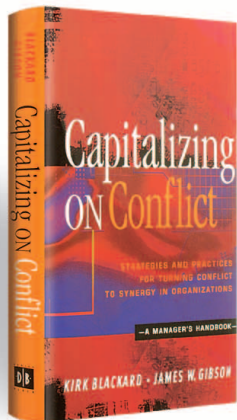


SOUNDVIEW Executive Book Summaries®

FILE: HANDS-ON MANAGEMENT



Kirk Blackard and
James W. Gibson

Strategies and Practices for Turning Conflict To Synergy in Organizations

CAPITALIZING ON CONFLICT

THE SUMMARY IN BRIEF

Are you looking to enhance your organization's creativity, improve decision-making, foster learning, and elevate the performance of your people and systems? In short, do you want to optimize performance? If you do, you must first find a way to create an environment that minimizes workplace conflict and integrates resolution strategies into management systems. Only by preventing or minimizing, bringing to the surface, and resolving conflict can you unleash the full power of the organization. This summary will show you how your company can create a comprehensive, organization-wide effort to resolve specific conflict events with proven strategies and practical tools.

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What You'll Learn In This Summary

To manage conflict, you must:

- ✓ **Recognize** that conflict is inevitable, and that there are ways to minimize its impact.
- ✓ **Create and maintain a trusting environment** in which all the parties involved in a conflict have the information they need and believe conflict resolutions can be win-win solutions.
- ✓ **Avoid policy-driven conflict** by creating policies that are fair, necessary and understood by those who must follow them.
- ✓ **Hire and keep the right work force** by balancing your organization's needs with those of employees so that you have the right size work force that is full of the right people for the job.
- ✓ **Identify and surface conflict** so that it can be effectively dealt with.
- ✓ **Understand the difference between disagreements and conflicts** so that more problems can be resolved earlier and easier.
- ✓ **Develop an alternative dispute resolution system** that is right for your organization.

CAPITALIZING ON CONFLICT

by Kirk Blackard and James W. Gibson

— THE COMPLETE SUMMARY

Managing Conflict

Managing workplace conflict to optimize organizational performance is not easy. Conflict is ephemeral and dynamic, and ad hoc actions and imposed solutions won't do the job. They might settle the immediate dispute, but they won't do anything to minimize future conflict. Optimizing organizational performance requires more. Conflict is inevitable, and managers must plan for it.

Types of Conflict

There are two types of workplace conflict. They are:

● **Substantive or Cognitive Conflict:** This involves interpretation of company strategy, disagreements over the use of resources, and what policies should be implemented. Conflicts involving substantive issues can create productive synergy, producing a whole that is better than the sum of its parts as employees work together to solve problems or exploit opportunities they could not handle as individuals.

Unresolved substantive disagreement often escalates, leading to more conflict and organizational paralysis or warfare among factions that support differing approaches to doing business.

● **Personal Conflict:** Often called affective conflict, this form revolves around personal relationships. Typical conflicts arise from different belief systems, views on social issues, and personal concerns. Personal discord can have two sources. It can arise when functional strife is not resolved or is resolved in a way that is perceived as unfair. Personal discord can also arise from the personalities of the people in the organization. People are not the same, and their differences can cause conflict. Race, gender, religion, ethnic background as well as stress and other environmental factors can lead to conflict. In some cases, personal strife can erupt into personal warfare. For example, what started as a dispute over a pay increase escalates into a lawsuit for constructive discharge.

What Causes Counter-Productive Conflict?

To get to the heart of conflict, you must examine the entire system. For example, work assignment processes, pay policies, retirement programs, and grievance procedures are all subsystems of the larger system. Each has its own purpose. But each also affects other parts. Pay

What Is Workplace Conflict?

Workplace conflict is a dynamic process that reflects a difference or incompatibility among two or more parties. Examples include:

- ✓ a supervisor and a worker's different perspectives on the worker's performance.
- ✓ a group of managers who have a heated argument about budget issues.
- ✓ a co-worker who believes another worker is harassing her.
- ✓ a union and an employer locked in a bitter labor dispute.

Some conflict is productive and necessary. Properly managed, conflict can lead to constructive exchanges of ideas, improved decision-making, and personal growth. But conflict's darker side can lead to low morale, reduced productivity, excessive turnover, and legal costs.

policies affect retirement income, and work assignment policies affect pay. Feedback loops appear; changes in one part of the system influence another and loop back to the original. This happens, for example, when management chooses to address high absenteeism by assigning more overtime. The increase in overtime can loop back to make absenteeism worse because employees are overworked or can afford to be absent. ■

For more theories on the causes of conflict, go to: <http://my.summary.com>

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Published by Soundview Executive Book Summaries (ISSN 0747-2196), P.O. Box 1053, Concordville, PA 19331 USA, a division of Concentrated Knowledge Corporation. Publisher, George Y. Clement. V. P. Publications, Maureen L. Solon. Editor-in-Chief, Christopher G. Murray. Published monthly. Subscriptions: \$195 per year in U.S., Canada & Mexico, and \$275 to all other countries. Periodicals postage paid at Concordville, PA and additional offices.

Postmaster: Send address changes to Soundview, P.O. Box 1053, Concordville, PA 19331. Copyright © 2002 by Soundview Executive Book Summaries.

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Three Causes of Conflict

The proximate cause is the direct cause of an event. It is the most likely immediate explanation of a conflict. It usually appears among the people involved and is the obvious trigger. It may, however, be a manifestation of a more basic problem elsewhere in the organization. For example, if two managers refuse to communicate or cooperate in any meaningful way, the proximate cause might be that they don't like each other and have a personality conflict.

Contributing causes are factors or conditions that surround or contribute to a conflict. Contributing causes can be conditions that set the climate in the organization or intermediate causes in a sequence of events from the root cause to the proximate cause. A contributing cause to the managers' inability to cooperate might be that they have offices in different cities, and the company doesn't have an effective communication system between branch offices.

The root cause is the most basic reason for a conflict. If the root cause of a conflict is eliminated, it can prevent the conflict from occurring. The root cause of the managers' conflict is that the company has a zero-sum bonus program, according to which the offices compete against each other, and if one manager wins, the other loses. It might not be in their financial interest to cooperate.

Management's Role

Managing conflict can be a little like herding cats. If you focus on one, others break out. The cats seem more influenced by things that you don't understand than by those that you do. You try something, and it does more harm than good. Fixing one problem causes another.

Effective conflict management is more than just solving problems. It is a complex management undertaking that requires holistic and systematic thinking. In fact, one important management paradox is that resolving conflict often does more harm than good. Aggressive managers might find it difficult to allow any counterproductive situation to exist without their intervention. They want to fix whatever is broken.

In many cases when the conflict is between two employees, managers who intervene may solve the immediate problem, but create an entirely different one. The workers might decide that they can't be trusted to resolve their own problems, and lose confidence, and an escalating cycle of dependence ensues. The manager will find himself or herself having to resolve more and more conflicts as the workers conclude they can't resolve them without help.

When should management intervene? It should inter-

vene when management itself is a party to the conflict, when the conflict is between workers who can't or won't resolve it, and when circumstances make it clear that resolution without management intervention is unlikely. This does not mean that management should go boldly in and impose a solution. The workers who are part of the problem must help resolve it. Management must also consider the system implications and all possible causes, rather than just the symptoms. Ultimately, the fastest way to resolve conflict is to go slow.

Managing Conflict Is More Than Resolving Conflict

Resolving a conflict is a reactive, backward-looking effort to address a particular event. Managing conflict, on the other hand, is a purposeful, holistic journey that considers both the past and the future and attempts to minimize conflict and its negative effects. Managing conflict requires that managers:

- **Clarify Expectations:** Most workers want to do a good job, but often don't know what management really expects.

- **Provide a Role Model:** Knowing what to do is one thing, and knowing how to do it is another. Employees may need to be taught how to do their jobs, and there is no greater teaching method than role modeling.

Management can't be expected to simply ignore workplace conflict and hope it will go away. Despite the risk that taking action will breed more or different conflict, there are actions that management can take to manage conflict effectively and limit its counterproductive effects. Managers must manage conflict using a

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Resolving Conflict Causes New Conflict

Much of the conflict between employees and management is about employee needs and expectations; how employees will be treated and how much they will be paid. When employee expectations aren't met, conflict often results. Paradoxically, employer actions that resolve these issues can cause more conflict.

Abraham Maslow's hierarchy of needs — ranging from lower-order existence, such as a wage employees can live on, to higher-order self-actualization needs, such as challenging work — helps explain this paradox. Meeting lower-order needs shifts the conflict to a higher-order need. As one need is satisfied, another need surfaces. It follows that in higher-performing organizations where lower-order needs have been resolved (that is, pay, benefits and working conditions exceed basic employee needs), conflicts rise to the next level.

Management's Role

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broad strategy that includes:

- Minimizing the overall level of counterproductive conflict.
- Causing suppressed conflict to come to the surface.
- Ensuring effective resolution of counterproductive conflict.
- Learning from dispute resolution and applying that learning to further minimize conflict.

Providing Dispute Resolution Processes

When the time comes for management to step into a conflict, it must provide a process that is designed to resolve that conflict. This process must correct negative behavior and provide a satisfactory solution that all parties can accept; provide a framework for preventing similar conflicts from surfacing later; let the parties work effectively together in the future; and be cost effective.

When management resolves conflict effectively, workers learn that the environment is safe to discuss conflicts in the open. If the company also provides ongoing training in appropriate conflict resolution for everyone, not just those who are involved in conflict, future conflicts will be more amenable to appropriate solutions. ■

Managing a Trusting Environment

Trust is the unwritten and usually unspoken contract that allows each of the parties to a transaction to believe in the honesty, integrity, reliability and justice of the others. Trust is demonstrated through the parties' behavior toward each other. When employees don't trust co-workers or management, they feel a need to protect themselves, and win all they can. Employers who don't trust workers will create rules for every contingency, and micromanage the work force. This leads to a work environment characterized by resistance to management initiatives, refusal to cooperate, unhealthy cooperation, and may even lead workers to use formal win-lose dispute resolution processes, such as lawsuits.

It may be obvious that a trusting environment is productive while a mistrusting environment is counterproductive, but what can management do to change the dynamics? To break a cycle of mistrust, management must become trustworthy. It can do so by articulating a set of core values that reflect high moral and ethical standards. These core values must serve as management's guiding principles in both word and action.

Creating a trusting environment also requires management to be consistently truthful with employees.

Types of Power

Power is the ability to make things happen. There are three types of power in the workplace. These are:

✓ **Coercive power:** This is the power to force another's cooperation without willing agreement. For example, management has the coercive power to force workers to perform their jobs according to the employer's directions and to discipline workers who don't comply.

✓ **Utility power:** This is the power to buy what it wants. Management controls material and financial resources, and can bestow rewards to influence behavior.

✓ **Collaborative power:** This is the power to use the hearts and minds of all parties to accomplish common goals. Employees don't have much coercive or utility power, but they do have significant collaborative power. They have the information, skills, knowledge and capacity to get things done and to work with others.

Management should only use coercion as a last resort. Use collaboration first, then utility power if collaboration fails. Collaboration builds trust two ways. First, collaboration tends to result in a decision that benefits all parties. Second, collaboration uses the traits that build trust: openness, sharing and respect.

Managers should not withhold important information or make getting information cumbersome. Willingly discuss all relevant, nonconfidential issues. Don't be afraid to say, "I don't know," if that is the truth. Management must also be willing to speak with one voice.

A trusting environment is one in which power is used fairly. All parties in the employment relationship — managers, supervisors and subordinates — have some degree of power. Management, of course, has the greatest power. This does not mean, however, that it should be exercised. ■

Avoiding Policy-Driven Conflict

Your company's employment policies probably cover a wide range of issues affecting the employer-employee relationship. Formal policies may appear in manuals, employee handbooks or labor contracts, while informal policies are reflected in the myths that abound in your organization. Policies are part of the glue that holds an organization together.

There are three types of policies. The first, allocation

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Avoiding Policy-Driven Conflict

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policies, guide resource distribution and rewards. Behavior policies establish the company's expectations for personal conduct and clarify what happens if those standards are ignored. Finally, mixed policies attempt to induce desired behavior indirectly. A policy that sets bonus levels based on production levels is a mixed policy: It allocates salary dollars and shapes behavior at the same time.

Policies can cause conflict. Instead of causing desired behavior, they can create workplace discord. One of the primary causes of policy conflict is a sense of loss of control that may be experienced by those who have to abide by the policies that are put into place. Although most workers understand that working for someone else means losing some control, they nevertheless want to keep as much freedom as possible. The more rigid the rules, the more loss of control workers feel.

Policies that are perceived as unfair also cause conflict. Policies that don't conform to generally accepted norms in comparable work environments are often viewed as unfair. For example, a policy that prohibits all personal use of e-mail may be outside the norm and will be seen as unfair. Behavioral policies that are punitive can cause conflict, especially if they aren't enforced evenly throughout the organization. Policies, such as pay for performance bonus programs, often cause conflict unless they are carefully structured to encourage healthy competition and avoid bias and manipulation. Policies that are applied selectively or which require a manager to make a judgment call as to whether the policy has been violated can lead to conflict.

Reducing Policy-Based Conflict

You cannot prevent all policy-based conflict. Instead, you must implement policies that respond to differing interests, avoid exacerbating differences, and facilitate effective resolution when conflicts emerge. To reduce potential conflict, you must:

- **Avoid Creating Unneeded Policies:** Most employees understand what behavior is acceptable in society and what is not. Spelling out the details will seem demeaning to those who would never do what is unacceptable, and won't do anything to mold the behavior of those few who can't or won't conform to accepted societal standards.

- **Derive Policies From Core Values.** Your organization's core values are guiding principles that drive behavior and decisions. Values tell managers and employees how they should act as they go about company business. Make policies consistent with core values.

- **Involve Employees in Policy Implementation.**

How to Effectively Introduce New Polices

If you plan to introduce a new workplace policy, you would do well to heed this advice: Let workers know about the policy before you put it into effect. For example, if you plan to implement a no-smoking policy, letting workers know well ahead of time allows smokers to adjust both physically and psychologically to the change. Smokers could modify their habit or even seek smoke cessation help well before the restrictions become reality.

Policy changes can be communicated:

- ✓ **Through small groups or one-on-one.**
- ✓ **Voice mail announcements.**
- ✓ **Via written announcements on the company's e-mail system or in memo form.**
- ✓ **Through training programs.**

Collaboration helps balance the competing interests that employees and employers have. When they are involved in the implementation of new policies, the parties understand each other's concerns better.

- **Provide Fair Administration.** Policies must be fairly enforced.

- **Provide for Dispute Resolution.** Inevitably, there will be conflict over company policies. If policies have a dispute resolution procedure built in, much of this conflict can be resolved early and quickly. ■

Manage Change Effectively

People often see change as a confusing jungle, fraught with danger and conflict. Business as usual is more comfortable. To make change an effective tool rather than a source of conflict, organizations must understand the underlying processes that allow change to occur.

Change occurs when a **change driver** (a person or group) identifies the need for change, develops a vision of what can be, and uses initiative to make the vision reality. Change drivers can be managers or employees. The **sponsor** is the person or group with the power to make a change reality through allocation of necessary resources. **Implementors** are the individuals or groups who are responsible for putting change plans into action. **Targets** are the employees or groups who are expected to change. Their behavior determines whether the changes being implemented will stick or fade away.

Conflict typically emerges when a company is in the middle of changing. This is because the comfortable equilibrium of the old way of doing things has been disrupted

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Manage Change Effectively

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but hasn't yet been replaced by a new stability. Targets are the most likely source of conflict, as they strive to maintain the comfort of the status quo. You have two options for dealing with resistance: You can force change by using power and authority to overcome resistance or you can work with the targets to gain their support.

Causes of Resistance

Resistance exists in all workplaces. It may be passive, reflected in reduced productivity and low morale. Or it may be active, with workers refusing to comply, engaging in sabotage, or filing lawsuits. The best way to deal with resistance is to minimize its occurrence. To do so, managers must understand its causes.

One cause is substantive disagreement over a change. It occurs when employees believe their work life will be negatively impacted. There may be nothing you can do about substantive disagreements other than to explain why the change must be made. Resistance also occurs when workers misunderstand the facts. The remedy is to let workers share in as much information as possible.

To counter resistance, don't surprise workers. People need time to adjust to unwanted change. When feasible, give workers a role in formulating change. This can be done through informal discussions, formal surveys, focus groups or committee work. Make sure that supervisors explain why change is necessary and how the change will benefit the worker, division or company. ■

For a comparison of death and organizational change, go to: <http://my.summary.com>

Hiring and Maintaining The Right Work Force

In poker, you play the cards you are dealt. But in the workplace, management can deal itself the proper complement of employees who are right for the organization and for whom the organization is right. When this happens, conflict is minimized. When employees and the organization are not right for each other, conflict will take root and grow. To ensure a good fit, your organization must have an effective employment process and be willing to correct its inevitable mistakes by dismissing people when appropriate and necessary.

Management needs to hire the right number of the right type of employees in order to get an employee complement that minimizes conflict. This requires a strategy that accurately describes the number and type of employees needed and identifies tactics that let managers find and attract workers who meet those needs.

Having the wrong number of employees in an organization often causes conflict. If your company is overstaffed, workers who are not meaningfully occupied develop poor morale and bad work habits. They begin to feel insecure about their jobs. On the other extreme, if your company is understaffed, the pressure and excessive work hours needed to get the job done often cause supervisors to become dogmatic and overly demanding, and employees to become tired and stressed out.

Employment Strategy

A similar dynamic emerges if workers are either underqualified or overqualified for their jobs. Those overqualified feel undervalued and become frustrated, cynical and counterproductive. Those underqualified become frustrated by their inability to meet their employers' demands and rebel against what they see as unreasonable demands.

The answer is to use a strategic employment plan based on the work that needs to be done. Don't worry about just filling the job. Instead, think broadly about how to obtain the talent to do the work required. Consider current workload, predictable business cycles, business plans and anticipated attrition.

Sometimes the employment process fails in spite of

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Three Things You Must Include In Your Strategic Employment Plan

To serve as the blueprint for your company's hiring, your strategic employment plan must:

1. Maintain Staffing Flexibility. Staffing needs can be unpredictable. Dealing with uncertainty requires both careful management of the employee complement and the work to be done. The judicious use of temporary employees and outsourcing should be part of your strategic employment plan. Maintain a core group of permanent employees to accomplish the most predictable and stable work and use temps for less predictable work.

2. Maintain the Right Number of Employees. Organizations often hire too few or too many employees. When developing your plan, look for symptoms of over- or under-staffing and adjust accordingly.

3. Establish the Right Hiring Criteria. Develop up-to-date job descriptions that reflect what is being done and what needs to be done. Avoid narrowly defining job tasks. Look for broad qualifications. You may have to provide specific training, but well-rounded workers can adapt to changing needs.

Hiring and Maintaining the Right Work Force

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management's best efforts. When someone must be dismissed, the event is traumatic. Terminating employees is also costly to the organization, as it spends time and money justifying its decisions and perhaps defending its actions in court.

If you must dismiss for poor performance, don't do so spontaneously. Even in egregious cases, you can suspend the worker subject to a future, considered final decision. Allow the worker an opportunity to defend himself or herself. Make sure the punishment fits the situation, and is on par with how other workers have been treated in the past to avoid discrimination claims.

Let the employee leave with dignity if possible, by offering the opportunity to resign or to receive a severance package. There will be times when dismissal should be quick and decisive, such as in the case of a worker caught stealing trade secrets or other valuable assets. ■

For more on hiring and avoiding layoffs, go to:
<http://my.summary.com>

Fostering Appropriate Supervisor Behavior

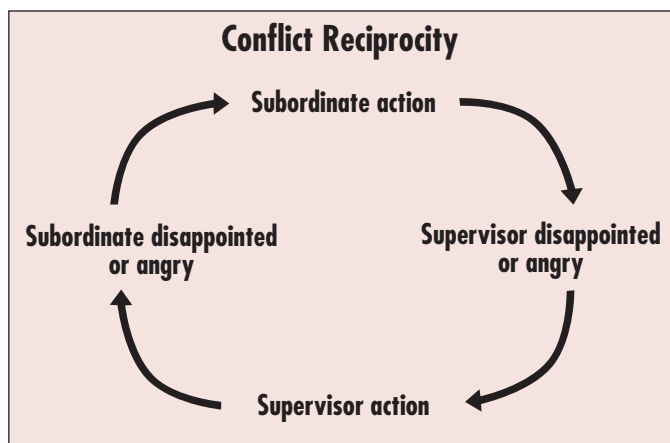
Supervisors operate in a messy, systemic world in which their personal behavior affects employees and is affected by management systems. They have more exposure, influence, power and responsibility than any other members of the organization. Their behavior has a greater effect on the level and severity of workplace conflict than that of any other group.

Supervisors must learn to control their behavior to minimize conflict. They can do this by creating a mutual-gains climate. To create such an environment, they must consider the interests and needs of subordinates. Sometimes all that's needed is empathy. When supervisors really care, and demonstrate their appreciation, conflict is less likely. They must try to create a collegiate atmosphere in which workers feel safe and secure.

Supervisors who want to reduce conflict need to:

- **Handle rewards appropriately.** Although you may not have authority to handle all aspects of compensation, you can make sure that those aspects of pay and promotion you do have control over are administered fairly. Even saying "thanks" and "good job" convey a powerful message.

- **Communicate Effectively.** Conflict often results from discordance between what the communicator is saying and how it is being said. A supervisor who says she wants input but interrupts continually with her own views isn't communicating effectively. Communication requires that you listen as well as talk.



Understanding Reciprocity

Conflict has its basis in reciprocity, or how the parties react to each other. Negative reciprocity leads to a downward spiral while positive reciprocity leads to improved relationships and minimum conflict. Systems thinking helps explain reciprocity and how supervisors can use it to minimize conflict. Conflict is driven by circles of relationships called feedback loops that are reciprocal flows of influence that are both cause and effect. Supervisors and subordinates are part of the process and each of them influences and is influenced by what happens. Thus, each is at least partly responsible for the actions of the other. Each can cause conflict and becomes a player in a circular, continuous cycle.

Just as the cycle can escalate, so it can de-escalate conflict. A conflictive spiral can be reversed when one party acts counter to the negative influence being received. To reverse a cycle, you must act counter to the influence you are receiving and take action that the subordinate will respond to positively. This requires a leap of faith as you respond to belligerent actions with calm and reason. ■

Dealing With Conflict

Good supervisors, a trusting environment, effective policies, and positive management practices can substantially reduce conflict, but some will remain. Even if conflict isn't apparent, it may exist as suppressed conflict when two or more parties have a grievance but fail to acknowledge the problem.

Although not all conflict needs to be brought to the surface, much should. Often, what is required is that management provide a safe opportunity to talk about concerns. This can include maintaining frequent contact with subordinates, having an open-door policy, and managing by walking around. Managers can also elicit information about suppressed conflict through the use of employee surveys, focus groups, virtual or physical suggestion boxes, an ombudsman and 360-degree perfor-

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Dealing With Conflict

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mance feedback assessment programs.

Engaging Conflict

Once conflict has surfaced, managers must make a decision. Your response to conflict among employees and between employees and management should differ.

In employee-employee conflict, neither the company nor its management is involved. Instead, the conflict is between co-workers or workers who aren't in a supervisory relationship. The conflict may be personal or work-related. Before you intervene as a manager, you must weigh the costs and risks. Employees often do better if they solve their own problems, and intervention takes time and money. Management should stay out of most purely personal conflict, but may need to intervene when the dispute is job-related.

If management does intervene, it is usually most effective to coach the parties on an appropriate solution rather than imposing one. Only after it becomes apparent that the parties cannot resolve the conflict should managers impose a solution.

If the conflict is between an employee and management, different rules apply. Its basis is in actions and positions taken by management against employees or by employees against management.

Management's role in this type of dispute is to represent the best interests of the organization, and all its workers, regardless of whether its actions will perpetuate or escalate conflict in the short term. For example, management may elect to fire a worker who keeps violating company policies, even if that will almost certainly escalate the conflict. Management's role includes playing investigator, decision-maker, implementor and advocate for the company.

Conflict Resolution Approaches

How a conflict is resolved depends largely on what state the conflict has reached. A disagreement is a state of dissatisfaction. A dispute goes further, as the party contemplates or takes more aggressive action. When differences have moved from being disagreements to becoming disputes, the likely resolution will change.

At the disagreement stage, resolution will likely be by agreement, and be the result of an informal process emphasizing collaboration, focusing on both parties' interests, and be negotiated by the parties to their mutual benefit. Once the matter becomes a dispute, resolution will likely be by settlement in a more formal setting, perhaps involving coercion; focus on positions and rights; and be a compromise or a win-lose solution. Often the resolution requires a third party, like a judge or an arbitrator.

When You Should Intervene

Management should intervene when:

- ✓ The conflict is one in which management has a legitimate interest, such as department budget conflict.
- ✓ The conflict has negative effects on the organization, such as when a personal conflict results in arguments during work, disrupting production.
- ✓ The conflict presents a potential risk to the organization, such as a lover's quarrel that can become a sexual harassment case.
- ✓ There is a power disparity among the parties, such as if there is a personal conflict between a supervisor and a subordinate unrelated to work.
- ✓ There is a request from the parties that management intervene.

To enhance the likelihood of resolving disagreements in ways that minimize future conflict, organizations must use a collaborative, holistic process that:

- **Describes the conflict properly.** Focus on the cause rather than on the symptoms. Understanding the underlying reason may lead to a better solution.
- **Integrates the right people.** If the dispute involves a company policy, those who are in charge of the policy and understand it should be involved in the resolution.
- **Takes a systems view.** Apparent causes may be the tip of the iceberg. Address underlying problems. Separate the facts from the underlying systemic causes.

Dispute Resolution Options

There are alternatives to traditional dispute resolution mechanisms. Alternative Dispute Resolution, or ADR, is an umbrella term that covers a wide range of non-litigious options. These include:

- **Open-Door Policy**, often the first and least formal step in a dispute resolution system. It emphasizes early resolution.
- **ADR Policy**, which establishes dispute resolution rules, provides due process, and often includes protections such as the right to access to evidence, to ask questions, and to help choose the independent decision-maker.
- **Facilitation**, which helps people resolve disputes in an informal setting.

ADR can reduce litigation costs, minimize wasted time and effort, build trust, and otherwise reduce conflict. If an organization chooses to use ADR, it must be sure to create a fair system that doesn't favor management. A comprehensive conflict management system takes time, money and commitment to create and use. Companies that need a more formal conflict resolution method may find that the time, money and effort is well spent once the system is in use. ■