

100% Pass Quiz CIPS - L4M5 - Latest Exam Commercial Negotiation PDF

This is mock exam A for CIPS L4M5 Commercial Negotiation 2 hour maximum

1. Is it possible to achieve a successful outcome to negotiation without preparation?
A, No, as it is unprofessional and not advisable
B, yes, although it is unprofessional and not advisable
C, yes, you can always achieve a successful outcome this way
D, no, you can never achieve a successful outcome this way
2. Should negotiations always be entered into?
A, no, the potential benefit hoped for must justify the investment required
B, no, the price and terms offered must always be accepted
C, yes, all offers must be negotiated
D, yes, it must always be done face to face
3. Commercial negotiation can take place during the bid/tender evaluation stage of the procurement cycle, is this appropriate?
A, no, the supplier will always quote his best price and this must be respected
B, yes, public sector procurement regulations say you must always negotiate at this stage
C, yes, if the supplier has anticipated there will be negotiation, there may be some wiggle room on the price
D, no, negotiation must never be entered into at this stage
4. Which of the following is a source of divergent position regarding the content of negotiation?
A, volume and commitment page 17
B, agenda and governance
C, cultural differences
D, timescale and location
5. If during negotiations you concede to the other party with little debate, you are said to be
A, compromising
B, avoiding
C, collaborating
D, accommodating page 21
6. A win-lose or competing approach to negotiation can also be called
A, a distributive approach
B, an integrative approach
C, a collaborative approach
D, an integral approach
7. The first principle of negotiation is separating the people from the problem or issue, this means
A, making sure you don't appear weak to other members of your negotiating team
B, accepting that the subject matter of the negotiation and not the people involved in the negotiation should be the focus
C, keeping relevant stakeholders away from the negotiation process
D, remaining 2 metres away from other negotiators during a pandemic
8. the four fundamental principles to negotiations are
A, people, interests, opinions, criteria
B, people, value, options, criteria
C, people, value, opinions, criteria

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CIPS L4M5 Exam covers a broad range of topics, including negotiation planning and preparation, the negotiation process, and post-negotiation activities. It also delves into the psychology of negotiation, exploring the various tactics and strategies that can be employed to achieve successful outcomes. Candidates will be tested on their ability to analyze complex situations, identify the interests of all parties involved, and develop effective negotiation strategies that meet the needs of all stakeholders.

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CIPS Commercial Negotiation Sample Questions (Q159-Q164):

NEW QUESTION # 159

What is a benefit to the buyer of having a BATNA (best alternative to a negotiated agreement) in a negotiation?

- A. To aid detailed pre-meeting data gathering and analysis
- B. To facilitate information sharing between both parties
- C. To be able to confidently walk away from an unfavorable deal
- D. To reduce financial and logistical risk for both parties

Answer: C

Explanation:

A BATNA provides the buyer with the confidence to walk away if terms are not favorable, ensuring they don't settle for a suboptimal agreement. Knowing the best alternative enables buyers to negotiate from a position of strength, as per CIPS's guidance on negotiation strategies.

NEW QUESTION # 160

The only procurement risk inherent in a distributive negotiation approach is the potential loss in the outcome.

Is this statement TRUE?

- A. No, both negotiating parties are always committed to ensuring that gains are distributed equally between them
- B. Yes, and that is why procurement must seek to engage with suppliers that have less bargaining power
- C. Yes, because in any commercial negotiation there is always a winner and a loser
- D. No, there is a chance of reaching an impasse among other outcomes to such negotiations

Answer: D

Explanation:

Distributive negotiation carries several risks beyond just losing out on value. These include damaging supplier relationships, eroding trust, and reaching an impasse, where neither party can agree. This could result in delayed projects, increased costs, or supplier withdrawal.

"Distributive negotiation can lead to a breakdown in communication, impasses, and long-term relationship damage. The win-lose mindset can prevent collaborative problem-solving." (L4M5 Commercial Negotiation, 2nd edition, Section 3.5 - Risks of Distributive Approaches)

NEW QUESTION # 161

Ben Dunne is a procurement manager and is responsible for a contract that supplies translation services to his organisation. Ben has the authorisation to extend the contract for a further two years, but has aimed for a further 2% discount. Ben is aware that the supplier's previous performance has been inconsistent, but during the negotiation Ben asks the supplier to present their performance to date on this contract. Which stage of the negotiation cycle is this?

- A. Preparation
- B. Agreement
- C. Testing
- D. Bargaining

Answer: C

Explanation:

The testing stage of the negotiation cycle is where each party explores and validates information provided by the other side. By asking the supplier to present their performance to date, Ben is testing claims, checking credibility, and assessing whether the supplier's performance supports or undermines their position in the negotiation. This is distinct from preparation (which happens before the meeting), bargaining (where concessions and tradeables are exchanged), and agreement (where final terms are confirmed). CIPS highlights that testing allows negotiators to challenge assumptions, clarify evidence, and strengthen their position before moving into bargaining or closure.

Reference: CIPS L4M5 Commercial Negotiation (CORE), 2nd edition - LO 2.2: Stages of the negotiation cycle, including testing and validation.

NEW QUESTION # 162

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

Answer: D,E

Explanation:

There are multiple sources of divergent positions that can arise in situations where money is exchanged 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

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 an 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 # 163

Which of the following are macroeconomic factors that may have influence to the commercial negotiation? Select TWO that apply

- A. Unemployment rate
- B. Rising import tariffs
- C. Equilibrium price
- D. Supply curve
- E. Bargaining power of supplier

Answer: A,B

Explanation:

Explanation

There are many macroeconomic factors that could influence procurement in general and commercial negotiation in particular. Below are six factors that are agreed to be fairly significant:

- * Economy growth rate
- * Inflation rates
- * Interest rates
- * Currency exchange rate
- * Unemployment rate
- * Protectionism

LO 2, AC 2.2

NEW QUESTION # 164

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