



**STRATHMORE UNIVERSITY BUSINESS SCHOOL
BACHELOR OF SCIENCE IN SUPPLY CHAIN AND OPERATIONS MANAGEMENT
END OF SEMESTER EXAMINATION
SCM 2101 –CONTRACT MANAGEMENT AND NEGOTIATION SKILLS**

DATE: Tuesday, 14th September 2021

Time: [10.30] 2 Hours

Instructions

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.

QUESTION ONE

- A. Highlight **FOUR** basic questions at the heart of contract law. **(4 marks)**
- B. Explain the term ‘misrepresentation’ in contracts and give **TWO** examples of possible misrepresentation. **(6 marks)**
- C. Identify **FIVE** details of the buyer’s requirement that might be included in a standard request for quotation (RFQ) form. **(5 marks)**
- D. Explain the purposes of a documented specification within a contract agreement. **(5marks)**

QUESTION TWO

- A. Using **FIVE** characteristics, compare collaborative (integrative) negotiation with adversarial (distributive) negotiation. **(10 marks)**
- B. Discuss **TWO** reasons why a buyer might develop a ‘best alternative to a negotiated agreement’ (BATNA) when preparing for a negotiation. **(4 marks)**
- C. Explain **THREE** cultural differences between the parties to a negotiation that may impact on the negotiation process or outcome. **(6 marks)**

QUESTION THREE

- A. Explain the term ‘balance of power’ in contract negotiation. **(2 marks)**
- B. Discuss how the balance of power may affect negotiations. **(6 marks)**
- C. Discuss **THREE** persuasion methods that can be used in a negotiation **(6 marks)**

- D. Explain THREE requirements that an offer must fulfil in order to be legally valid. **(6 marks)**

QUESTION FOUR

- A. Explain what is meant by 'battle of the forms' in relation to the precedence of the buyer's contract terms or the supplier's contract terms. **(4 marks)**
- B. Discuss FIVE phases of a negotiation and suggest the activity that might take place at each stage. **(10 marks)**
- C. Discuss THREE merits of performance specifications in commercial agreements. **(6 marks)**

QUESTION FIVE

- A. Discuss THREE tactics that could be used to influence the other party during a negotiation. **(6 marks)**
- B. Explain TWO advantages and TWO disadvantages for a procurement organisation of leasing an asset (such as a piece of equipment), rather than buying it outright. **(6 marks)**
- C. Explain, with examples, the following terms **(2 marks each)**
- (i) Direct costs
 - (ii) Indirect costs
 - (iii) Fixed costs
 - (iv) Variable costs