



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
GRADUATE DIPLOMA IN PUBLIC PROCUREMENT

Dec 2011

Paper No.5
Negotiations and Supplier Management

Date: 12.12.2011
Time: 2.00 p.m to 5.00 p.m.

Max Marks: 100
Duration: 3 Hours

Instructions:

Part A contains 4 questions, each question carries 10 marks. Attempt all 4 questions
Part B contains 7 questions, attempt any 4 questions. Each question carries 15 marks

PART-A

Answer all four questions. Each question carries 10 Marks. Total 40 Marks for this section.

Q1. State True or False:

- 1.1 Market value is what buyers are actually paying for the product in the market place.
- 1.2 In negotiations the bargaining and proposal stages often do overlap.
- 1.3 Make sure that the value of change is not higher than the cost of making it.
- 1.4 Only use logic on someone who will 'see' it.
- 1.5 Don't agree to any change until all costs and possible impact are fully justified.
- 1.6 Procurement and supply strategies should focus on minimizing overall costs & supply risk.
- 1.7 Win – Win does not aim at finding solutions that meet the objectives & interest of both sides.
- 1.8 It is not essential to have a clear idea of what is needed before the negotiation begins.
- 1.9 The quality of time spent on negotiations is more important than the quantity of time spent
- 1.10 Knowing how to ask questions is an art.

Q2. Write the full form of the following abbreviations as used in the context of public procurement.

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|------------|---------------|----------|--------------|----------|
| 2.1 UNCTAD | 2.3 AAA Rules | 2.5 CV's | 2.7 UNCITRAL | 2.9 CISG |
| 2.2 SWOT | 2.4 ADR's | 2.6 LCIA | 2.8 ILO | 3.0 RFP |

Q3. Match the columns:

| | |
|-------------------------------------|---|
| 1.Approvals | a) is a voluntary international trade agreement that establishes guidelines for contracting parties and dispute resolution. |
| 2.Supplier power | b) is the range within which the chances for an agreement are located. |
| 3.Negotiation objectives | c) will delay project completion. |
| 4.Negotiation zone | d) using a rational argument based on facts and figures |
| 5.Critical path delays | e) are high risk items and require full attention. |
| 6.CISG | f) helps to understand the suppliers relationship. |
| 7.Compromise means | g) should be one of its top managers. |
| 8.Bottleneck items | h) is higher when there are few suppliers and many buyers. |
| 9.Supply positioning objectives | i) should be ambitious but achievable, precise & measurable. |
| 10.An Organization's ethics officer | j) should add value to the procurement process, not just processing time and cost. |

Q4. Fill in the blanks.

- a) Disputes are award supplier complaints
- b) The extent of public must be balanced against the need for confidentiality.
- c) Mile stones are ... achievements under the contract which are the result of a series of related activities.
- d) Body isn't always clear, especially when negotiations are multi-cultural.
- e) Good negotiators from past mistakes.
- f) The conclusion of negotiations is the of a new relationship.
- g) The you discover the problem, the higher the risk.
- h) Don't fall into the of agreeing to unjustified extras.
- i) Leverage items not require significant management efforts as risks are low.
- j) High transportation can limit the entry of new suppliers into the market.

PART- B

Attempt any four questions. All Questions carry equal marks. Total Marks 60

- Q5. What is negotiation considered an integral part of the procurement process? What are the steps needed while preparing for negotiations?
- Q6. What is solicitation process? What documents are needed by the supplier while preparing the solicitation bid Explain?
- Q7. What is the importance of price and cost analysis during negotiations? Explain the price analysis in brief ?
- Q8. Write Short Notes on any three
- a) SWOT Analysis.
 - b) The evaluation process.
 - c) E-Commerce.
 - d) Consultancy Contract.
 - e) Objectives and Strategy in negotiations.
 - f) Importance of training of procurement personnel.
 - g) Monitoring the procurement process.
- Q9. What is Contract Management? Why is it necessary? How does supplier performance assist in the procurement process?
- Q10. What is Alternate Dispute Resolution? Discuss various methods briefly and give the advantages of ADR.
- Q11. What are bidders protest and disputes? How does transparency assist in reducing these? Briefly explain how are bidder complaints addressed.

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