



NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY
FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF MARKETING, LOGISTICS AND SPORT MANAGEMENT

QUALIFICATION: POSTGRADUATE DIPLOMA: PROCUREMENT MANAGEMENT	
QUALIFICATION CODE: 08PDPM	LEVEL: 8
COURSE CODE: ACM801S	COURSE NAME: ADVANCE CONTRACT MANAGEMENT
SESSION: JUNE 2025	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100
FIRST OPPORTUNITY QUESTION PAPER	
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INSTRUCTIONS	
<ol style="list-style-type: none">1. Answer ALL the questions.2. Write clearly and neatly.3. Number your answers clearly.	

THIS QUESTION PAPER CONSISTS OF 6 PAGES (Including this front page)

SECTION A: FILL-IN QUESTIONS (40 MARKS)

QUESTION 1

Below are 20 statements. Each has a missing term represented by a blank space. Write down or identify the correct missing word. Each correct answer is equivalent to 2 marks.

- 1.1. During negotiations, a category manager agrees to modify the specification to suit the supplier's processes after the supplier offers a significant price reduction. This mutual compromise, where each party gives something up to move the negotiation forward, is known as a _____ concession.
- 1.2. _____ is a process in which a third party actively helps disputants resolve their conflict and reach an agreed-upon outcome, often by proposing solutions.
- 1.3. Failure by a party to fulfil its contractual obligations is legally referred to as a _____ of contract.
- 1.4. In contract law, _____ is the value exchanged by parties, which may include goods, services, or money, that legitimises the agreement.
- 1.5. Threatening or harming a party or their property to force a decision or action is considered a _____.
- 1.6. A false statement believed to be true and made without intent to mislead is termed _____.
- 1.7. An expression of willingness to enter into a binding agreement under specific terms made by one party to another is a(n) _____.
- 1.8. _____ refers to the value exchanged between the parties, which makes the contract legally binding.
- 1.9. The subject matter of the contract must be _____; otherwise, the agreement is void.
- 1.10. For most formal contracts, _____ is required to serve as evidence that the contract exists.

Using your knowledge of contract management, fill in the missing concepts related to contract negotiation tactics.

- 1.11. In the _____ tactic, negotiators show appreciation for concessions but save them for use in future bargaining.
- 1.12. The _____ tactic occurs when a party downplays the value of what the other side is offering to justify a lower offer.

1.13. The _____ tactic involves adding small extra requests after the main agreement is nearly finalized.

Using your knowledge of contract management, fill in the missing concepts related to buyers' bargaining power.

1.14. Buyers have low bargaining power when buyer switching costs are _____.

1.15. A buyer who is not price sensitive has _____ bargaining power.

1.16. When buyers are less concentrated than sellers, their collective bargaining power is _____.

1.17. If the product is unique and specialised, and buyers have few alternatives, the seller's power is considered to be _____.

1.18. In negotiations, reviewing the _____ beforehand helps the buying team stay aligned and focused during the discussions.

1.19. Cecilia is negotiating with a supplier that sees her organisation as a _____ customer, due to low spending volume.

1.20. Ensuring adherence to legal and internal policies during contract management contributes primarily to _____.

SECTION A: 40 TOTAL MARKS

SECTION B: STRUCTURED QUESTIONS (40 MARKS)

QUESTION 2 (10 MARKS)

Using the Value Risk Matrix (VRM), apply your understanding, analyse and provide a classification of the contract. Your justification is critical in answering this question based on the contract's value and associated risks.

2.1 Your organisation is negotiating a contract worth N\$2.5 million annually with a cloud service provider to manage your entire IT infrastructure. The contract will impact every department in the organisation. There are significant risks if the service fails, including data loss and operational disruption. **2 Marks**

2.2 A contract worth N\$25,000 annually is being signed with a supplier for standard office stationery. The contract poses little to no operational risk. Multiple suppliers can offer the same products at similar prices. **2 Marks**

2.3 Your facilities department has entered a contract valued at N\$150,000 annually for the regular maintenance of HVAC systems. The service is crucial during peak seasons, like summer, to avoid operational breakdowns. Alternative suppliers are available, but switching may cause temporary service disruption. **2 Marks**

2.4 A new contract worth N\$1.8 million (one-time purchase) is being negotiated to purchase a highly specialised piece of manufacturing equipment unique to your production line. The supplier is one of only two available globally. Any failure or delay in delivery could halt production for weeks. **2 Marks**

2.5 The HR department is entering a contract valued at N\$100,000 annually with a catering company for in-house events and staff lunches. Several vendors offer similar services. The risk is relatively low, as there are many alternatives in case of dissatisfaction. **2 Marks**

QUESTION 3 (10 MARKS)

In 2023, EcoBuild Ltd., a mid-sized construction firm, was awarded a contract worth N\$100 million by the Central Procurement Board of Namibia on behalf of the Ministry of Works and Transport to build a government office complex in Windhoek, Namibia. The project was scheduled to be completed within 12 months.

A liquidated damages clause was included, stating:

“The Contractor shall be liable to pay the Employer liquidated damages of 0.1% of the Contract Price per calendar day, up to a maximum of 10% of the total Contract Price, for failure to complete the Works by the Time for Completion, unless an extension of time has been approved by the Engineer.”

The contract liquidated damages equates to a penalty of \$100,000 per day for delays beyond the agreed completion date. The employer argued:

- Delays were not formally notified as per the contract's requirement.

- Weather conditions were typical(no rainfall) for the season, based on meteorological data.
- Customs delays were foreseeable and should have been addressed in the risk management plan.

Project Details:

Start Date: January 5, 2023

Scheduled Completion: January 4, 2024

Contract Value: N\$100,000,000

Daily Liquidated Damages: N\$100,000

Total Delay: 45 calendar days

Actual Completion Date: February 18, 2024

- 1) What is the total amount of liquidated damages to be enforced by the client?
2 Marks
- 2) Was the enforcement of liquidated damages by the client justified? Why or why not?
5 Marks
- 3) How should EcoBuild Ltd. have managed the risks that led to delays?
3 Marks

QUESTION 4 (20 MARKS)

You are a Procurement Performance Analyst at **NamTech Supplies**, a state-owned enterprise responsible for sourcing, logistics, and contract management of technical and industrial supplies for various government departments.

The organisation is undergoing a strategic transformation to enhance operational efficiency, reduce procurement delays, improve compliance, and achieve value for money. As part of the transformation, you have been assigned the task of developing Key Performance Indicators (KPIs) using Critical Success Factors (CSFs).

Strategic Goal:

“To achieve procurement excellence through enhanced supplier performance, process efficiency, regulatory compliance, and cost optimisation.”

- (a) As per your knowledge on the development of Critical success factors, you are required to Identify five (5) Critical Success Factors (CSFs) that align with the strategic goal of NamTech Supplies and include a strategic objective for each CSF. **10 Marks**
- (b) For each CSF, develop at least two (2) SMART KPIs? **10 Marks**

SECTION B: 40 TOTAL MARKS

SECTION C: STRUCTURED QUESTIONS (20 MARKS)

QUESTION 5 (20 MARKS)

The Ministry of Health and Social Services in Namibia has initiated a procurement process for the construction of a rural health clinic. After evaluation, three contractors have been shortlisted for final contract negotiations, each offering different bid amounts and contract delivery timelines:

Contractor	Bid Amount (NAD)	Proposed Delivery Period
NamBuild Ltd	19,000,000	12 months
AfriConstruct (Pty) Ltd	17,500,000	10 months
BuildTek Namibia	15,000,000	9 months

Negotiation Dynamics:

- With NamBuild Ltd, the Ministry focuses on a collaborative discussion, agreeing to slightly extend the timeline to 13 months in exchange for additional social infrastructure contributions by the contractor. This negotiation resulted in shared benefits and improved contract terms.
- In contrast, AfriConstruct experienced a more aggressive negotiation. The Ministry pushed for further cost reductions and imposed tight delivery milestones, despite AfriConstruct's concerns about material shortages. The contract was signed under pressure.
- With BuildTek Namibia, the negotiation was rushed and poorly communicated. Both parties felt misaligned on contract expectations. The contractor accepted unfavourable terms just to win the deal, while the Ministry doubted the firm's capacity.

(a) Identify and describe the three negotiation styles used by the Ministry as illustrated in the case study. **(12 marks)**

(b) Which negotiation approach should be adopted in public procurement and why? **(8 marks)**

SECTION C: 20 TOTAL MARKS

TOTAL MARKS:100

ALL THE BEST