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**CONTRACT MANAGEMENT  
IN PROJECT MANAGEMENT  
AND SERVICE MANAGEMENT  
THE CATS RVM® METHODOLOGY**

Linda Tonkes  
Richard Steketee

Contract management in project management and service management  
the CATS RVM methodology

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# **Contract management in project management and service management**

**the CATS RVM methodology**

**Linda Tonkes and Richard Steketee**



# Colophon

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# Contents

<b>PREFACE</b> .....	<b>XIII</b>
----------------------	-------------

<b>INTRODUCTION</b> .....	<b>XV</b>
---------------------------	-----------

<b>Part I A Vision on the proactive management of contract deliveries; realization and verification management</b>	<b>1</b>
--	----------

<b>1 DELIVERIES IN RELATION TO CATS CM AND CATS RVM</b> .....	<b>5</b>
---	----------

1.1 The CATS CM and CATS RVM context .....	6
1.2 Service management and contracts .....	8
1.3 Project management and contracts .....	11
1.4 Service management, project management and realization and verification management .....	11

<b>2 DEFINITIONS</b> .....	<b>13</b>
----------------------------	-----------

2.1 Contract management and realization and verification management .....	13
2.2 Contract manager and realization and verification manager .....	16
2.3 Service management and project management .....	16

<b>3</b>	<b>CONTRACT MANAGEMENT AND REALIZATION AND VERIFICATION MANAGEMENT AS PART OF ORGANIZATIONAL CONTROL</b>	<b>21</b>
3.1	The contract as a means to a goal	21
3.2	Success factors contract management and realization and verification management	23
3.3	The CATS control model	24
3.4	Interaction with other policy areas	27
<b>4</b>	<b>THE CONTRACT LIFE CYCLE, THE SERVICE LIFE CYCLE, AND THE PROJECT LIFESPAN</b>	<b>29</b>
4.1	The CATS contract life cycle and contract management and realization and verification management	30
4.2	The CATS service life cycle and the CATS project lifespan	37
4.3	Interaction between the CATS contract life cycle and the CATS service life cycle	41
	<b>Part II Introduction to the CATS RVM methodology</b>	<b>47</b>
<b>5</b>	<b>PILLAR 1: WORK TO BE DONE AND ALL OTHER CONTRACT MATTER</b>	<b>49</b>
5.1	Work To Be Done (WTBD)	50
5.2	All Other Contract Matter (AOCM)	51
5.3	Why distinguish between WTBD and AOCM?	52
<b>6</b>	<b>PILLAR 2: THE ROLES THAT EMERGE DUE TO THE CONTRACT</b>	<b>53</b>
6.1	Thinking in roles and functions	53
6.2	The roles around a contract from the perspective of realization and verification management	54
6.3	Roles and functions in practice	62
<b>7</b>	<b>PILLAR 3: THE CONTRACT MANAGEMENT ESSENTIALS AND THE REALIZATION AND VERIFICATION MANAGEMENT ESSENTIALS</b>	<b>65</b>
7.1	The CM Essentials from the perspective of realization and verification management	66
7.2	The RVM Essentials	70

**8 PILLAR 4: THE CONTRACT MANAGEMENT PROCESS, THE REALIZATION AND VERIFICATION MANAGEMENT PROCESS, AND THE SCENARIOS. . . . . 73**

8.1 Initiate step . . . . . 75  
8.2 Plan-do-check-act/adjust cycle . . . . . 77  
8.3 Conclude step . . . . . 78  
8.4 Using scenarios . . . . . 80  
8.5 Determining contract management scenarios . . . . . 81  
8.6 Determining realization and verification management scenarios. . . . . 85  
8.7 Relationship between the cm essentials and the contract management process and the RVM essentials and the realization and verification management process. . . . . 87

**Part III Applying the CATS RVM methodology 89**

Introduction . . . . . 89

**9 THE INITIATE STEP . . . . . 93**

9.1 Initial determination of realization and verification management activities to be conducted . . . . . 95  
9.2 Final determination of realization and verification management activities . . . . . 100  
9.3 Implementation of realization and verification management . . . . . 104

**10 CM ESSENTIAL 1: CONTRACT OBJECTIVES . . . . . 107**

10.1 Managing contract objectives and the relationship with deliveries . . . . . 107  
10.2 Process activities for managing contract objectives. . . . . 108  
10.3 Interacting with other roles . . . . . 110

**11 CM ESSENTIAL 2: STAKEHOLDERS . . . . . 111**

11.1 Who are the stakeholders? . . . . . 111  
11.2 Process activities for managing stakeholders . . . . . 113  
11.3 Interacting with other roles . . . . . 116

**12 CM ESSENTIAL 3: CONTRACT RELATIONSHIPS . . . . . 117**

12.1 What contract relationships are there? . . . . . 117  
12.2 Process activities for managing contract relationships . . . . . 118  
12.3 Interaction with other roles . . . . . 120



<b>13 CM ESSENTIAL 4: RISKS</b> .....	<b>121</b>
13.1 Risks to be managed .....	121
13.2 Risk management in general .....	122
13.3 Process activities for managing risks .....	125
13.4 Interaction with other roles .....	127
<b>14 CM ESSENTIAL 5: OBLIGATIONS</b> .....	<b>129</b>
14.1 Dealing with contractual obligations .....	129
14.2 The obligations assessment: a tool for obligations management .....	130
14.3 Process activities for managing obligations .....	134
14.4 Interaction with other roles .....	136
<b>15 CM ESSENTIAL 6: FINANCES</b> .....	<b>137</b>
15.1 Aspects of financial management of a contract .....	137
15.2 Process activities for managing finances .....	138
15.3 Interaction with other roles .....	140
<b>16 CM ESSENTIAL 7: CONTRACT GOVERNANCE</b> .....	<b>141</b>
16.1 The elements of contract governance .....	141
16.2 Contract governance within CATS RVM .....	148
16.3 Interaction with other roles .....	149
<b>17 CM ESSENTIAL 8: SATISFACTION</b> .....	<b>151</b>
17.1 What determines satisfaction? .....	151
17.2 Expectation management within CATS CM .....	152
17.3 Interaction with other roles .....	154
<b>18 CM ESSENTIAL 9: CONTRACT CALENDAR</b> .....	<b>155</b>
18.1 The content of the contract calendar .....	155
18.2 Process activities for maintaining the contract calendar .....	156
18.3 Interaction with other roles .....	157
<b>19 CM ESSENTIAL 10: CONTRACT FILE</b> .....	<b>159</b>
19.1 The contract file .....	160
19.2 Process activities for maintaining the contract file .....	161
19.3 Interaction with other roles .....	163

**20 DELIVERY CHAINS ..... 165**

- 20.1 Delivery dependencies ..... 166
- 20.2 Outsourcing creates more complex delivery chains..... 167
- 20.3 Different types of contract dependencies..... 168

**21 RVM ESSENTIAL 1: DELIVERIES ..... 173**

- 21.1 Transition cycle ..... 173
- 21.2 Process activities for managing the deliveries ..... 174
- 21.3 Interaction with other roles ..... 176

**22 RVM ESSENTIAL 2: OPERATIONAL DELIVERY MANAGEMENT ..... 179**

- 22.1 Introduction to operational delivery management ..... 179
- 22.2 Process activities for controlling operational delivery management ..... 180
- 22.3 Interaction with other roles ..... 182

**23 RVM ESSENTIAL 3: TACTICAL DELIVERY MANAGEMENT ..... 183**

- 23.1 Introduction to tactical delivery management ..... 183
- 23.2 Process activities for controlling tactical delivery management ..... 184
- 23.3 Interaction with other roles ..... 185

**24 THE CONCLUDE STEP ..... 187**

- 24.1 Phasing out of realization and verification management ..... 188
- 24.2 Evaluations and personal conclusion ..... 190
- 24.3 Transfer of remaining rights and obligations ..... 190

**Part IV Elements of delivery management 191**

**25 BASIC ELEMENTS OF DELIVERY MANAGEMENT..... 193**

- 25.1 Designing deliveries – the Product and Services Catalog (PSC) ..... 195
- 25.2 Setting up delivery management processes..... 197
- 25.3 Making agreements about the services with internal or external clients .. 198
- 25.4 Securing deliveries in accordance with the agreements ..... 200
- 25.5 Controlling the delivery management processes ..... 201

<b>26 ROLES AND RESPONSIBILITIES IN DELIVERIES AND DELIVERY MANAGEMENT</b> .....	<b>203</b>
26.1 Role descriptions .....	203
26.2 Interactions .....	208
<b>27 OPERATIONAL DELIVERY MANAGEMENT: DISRUPTIONS</b> .....	<b>211</b>
27.1 Roles .....	211
27.2 Process steps .....	213
27.3 Critical success factors .....	220
27.4 Role of the realization and verification manager .....	222
27.5 Points of attention .....	223
<b>28 OPERATIONAL DELIVERY MANAGEMENT: CHANGES</b> .....	<b>225</b>
28.1 Roles .....	226
28.2 Process steps .....	228
28.3 Critical success factors .....	232
28.4 Role of the realization and verification manager .....	233
28.5 Points of attention .....	234
<b>29 OPERATIONAL DELIVERY MANAGEMENT: ASSETS</b> .....	<b>235</b>
29.1 Roles .....	236
29.2 Process steps .....	237
29.3 Critical success factors .....	240
29.4 Role of the realization and verification manager .....	241
29.5 Points of attention .....	242
<b>30 OPERATIONAL DELIVERY MANAGEMENT: ORDERS/REQUESTS</b> .....	<b>243</b>
30.1 Roles .....	243
30.2 Process steps .....	245
30.3 Critical success factors .....	247
30.4 Role of the realization and verification manager .....	248
30.5 Points of attention .....	249

<b>31 TACTICAL DELIVERY MANAGEMENT: PLANNING</b> .....	<b>251</b>
31.1 Roles .....	252
31.2 Process steps .....	253
31.3 Critical success factors .....	255
31.4 Role of the realization and verification manager .....	257
31.5 Points of attention .....	258
<b>32 TACTICAL DELIVERY MANAGEMENT: FALLBACK</b> .....	<b>259</b>
32.1 Roles .....	260
32.2 Process steps .....	261
32.3 Critical success factors .....	265
32.4 Role of the realization and verification manager .....	266
32.5 Points of attention .....	267
<b>33 TACTICAL DELIVERY MANAGEMENT: COMPLIANCE</b> .....	<b>269</b>
33.1 Roles .....	270
33.2 Process steps .....	271
33.3 Critical success factors .....	273
33.4 Role of the realization and verification manager .....	274
33.5 Points of attention .....	275
<b>34 TACTICAL DELIVERY MANAGEMENT: COMPLAINTS</b> .....	<b>277</b>
34.1 Roles .....	278
34.2 Process steps .....	279
34.3 Critical success factors .....	281
34.4 Role of the realization and verification manager .....	282
34.5 Points of attention .....	282
Afterword .....	285
About the authors .....	286
Appendix A The contract risk profile .....	287
Appendix B CATS RVM Glossary .....	293
Appendix C List of CATS RVM abbreviations .....	299
Index .....	301



# Preface

We are pleased to share the CATS RVM methodology with you. This methodology provides both an overview and a complete elaboration of the processes by which contract performance can be realized and verified in a way that continuously contributes to realizing the contract objectives as optimally as possible. The letters RVM reflect the scope: realization and verification management. Parties use realization and verification management to ensure that the contract performance fulfills their business needs. This sometimes goes beyond the performance agreed in the written contract.

Contracts give shape and substance to the collaboration between client and supplier. Wherever there are contracts, there is some form of contract management. Organizations that have properly organized the management of those contracts can rest assured that they will realize the intended added value of the contracts as optimally as possible. Societal, technological, and social developments cause those responsible for providing a service, a product, or a project, to increasingly have to deal with contracts that are becoming increasingly complex. In addition, these contracts cannot be regarded in isolation, but are often part of complex chains.

The CATS CM methodology for contract management helps organizations to get a maximum grip on the realization of the objective that they aim to achieve by entering into an external relationship. The wide-spread market recognition of the added value of this methodology has resulted in organizations becoming aware of the contribution of contracts to their organizational goals. Contract management has therefore become a relevant discipline and area of attention within the whole business.

This also increases the demand to define and structure roles adjacent to the contract manager with a scalable standard way of working. The CATS RVM methodology defines the role responsible for realizing and/or verifying the performance in a contract: the realization and verification manager. In this book we elaborate on this role that operates at the intersection of service management and project management on the one side and contract management on the other side. On the one hand by fully elaborating the interfaces with the contract management process, and on the other hand by making

the connection between the deliveries agreed in the contract and common processes within service management and project management. These processes are referred to in this book as delivery management processes. Just as when we developed the CATS CM methodology, flexibility, scalability, and practical applicability were our starting point.

Several years have passed between the release of version 4 of the CATS CM methodology in February 2020 and the first release of this methodology. Certainly, the world has not stood still since then and there are things that could also be added to the CATS CM methodology. Where possible, we have already included these in this book. This has led to minor adjustments. The most notable adjustment is the more detailed phasing of the activities that are conducted as preparation before the start of the contract execution.

We believe that the field of contract management, including the professionalization of the role of others than the contract manager in that field, will continue to develop in the coming years.

This book could not have been written without the progressive vision that the founders of this CATS CM methodology, Jan van Beckum and Gert-Jan Vlasveld already had more than 15 years ago. This has laid the foundation for further development by us in version 4 of the methodology, but also for this CATS RVM methodology. We are grateful to them for that. We thank Mark Smalley for his contribution in translating the Dutch version of the methodology into English. In addition, this book would have looked different without the critical eye and contribution of Arjen van Berkum.

We wish you an enjoyable read.

Linda Tonkes, Richard Steketee

October 2023

# Introduction

## **Collaboration in a changing world**

Change is nothing new. It is continuous and timeless. Technological and social changes rapidly follow one another, triggering organizations to quickly change their objectives and how they achieve them. Organizations no longer operate by themselves. Both suppliers and clients work with an increasing number of other organizations. And where there is collaboration, contracts are created to define that collaboration. There is increasing awareness that the total value of an organization's contracts is more than the sum of those contracts.

## **Contract management**

This awareness has led to growing attention for contract management in recent years. How an organization can draw up and execute agreements and at the same time, with the necessary attention and flexibility, realize the organizational goals is a continuous area of focus in the boardrooms of organizations. Whether it concerns the realization of a mission or the fulfillment of the obligations that laws and regulations impose on organizations.

## **Changing form of outsourcing**

The ever faster changing world and the increased level of outsourcing have already had an impact on business operations. But in addition to these developments, the form in which organizations outsource services is also changing. Clients often no longer simply purchase time and materials and then take care of the entire delivery internally. Less and less frequently, contracts prescribe exactly which activities a supplier must perform for the organization. Contracts increasingly focus on the result of the activities, the output, and sometimes only on the desired contribution to the organizational goals, the effect. The design of, and control over, the activities is left to the expertise of the supplier. This presents organizations with new challenges.



**Project management and service management**

There is increasing dependence on the supplier for the quantity and quality of the delivery, and the client is taking on a coordinating role in which it must integrate deliveries from different suppliers in order to achieve its goals. The supplier, in turn, has to deal with an increasing number of different delivery processes at clients, where interfaces must be sought at an individual client level, without losing their own overarching control.

It is feasible to organize the delivery of products or services for each contract, but this is part of a larger set of processes with which an organization manages its deliveries. We often refer to these processes as service management processes and project management processes. The changes in the form of outsourcing require specific attention to be paid to how contracts fit into the existing project management or service management processes at both client and supplier. This immediately makes the coordination of the interfaces between those processes important.

**Realization and verification management**

The strategic need for well-designed, structured, and scalable contract management has been clear for some time. Where this strategic need is increasingly also becoming an operational need, for the sake of the continuity and the ability to change of the business processes, the worlds of contract management, project management and service management come together. Realization and verification management manages the operational collaboration and alignment of the business processes affected by the contract: How do parties realize the contractual agreements and how do they verify that these agreements have been fulfilled?

**The CATS RVM methodology**

There are many methods and ways of working available in the market for service management and project management. CATS CM is the best practice for contract management. CATS RVM enables organizations to structurally align the two. The terms used in CATS RVM have been formulated in such a way that they can be applied to the most commonly used methods for service management and project management.

# PART I

## A VISION ON THE PROACTIVE MANAGEMENT OF CONTRACT DELIVERIES; REALIZATION AND VERIFICATION MANAGEMENT

The history of delivering products and services goes back as far as humanity itself. We cannot do everything ourselves, and depend on others for some of the things we use. This applies to people as individuals, but also in business environments. Clients and suppliers need each other to realize their objectives. Clients buy products and services, suppliers deliver them. Together they make agreements about the performance of the supplier, which consists of the delivery of products and/or services, and the compensation by the client, which often consists of a financial component. Clients' obligations also comprise the preconditions to be set up for the delivery of the performance. Organizations often document these agreements in a contract, a written agreement. This is important for the clarity and transferability of agreements but is also useful when deviations occur. Sometimes someone does not keep to the agreements and sometimes there is a difference of opinion about the substance of the performance or the compensation. This creates a dispute. A written contract helps contract parties, but certainly also an independent third party, to resolve the dispute properly. This importance of contracts has been recognized for centuries. The oldest known contract dates back more than 4,300 years. In fact, documenting agreements was so important that writing was partly developed for it. A written contract makes it easier to realize the agreements and verify the realization of the agreements.

In today's world, a situation in which a client can buy everything needed for a certain process from one supplier is usually no longer the case. In a modern complex society, services increasingly contain a multitude of links, with multiple parties and countless dependencies. Every organization is dependent on others to a greater or lesser extent. For a relatively simple situation think of activities such as cleaning, where the cleaning staff may be employed by the organization itself, but where the organization purchases the cleaning products from a supplier; or the sale of clothing by a clothing wholesaler to its clients. In more complex situations, for example, parts of the IT organization may be outsourced to different suppliers, who in turn are dependent on their own suppliers.

Wherever delivery takes place between organizations, they realize and verify the delivery and the preconditions for that delivery. In doing so, they make use of the agreements

that they initially documented in a contract, and the additions and changes to those agreements that they make during the execution of that contract. Managing contracts, like managing deliveries, should therefore be an integral part of business operations.

This book refers to the various elements of a delivery as the delivery chain. This delivery chain consists of activities arising from contracts and a company's own activities. It is of course part of the larger total end-to-end supply chain that includes organizations beyond the scope of the delivery chain. Dependencies in the delivery chain, can cause disruptions at the beginning of that chain to ripple down to where the delivery to the end user takes place. An example is the situation where the delayed availability of an approval label for a seat belt leads to production backlogs in the seat belt factory, as a result of which the assembly line in the car factory eventually has to be stopped and the clients receive their car later. Client and supplier must therefore not only make agreements about the delivery itself, but also about the way in which they manage the processes that ensure that the delivery runs smoothly and continues to run smoothly.

Deliveries are often managed by service management processes or project management processes. Service management is the discipline that deals with the processes that ensure the proper delivery of products and/or services to users. This can be to internal departments or external clients. To be successful, service management must oversee the entire delivery chain, so that it has as much certainty as possible that the delivery meets the qualitative and quantitative agreements. In addition to the delivery to internal users or external client, this also includes delivery of services or products that is conducted by suppliers. When there is an external client or a supplier involved, the delivery chain includes deliveries through contracts. It therefore means not only checking whether delivery complies with the agreements, but also proactively managing the interfaces in the entire delivery chain to prevent disruptions and quality problems and adjusting deliveries when necessary. Service management is therefore responsible for the entire delivery chain and checks whether the delivery is complete and in accordance with the standards and quality requirements desired by the organization or agreed with the users or end client. Figure 0.1 visualizes this.

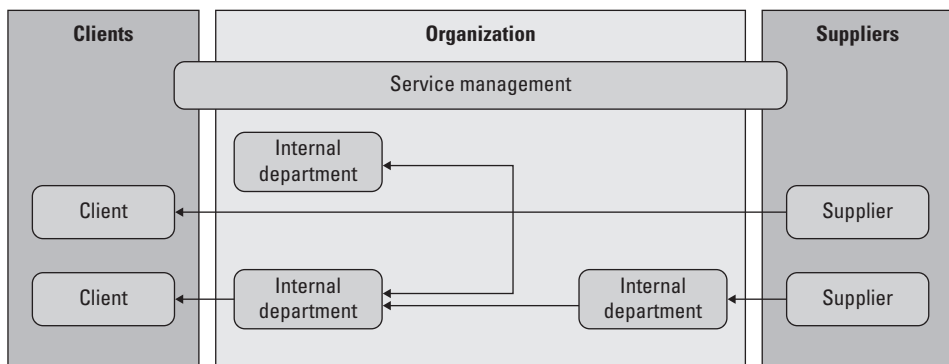


Figure 0.1 Service management and the delivery chain

Where project management is about the delivery of a product or service, it often has a lot in common with service management. In that case, project management is responsible for the delivery and the delivery chain, which must ensure that the project is completed on time, with the desired quality, and within the budget. Service management's focus is on the continuity and quality of the day-to-day services. The focus of project management is on achieving a specific result within a set time and budget. When contracts are part of the service or the project, the agreements often go beyond these operational deliveries. The focus of contract management is on ensuring that the contract contributes to the successful realization of the organizational goals. This includes all aspects of the contract, such as the delivery itself, solving ambiguities and problems, and implementing changes.

The above means that contract management and service management or project management are linked at the point where deliveries cross organizational boundaries, such as the purchase of a service or the sale of a product. Realization and verification management takes place at the intersection between service management or project management on the one hand and contract management on the other.

This discipline is responsible for the substantive delivery of services and products and its management, and ensures realization of the performance and verification of the performance realized. Realization and verification management exists at both the supplier and the client. The realization and verification manager at the supplier side checks whether the client has arranged the agreed preconditions for a proper delivery and ensures that their own organization delivers as agreed. It is the other way around for the client. Its realization and verification manager ensures that the supplier can conduct the delivery correctly and monitors the supplier's performance.

This book describes the CATS RVM methodology for realization and verification management. In Chapter 1, this part elaborates on the way in which service management, project management and contract management interact by means of realization and verification management. Chapter 2 provides key definitions as a foundation for the rest of this book. Chapter 3 places contract management and realization and verification management in the broader context of organizational control. The CATS Control Model is used to map the strategic, tactical and operational playing field around contract management and realization and verification management in an organization. The chapter also discusses the success factors for contract management and realization and verification management, and provides an overview of, and interaction with adjacent policy areas. To conclude this part, Chapter 4 describes the different phases that a contract and a service or project go through in their respective life cycles and life spans, and how a contract and a service or a project interact.



# 1

## Deliveries in relation to CATS CM and CATS RVM

The contract management methodology CATS CM enables organizations to proactively realize their contract objectives and therefore to contribute to the organizational goals.

In a world in which changes follow each other in rapid succession and end-to-end supply chains have more and more links, reactive contract management, in which one waits to see what happens and then reacts to it, is often no longer an appropriate option. Organizations that only look at a contract when problems arise with the delivery, the financial aspects, or other agreements, lag behind. CATS CM was developed for proactive and scalable contract management so that organizations extract the envisioned value from contracts in a way that fits their context.

The delivery of performance, in the form of products and services, is the domain of service management or project management. This increasingly requires the use of contracts to meet a specific need of the organization. When this is the case, service management or project management at the client side will make use of that contract, creating an interface with contract management. As a result of this development, suppliers are also dealing with an increasing number of contracts, which they in turn execute with their own service management and project management. The contracts discussed in this book relate to the business-to-business delivery of products and services.

Realization and verification management takes place at the interface between contract management on the one hand, and service management and project management on the other, see Figure 1.1. Realization and verification management is responsible for the realization of the delivery of the agreed performance (and the required preconditions for, and management of that delivery) and monitors the performance delivered by the other party.

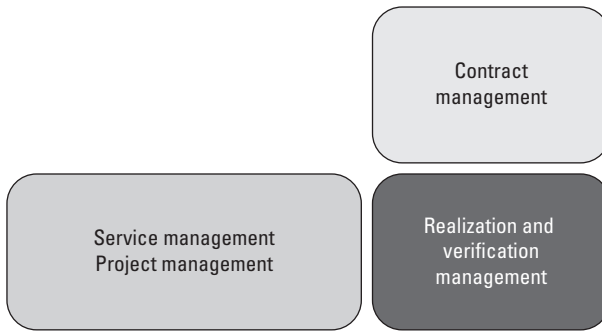


Figure 1.1 Realization and verification management domain

## ■ 1.1 THE CATS CM AND CATS RVM CONTEXT

To realize as much value as possible from contracts, proactive contract management and realization and verification management are required. The contract manager and the realization and verification manager anticipate expected changes and problems. Reactive contract management and realization and verification management result in organizations not realizing a large part of the value of the contract. This applies, for example, to the supplier who believes that they have delivered a good performance, but where the client is dissatisfied. Or for the client who purchases products or services from a supplier that are not (any longer) necessary for business operations. Proper execution of proactive contract management requires a common reference framework that enables the organization to perform contract management in a controlled manner.

The CATS CM methodology aims to manage the contract execution in such a way that the organization realizes the quantitative and qualitative contract objectives. This means that the contract execution is continuously aligned with the contract objectives and that the contract objectives remain aligned with the organizational goals. In this way, the performance delivered and the other agreements from the contract always contribute to the organizational goals and add value. During the drafting of the contract, the contract creation, the methodology provides support in establishing the appropriate contractual agreements. This enables the contract manager to perform contract management optimally. The CATS CM methodology is therefore relevant throughout the entire life cycle of a contract, and is based on the principle that contract management must be effective and efficient.

An organization must decide how the activities within the organization are structured. The way of working has to suit the organization and the costs of execution must outweigh the benefits. This applies just as much to contract management and realization and verification management as to other activities. CATS CM and CATS RVM use the CATS Control Model as a means to organize the control of contract management at strategic, tactical and operational levels. Figure 1.2 shows the CATS Control Model.

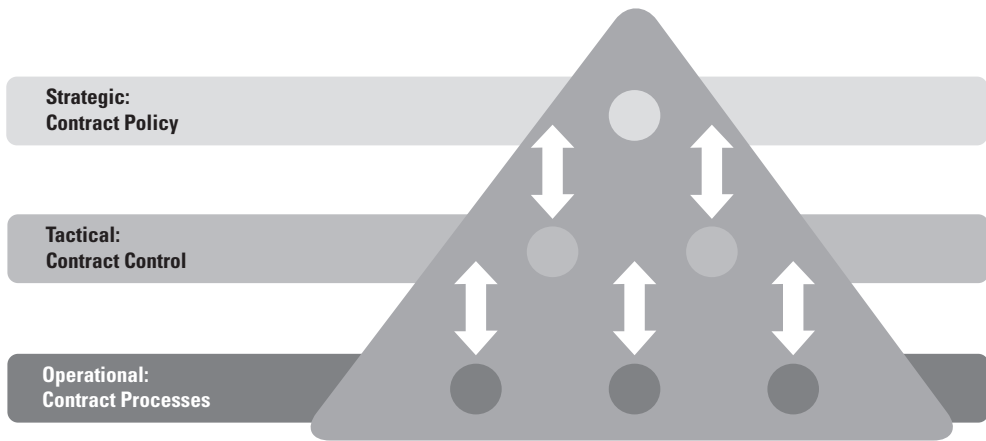


Figure 1.2 The CATS Control Model

The starting point is the Contract Policy at a strategic level, in which the organization lays down the policy for contracts and therefore also contract management, together with the preconditions and budget. At the tactical level, Contract Control, the organization selects the methods and techniques to be used and translates the policy into workable and efficient processes and supporting systems. The Contract Processes form the operational level. At this level, the organization ensures that there are well-trained employees with the right attitude, supported by adequate systems, who execute processes related to contracts, and monitors the implementation of the process to ensure quality. The contract management process and the realization and verification management process are part of these contract processes. In the procurement or sales processes, the organization at this level ensures that it enters into contracts that can be managed properly. Chapter 3 describes the CATS Control Model in more detail.

Contract management is about all agreements in a contract, in which the agreements about the performance, usually in the form of deliveries, take an important place. In the CATS CM methodology, the realization and verification manager is responsible for this agreed performance. The contract manager deals with all other contractual agreements and is involved in the agreed performance when the realization deviates from what has been agreed. The CATS CM methodology focuses on the role of the contract manager in the contract creation, and the contract management process. This book elaborates the role of the realization and verification manager and the realization and verification management process in its own methodology. CATS RVM discusses activities that are necessary to realize, verify and manage the agreed performance. That performance can consist of all kinds of deliveries, such as a one-off product delivery, an ongoing service, or a project result.

In addition to a good understanding of the deliveries and the delivery processes, the realization and verification manager must also understand the processes that manage the deliveries. This book refers to these processes as “delivery management processes”.



In practice, depending on the type of delivery, delivery management processes are often called service management processes or project management processes.

Service management is a broad field of expertise. It is concerned not only with the deliveries themselves, but also with designing the services that the organization provides, managing the service life cycle of those services, and agreeing on the services and their delivery. This book focuses on those parts of service management that relate to the delivery between client and supplier and all aspects that play a role in this. These aspects always include the continuity and quality of the deliveries. The handling of performance disruptions, if contracts do not (or cannot) deliver what has been agreed, is also an immediately conspicuous aspect. In addition, it is important to properly process changes in the agreed deliveries or delivery processes. Changes may be due to the desire of one of the parties to deliver in a different way, or due to factors in the environment that necessitate changes. This may involve, for example, changes in legislation and regulations, but also an unexpectedly sharply changing demand or changing technological possibilities. It is important to have an overview of all components required to conduct the delivery and to ensure that they are available in sufficient quantities. Finally, adequate planning is required to ensure execution of future deliveries. The same points apply to project management.

Delivery management processes are important to deliver a product or service on time and according to the agreed quality requirements. Delivery management is responsible for this from the beginning to the end of the delivery chain. If there is a contract with a client or a supplier in the delivery chain, contract management comes into play. Within contract management, the role of realization and verification manager is responsible for the proper delivery of the agreed performance in a contract. The activities that are conducted for this, including the organization of the delivery and the connection with delivery management processes, are activities that belong to the domain of realization and verification management.

## ■ 1.2 SERVICE MANAGEMENT AND CONTRACTS

An organization conducts activities to achieve its goals. These activities can be regarded as a form of service, with which the organization provides services or products. Service management is responsible for that delivery. The starting point of the service are the organizational goals, derived from the mission and vision of the organization, and the preconditions in the form of laws and regulations. It makes little difference whether the user of that delivery is an internal department an external client, or whether the service is provided on the basis of a legal obligation, such as the issue of building permits by a municipality. The organization must provide a good description of the delivery in advance; often this is done in consultation with the future users of the service. It is then up to service management to design and implement the service or product, ensure that

agreements with the users are made, and deliver the service or product as agreed. This can be performed in a very structured way, with a process in writing, but also through ad hoc steps.

Nowadays almost every delivery relates to one or more contracts. After all, it is almost impossible to perform a service completely independently. This would mean that an organization conducts all of the activities itself, but also that all materials needed for those activities are made in-house. Contracts therefore play an important role in delivery. With the increasing specialization, we see that organizations have more and more activities conducted by suppliers, use suppliers' systems, or use (semi-) finished products from suppliers in the provision of services. To ensure the continuity and quality of its own services, an organization needs contracts that clearly describe the division of responsibilities and how both parties monitor those agreements and intervene in the event of deviations.

If the organization provides its services to external clients, then it not only has one or more contracts for services and products that it purchases, but there are also sales contracts with clients. Service management must ensure that the delivery chain, including the contracts, is properly aligned. Contract management and realization and verification management play an important role in this when it concerns contracts.

Every service starts with a need. It makes a difference whether this concerns a purchase contract or a sales contract. With a purchase contract, there is a need within the organization for a certain service or a certain product. That need is necessary to enable a service or product that the organization provides internally or externally. The organization may add limited value and deliver the service or product almost unchanged to an external client, but in many cases service management combines services and products from multiple contracts with its own efforts to enable external delivery. In that case, the contract follows from the service to be provided and it is a precondition to be able to provide the service to one or more internal or external clients.

In Figure 1.3 a need for a service within the organization arises (1). Subsequently, service management designs the service, and it is decided to have (part of) that service provided by a supplier (2), this creates a contract (3) in which the need for the service and the need for the delivery are included as performance.

From the supplier's perspective, the basis of the delivery is also a need, but almost always the client's need. When it comes to a specialized delivery, where a very specific service or product is realized for the client, then the needs of the client and the way in which this is specified in the contract are leading. It is a different situation when a supplier provides standard services or products. In this case, the supplier conducts market research as to which products and services can be sold successfully and under what conditions.

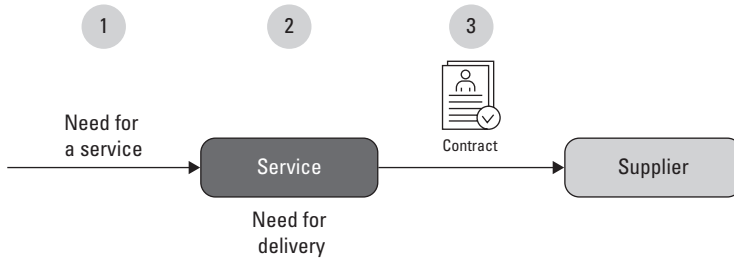


Figure 1.3 Purchase contracts and deliveries

Service management develops the service based on that expected need. Standard contract clauses can be drawn up on this basis.

In Figure 1.4, in the first situation, the client requires a specific delivery that is tailor-made by the supplier (1). Both parties define the specifications for the delivery as the agreed performance in a contract (2). It is up to service management to organize the service and the associated delivery in such a way that it can meet the agreements (3). In the second situation, the supplier has conducted market research and based on this, defined an expected need in the market (4). Service management develops a standard service that can meet that need (5) and the organization draws up a standard contract for it (6) which it submits to the clients as the agreement.

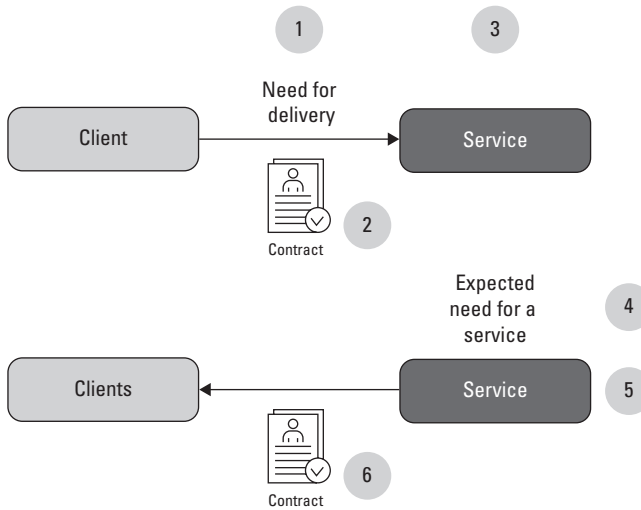


Figure 1.4 Sales contracts and deliveries

Whatever the delivery looks like when it crosses the boundaries of the organization, the collaboration between contract management on the one hand and service management on the other is crucial.

## ■ 1.3 PROJECT MANAGEMENT AND CONTRACTS

Much of what was said in the previous section about service management also applies to project management. Projects can even be seen as a form of delivery. An important element of project management is that it aims to deliver a specific result within a specified timeframe and with specified resources. A project forms a temporary organization with a specific goal. Just as with service management, a project manager often uses one or more suppliers to realize the project result. It is possible to conduct a project with only the organization's own resources, but in practice there is often a need for specialist knowledge and resources that are not available within the organization.

A project manager can use contracts in various ways within their project. This may involve hiring people, purchasing services and products, or purchasing partial results. It is also possible that a supplier becomes responsible for the entire project result. In all those cases, contract management and the associated realization and verification management become involved.

## ■ 1.4 SERVICE MANAGEMENT, PROJECT MANAGEMENT AND REALIZATION AND VERIFICATION MANAGEMENT

In their role, the realization and verification manager is responsible for ensuring that the performance is delivered in accordance with the agreements made in the contract. For the supplier, this means organizing that the delivery takes place under the right conditions, and for the client, it means organizing that the delivery is monitored, and organizing the necessary preconditions for delivery. The delivery management processes, in the form of service management processes or project management processes, are of great importance here. The service manager and the project manager are therefore often also the ones who have the role of realization and verification manager for the contracts that are part of their service or project.



# 2

## Definitions

For realization and verification management and contract management, as for any other field, it is essential to agree on the terminology used. Such a common, organization-transcending conceptual framework provides structure, prevents confusion, and enables good collaboration within the organization, but also within contracts.

The use of a term that someone else does not know gives the other person the opportunity to ask what it exactly means. Using a term that someone else also knows, but defines differently, can lead to problems. The best case, when both parties assume that the other has the same definition as themselves, is a misunderstanding that can be discovered and corrected in time. In more unfavorable cases, people do not recognize this and start work confidently, only to discover, after a while, that the objectives have not been realized, because the other person has not done what was expected.

This chapter defines contract management, realization and verification management, service management, project management, and delivery management, as the foundation for the rest of this book. The definitions lead to a demarcation of the processes that fall under each of these domains, and to the interfaces between these domains. This also translates to the roles of contract manager, realization and verification manager, service manager and project manager. This chapter provides a brief definition of these roles; Chapter 6 elaborates on them further.

### ■ 2.1 CONTRACT MANAGEMENT AND REALIZATION AND VERIFICATION MANAGEMENT

Realization and verification management emerges from contract management based on CATS CM, which is why this chapter first describes what contract management entails and then discusses realization and verification management.

The term 'contract management' consists of two parts, contract and management, which this section considers separately before discussing the definition of contract management itself.

## Contract

Legislation in different countries gives the term 'contract' definitions which, although differing in nuances, have much in common. This common foundation is expressed in the following definition:

A **contract** is a written agreement, the result of a multilateral legal act, in which one or more parties enter into an agreement with one or more other parties.

A verbal agreement has often as much legal validity as a written agreement. However, a written agreement is necessary for contract management. Without documentation of the agreements, in whatever form, it is virtually impossible to manage those agreements properly. In addition, a verbal agreement is often not very detailed and is based on shared prior knowledge among the parties making the agreement. A verbal agreement is also difficult to register and transfer within the organization. What happens if the person who made the verbal agreement leaves the organization?

The exact form of the written document is less important: it could be a napkin with signatures, a signed paper document, or a digital document that has been signed electronically. It is important to be able to prove in a court of law that the other party has agreed. A signature, provided that an authorized person signs it, provides that evidence.

A contract must be a legal act between multiple parties. This means that the agreement has legal effect. If there is a dispute, the parties must be able to take it to court, unless a different method of dispute resolution has been agreed in the agreement. Contract management can only be applied to a limited extent to internal contracts. In the event of a conflict between different parts of the same (larger) organization, going to court is virtually impossible. Senior management makes its own decision regarding the solution. In this case, various agreements in the contract can simply be ignored or adjusted.

This book considers only those contracts in which the realization and verification manager has a role. This is the case when the contract results in a delivery. As a rule, a non-disclosure agreement or a framework agreement does not contain any performance to be delivered, but only consists of other types of contract clauses. Of course, these types of contracts must be taken into account where necessary, but they do not contain any performance to be realized or verified.

## Management

Management is the generic term for the planned achievement of set goals, and for adjustments when internal or external factors threaten the realization of those goals. So,

management ensures the proper execution of the activities of the organization. Examples of management activities are managing risks, managing operations on a daily basis, resolving issues, and implementing changes.

### **Contract management**

The following definition of contract management within CATS CM is based on the definition of contract and the definition of management:

**Contract management** is the realization of the intended contract objectives by, during the execution phase of a contract, proactively monitoring fulfillment of all contractually established responsibilities, obligations, procedures, agreements, conditions and rates, resolving all ambiguities, contradictions and omissions, managing all contract-related risks, and implementing all desired changes to the contract, and preparing for these activities prior to the execution phase.

### **Realization and verification management**

In addition to managing the contractual agreements, it is also important to manage the delivery agreements within the contract and within the organization. The RVM methodology defines realization and verification management, which focuses specifically on this, as follows:

**Realization and verification management** is the realization of the intended contract objectives by, during the execution phase of a contract, proactively realizing and verifying all performance stipulated in the contract, managing all performance-related risks, organizing and managing all delivery processes, and coordinating applicable delivery management processes between client and supplier, and preparing for these activities prior to the execution phase.

The definitions show that contract management and realization and verification management, based on CATS CM and CATS RVM, focus on the execution phase of the contract. This does not mean that contract management and realization and verification management have no role in the drafting of the contract, the contract creation. On the contrary, a well-drafted contract forms an important part of the basis for successful contract management and realization and verification management. When drawing up the contract, the organization includes the principles and conditions for achieving optimal contract management and realization and verification management during the execution phase in the agreements.

Both contract management and realization and verification management are a set of activities that must be executed in a process-based manner. This means planning how the contract management and realization and verification management should be carried out, measuring how the execution is progressing at regular intervals, and adjusting and improving contract management and realization and verification management where necessary.



## ■ 2.2 CONTRACT MANAGER AND REALIZATION AND VERIFICATION MANAGER

CATS CM and CATS RVM use roles to assign the tasks and responsibilities arising from the contract. These roles are described in detail in Chapter 6, but for a good understanding, here is a brief definition of the contract manager role and the realization and verification manager role.

The tasks and responsibilities for these two roles emerge from the division that CATS CM and CATS RVM makes in the contract provisions. These are divided into two groups: Work To Be Done (WTBD) and All Other Contract Matter (AOCM).

Work To Be Done is the defined set of services, performances or products that will be delivered by the supplier, sometimes supplemented with the agreed way of working. This also includes the matters that the client must arrange to enable the supplier to deliver.

All matters that do not fall under Work To Be Done are part of All Other Contract Matter. This always includes the agreements on financial compensation, the agreements on how to act if Work To Be Done is not delivered as agreed, the agreements on interaction and collaboration between both parties, but also the applicable general purchase or delivery conditions.

This distinction is also the basis for the definition of the roles of contract manager and realization and verification manager.

The **contract manager** is the operational role that focuses on All Other Contract Matter and, on behalf of the contract owner, is responsible for monitoring and managing the execution of the contract on a day-to-day basis.

The **realization and verification manager** is the operational role that, on behalf of the contract owner, is responsible for realizing the delivery of the Work To Be Done and determining the extent to which the delivery corresponds to what has been agreed in the contract.

## ■ 2.3 SERVICE MANAGEMENT AND PROJECT MANAGEMENT

### Service management

Service management is responsible for developing the services or products of the organization. These can be used internally as well as delivered to external clients. The delivery can be services that are offered for a longer period of time. It can also be services or products that are one-off and are made for a specific request from a client. When organizing the delivery, service management ensures that the organization is able to deliver

the desired service or product to the internal or external client. Service management makes agreements with internal delivery teams and suppliers to achieve an integrated delivery process. This also includes agreements regarding delivery management. Take, for example, the delivery and installation of a new production machine purchased from a supplier. The substantive delivery consists of making and delivering the various parts of the machine, placing the machine, and connecting it to necessary facilities and systems and to any other machines. The organization has working agreements and processes to carry out the work for all those activities. Delivery management is determined by delivery-specific processes and generic processes. An example of a delivery-specific process is the way of checking whether everything has been delivered, and the machine has been properly assembled and connected. In addition to delivery-specific processes, there are generic management processes that apply to each type of delivery, for example:

- The disruption process, if the parts of the machine are not delivered on time, are defective, or if the machine breaks down within the warranty period;
- The change process, if the client wants changes after the machine has already been ordered;
- The complaint process, if the client has a complaint about the failure to resolve disruptions in a timely manner;
- Processes for planning service technicians who resolve disruptions.

The structured management of the processes specific to the delivery and the alignment with generic processes requires a holistic approach. This approach is not only necessary in the execution of the delivery. It is inextricably linked to the preparation during the design of the delivery and its implementation. These points form the basis for the definition of service management:

**Service management** is the set of activities necessary for the design, implementation, and execution of the delivery of services or products to an internal or external client according to the agreements made.

The definition of service management leads to the following definition of the service manager role:

The **service manager** is the role responsible at the operational level for designing, implementing, and delivering services or products according to agreements made.

### **Project management**

Deliveries come in all shapes and sizes. An organization can deliver a service or product continuously, at different times, or just once. In the latter case, there may be a project. A project is a special way of delivering a service or product. It is a time-limited set of activities to make or realize something with a predetermined result and with predetermined means.

This definition of a project leads to the following definition of project management:

**Project management** is the whole of activities required for planning, preparing, executing, and completing a set of activities in a controlled manner to deliver the agreed result within the agreed time and within the agreed budget.

The definition of project management leads to the following definition of the project manager role:

The **project manager** is the role responsible at the operational level for planning, preparing, executing, and completing activities to deliver the agreed result within an agreed time and budget.

The specific delivery process for a project is different from that for an ongoing service, but the generic management processes are very similar to service management.

There is a reciprocal relationship between service management and project management. On the one hand, a project is a form of service that the service manager can describe in their product service catalog. The service manager is then responsible for ensuring that a delivery organization is in place that is able to execute project assignments. During the execution of a project, project management is responsible for delivering that project result. On the other hand, the project manager can use service management processes that service management has implemented, as part of the project.

It is important to mention that in order to perform service management or project management, there does not have to be a contract. There is also service management or project management when products, performances or services are delivered within the organization without the involvement of other parties. This situation rarely occurs in practice. An external party is often involved on the supplying or receiving side.

### **Delivery management**

During the performance of the service or the delivery of the product, three different types of processes are important:

- the processes specific to the delivery itself, the delivery processes;
- operational delivery management processes;
- tactical delivery management processes.

The definition of delivery management is as follows:

**Delivery management** is the set of generic activities used to manage and control project-based or continuous service or product deliveries in the short and long term.

The delivery management processes are highly dependent on the delivery process. On the one hand, this delivery process is influenced by the substance of the delivery. The provision of cleaning services has to be managed in a completely different way than the construction of a tunnel. On the other hand, a provision of a comparable service can take different forms. For example, staff and materials can be purchased for the aforementioned cleaning service, but it is also possible to place the execution entirely under the responsibility of the supplier and to focus on the result, the output, of the cleaning activities. Given the specific nature of all delivery processes, this book does not deal with this from a methodological point of view but limits itself to examples of delivery processes. For delivery management processes, this book only discusses those processes that are relevant to the contract and related to the delivery of the service.

The operational delivery management processes are those generic processes that ensure that daily delivery takes place as undisturbed as possible. These processes relate to the following components:

- Disruptions, whereby (imminent) disruptions to deliveries are addressed and resolved, the cause is investigated, and measures are taken to prevent a recurrence of the disruption.
- Changes, where necessary changes to the deliveries are carried out in such a way that the deliveries are hindered as little as possible.
- Assets, which keeps track of all assets that are available and deployed to make deliveries possible and ensures that those resources are and remain in good condition.
- Orders/requests, with which the user of the service can initiate certain deliveries as far as they are within the agreements, for example having an office cleaned extra after a company party.

The tactical delivery management processes are the generic processes that must guarantee continuity in the longer term. These processes cover the following components:

- Planning, ensuring that the deployed resources match the requested deliveries. This means that problems should not arise because there are too few resources available, but also that there is no large surplus that entails excessive costs.
- Fallback, which arranges for procedures to be in place in the event of calamities to still realize a basic level of deliveries if this is necessary as agreed. Of course, these procedures also need to be tested from time to time.
- Compliance, which ensures that the deliveries and delivery process comply with internal and external laws and regulations.
- Complaints, which handles user complaints, thereby improving the quality of deliveries and the delivery process, and increasing client satisfaction.

