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1

L4M5 Study Set 2024/2025 Exam Questions with Detailed Verified Answers (100% Correct Answers) | Already Graded A+

What is a commercial negotiation? - (ANSWER)A negotiation is the process whereby two or more parties decide what each will give and take in an exchange between them. A commercial negotiation generally is between organisations and can involve negotiating contracts and managing projects for the maximum return, as well identifying and developing new business opportunities

With examples explain where negotiation can occur in the procurement cycle? - (ANSWER)1. Identification of need - internal negotiations with stakeholders

2. Market commodity options - informs the negotiation process and evaluation of bargaining power between buyer and supplier can start at this stage.

3. Develop plan/strategy - the decision regarding whether to negotiate or not, as well as plan objectives, plans, resources and the approach to achieve what you want.

4. Pre-procurement market test & engagement - supplier conditioning can occur when meeting key players

5. Develop documentation - setting out requirements in documentation form that will help support your negotiations

6. Supplier selection - may be limited, but there may be internal negotiation in relation to short-listing or down-selection and evaluation of expressions of interest

7. Issue invitation to tender - this stage may have limited opportunity for negotiation

8. Bid/tender evaluation - internal negotiation may occur in relation to assessment and evaluation of bids received, alternatively this may be the start of

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Certification L4M5 Book Torrent and CIPS Exam L4M5 PDF: Commercial Negotiation Latest Released

The trouble can test a person's character. A bad situation can show special integrity. When to face of a difficult time, only the bravest people could take it easy. Are you a brave person? If you did not do the best preparation for your IT certification exam, can you take it easy? Yes, of course. Because you have PremiumVCEDump's CIPS L4M5 Exam Training materials. As long as you have it, any examination do not will knock you down.

CIPS L4M5 Certification Exam is recognized by employers around the world as a mark of excellence in commercial negotiation. Commercial Negotiation certification demonstrates that a candidate has the knowledge and skills necessary to succeed in negotiating commercial contracts and agreements. Employers often require this certification for individuals in procurement and supply chain management roles, as it is a key indicator of competence and professionalism.

CIPS L4M5 Certification Exam is suitable for individuals who are involved in commercial negotiations, either as buyers or sellers, and who want to improve their negotiation skills. L4M5 Exam covers a range of topics, including negotiation planning, strategies and tactics, communication, ethics and legal issues, and relationship management. By passing the exam, candidates demonstrate their ability to negotiate effectively in a variety of commercial situations, and to create value for their organizations through successful negotiations.

CIPS Commercial Negotiation Sample Questions (Q23-Q28):

NEW QUESTION # 23

The buyer's bargaining power tends to be relatively higher than supplier's bargaining power in which of the following circumstances?

- A. The buyer is large in size relative to its suppliers
- B. The buyer does not have the option to move to an alternative supplier
- C. The buyer demand is so urgent that it can't be postponed
- D. The buyer's spend takes up a small proportion of supplier revenue

Answer: A

Explanation:

Buyer power gives customers/consumers (buyers) the ability to squeeze industry margins by pressuring firms (the suppliers) to reduce prices or increase the quality of services or products offered.

There are four major factors to consider when determining the bargaining power of buyers:

1. Number of buyers relative to suppliers: If the number of buyers is small relative to that of suppliers, the buyer's power will be stronger.
2. Dependence of a buyer's purchase on a particular supplier: If a buyer is able to get similar products /services from other suppliers, buyers depend less on a particular supplier. Therefore, the power of the buyer would be greater.
3. Switching costs: If there are not many alternative suppliers available, the cost of switching is high. Therefore, buyer power would be low.
4. Backward Integration: If the buyer is able to integrate or merge suppliers, the buyer has greater bargaining power over the existing suppliers.

When is Bargaining Power of Buyers High/Strong?

There are fewer buyers relative to that of suppliers

The switching costs of the buyer are low

If the buyer is able to backward integrate

The buyer purchases product in bulk (high volume)

The buyer is able to get similar product/services from other suppliers

The buyer purchases the majority of the seller's products

Several substitutes are available on the market

Product is not differentiated

Reference:

CIPS study guide page 54-56

What is the Bargaining Power of Buyers?

NEW QUESTION # 24

The buyer's bargaining power tends to be relatively higher than supplier's bargaining power in which of the following circumstances?

- A. The buyer is large in size relative to its suppliers
- B. The buyer does not have the option to move to an alternative supplier
- C. The buyer demand is so urgent that it can't be postponed
- D. The buyer's spend takes up a small proportion of supplier revenue

Answer: A

NEW QUESTION # 25

Which of the following is a source of information on microeconomic factors?

- A. Analysis published in the mainstream and financial media
- B. The marketing and corporate communications of suppliers
- **C. Data published by the financial markets and commodity markets and exchanges**
- D. Published economic indices such as the Retail Price Index (RPI)

Answer: C

Explanation:

Microeconomic data specific to industries, suppliers, or products can often be found in commodity markets, trade exchanges, and financial databases. These provide detailed insights on supply, demand, pricing, and trends.

Reference: LAM5 Commercial Negotiation 2nd edition (CORE), Section 2.2 - Information Sources for Market and Economic Analysis

NEW QUESTION # 26

Which of the following are signs indicating that the trust between buyer and supplier has improved? Select TWO that apply.

- **A. Decreasing percentage of missed delivery overtime**
- B. Cost overruns
- **C. Transparent decision making process**
- D. Less frequent communication on business requests Duplication of effort

Answer: A,C

Explanation:

Signs of trust in business relationships

- * Mutually agreed and managed objectives
- * Sharing information
- * Managing conflict through joint problem solving
- * On time delivery of products and services
- * High-performance teams that feel empowered to get the job done
- * Supplier welcomes opportunity to innovate
- * Both parties share ideas and insight
- * Clear criteria for decision making

LO 1, AC 1.4

NEW QUESTION # 27

In a negotiation for a new contract, the supplier suggests the buyer to shorten payment period from 45 days to 15 days because they are investing in new facilities to expand the supply capacity. The buyer replies that she can only sign off the deal if the payment period is 30 days or more since it often takes at least 30 days for her company to collect the payment from customers. A permission from senior management is required for this suggestion. In order to ensure that supplier understands the matter, she reiterates it throughout the meeting.

Which tactics is she using?

1. Outrageous initial demand
2. Salami slicing
3. Lack of authority
4. Broken record

- A. 2 and 4 only
- **B. 3 and 4 only**
- C. 1 and 3 only
- D. 1 and 2 only

Answer: B

