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Question: 1

Which of the following occur within the planning and preparation stage in a negotiation process? Select THREE that apply.

A. Understanding the other party
B. Defining the constituents
C. Making as few concessions as possible
D. Using questions to elicit information
E. Narrowing the range of solutions
F. Analyse the bargaining power

Answer: A, B, F

Explanation:
In the planning and preparation stage of negotiation, it is essential to build a strong foundation by understanding various factors that influence the negotiation outcome. According to CIPS resources, critical aspects of preparation include:
Understanding the other party (A): This helps in anticipating their needs, objectives, and potential negotiation styles, leading to more strategic discussions.
Defining the constituents (B): This involves identifying all stakeholders or parties impacted by the negotiation, ensuring their interests are considered when planning the negotiation strategy.
Analyzing the bargaining power (F): Understanding the relative power each party brings to the negotiation helps in setting realistic goals and predicting possible negotiation dynamics.
These elements are foundational in ensuring a well-rounded approach and enabling both parties to enter negotiations with clarity and strategy, enhancing the potential for a positive outcome.

Question: 2

A purchasing organisation is discussing its approach to an upcoming negotiation with a key supplier over a contract for critical new services. They have decided they want to find a Win/Win (integrative) solution. Which TWO of the following would be appropriate in this scenario?

A. Collaboration
B. Problem solving
C. Coercion
D. Persuasion
E. Transfer of risk

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Answer: A, B

Explanation:
In a Win/Win or integrative negotiation approach, the goal is to achieve mutual benefit, which is characterized by a collaborative environment. According to CIPS principles on integrative negotiation:
Collaboration (A): Actively working together enables both parties to find solutions that maximize joint gains and address the needs of both sides.
Problem solving (B): Focusing on problem-solving allows both parties to address the issues at hand rather than competing over positions, facilitating a solution that satisfies both parties' needs.
By emphasizing collaboration and problem-solving, the organization increases the likelihood of a successful, sustainable agreement that respects both parties' interests.

Question: 3

Maria is a professional services category buyer within the National Health Service. Due to the severe financial budget cutbacks the National Health Service is facing, the procurement team has been tasked with achieving cost savings so that funding available can be spent on patient care. Maria plans to achieve savings with one of her collaborative suppliers. Which negotiation approach should she undertake?

A. Win-Lose
B. Lose-Lose
C. Win-Perceived Win
D. Win-Win

Answer: D

Explanation:
The Win-Win approach is the most appropriate negotiation strategy in situations where collaboration and ongoing relationships are prioritized. In this case:
Achieving cost savings: The NHS aims to reduce expenses in order to reallocate funds to critical areas, making it essential that both parties work together to find cost-effective solutions.
Collaborative supplier relationship: Since Maria is working with a collaborative supplier, maintaining a positive relationship through mutual benefit is essential for continued cooperation.
Alignment with public service objectives: A Win-Win outcome aligns with the NHS's broader objectives of maximizing resources for patient care, as it ensures that savings are achieved without undermining the supplier’s commitment to quality service.
This approach aligns with CIPS guidelines for maintaining productive, ethical partnerships in procurement, especially in critical sectors like healthcare.

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Question: 4

Hammad Alsuwaidi is a procurement professional leading a negotiation for a vehicle rental contract. Hammad has a clear goal to negotiate a two-year contract in exchange for a minimum of a 20% discount. During the negotiation, Hammad presents to the supplier the facts, figures, and justification for a 20% discount. Which of the persuasion methods below has Hammad chosen?

A. Push
B. Visionary
C. Pull
D. Collaborative

Answer: A

Explanation:
Hammad's approach of presenting facts, figures, and justifications aligns with the Push persuasion method. The Push strategy involves directly presenting information, data, and logical arguments to convince the other party of a certain outcome. In this scenario, Hammad is using objective evidence to influence the supplier towards agreeing to a discount, which is characteristic of the Push method, as per CIPS guidance on negotiation tactics.

Question: 5

Which of the following are variable costs?

A. Rent
B. Loan repayments
C. Insurance
D. Packaging

Answer: D

Explanation:
Packaging is considered a variable cost because it fluctuates with the level of production or sales activity. Variable costs change directly in relation to the volume of output or service. In contrast: Rent (A), Loan repayments (B), and Insurance (C) are fixed costs, as they generally do not vary with production levels within a certain range. These are recurring costs that remain constant over time, aligning with CIPS's cost classification in procurement.

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