Free PDF Quiz 2026 Useful CIPS L4M5: Commercial Negotiation Cost Effective Dumps

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CIPS L4M5 (Commercial Negotiation) certification exam is an advanced-level exam designed for procurement professionals seeking to enhance their negotiation skills. This globally recognized certification is offered by the Chartered Institute of Procurement and Supply (CIPS) and is highly regarded in the procurement industry. L4M5 exam is intended to evaluate the candidate's knowledge and understanding of negotiation strategies, techniques, and approaches to ensure they can successfully negotiate commercial agreements.

CIPS L4M5 (Commercial Negotiation) Certification Exam is a globally recognized certification program that provides professionals with the necessary knowledge and skills to effectively negotiate in commercial environments. Commercial Negotiation certification is designed for individuals who are seeking to advance their careers in procurement, supply chain management, and related fields. The CIPS L4M5 Certification program is offered by the Chartered Institute of Procurement and Supply (CIPS), which is a professional body that represents the interests of procurement and supply chain professionals worldwide.

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CIPS L4M5 Exam is an essential qualification for procurement professionals who are responsible for negotiating contracts, agreements, and deals with suppliers and other stakeholders. L4M5 exam is designed to test the candidate's ability to negotiate effectively, while taking into account the interests of all parties involved. L4M5 exam covers a range of different negotiation scenarios, including one-on-one negotiations, complex multi-party negotiations, and negotiations with international suppliers. Candidates who pass the exam will have demonstrated their ability to negotiate effectively, and will have gained the knowledge and skills needed to drive value for their organizations through effective negotiation.

CIPS Commercial Negotiation Sample Questions (Q231-Q236):

NEW QUESTION # 231
An oil refinery plant imports much of its crude oil from overseas. A procurement manager in the refinery suggests that fixing the crude oil contract price for 36 months would be beneficial for the company. Would this be a right thing to do?

- A. Yes, financial budgeting task would be a lot easier with fixed pricing arrangement
- B. No, fixed price should be only applied to contracts that last 60 months or longer
- C. Yes, the supplier would bear the risk when the material price increased
- D. No, the refinery would not be able to reap the benefits from falling commodity price and currency rates

Answer: D

Explanation:
Fixed price contract is the contract in which the price is static throughout the contract period. A fixed-price contract may give certainty to budget and simplify contract management. However, it may lead to other problems since it requires bidders to estimate and bear the financial risks associated with price escalations. If the estimates are too high or events do not materialize, the buyer will pay a steep price that may affect the economy and efficiency of the contract. In the worst case, it may mean that the bid price is then above budget and may lead to a reduction in the requirements or rebidding. If the estimates are too low, it may appear as an abnormally low bid and disrupt contract execution.
On the other hand, price adjustment provisions include formulas designed to address problems, and can protect both the borrower and contractors from price fluctuations. Price adjustment formulas allow contractors to offer more realistic prices at the time of bidding. Despite concerns that they may lead to budget uncertainties, price adjustment formulas will estimate the actual cost implications that will be encountered.
They use indexes that can be used for cost projection.
According to Asia Development Bank (ADB), any contract with a delivery or completion period beyond 18 months should contain an appropriate price adjustment clause.
In the scenario, the crude oil contract is planned to last 36 months. This period is pretty long with a fluctuating commodity.
Therefore, the company should use price adjustment agreement.
Reference:
- CIPS study guide page 113-117
- Guidance Note on Procurement: Price Adjustment (adb.org)
LO 2, AC 2.2

NEW QUESTION # 232
Which of the following is a true statement regarding macroeconomic factors and their potential impact on negotiations?

- A. Macroeconomic factors cannot be influenced by anyone's expectation or sentiment
- B. Changes in macroeconomic factors may affect businesses and individuals differently
- C. Expectations on macroeconomic prospect are always correct
- D. Macroeconomic factors always directly influence the negotiations

Answer: B

Explanation:
'Macroeconomic factors always directly influence the negotiations': This statement is false. For any given negotiation it is not the macroeconomic factor itself that necessarily influences the negotiation but the change or rate of change that factor.
'Changes in macroeconomic factors may affect businesses and individuals differently': This statement is true.
Macroeconomic factors are factors that have general effects on the economy and many businesses may be completely unaffected or affected more or less than others in the same industry by a change in a factor.
'Macroeconomic factors cannot be influenced by anyone's expectation or sentiment': This statement is false.
When it comes to macroeconomic factors another key consideration is expectation regarding what might happen to these factors, or specifically the measures, metrics or percentage rates associated with these factors in the future.
'Expectations on macroeconomic prospect are always correct': This statement is false. Expectations are not always correct.
LO 2, AC 2.2

NEW QUESTION # 233
An oil refinery plant imports much of its crude oil from overseas. A procurement manager in the refinery suggests that fixing the crude oil contract price for 36 monthswould be beneficial for the company. Would this be a right thing to do?

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- B. No, fixed price should be only applied to contracts that last 60 months or longer
- C. Yes, the supplier would bear the risk when the material price increased
- D. No, the refinery would not be able to reap the benefits from falling commodity price and currency rates

Answer: D

Explanation:
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Fixed price contract is the contract in which the price is static throughout the contract period. A fixed-price contract may give certainty to budget and simplify contract management. However, it may lead to other problems since it requires bidders to estimate and bear the financial risks associated with price escalations. If the estimates are too high or events do not materialize, the buyer will pay a steep price that may affect the economy and efficiency of the contract. In the worst case, it may mean that the bid price is then above budget and may lead to a reduction in the requirements or rebidding. If the estimates are too low, it may appear as an abnormally low bid and disrupt contract execution.
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According to Asia Development Bank (ADB), any contract with a delivery or completion period beyond 18 months should contain an appropriate price adjustment clause.
In the scenario, the crude oil contract is planned to last 36 months. This period is pretty long with a fluctuating commodity. Therefore, the company should use price adjustment agreement.

NEW QUESTION # 234
During a negotiation, a procurement manager suggests that the two companies should split the difference which would benefit both the supplier and buyer. Which persuasion method is she using?

- A. Good cop/bad cop
- B. Logic
- C. Compromise
- D. Threat

Answer: C

Explanation:
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In the scenario, the manager propose to 'split the difference', which means each party will accept some of their demands and concede some. This is known as 'Compromise'.

NEW QUESTION # 235

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.

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

Answer: A,B

Explanation:
There are multiple sources of divergent positions that can arise in situations where money is exchange 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:
Table Description automatically generated

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

NEW QUESTION # 236
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