

**Specification of Competency Standards**  
**for the Retail Industry**  
**Unit of Competency**

Functional Area - Merchandising / E-commerce Merchandising

Title	Negotiate a contract
Code	111291L5
Range	This unit of competency (UoC) is applicable to purchasing or related departments of the retail industry. Practitioners have the ability to negotiate contracts effectively, and prepare contract terms to protect the benefit of the organisation in buying products or services. Comment on or confirmation of contract requires the organisation'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. Understand the knowledge of contract negotiation</p> <ul style="list-style-type: none"> <li>• Understand the organisation's policies and procedures for purchasing, tendering and contracting</li> <li>• Understand the business law and relevant international conventions, regulations and legislations</li> <li>• Understand various modes of cooperation with suppliers and their characteristics</li> <li>• Understand standard contract terms and the principle of formulating them</li> <li>• Master the skills in managing the suppliers</li> </ul> <p>2. Negotiate a contract</p> <ul style="list-style-type: none"> <li>• Analyse the contract details for product and service bought (e.g. shop / showroom for lease)</li> <li>• Analyse the cooperation mode of and the relationship between the organisation and the supplier</li> <li>• Analyse the operation risks of the organisation</li> <li>• Set the baseline for negotiation concerning the range of service and its limitations, operation risks of the organisation, etc.</li> <li>• Consider various factors, including difference of products or services, legal requirements, best practice of the trade, etc., during negotiation</li> <li>• Communicate with internal departments to master contract requirements for different operational procedures</li> <li>• Make use of the negotiation environment / negotiation skills / negotiation strategy / number of negotiators in order to achieve a win-win situation</li> <li>• Specify and understand the risks and liabilities for breaching the contract</li> <li>• 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.</li> <li>• Comments on or confirmation of the contract will only be effective upon the approval of an authorised person</li> </ul> <p>3. Exhibit professionalism</p> <ul style="list-style-type: none"> <li>• Comply with relevant legislation and job ethics in the contract negotiation process</li> <li>• Ensure that the contract is negotiated for the benefit of the organisation</li> </ul>
Assessment Criteria	<p>The integrated outcome requirements of this UoC are the abilities to:</p> <ul style="list-style-type: none"> <li>• Use communication skills to understand the goals expected by both sides to the contract; and</li> </ul>

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	<ul style="list-style-type: none"><li>• Use the negotiation skills to fight for favourable terms for and protect the benefit of the organisation, and to prepare contract terms to express the wishes of both sides.</li></ul>
Remark	This UoC is adopted from 104983L5.