

D4/November 2017

**Diploma in procurement and supply**

# **Negotiating and contracting in procurement and supply**

**Date**            **Tuesday 14 November 2017**

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**Time**            **Start 14:00**            **End 17:00**            **Duration 3 hours**

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## **QUESTION PAPER**

### **INSTRUCTIONS FOR CANDIDATES**

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This examination has **FOUR** compulsory questions worth 25 marks each.

1. Do not open this question paper until instructed by the invigilator.
2. All answers must be written in the answer booklet provided.
3. All rough work and notes should be written in the answer booklet.

## QUESTIONS

You are advised to spend 45 minutes on each question.

- Q1 (a)** Discuss **THREE** merits of performance specifications in commercial agreements. **(15 marks)**
- (b)** Describe **TWO** circumstances in which it may be appropriate to use a conformance specification in a commercial agreement. **(10 marks)**
- Q2** Using **FIVE** characteristics, compare collaborative (integrative) negotiation with adversarial (distributive) negotiation. **(25 marks)**
- Q3 (a)** Explain, with examples, the following terms:
- (i)** Direct costs
  - (ii)** Indirect costs
  - (iii)** Fixed costs
  - (iv)** Variable costs. **(16 marks)**
- (b)** Suggest **THREE** reasons why it is important for a purchaser to understand a supplier's fixed and variable costs when preparing for a negotiation. **(9 marks)**
- Q4 (a)** Explain **THREE** ways in which parties to a negotiation might reflect on their performance in the negotiation. **(9 marks)**
- (b)** Discuss **FOUR** tactics that could be used to influence the other party during a negotiation. **(16 marks)**

**END OF QUESTION PAPER**



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