Managing Conflict and the Art of Negotiation

By

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Chapter 4

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Conflict

• Conflict: the process which begins when one party perceives that the other has frustrated some concern of his
• Our concern is goal conflicts that occur when a group pursues goals different from other groups

Conflict and the Project Life Cycle

• R&D
• Market introduction
• Growth
• Maturity
• Deterioration
• Death
**Project Life Cycle**

- Formulation
- Buildup
- Main program
- Phase-out
- Conceptualization
- Planning
- Execution
- Termination

**Categories of Conflict**

- Different goals and expectations
- Uncertainty about authority
- Interpersonal conflict
Project Formation

• Conflict centers around the confusion of starting a new project
  – Many of the policies and procedures have not yet been formed
  – The objectives of the project are not yet finalized
• Conflict cannot be avoided at this phase
• In fact, much of this conflict is good conflict

Handling Project Formation Conflict

• Technical objectives must be set
• Senior management and line managers must commit to the project
• The priority for the project must be set
• Organizational structure of the project must be established
Project Buildup

• Conflicts tend to be technical in nature
• Conflicts between the PM and the functional areas tend to predominate

Main Program

• Schedules are a major source of conflict
• Some tasks will be late and the schedule should be adjusted or the time made up
• The more complex the project, the more difficult it is to trace the sources of conflict
• There are also technical conflicts
Project Phase-Out

- Deadlines are a major source of conflict
- Technical problems are rare
- Personality conflicts will be a big deal due to time pressures

The Nature of Negotiation

- The process through which two or more parties seek an acceptable rate of exchange for items they own or control
- Parties to a negotiation often see themselves as opponents
- “If they win, I lose”
- Project manager must avoid this on projects as all stakeholders are interrelated
Partnering, Chartering, and Change

- Use of subcontractors
- Use of input from two or more functional units
- Management of change

Partnering

- Project firm and subcontractors are at odds on a project
- Project firm wants high quality and low cost
- Subcontractors want high profits and maximum flexibility
- Partnering has been developed to replace this atmosphere with one of cooperation and mutual helpfulness
Project Partnering

A method of transforming contractual relationships into a cohesive, cooperative project team with a single set of goals and established procedures for resolving disputes in a timely and effective manner.

Steps for Project Partnering

1. Project firm must commit to partnering
2. All parties must implement the process
3. Joint review when finished
Project Firm Commit to Partnering

- Select committed subcontractors
- Joint team-building exercises
- Develop a project charter

Four-Part Agreement

1. Joint evaluation of the project’s progress
2. A method for resolving disagreements
3. Continuous improvement
4. Support from the senior management
Joint Review

- Setting this up requires a lot of negotiation
- Negotiations must be nonadversarial in nature
- It has worked well in some settings

Chartering

- Project Charter - A written agreement that outlines the specifics of the project
- Contains expected deliverables and resource commitments
- Agreeing to a charter implies that none of the parties will change the agreement unilaterally
Scope Change

- The initial assessment was wrong
- Project team learns more about the project
- Change is mandated
- Client ask for changes

Some Requirements and Principles of Negotiation

- Few conflicts have to do with *whether* or not a task will be undertaken
- Instead, they have to do with the *design* of the deliverable
  - How
  - Whom
  - When
  - What cost
- The work of the project should get done
  - If not, everyone loses
Requirements for Conflict Reduction Methods

• They must allow the conflict to be settled without irreparable harm to the project’s objectives
• They allow and foster honesty between the negotiators
• Win-win situation for all parties involved

Principled Negotiation

1. Separate the people from the problem
2. Focus on interests, not positions
3. Before trying to reach agreement, invent options for mutual gain
4. Insist on using objective criteria