

Specification of Competency Standards
for the Logistics Industry
Unit of Competency

Functional Area - Operations Management

Title	Formulate strategy to bargain with business partners
Code	LOCUOM512B
Range	This unit of competency is applicable to sea freight, air freight and express operators. Practitioners should be capable to formulate strategy to bargain with business partners in accordance with the market conditions and operation policy of the company.
Level	5
Credit	6 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Possess the knowledge of strategy to bargain with business partners</p> <ul style="list-style-type: none"> • Understand the company's policy and position with each individual business partners • Know about the concepts and application of games theory • Understand different forms and types of cooperation with business partners • Understand long- and short-term cooperation relationship with business partners • Understand the role of business partners in logistics and supply chain • Understand the competitiveness of the business partner in the market and the price level • Master the concepts and techniques of bargaining and demand and supply theory • Master the techniques of contract negotiation <p>2. Formulate strategy to bargain with business partners</p> <ul style="list-style-type: none"> • Make business agreement with service and product suppliers in accordance with the operation policy and long-term development of the company to stabilize the price • Explain to the business partner reasons for the charges and price change or the market trend • Explain to the business partner the concession for the charges or price in order to maintain good cooperation relationship • Assess the cooperation and synergy with the business partner and use them as factors of consideration when formulating the bargaining strategy • Assess the competitive edge of the potential business partner in the market and use it as a factor of consideration when formulating the bargaining strategy • Design recommendations on the strategy to bargain with business partners with respect to the market conditions and operation policy of the company • Assess possible advantages and disadvantages of different recommendations and select a more favourable bargaining strategy • Compile reports to illustrate the strategy to bargain with business partners • Create key performance indicators for their compliance with commitment and terms
Assessment Criteria	<p>The integrated outcome requirements of this unit of competency are:</p> <ul style="list-style-type: none"> • Capable to analyse synergy of the business partner in logistics and supply chain and assess the cooperation relationship with the partner, and use them as factors of consideration when formulating the bargaining strategy; • Capable to assess the strategy to bargain with business partners with respect to the market conditions and operation policy of the company to select more favourable bargaining strategies and to compile reports to illustrate the strategies to bargain with business partners; and • Capable to establish key performance indicators and measurement tools to ensure the compliance of service and charges level with reasonable compensation scheme
Remark	