (high/low) → Refer to Kraljic matrix
- 3.3. How are contracts being distributed at your organisation?
- 3.4. How is decided which contracts are being managed by contract manager(s)? (*Do you use the Kraljic matrix?*)

4. Added value

- 4.1. Why has your organisation chosen to set up contract management?
- 4.2. Which trade-offs have been made for the decision to appoint a contract manager for contracts? *Have financial trade-offs been made? Business-case?*
- 4.3. What are the advantages in general of having a contract manager?
- 4.4. What are pitfalls that you encounter as a contract manager?
- 4.5. What does the organisation gain with contract management?
- 4.6. What do you, as contract manager, bring in for the organisation?
- 4.7. Is your organisation measuring regularly what you are bringing in as a contract manager?
- 4.8. Do you have to justify or rapport what you bringing as a contract manager to the organisation?
- 4.9. Could you make an estimation of the income you delivered to your organisation? Did you make any cost savings? How many cost savings did you achieve over the last period (1 year)?
- 4.10. Could you make an estimation of the expenditures of your organisation to have you as a contract manager? → *Salary scale?*

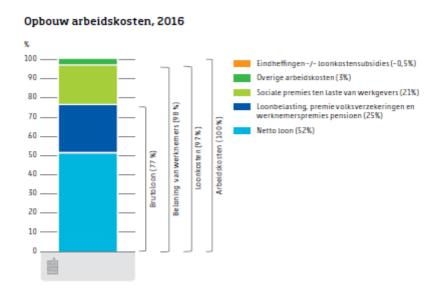
Closing words

Thank you very much for your participating on this interview and helping me with conducting my master thesis research! I would like to invite you for a knowledge session which I will

organise at Het NIC in September/October. Would you be willing to participate on this session? I will send soon send you an invitation via email.

[Stop recording the interview]

Appendix I: Composition labour costs



Note: Reprinted from *De arbeidsmarkt in cijfers 2016* (p. 67), by Centraal Bureau voor de Statistiek, 2017, Den Haag.