

D4/July 2018

Diploma in procurement and supply

Negotiating and contracting in procurement and supply

Date **Monday 16 July 2018**

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

QUESTION PAPER

INSTRUCTIONS FOR CANDIDATES

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)** Explain **TWO** advantages and **TWO** disadvantages for a procurement organisation of leasing an asset (such as a piece of equipment), rather than buying it outright. **(16 marks)**
- (b)** Outline **THREE** elements of a contract for the hire of goods that are not present in a contract for the sale of goods. **(9 marks)**
- Q2 (a)** Describe **THREE** sources of personal power that can be used in a commercial negotiation. **(15 marks)**
- (b)** Explain the reasons that lead to a monopoly supplier having high power relative to a purchaser in a commercial negotiation. **(10 marks)**
- Q3 (a)** Explain **FIVE** sources of information that a buyer might use to understand microeconomic factors that affect negotiations. **(15 marks)**
- (b)** Explain **TWO** ways in which changes in the macroeconomic business cycle might impact on commercial negotiations. **(10 marks)**
- Q4 (a)** Explain the term 'influencing' in the context of a commercial negotiation, using examples to illustrate your answer. **(13 marks)**
- (b)** Explain **TWO** characteristics of a 'push' approach to influencing used by a negotiator in a commercial negotiation. **(12 marks)**

END OF QUESTION PAPER



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