

Specification of Competency Standards
for the Retail Industry
Unit of Competency

Functional Area - Purchasing and Logistics Management

Title	Negotiate a contract
Code	104983L5
Description	This unit of competency (UoC) is applicable to purchasing or related departments of the retail industry. It requires critical analysis and reformatting of relevant information. It covers the abilities to negotiate contracts effectively, and prepare contract terms to protect the benefit of the organization in buying products or services. Comment on or confirmation of contract requires the organization's approval, and the contract amount should not exceed the limits of authority of the post.
Level	5
Credit	6 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Knowledge of contract negotiation</p> <ul style="list-style-type: none"> • Understand the organization's policies and procedures for purchasing, tendering and contracting • Understand the business law and relevant international conventions, regulations and legislations • Understand various modes of cooperation with suppliers and their characteristics • Understand standard contract terms and the principle of formulating them • Master the skills in managing the suppliers <p>2. Negotiate a contract</p> <ul style="list-style-type: none"> • Analyze the contract details for product and service bought • Analyze the cooperation mode of and the relationship between the organization and the supplier • Analyze the operation risks of the organization • Set the baseline for negotiation concerning the range of service and its limitations, operation risks of the organization, etc. • Consider various factors, including difference of products or services, legal requirements, best practice of the trade, etc., during negotiation • Communicate with internal departments to master contract requirements for different operational procedures • Make use of the negotiation environment / negotiation skills / negotiation strategy / number of negotiators in order to achieve a win-win situation • Specify and understand the risks and liabilities for breaching the contract • Make preparation before negotiation, such as knowing one's own advantage, whether there is alternative product or service, how to meet the needs of the other side, etc. • Comments on or confirmation of the contract will only be effective upon the approval of an authorized person <p>3. Exhibit professionalism</p> <ul style="list-style-type: none"> • Possess good negotiation and communication skills • Comply with relevant legislation and job ethics in the contract negotiation process • Ensure that the contract is negotiated for the benefit of the organization
Assessment Criteria	<p>The integrated outcome requirements of this UoC are the abilities to:</p> <ul style="list-style-type: none"> • Use good communication skills to understand the goals expected by both sides to the contract; and • Use the negotiation skills to fight for favourable terms for and protect the benefit of the organization, and to prepare contract terms to clearly express the wishes of both sides.

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