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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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CIPS L4M5 Certification Exam provides a rigorous training program that helps procurement professionals develop their skills and knowledge in commercial negotiation. Commercial Negotiation certification is particularly relevant for procurement professionals who are responsible for negotiating contracts and agreements on behalf of their organizations. It is also useful for those who are looking to advance their careers in procurement and supply chain management.

The Chartered Institute of Procurement and Supply (CIPS) is a globally recognized professional body that provides training and certification programs for procurement and supply chain management professionals. One such certification program is the CIPS L4M5 (Commercial Negotiation) Certification Exam, which is designed to assess the negotiation skills of procurement professionals.

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CIPS Commercial Negotiation Sample Questions (Q270-Q275):

NEW QUESTION # 270

Rose is a senior buyer from a skiing equipment retailer. Rose is concerned about the current ski boot shortage and the number of invoicing problems from a key supplier. She has decided to have a video conference with Victor, CEO of the supplier. Initially, she intends to threaten Victor with contract termination unless he can improve the situation. However, she is a little wary of doing this as the switching costs are high. Eventually, she decides to seek solutions by encouraging the other party to offer their views and ideas. Rose also prepares some ideas to discuss with Victor. Which of the following is the persuasion method that Rose intends to use in the forthcoming conference?

- A. Persuasive reasoning (push)
- B. Visionary (pull)
- C. Collaborative (pull)
- D. Directive (push)

Answer: C

Explanation:

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There are two major persuasion methods: 'push' and 'pull'.

Persuasion can be defined as encouraging someone to do something that you want them to do for you.

Persuasion is reasoning with someone so that they will believe or do something they might not otherwise do.

Persuasion can be considered as 'pushing' on TOP so that they can accept the change in attitude or behaviour as a result of your actions.

Influence is the ability to affect the manner of thinking of another. Influence can be considered as pulling on TOP so that you achieve the same result, but TOP feels they have changed their attitude or behaviour as a result of their reflection and thinking, and not your direct actions.

There are multiple variables to consider when choosing between 'push' and 'pull'. Professor Fiona Dent of Ashridge Business School proposes situations when each style might be most appropriate, breaking down push into 'directive' and 'reasoning' and 'pull' into 'collaborative' and 'visionary':

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In the scenario, Rose intends to let both parties exchange their views and ideas so that solutions to current problems can be found. This is the typical characteristic of collaborative (pull) method.

NEW QUESTION # 271

If the price of a good is above the equilibrium price, which of the following will happen?

- A. The quantity demanded is equal to the quantity supplied and the price remains unchanged
- B. There is a shortage (i.e. an excess demand) and the price will fall
- C. There is a surplus (i.e. an excess supply) and the price will fall
- D. There is a surplus (i.e. an excess supply) and the price will rise

Answer: C

Explanation:

In microeconomics, equilibrium price is determined when the quantity demanded is equal to the quantity supplied at equilibrium price in a market, there will be no shortages and no surpluses. If we combine our supply and demand curves on one graph, the point at which they converge determines the equilibrium price. If the price is set above this price and you read across the graph you will see the supply excess demand and there will be a surplus. In order to reduce this surplus, the price will need to fall. The scenario is illustrated in the graph below:

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NEW QUESTION # 272

Which of the following are features of a single-sourced type of relationship on the relationship spectrum?

Exclusivity granted in relation to a particular product

The supplier is an oligopoly market structure

The supplier is trusted and collaborative

Framework contracts are used to identify the supplier

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

Answer: B

Explanation:

Single-sourced relationships often involve exclusivity for a specific product (1) and a high level of trust and collaboration (3) between buyer and supplier. This type of relationship is selected for strategic procurement purposes, often involving long-term partnerships, which align with CIPS's relationship spectrum guidelines.

NEW QUESTION # 273

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

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

Answer: A

Explanation:

The marketing and corporate communications of suppliers are direct sources of microeconomic information, particularly about individual companies and industry conditions. Other options (RPI, financial market data, etc.) are more aligned with macroeconomic data, focusing on broader economic trends, as outlined in CIPS definitions of micro vs. macroeconomic data sources.

NEW QUESTION # 274

Which of the following is the purpose of using stakeholder support level scale?

- A. To identify key stakeholders
- B. To identify stakeholder level of influence and interest and plot them on stakeholder map
- **C. To estimate the gap and the progress towards desired levels of support**
- D. To identify stakeholder's needs and expectations

Answer: C

Explanation:

In order to estimate the gap and the progress towards desired level of support, a stakeholder support scale can be used by the procurement internally. The support level scale measures stakeholder commitment. Current support level for the procurement/negotiation objectives should be gained from engagement with key stakeholders. The following is an example of stakeholder support level scale:

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LO 1, AC 1.1

NEW QUESTION # 275

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