



Increase Your Word Power

Knowledge Scale:

9 or 10 - Brilliant

7 or 8 - You can flaunt it

5 or 6 - You've got muscle

Below-Opportunity abounds

1. Abrogation
 2. Accord & Satisfaction
 3. Adhesion Contract
 4. Ad Valorem Rate
 5. Aggregator
 6. Alternate Dispute Resolution
 7. Apparent Authority
 8. Apron
 9. Approved Suppliers
 10. Anticipatory Repudiation
- A. Sorting or staging platform for loading & unloading shipments
 - B. Relationship wherein one party dictates all the terms
 - C. Methods of resolving contractual disputes outside the judicial system
 - D. Suppliers who meet an organization's selection criteria.
 - E. Agreement between two parties who have an underlying contract to enter into a new contract which alters the obligation of one or both parties, rendering first contract unenforceable.
 - F. Customs duty charged on the value of goods.
 - G. Annulment of a partially performed contract usually due to circumstances outside the control of parties
 - H. Rogue or maverick buying.
 - I. A web site that contains product catalogs from many suppliers.
 - J. Notice given of intention not to perform the contract.

Answers: 1G, 2E, 3B, 4F, 5I, 6C, 7H, 8A, 9D, 10I

Give Advice Sparingly

The following synopsis was gleaned from an article written by Mark Murphy located in the December 2007 Inside Supply Management.

Definition of Advice: Any statement that contains any form of should, would, ought, gotta, must or try.



Any time you make a recommendation about a course of action, you're giving advice. Why do people hate getting advice, and why do they keep giving it? The following 5 reasons show why giving advice may not be wise.

Reason 1: Too Judgmental. The underlying message is that you are not as smart.

Reason 2: Directive. Advice is more recommendation than directive, so employees may be confused about whether advice is mandatory or optional. If you're telling an employee something that is not optional, be honest. Pretending it's optional when it's not is disingenuous and will make them angry.

Reason 3: Inflexible. People can either take the advice or ignore it. In taking the advice they admit that whatever they are doing is wrong. If the advice is ignored, there may be some fear of hearing, "I told you so".

Reason 4: Narcissistic. Sometimes advice is given to demonstrate how smart we are, or because we are feeling left out or we need to be needed. When it's not even done to be helpful, it's even more aggravating.

Reason 5: Unsolicited. Most advice is unsolicited. Nobody who asks for advice wants it. They are already committed to a course of action, and if you give contrary advice, they have to start over.

Negotiation Pitfalls

Written by Stephen Glaros, C.P.M. and printed in the March 200, *Purchasing Today*.



Pitfall: Attempting to fulfill overly optimistic or realistic expectations

Solution: Constantly assess the pre-award objectives against supplier capabilities, ensuring realistic expectations.

The process of negotiation implies some "give and take" that the objectives set in the pre-award stage may change. If, at any point, the expectations and capabilities appear to be misaligned, immediately communicate to the appropriate party for resolution.

Pitfall: Failing to plan for termination

Solution: Develop a termination strategy which identifies what rights can be exercised to avoid liability cases of convenience.

There is always the possibility that a purchasing organization's requirements or a supplier's capabilities will change, possibly to the point where a relationship may no longer be appropriate. Should a contract ever need to be terminated, ensure that it is done fairly and with as little legal and/or economic liability as possible. Make certain that termination for material breach is enforceable and unambiguous, and that termination for convenience provides indemnification and protection from liability for a supplier's future profits or loss. For example, "To the full extent allowed by any applicable law except as expressly provided in this Agreement, the Supplier agrees that it shall have no rights to damages or indemnification of any nature due to the expiration or termination of this Agreement by the Customer pursuant to its terms."