

Chapter 6: Self Assessment Tests



Self-Assessment Test 6. 1

1. You want to sell your yacht and you know that you would be very fortunate to get as much as £50,000 for it. While you are considering placing the advertisement, a keen yachtsman approaches you and offers £65,000 in cash immediately for your boat. Do you:

- a) Accept his offer without further ado?
- b) Tell him to wait until the boat is advertised?
- c) Haggle?

2. You are in the market for a yacht and have taken a fancy to the 'Isabella' which is advertised at £50,000. The most that you can raise is £43,000 from selling your own boat and borrowing from the bank. You meet the owner in the clubhouse and casually tell him of your (strong) interest. You mention that you could raise £43,000. He agrees to sell you the 'Isabella' for that sum. Is this:

- a) An offer you can't refuse?
- b) A lousy situation?
- c) An occasion to celebrate your bargain?



Self-Assessment Test 6. 2

1. You are in dispute with a supplier over items he has charged you in his monthly account which, in your firm opinion, were delivered in a faulty condition. Do you:

- a) Stall on payment of the total amount?
- b) Stall only the amount in dispute?
- c) Offer to compromise?

2. Your office is due for a rent review and you expect the landlord demand an increase of 20 per cent. Do you:

- a) Make a 'reasonable' offer of 10 per cent?
- b) Demand a rent reduction?
- c) Offer to go to arbitration?
- d) Itemise all the defects that you want rectified?

3. You are managing a civil project for the Saudis, who have imposed a time-delay penalty clause on you. A subcontractor has missed a delivery of important machinery. Planned start-up times may not be met. Do you:

- a) Check through the supply contract to discover his liability?
- b) Ask the site agent to list all the failures associated with the defaulting contractor since the job began and telex their head office with your complaints?

- c) Telephone their managing director and threaten to sue him for any penalty costs imposed on you by the Saudis?
- d) Arrange an immediate meeting with the contractor to put into operation an alternative delivery programme that your own engineers have drawn up?



Self-assessment Test 6. 3

1. You run a courier business and one of your vehicles breaks its big-end just before a busy weekend. A friend has a spare van and agrees to loan it to you until your own vehicle is back on the road. He asks you to sign a receipt that reads: 'One vehicle, £100, one week's rental'. Do you:
- a) Sign as asked?
 - b) Insist on a properly drawn up legal contract?
 - c) Tell him a receipt is not necessary between friends?
 - d) Ask for more details?

2. You are a manufacturer of engine parts and have been granted an interview, after many last-minute cancellations, with the boss of Europe's largest car firm who insists that you meet him at terminal 3, Heathrow, a few minutes before he flies off a Australia. This is your big chance! While walking towards Passport Control, he opens with a demand for your 'best price' for a six month's contract to supply fuel-injection pumps. Do you:
- a) Show him what you can do by quoting the lowest price you can in order to get your foot in the door?
 - b) Go in slightly above your lowest price?
 - c) Go in high to leave yourself room to negotiate?
 - d) Wish him a pleasant flight.



Self-Assessment Test 6. 4

1. You are looking at a car in a showroom and it is priced at £5,000. You decide to buy. Do you:
- a) Ask what is included in the sale price?
 - b) Offer them £4,500?
 - c) Tell them you'll think about it?
2. You are management consultant and receive a telex from Sydney asking to quote for a sales seminar for the Chamber of Commerce. Do you reply?
- a) How many and who is to be there?
 - b) Tell them that your standard daily fee is £700 a day plus expenses?
 - c) Ask for £1,000 for the seminar plus expenses and £250 per day for travel?

3. If after two weeks you have not heard from Sydney. Do you:
 - a) Telephone or telex them asking for information?
 - b) Wait?
4. Suppose they reply to a request for £700 a day plus expenses that you are asking too much for the fee, though they agree to meet your expenses. Do you telex back and:
 - a) Reduce your price because you want to go on an expenses-paid trip to Sydney?
 - b) Confirm your price but offer to travel Economy?
 - c) Confirm your price but assure them you are worth it?



Self-Assessment Test 6. 5

1. You are negotiating with a video publisher in New York who has offered to market your series on management education. They offer you an advance against royalties of \$50,000 - \$25,000 on signature of contract and \$25,000 on delivery of the video tapes. They rejected your demand for \$60,000 split, similarly. Do you:
 - a) Accept their offer?
 - b) Tell them it is not good enough?
 - c) Offer them a repackaged proposal?
 - d) Walk out?
2. The buyer for a large chemical company responds to your price for naphtha by telling you: 'The competition is very strong and you'll have to do better than that.' Do you:
 - a) Offer to cut your price in exchange for the order?
 - b) Ask him by how much your price is above the others?
 - c) Suggest that he accepts the other offers?
 - d) Ask to see the other offers?
 - e) Ask him what he likes about your proposal?



Self-Assessment Test 6. 6

1. You have decided to replace your word processor with a more powerful model and have been quoted a list price of £15,000 by a supplier. What size of discount do you expect?
 - a) 5%
 - b) None?
 - c) 15%
 - d) 20%
2. You are a copier machine sales representative and make an invited sales call at the local home for unmarried mothers. The social worker in charge indicates that she wants to purchase one of your machines that have a list price of £2,200. However, her budget from the Council fixes an absolute ceiling of £1,775. Do you:
 - a) Regretfully decline to do business?
 - b) Use your pricing discretion and make a sale?
 - c) Suggest that she considers a cheaper model?



Self-Assessment Test 6. 7

1. You are quoting for the installation of a heating system in a factory. Do you:
 - a) Give a detailed cost breakdown of every item in the quotation?
 - b) Give a rough breakdown of the costing?
 - c) Avoid giving a cost breakdown, only the total figure?

2. Your spouse complains loudly to you that the old trailer you no longer use is blocking the side-drive of the house and you are required to get rid of it. As the weeks go by the complaints get more strident and eventually you sit down to compose an advertisement to sell it. You think it is worth about £100, given its condition and the likely market for used trailers. What do you say about price in your advertisement?
 - a) £110?
 - b) £125?
 - c) £100 ONO?
 - d) Make me an offer?
 - e) First offer of £100 secures?
 - f) Nothing?



Self-Assessment Test 6. 8

1. You are the key accounts negotiator for a soft-drinks firm and have just been told by the chief buyer of the country's largest hypermarket chain that you must cut your prices by a penny a case or they will drop your brand. They sell a million dozen cans of your Cola Pop year. Do you:
 - a) Smile and say 'no'?
 - b) Agree?
 - c) Suggest a compromise?

2. You have been working only three weeks in a new job in a shipping agent in Baltimore and had planned to get married on Friday 18 August (which you did not disclose at the job interview). Your 'intended' has demanded a proper honeymoon vacation of at least a week in Miami. It's now 16 August and you ask your boss for leave both for the wedding day and for the honeymoon. He is visibly put out by the request and asks stiffly how long you were 'thinking of being absent'. Do you say?
 - a) The wedding day only?
 - b) Two weeks?
 - c) Three days?
 - d) One week?



Self-Assessment Test 6. 9

1. You are package-tour operator negotiating with a Spanish hotel chain on the terms for next season's bookings. The price they are asking per person per week in their hotels \$9 higher than your current offer. They offer to 'split the difference' 50-50... Do you:
 - a) Suggest, say, 60-40 in your favour?
 - b) Say you can't afford to split the difference?
 - c) Agree to their offer?
 - d) Agree, if it is a 75-25 split in your favour?
2. Do you see negotiating as being about?
 - a) A fair and equal transaction?
 - b) Finding the most acceptable compromise?
 - c) Making a joint decision with the other guy that meets as many of his and as many of your interests as possible?
 - d) Give and take?
3. You are engaged in extremely difficult negotiations with a Lebanese-based construction consortium. After much haggling over finance for a road project, they make a small unilateral concession on their demand for irrevocable lines of credit. Do you:
 - a) Note the concession but otherwise ignore it?
 - b) Reciprocate with a concession of your own?



Self-Assessment Test 6. 10

1. You are looking for a job and see an advertisement for out-of-work truck drivers to attend for interview at 2 p.m. Friday at the personnel office of a local haulage company. When you get there at 1.55 p.m. you join a long queue six-deep outside the office. Do you think your chances of getting the job are?
 - a) Diminished?
 - b) Not affected?
 - c) Better?
2. You act as a go-between in the sale of a light aircraft. The buyer pays by cheque and the owner is willing to accept this and release the aircraft once it is cleared by the bank. When settling up your fee, do you:
 - a) Press for payment in cash?
 - b) Send in an invoice?
 - c) Accept a cheque?



Self-Assessment Test 6. 11

1. You are a real estate agent and have been assigned to sell a downtown property by its owner. Your instructions are 'get the best price you can'. Do you:
 - a) Get on with the search for a buyer?
 - b) Insist on more specific instructions?
 - c) Decline the assignment?

2. You are selling a piano that has cluttered up your garage for several years. A prospect appears to be interested in purchasing it and asks how much you want for it. Do you:
 - a) Give him a figure at the top end of your expectations?
 - b) Ask him what he will offer for it?
 - c) Tell him the amount your spouse told you to get?
 - d) Go in lower in case he backs off?

3. You respond to an advertisement in the trade press offering a salmon-fishing estate for sale. The advertisement insists on 'principals only'. You find in discussion with the other side that you are dealing with an agent of the owner. Do you:
 - a) Insist on dealing direct with the other principal?
 - b) Ask if the agent has power to settle without reference back to the owner?
 - c) Carry on negotiations on a wait-and-see basis?



Self-Assessment Test 6. 12

1. You are in a bookshop looking for a paperback thriller to read on your holiday. There are several copies of the title you want but one of them is a 'hurt' book. Do you:
 - a) Select a clean mint copy?
 - b) Take the damaged copy to the cash desk?
 - c) Take a mint copy and the damaged copy to the cash desk?

2. You are in a store buying a freezer and the one you want is marked at £500. You ask for a discount and the clerk tells you that it is company policy not to give discounts off the goods as they are already marked down to the lowest possible price. Do you:
 - a) Ask to see the manager?
 - b) Accept what he says as being plausible?
 - c) Press your case for a discount with the clerk?

3. In a survey of buying behaviour of customers over three months in a major European store chain, what percentage of people do you think paid the price shown on the tag:
 - a) 53?
 - b) 97?
 - c) 37?
 - d) 78?
 - e) 11?



Self-Assessment Test 6. 13

1. You are on a sales tour of South Africa arranging dealerships for your range of industrial pumps. In Johannesburg you are told that your pumps are 'too expensive', in Durban, your prices are 'unrealistic' and in Cape Town 'the dealer's margins are too low'. Do you:

- a) Telex head office to say the marketing people have got the price structure wrong?
- b) Carry on your tour as normal?
- c) Request discounts on the margins?
- d) Give discounts off the list price in exchange for the order?

2. You are telexed by a construction consortium that they will accept your tender for earth-moving equipment to be shipped to Jordan if you can reduce your prices by 5 per cent. Do you:

- a) Offer 3 per cent only?
- b) Agree?
- c) Suggest that it is possible only *if* the tender terms are varied?
- d) Decline?



Self-Assessment Test 6. 14

1. You are a specialist in deep-sea oil exploration and have been approached by a consultant engineer in Singapore to join his staff on a two-year assignment. In their letter offering you the post, they quote a salary that is within a few dollars of what you are earning from a company in Stavanger. Do you:

- a) Tell them you want a higher salary?
- b) Quote a figure that you would settle for?
- c) Quote a high figure and suggest a compromise between that and their offer?

2. You are negotiating an off-site sales training seminar for an insurance company. They are worried about the aggregate cost and are pressing for a reduction. They hint that unless the price comes down they cannot run the course, nor the three follow-on courses they had planned to use you for. Do you:

- a) Go over the proposal with them and see what items they can provide from their own resources to save you charging them for hiring in?
- b) Take a firm stand on price, given your outstanding quality and the improvements in sales they will get from the high numbers they intend to put through the program?
- c) Find out what their 'best price' is and go for that if it is close to your own?



Self-Assessment Test 6. 15

1. You are in the market to buy an executive jet for a small courier air service you intend to set up out of your hard-earned savings and small borrowings from a local bank. The company selling new and used aircraft of the type you want is located on the 72nd floor of the World Trade Center in Manhattan. The President's office is as big as an aircraft hanger and the carpet pile is up to your ankles. The elegantly dressed man behind the 20-foot mahogany desk sits in front of a Picasso original. There is a Henry Moore sculpture in one corner of the room and a fountain spraying quietly in the other. Do you:

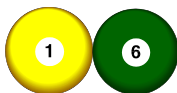
- a) Think you will get a bargain price?
- b) Wait and see?
- c) Believe you are likely to be pushed to the top price?

2. The man who has come to see you wears a beautifully cut Savile Row suit and wears Gucci shoes. If asked to rate his status, would you rate him:

- a) Low?
- b) High?
- c) Indeterminate?

3. When he leaves, how would you rate him (high or low) if he:

- a) Waited at the curb side for a cab?
- b) Had your secretary call him one?
- c) Got into a compact car he had parked round the corner?
- d) Got into a chauffer-driven Rolls Royce?



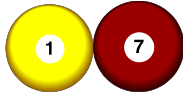
Self-Assessment Test 6. 16

1. You manage a small engineering plant and one of your large customers owes you for three deliveries. You feel you are getting the 'run around' from his accounts department and another delivery of parts is due next week. Do you:

- a) Continue to demand payment for the overdue accounts?
- b) Tell his accounts department that you will hold back next delivery unless they pay up?
- c) Tell the user department that you will hold back delivery until the overdue amounts are paid?

2. A small supplier of valves has delivered a batch which failed your quality-control tests and you put them into your own workshop for corrective machining. Do you:

- a) Demand a reduction in the invoice for your machining costs and warn them about future quality?
- b) Deduct your costs from the invoice and pay the balance?
- c) Pay the invoice but demand a guarantee on future quality?
- d) Wait until you hear from them about their unpaid invoice?



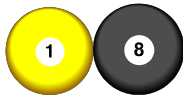
Self-Assessment Test 6. 17

1. You are in dispute with a shipper who has managed to lose 20-foot container between your factory and Benghazi. This is the second shipment that has gone missing – the first turned up weeks behind schedule – and the Libyan client is threatening to cancel the contract unless you deliver on time. In a meeting with the transport agents that is long on verbosity and short on details, do you:

- a) Insist that they admit liability?
- b) Ask them why they let you down on this occasion?
- c) Ask them how they can claim to be efficient when it is the second's container to go missing?
- d) Tell them their schedules are hopeless?

2. You have been negotiating the rental of your office with the landlord for some months. He has made tough demands and you cannot budge him. The negotiations are taking up a lot of your time and you are fed up with the arguments. Do you:

- a) Accept the rent because it is close to your top price?
- b) Decide to fight him in any way you can?
- c) Look for another office?
- d) Have another go at finding a negotiated solution?



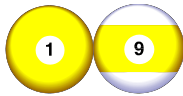
Self-Assessment Test 6. 18

1. You are in the midst of a very tough labour negotiation and you believe that the union does not fully appreciate the seriousness of your commercial plight. The local TV reporter asks if you have a comment on the union press conference where the official spokesman declared that 'you were trying to bluff them with your poverty but in reality you would pay the \$12 raise or take a strike'. Do you:

- a) Decline to comment publicly?
- b) Go on video and say they are talking through their hats?
- c) Tell the reporter to see one of your team who has had training in TV interviews?
- d) Offer to give a full interview in an hour or so, after you have checked with your team?

2. You have been negotiating the sale of light vehicles to courier business and just before you wrap up the final package for joint signature, they ask for the vans to be delivered sprayed light blue. That happens to be the production colour of the vans and would require no change in your programming or costs. Do you:

- a) Tell them it will cost them extra for light blue?
- b) Tell them light blue is 'no problem'?
- c) Ask them how important it is that the vans are blue?



Self-Assessment Test 6. 19

1. You are in Selangor (Malaysia) negotiating on behalf of a European consortium to build a satellite station for the government. You have brought along your colleagues (two Dutch, one French and one German) with you and the Malaysian team consists of six experts and three officials. How many foreigners are there at the meeting?

1	4	5	9	13	14
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2. The Japanese company that has invited you to Tokyo to explore the possibility of their buying coal from you meets you at the airport with a limousine and takes you to your hotel. *En route* they check on your arrangements and the head man asks his lieutenant to make all the necessary arrangements for your return flight. He asks for your air ticket and tells you that 'everything will be taken care of'. Do you:

- Regard this as an example of typical Japanese courtesy?
- Ask them to route you out via Hong Kong?
- Tell them you have an open ticket and there is plenty of time to worry about returning home having only just got here?

Course
Evaluation



6.1 Course Evaluation

Please let us have your comments on the course. The most important question is "**Has it helped you improve?**" We would like your view on this and also on:

What did you like about it?

What would you change? And why?