



Free Questions for L4M5 by vceexamstest

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Question 1

Question Type: MultipleChoice

Which of the following are most likely to be sources of conflict that can emerge from the content of commercial negotiations? Select TWO that apply.

Options:

- A- Framework arrangement
- B- Payment terms
- C- Contract governing law
- D- Requisition
- E- Cultural differences

Answer:

B, C

Explanation:

There are multiple sources of divergent positions that can arise in situations where money is exchanged for goods and services. There are 2 different types of sources. Those that arise from the content or subject matter of the negotiation (what is being negotiated) and those that arise from the process of negotiation (how it is being negotiated).

Sources of divergent position - the content of negotiation:

Sources of divergent positions/conflict	Typical buyer position (starting point)	Typical supplier position (starting point)
Price	Would like to pay as little as possible for the goods and services.	Would like to charge as much as possible for the goods and services.
Quality	Would like the highest quality/service possible for the price.	Would like to deliver the required quality at the lowest cost.
Payment terms	Would like to pay as slowly/late as possible.	Would like to get paid as quickly as possible.
Risk share	Would like the supplier to take most of the risk.	Would like the buyer to take most of the risk.
Volumes and commitment	Would like maximum flexibility of supply with minimum commitment to volumes.	Would like minimum flexibility of supply with maximum commitment to volumes.
Contract terms and conditions	Would like the buyer's Ts and Cs to govern the contract.	Would like the supplier's Ts and Cs to govern the contract.
Dispute resolution/ contract governing law	Would like disputes to be resolved in buyer's jurisdiction.	Would like disputes to be resolved in supplier's jurisdiction.

Cultural differences are the source of conflict in the process of negotiation.

Requisition is an internal document raised by user or store to communicate to procurement the need to buy the product or service specified. This is merely a internal document.

Framework arrangement is a rather loose set-up, without any legal standing. It usually occurs when an organisation has decided for itself to limit the number of suppliers it is willing to work with and, through a purely internal process, sets up an approved list of such suppliers.

LO 1, AC 1.1

Question 2

Question Type: MultipleChoice

Active listening in negotiation includes which of the following activities?

1. Hearing
2. Interpreting
3. Rapport
4. Influence

Options:

A- 3 and 4 only

B- 1 and 3 only

C- 1 and 2 only

D- 2 and 3 only

Answer:

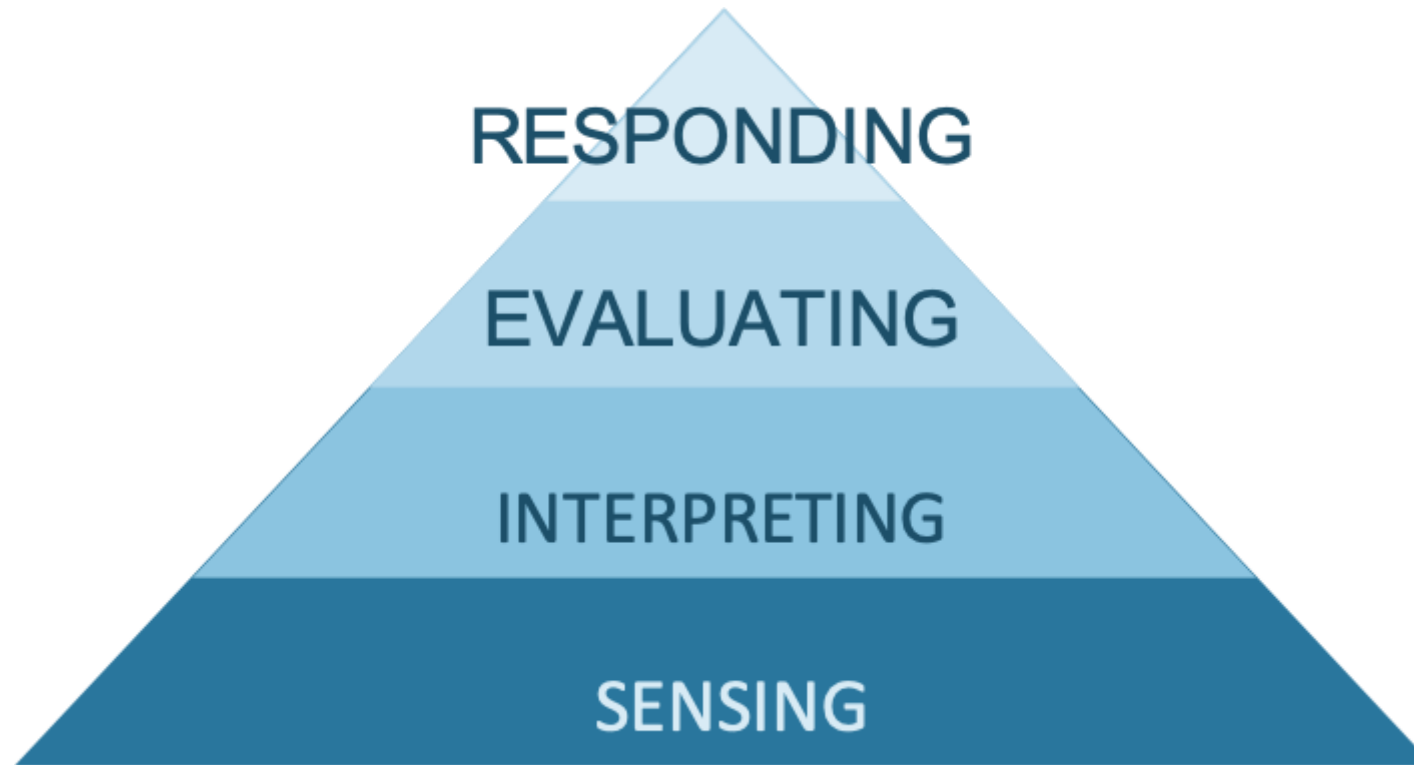
C

Explanation:

Listening is a hugely important skill in the world of work. It's a key part of effective communication [...].

Regarding active listening, there is a model called 'The SIER Hierarchy of Active Listening'. It details four key stages required for effective listening. As with all models associated with active listening, its purpose is to help the listener be a better, more effective listener who really hears what is being said, connects with the individual with whom they are communicating and builds effective relationships.

The model is a hierarchical model meaning that each stage builds on the stage before it. While the model is sometimes used for training in the sales arena, it is helpful in all walks of life. The stages of the model are: Sensing (including hearing and watching body language), Interpreting, Evaluating and Responding.



- CIPS study guide page 171-173

- The SIER Hierarchy of Active Listening: Become a Better Listener

LO 3, AC 3.3

Question 3

Question Type: MultipleChoice

From the principled point of view about negotiation environment, which of the following is a true statement?

Options:

- A- Advantage gained from uncomfortable negotiation environment is likely to last long after the negotiation
- B- The room layout can be seen as a source of tactical advantage
- C- Home advantage should not be exploited to win a temporary advantage
- D- There is no ideal negotiation environment in real life

Answer:

C

Explanation:

From a principled point of view, the focus of negotiation is on resolving the issue and not on winning temporary advantage over TOP through exploiting home advantage. From the principled point of view, the location and room layout should not be viewed as a source of tactical advantage and should not be used to try to gain advantage over TOP or unfairly influence them in the meeting room.

From a pragmatic point of view, not all of these elements in the ideal negotiation environment may be feasible, so the host may have to make compromises and explain these to TOP.

From a distributive point of view, the host will seek to create an advantage for themselves either explicitly or more subtly. It is arguable that any advantage gained through intentionally creating an uncomfortable environment to put short-term pressure on TOP is likely to be short-lived as TOP will likely reflect on this later and seek means to get even.

LO 2, AC 2.4

Question 4

Question Type: MultipleChoice

Which type of power is considered the opposite of coercive power?

Options:

- A- Referent power
- B- Informational power
- C- Reward power

D- Expert power

Answer:

C

Explanation:

The coercive power comes from the belief that a person can punish others for non-compliance. It can be considered as opposite to reward power, which results from one person's ability to compensate or reward another for compliance.

LO 1, AC 1.3

Question 5

Question Type: MultipleChoice

Which of the following should be done by the procurement team at the closing stage of a negotiation? Select TWO that apply.

Options:

- A- Gloat publicly about the deal
- B- Seek agreement in principle if TOP does not have the final authority
- C- Tell TOP that they could have got a better deal
- D- Accept ambiguity or uncertainty
- E- Leave the meeting as soon as possible

Answer:

B, E

Explanation:

The agreement and closing phase is the phase when it is either clear through explicit language, or strongly suggested through non-verbal signals, that TOP is ready to move to agreement. Judging when to close can be difficult and as with phases of the negotiation, experience, observation, practice and reflection will be the best ways to learn here.

In the closing phase, procurement should:

- Watch for closing/buying signals
- Check to ensure all issues have been resolved
- Consider using visual aids to summarise
- Use 'summary close'

- Make a decision to conclude/close
- Seek agreement in principle if TOP does not have the final authority
- Make your own private notes on the final agreement
- Shake hands on the agreement
- Leave the meeting as soon as possible thereafter.

LO 3, AC 3.1

Question 6

Question Type: MultipleChoice

Which of the following best describes Leverage quadrant in Kraljic matrix?

Options:

A- Low risk, high importance

B- High value, high complex

C- Low risk, low importance

D- High complex, low importance

Answer:

A

Explanation:

In 1983, Peter Kraljic devised a means to segment the supplier base in the article in HBR. In this, he argued that supply items should be mapped against two key dimensions: risk and profitability.

Risk relates to the likelihood for an unexpected event in the supply chains to disrupt operations. For instance, in important areas of spend, such as tire suppliers for an automotive are business critical, and should a disruption occur, the auto company is likely itself to face substantial problems.

Profitability describes the impact of a supply item upon the bottom line. For certain areas of spend, such as stationery, supplies have only a negligible effect on profits. In other categories, a single source of supply can make or break a business.

Putting these two dimensions together yields a classic two-by-two matrix.



Source: Peter Kraljic, HBR

- CIPS study guide page 63-73

- What Is The Kraljic Matrix? ([forbes.com](https://www.forbes.com))

LO 1, AC 1.4

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