



Free Questions for L4M5 by certsdeals

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Question 1

Question Type: MultipleChoice

Which of the following is the purpose of using stakeholder support level scale?

Options:

- A- To identify stakeholder level of influence and interest and plot them on stakeholder map
- B- To identify stakeholder's needs and expectations
- C- To estimate the gap and the progress towards desired levels of support
- D- To identify key stakeholders

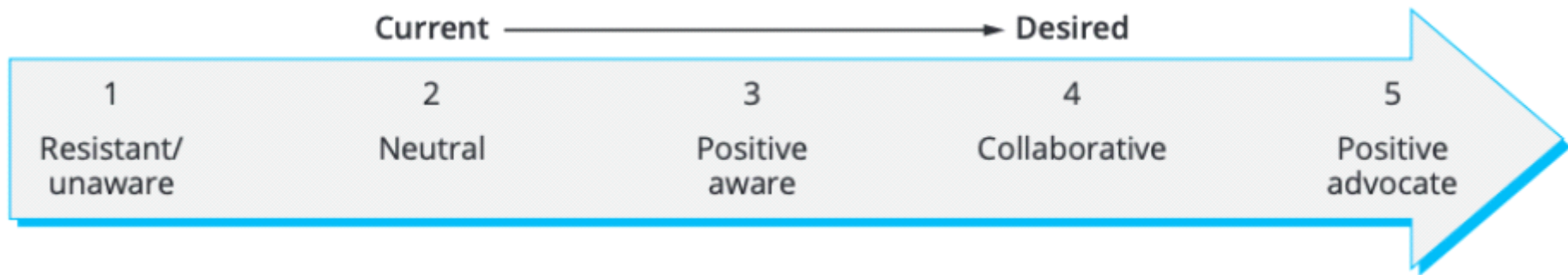
Answer:

C

Explanation:

In order to estimate the gap and the progress towards desired level of support, a stakeholder support scale can be used by the procurement internally. The support level scale measures stakeholder commitment. Current support level for the

procurement/negotiation objectives should be gained from engagement with key stakeholders. The following is an example of stakeholder support level scale:



LO 1, AC 1.1

Question 2

Question Type: MultipleChoice

Which of the following are recognised techniques in contract negotiation? Select THREE that apply.

Options:

- A- Framing and reframing
- B- Ratification
- C- Pacing and leading
- D- Validation
- E- Role ethics
- F- Anchoring

Answer:

A, C, F

Explanation:

The question asks about negotiation techniques which are not present in the book. In this question, there are only 3 recognised techniques:

- Framing and reframing: A frame is an assumption, or set of assumptions, that guides our attention and behavior. Reframing is the ability to identify and significantly change assumptions or perspectives. Framing has a significant impact on the effectiveness of negotiation outcomes and negotiator working relationships. You can read more on framing and reframing [here](#).
- Anchoring: Anchoring bias is well-known cognitive bias in negotiation and in other contexts. The anchoring bias describes the common tendency to give too much weight to the first number put forth in a discussion and then inadequately adjust from that starting point, or the "anchor." We even fixate on anchors when we know they are irrelevant to the discussion at hand. You can read more on anchoring [here](#).

- Pacing and leading: Pacing and leading is a two-step lever of persuasion. First -- You "match your pace" to the person you want to influence in as many ways as possible. You can do this by mimicking the way the person talks, stands, their appearance, etc. You can also mimic less tangible aspects like the way they act, or their emotional state. Second -- Once you've set your pace with someone, lead them to whatever decision or behavior you want them to take! You can read more on pacing and leading here.

LO 3, AC 3.2

Question 3

Question Type: MultipleChoice

A supplier's mark-up on all products is 25%. Supplier's profit margin is...?

Options:

A- 20%

B- 30%

C- 75%

D- 15%

Answer:

A

Explanation:

$$\text{Markup (\%)} = \frac{\text{Price} - \text{Cost}}{\text{Cost}} \times 100 = \left(\frac{\text{Price}}{\text{Cost}} - 1 \right) \times 100$$

$$\text{Margin (\%)} = \frac{\text{Price} - \text{Cost}}{\text{Price}} \times 100 = \left(1 - \frac{\text{Cost}}{\text{Price}} \right) \times 100$$

$$\text{Markup} = 25\% \rightarrow \frac{\text{Price}}{\text{Cost}} = 1.25 \rightarrow \frac{\text{Cost}}{\text{Price}} = 0.8$$

$$\text{Margin} = (1 - 0.8) \times 100 = 20\%$$

LO 2, AC 2.1

Question 4

Question Type: MultipleChoice

Which of the following would cause a demand curve for a good to be price inelastic?

Options:

- A- There are a great number of substitutes for the good
- B- The consultancy service
- C- The luxury goods
- D- The necessary goods

Answer:

D

Explanation:

Essential goods and services such as electricity, fuel, basic food stuffs, commuter transport and habitual products such as tobacco, alcohol and sugar-based drinks are often sited as facing a relatively inelastic demand curve. This means when the price goes up, the quantity demanded does not decrease very much and so they are often the target of government taxation.

LO2, AC 2.2

Question 5

Question Type: MultipleChoice

'What specific tests do you carry out to ensure quality is achieved?' This is an example of which type of negotiation question?

Options:

A- Leading

B- Probing

C- Reflective

D- Closed

Answer:

B

Explanation:

The question requires more detailed answer, it is an example of probing question.

Probing questions are typically follow-up questions, and aim to elicit more detailed information on the back of the answer elicited from the open questions. Probing question are also useful to check that the supplier fully understand their offering, as well as your needs, can also be used to communicate to the suppliers that you know this category well.

LO 3, AC 3.3

Question 6

Question Type: MultipleChoice

Procurement team is required to improve leverage with their suppliers through spend consolidation. To check whether there is any opportunity to consolidate spend, which of the following should be priority of procurement team?

Options:

- A- Spend analysis
- B- Value engineering
- C- Price analysis

D- Total cost analysis

Answer:

A

Explanation:

In order to identify opportunities where you can increase your leverage with supplier, you need to understand your spend. Undertaking spend analysis of your accounts payable (AP) data is an essential first step here.

Question 7

Question Type: MultipleChoice

Jane is planning for a forthcoming negotiation with a key supplier. She has learned what are important to the supplier and what are important to her company from previous contracts between them. In order to avoid negotiation deadlocks, she has set up several concession plans. But Jane has little experience in dealing with suppliers and doesn't know when to trade these concessions. When is the best time in a negotiation to trade concessions?

Options:

- A- In the testing phase
- B- In the proposing phase
- C- At bargaining stage
- D- At opening stage

Answer:

C

Explanation:

The question asks about the point in time when Jane should make concessions with the supplier. These concessions should be traded after preliminary stages such as opening, testing and proposing are over and proposals move from being tentative and general to being more definite and specific. This stage is called bargaining phase. The bargaining phase is the 'meat' of the negotiation meeting.

LO 3, AC 3.1

Question 8

Question Type: MultipleChoice

Commercial negotiation ends at the award of a contract. Is this statement true?

Options:

- A-** Yes, because there are no rooms for negotiation after the contract is awarded
- B-** Yes, because the supplier will comply with legally binding obligations
- C-** No, because improvements can be achieved through post-award negotiation
- D-** No, because real commercial negotiation begins after the contract is awarded

Answer:

C

Explanation:

Negotiation doesn't end after the contract is awarded. The needs for negotiation can arise in any post-award stages. For example, at supplier development and relationship management stage, improvement in supplier capability, capacity, and product/service range can be negotiated. Negotiations with long-term strategic critical suppliers should be carried out in a partnering style, with a win-win starting point assumed.

In some sectors such as transport, utilities and infrastructure, tenderers may 'bid low' or even make a loss to win major contracts with a view to negotiating lucrative changes, variations and 'add-ons' over the life of the contract when the supplier is bedded in and the buyer

is in the weaker position to push back or challenge. Even in less complex contract, it is very likely that there will be a need to negotiate with that supplier again after the awarding of the contract.

LO 1, AC 1.1

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