

# Best Practices White Paper



Insights to help move  
the performance needle

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**Grow Revenue**

**Satisfy Customers**

**Create Leaders**

**Manage People**

**Optimize Projects**

**Measure Results**



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## Conflict Management: Three Issues That Aggravate Conflict

**M**ost businesses are organized along functional lines or in departments which have differing priorities. Further, many businesses have widespread geographic locations with inherent cultural differences. And, of course, most businesses are “top-down” organizations, or “visionary” companies with a single authority.

In these situations, there are three basic “issues” that chronically lead companies into conflict and muck. They are:

1. Priority Issues
2. Geographic Separation Issues
3. Authority Issues

Let's deal with them individually.

### **How Priority Issues Between Functions and Departments Aggravate Conflict**

Priorities and agendas necessarily vary among different departments. Sales, for instance, is powered by the need for revenue. Sales Support people, though, while ultimately knowing that their goal too is better sales numbers, are directly accountable for (and fueled by) something related but not the same as actual sales numbers: the need for accurate records, good marketing (collateral) materials, and customer satisfaction. Even though the importance of these latter factors is often unseen, they are essential to sales success: to produce and update the administration of continued sales.

When sales are high and sales people are at their most successful, sales people are busier than ever. But this is exactly when sales support most needs accurate records, timely expense reports, notes on customer needs, information for contracts, and so forth—just when sales people are least able and least motivated to produce them.

Invariably this is the moment that the financial department, concerned about rapid growth expenditures, starts demanding accurate sales forecasts from these same overburdened sales people, who may see the demands as excessive and questionably relevant to their own immediate needs.

When two or more functions are involved in key business opportunities, competent, intelligent people often get into conflict. This occurs not because they want conflict, but because of real conflicting agendas. And sometimes, as you know, the conflict is not between departments with differing objectives, but within the same team or department—for example when everyone agrees on what needs to be done but differ widely on how to do it.

All of this is simple, almost typical. Yet, as we've seen, in a company peopled by passion for success, some people are going to spend unnecessary resources getting caught up in muck at the expense of staying focused on overall business needs.

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Here's how issues like these might play out. The people making the product just want to get it done as efficiently as possible, without complications. But the issue is not just finishing the product, but creating one that 1) meets the customer need, 2) can actually be built in volume, and 3) can be supported after shipment to the customer. Those three factors are the timeless concerns, respectively, of Marketing, Manufacturing, and Customer Support.

The best companies—and the most effective leaders—recognize the importance of a full and early dialogue among these functions, one that strikes the right balance between conflicting priorities. But as we've discussed, those early dialogues must not be merely communication—they must be closure communication, resulting in closure and real, authentic commitment.

For example, Marketing may have to give up some cherished features so that the product developers can get the product built before the next millennium. Product Development may have to work a bit harder to get a lower-cost design that Manufacturing can actually build within reasonable cost. Customer Support may have to upgrade their training program to be ready for the next product generation.

Such interlocking modifications are possible of course; the question is, how do you, the manager, get them to occur? Moreover, how do you get them to occur every day, naturally and without needing to supervise the process yourself?

Here the engaged team is miles ahead of any counterpart. In the engaged team, your people are powered by commitment rather than by compliance. This means commitment not just to their individual or departmental "fiefdoms," but also commitment to an overall goal coupled with the recognition that no one is going to succeed alone. Individual or department priorities then, while very real, are acknowledged every minute of every day as subordinate to the overall goal.

By focusing on closure and timing issues, the universal language of "what" and "when," Management can inspire all parties to communicate their view about how the greater goal can be reached. Customer needs, for instance, may include earliest possible delivery dates. When Management inspires all parties to close every interaction, Manufacturing isn't going to duck providing delivery dates—or at least dates for dates, with clear contingencies that everybody can track.

The key for Management is to make sure those communications are occurring and that they are getting to closure with real commitments.

Marketing can then—and only then—communicate intelligently and credibly with the customer. In turn—with proper inspiration from Management—Marketing can make credible promises to Manufacturing regarding timely communication of any changes in customer needs that are going to affect Manufacturing. And when Customer Support is inspired to close every interaction, their early and continuous involvement with Manufacturing and Product Design is likely to result in products with fewer glitches and faster, more accurate fixes. This, in turn, helps Sales and Marketing with renewed orders and increased reference networking.

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### How Geographic Distance Issues Aggravate Conflict

Many companies opt to spread out to gain competitive advantage such as decreased manufacturing costs, more efficient distribution, less expensive employee recruiting, etc. That often makes sense, but distance creates additional challenge for closure and real commitment in three ways:

1. **Out-of-sight, out-of-mind.** For better or for worse, it is human nature to deal first with people and situations we contact most often. Lunches, meetings, hallway conversations, elevator contact and the company picnic all serve to remind us of what we're doing together, what we might do together, and how we might do it more effectively. Distance diminishes regular contact, and unless we stay aware of the out-of-sight out-of-mind problem, we tend to reach closure first and most frequently with those with whom we have regular face-to-face contact.

When we fall prey to the out-of-sight, out-of-mind trap, business priorities are set by regularity of contact, not by business need or opportunity.

But once you've established full engagement with your teams, with the requirement to close every interaction with credible delivery promises, your people know that they are exactly as accountable for situations with geographical challenge as any other situation. Geography is never an excuse. Your people will find ways to fulfill these accountabilities, predictably and successfully, informing you of their successes and only occasionally of problems they just cannot solve without your involvement.

2. **Email and distance.** Geographic distance tempts us to over-rely on communication vehicles such as email and voicemail. While these are often (not always) better than no communication, they do not create the contact that can result in people going the extra mile for each other. Further, once conflict has begun, email and voicemail create far too much opportunity for unproductive emotional expression, for innuendo and for misinterpretation of messages. Email particularly can create the illusion of communication, but it does not provide a good medium for buy-in and closure that must accompany communication. We say, "well, he was informed!" when perhaps he was "told, but not informed." Distance can become an excuse for incomplete communication, poor help exchange, insufficient closure, and false commitment. And, more conflict.

Again here, the Engaged Organization fares much better because people feel more connected. People who feel connected—committed to winning together—are more personally involved and as such are much more reticent to disappoint each other.

And again, people in the Engaged Organization feel accountable—just as accountable as you—and are much less likely to rely on excuses such as distance and time zone differences to explain shortfalls.

Excuses are important for people who are defending failures to comply ("this is why I can't comply"), but are useless to people committed to winning together because they own the goals just like Management does.

3. **Cultural Barriers:** Time zones, culture and language differences can act as barriers to closure and can increase friction. Most people don't care so much if you are unfamiliar with their culture or language as long as they can see that you are trying. But perceived insensitivity to cultural and language differences can feel like disrespect, and perceived disrespect can kill a deal. Some cultures, for instance, value direct communication and some value warming up to the subject in what might seem to be a long and indirect approach. Business people in some countries abhor the idea of

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working during a meal, while others consider sharing refreshments a prerequisite to building rapport. Some cultures value direct eye contact to the point of distrusting its absence, while others consider eye contact an intrusion.

Failure to do even rudimentary research on a culture new to your organization can result in unnecessary conflict. When we allow others the perception that we are not trying to understand and adapt, not only do we fail to decrease conflict, we increase it. Nothing leads to muck faster than cultural insensitivity, since most of us don't see our own cultural biases. We don't "hear our own accent."

Here also, your Engaged Organization will fare better than conventional organizations. In addition to their distaste for excuses like cultural barriers and time zones, people in engaged teams have already benefited from taking the extra effort to establish more connectedness at home. Engaged people want to overcome cultural barriers because they know from experience that the resulting connectedness is both more satisfying and more productive.

### Perceptions of Authority Aggravate Conflict

Authority has a powerful influence on conflict, and its effect can often be felt before the first encounter. There are two common examples of organizations that are prone to authority problems: traditional companies with autocratic "top-down" corporate or government cultures, and companies founded on the vision of one person which over time has outgrown the intimate nature of the original group of "believers." The latter happens time and time again as startups outgrow their original small, tight organization dominated by a founder personality or a strong CEO.

There is a certain muckiness that can happen in "top-down" organizations where certain communications travel "safely" only in one direction: down. The muck is the emotional reaction one has to knowing how to help the company but not being facilitated in doing so. This happens when a new employee has ideas about how to contribute, but cannot—or will not—break into what s/he perceives as existing groups just to be heard.

### Conflict Between "Corporate" and "Field"

Critical closure opportunities between Corporate and Field can suffer because of a combination of all three conflict-exacerbating issues: priority difference issues, geographic distance issues, and authority issues.

For instance, Corporate, or the home office, might consider quality and cost controls a top priority for customer service offices in the field. Field may feel that customer satisfaction and "referencability" are much more important and are in conflict with resource restrictions. Both Corporate and Field priorities are necessary for overall success - and yet lack of agreement means wasted opportunity.

Distance, as we see, can become a "reason" for less contact, less bonding, and more innuendo and assumptions.

Authority issues, with their implicit potential challenge to direct and honest communication, can become an excuse for not surfacing the "real" issues early and directly.

The net result can be unnecessary conflict. Worse, people in the field can begin to characterize Corporate—or you as one of the managers there—as uncaring and unresponsive, while Corporate in turn becomes increasingly frustrated with what have become complaints from the Field.

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As help exchange diminishes between Corporate and Field, well-meaning, competent people are increasingly heading for conflict. Meanwhile, the customer gets squeezed in the middle of the conflict, its needs insufficiently communicated to Corporate and the wherewithal to address those needs less forthcoming to Field.

### **Problems With Mergers, Acquisitions, and Partnerships**

Conflict can be exacerbated by corporate culture clashes and unhealthy internal competition resulting from mergers, acquisitions and various forms of partnership. An established larger company, for example, whose success depends on stability and steadiness in the marketplace, may develop a need to penetrate new markets. This older, relatively “staid” company then partners with, or acquires, a younger, more aggressive company whose success has depended on innovation and heroic effort. The seeds for misunderstanding, unproductive conflict, and poor help exchange are clearly planted. Worse, negative perceptions and evolving opinions about each other may extend and harden the conflict. The younger company’s people, for instance, may begin feeling like impersonal cash cows and the established company’s people may become frustrated with what feels to them like resistance to control. Without wise, responsible intervention, conflict is likely to grow, closure diminish, and true commitment disappear; soon, help exchange becomes harder to maintain. Such mergers can bring about authority issues, priority issues, and corporate culture issues in the smaller company, and these endanger the investment of the larger.

One company, dominant in its market, maintained its advantage by snapping up smaller companies and attempting to integrate them into the mother ship. This strategy allowed them to look over a field of emerging companies and select those that were the most promising, since they could often pay a premium given their strong financial position. This strategy was a kind of “distributed R&D” and seemed to work quite well for a while.

The problem was that the people brought into the overall organization via acquisition were considered to be second-class citizens by existing employees. (This attitude was in keeping in their overall culture of the acquiring company). Staff arriving via acquisition, you see, never had to go through the rigorous interview and selection process that regular employees suffered, and therefore weren’t deserving of the privilege of full corporate citizenship.

This arrogance was not lost on the new arrivals who, sensing this gap with their new brethren, would then hang around just long enough to vest their stock and then cash out, taking with them much of the expertise that was a valued part of the acquisition in the first place, an acquisition the company had paid a premium for.

This problem will not happen in the Engaged Organization, which, again, values commitment over compliance. The effective meta-manager within the parent company is going to explain the rationale for acquisitions, and elicit authentic buy-in from his team members as to the potential benefits and challenges. In the course of those communications, your team members will surface any muck concerning the change, and you can deal with it consciously and transparently. Likewise, the manager is going to waste no time contacting representatives from key teams from the business being acquired, in order to introduce this method. When you are successful in gaining buy-in and setting up new interfaces so that our method gets practiced sufficiently, you will have prevented much of the conflict and failure that otherwise accompanies mergers and acquisitions.

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### **How Rapid Growth Aggravates Conflict**

Finally, rapid growth inevitably adds to conflict. This occurs for several reasons. First, rapid growth, with its attendant new employees, new territories, new customers, and changing needs, necessitates more communication and closure, not less. But rapid growth also means having to do more with fewer resources, including time, so that communication and closure can easily take a back seat to what are incorrectly perceived as more immediate needs.

Further, as everyone gets busier, your people tend to emphasize the accountabilities they have with you as their direct manager, often at the expense of critical cross-function interdependencies with peers. These cross-functional interdependencies may be far more important to the business unit's success, but since there is no formal accountability, no one is really tracking this critical help exchange.

Growth often necessitates new hiring. New hires require orientation time, and often arrive with communication habits different from those already in use with core employees. Closure becomes more difficult. In some Hierarchical Organizations, a new hire is not given useful guidance—or does not believe it—on what to do when s/he does not understand an assignment or when asked to do more than s/he really can. Not only does execution suffer, but precious time is lost during the ensuing periods of bluffing.

And, finally, rapid growth usually necessitates more widespread geographic distribution of employees, more travel, more time zone challenges, and often more exposure to challenging social and cultural diversities, and all their ensuing “issues.”

Speaking of rapid growth, it is appropriate to mention the fate of the thousands of dot com companies that rapidly grew themselves into oblivion. In addition to its sometimes-flirtation with suspicious business models, the dot com phenomenon experienced in spades the problem of conflicts induced by rapid growth. With a gold rush mentality, money was thrown at young companies, who proceeded to ramp hiring and spending at a horrific rate. Without the wisdom of establishing clear rules of closure communication and well-defined roles and process before taking off, the complexity of interpersonal communication in these companies exploded, and the conflicts exploded in kind.

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