

Question Paper
Mid-Term Exam
Negotiation and Contract Management
0416-414
Total Marks: 25
Duration: 1 Hour 10 Minutes (70 Minutes)

Question 1 (Total Marks:5)

A) Scenario:

A buyer team includes a negotiator, technical expert, and financial analyst during supplier discussions.

Question:

Why might a team approach be beneficial?

2

B) Scenario

A buyer insists on their original demands and refuses to compromise throughout negotiations.

Question:

What type of negotiator is the buyer and why?

2

C) Scenario

A global retailer is negotiating with a small local supplier.

Question:

Why does the retailer have greater bargaining power?

1

Question 2 (Total Marks:5)**5**

Identify the correct types of negotiation (Everyday, Informal, Formal, Facilitated, Critical) with the following situations and provide single line justification for why the particular type of negotiation belongs to that situation.

Situation 1: A neutral consultant helps a buyer and supplier resolve a contract dispute.

Situation 2: An employee requests permission from a supervisor to leave work early for a personal appointment.

Situation 3: Two companies negotiate a five-year logistics contract with lawyers and senior managers present.

Situation 4: A buyer and supplier discuss minor delivery adjustments over coffee without any formal agenda.

Situation 5: Government officials negotiate with transport unions during a national fuel shortage.

Question 3 (Total Marks:5)**5**

Case: A Fast-moving Consumer Goods (FMCG) manufacturing company is negotiating a five-year contract with a raw material supplier. Before the meeting, the procurement team researches market prices, identifies acceptable price limits, prepares alternative payment terms, evaluates risks, and assigns team roles. During the meeting, they actively listen to the supplier and offer several contract options.

Questions:

Identify five negotiation planning activities used in this case and why are these activities important?

Question 4 (Total Marks:5)

5

Case: An automotive company is renegotiating a regular supply contract with one of its raw material suppliers. The current contract expires in three months. The retailer is concerned about rising transportation costs and delivery delays, while the supplier is struggling with fuel price increases and human resource shortages. Before negotiations begin, the retailer conducts a risk assessment and determines that changing supplier could disrupt operations during the peak sales season. The negotiation team establishes a walk-away point, assigns roles to team members, and prepares several alternative solutions.

During negotiations, the retailer initially requests a 15% rate reduction. The supplier rejects the proposal but offers improved delivery tracking, dedicated vehicles during peak periods, and performance-based incentives. After several rounds of bargaining, both parties agree on a smaller rate reduction combined with service improvements and a contract extension.

Question: What risks did the retailer identify before negotiation and which negotiation planning guidelines (mention up to 4 guidelines) are demonstrated in this case? Also, Why did the retailer prepare multiple solutions rather than focusing only on price reduction?

Question 5 (Total Marks:5)

5

Case: A Supply Chain Manager is dealing with four different situations:

- A) A long-term strategic supplier relationship.
- B) An urgent purchase required within 48 hours.
- C) A dispute caused by the buyer's own mistake.
- D) A negotiation where critical information is missing.

Question: Match the most suitable negotiation strategy (Avoiding, Integrative, Distributive, Accommodating, Avoiding) to each situation and justify your answer as per following structure:

Situation	Strategy	Justification
A long-term strategic supplier relationship		
An urgent purchase required within 48 hours		
A dispute caused by the buyer's own mistake		
A negotiation where critical information is missing		

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