

Making Conflict Management a Strategic Advantage

Kenneth W. Thomas, Ph.D.



Why have respected CEOs like Jack Welch, Bill Gates, and Andy Grove made constructive conflict management a strategic priority in their organizations? The reason is that conflict has key effects on productivity, decision making, and retention.

With respect to productivity, consider the amount of time spent on conflict. Several years ago, Warren Schmidt and I conducted a survey on conflict management for the American Management Association. Managers reported spending 18% to 26% of their time dealing with conflicts, depending on their organizational level. That is a huge investment of time—the equivalent of many millions of dollars of payroll in moderate-sized to large organizations. Any significant improvement in the efficiency of conflict management—by surfacing conflicts quickly and directly and settling them cleanly—will produce productivity gains that far outweigh the cost of most conflict management programs.

But conflict management is about more than just saving time. Most organizational conflicts involve disagreements over task-related matters, with people bringing diverse perspectives, information, and expertise to bear on an issue. Too often, some key input is suppressed or ignored, or the conflict leads to deadlock and inaction. When conflicts are handled constructively, in contrast, these diverse inputs are likely to be considered on their merits and incorporated into better, more innovative decisions. Also, decision makers are likely to get accurate feedback on the results of decisions—in time to take corrective action. These decision-making benefits can be important for any organization on important, nonroutine issues. They are especially vital for organizations that aspire to be learning organizations or to compete on the basis of rapid adaptation and innovation. In such cases, it may take only one good decision on an important issue to justify the cost of a conflict management program.

Finally, consider the effects of conflict on retention and turnover. Poorly managed task-related conflicts can easily become personal—generating resentment, antagonism, and hostility. These “emotional” conflicts interfere with work relationships, create stress, polarize teams, and are a major factor in absenteeism and voluntary turnover. Occasionally, they lead to grievances and legal actions. When conflicts are managed constructively, on the other hand, people are likely to feel that they are listened to and treated fairly, which reduces personalization of conflict, absenteeism, turnover, and formal complaints. Here again, the financial savings from reduced turnover and absenteeism alone—not to mention the benefits of stable working relationships, organizational loyalty, and the retained knowledge of experienced workers and managers—may justify the cost of a conflict management program.

How, then, can an organization realize the benefits of effective conflict management? This paper explores five key elements of a strategy for making conflict management a core competency in an organization: developing conflict literacy, measuring conflict styles, building conflict management skills, involving top management, and using conflict-focused team building and interventions.

DEVELOPING CONFLICT LITERACY

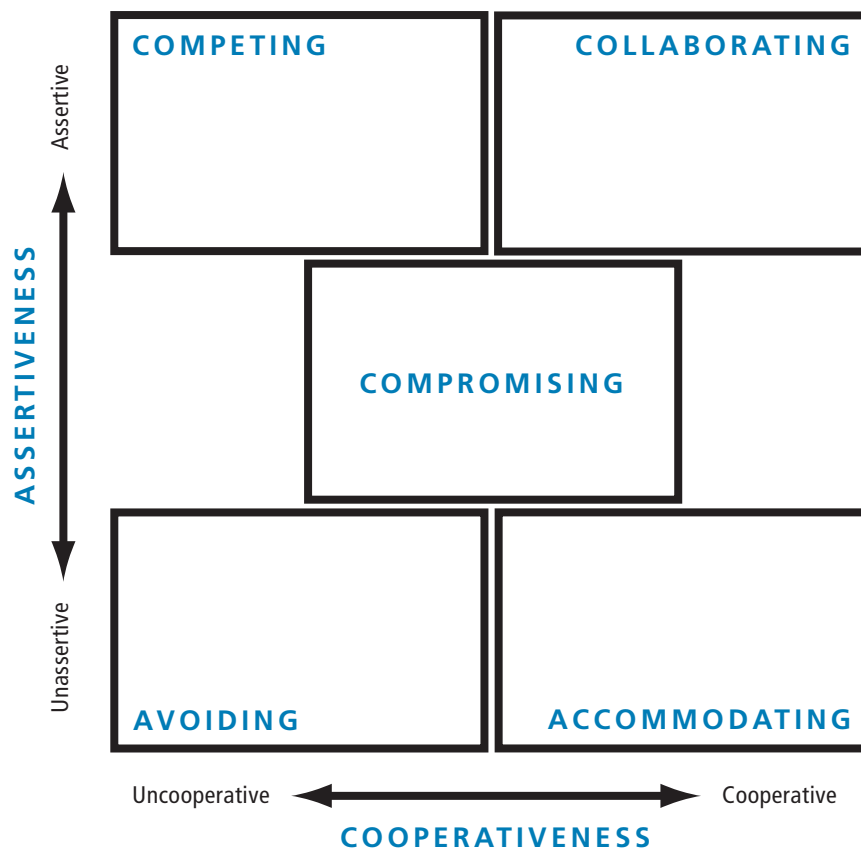
To manage conflict effectively, an organization needs to develop a common language that helps people think effectively and communicate clearly about conflict and its management. The foundation of this language is a useful definition of conflict and a set of alternative ways of dealing with it.

Defining Conflict

People often think of conflict as fighting. It's important to realize that fighting is only one way of dealing with conflict. A more useful definition of conflict is *the condition in which people's concerns appear to be incompatible*. A concern is anything people care about. In an organization, people's concerns might center around such things as deciding how to allocate resources, determining what facts bear on an issue, and supporting different strategies.

Introducing the Conflict-Handling Modes

When people find themselves in conflict, their behavior can be described in terms of where it lies along two independent dimensions—assertiveness and cooperativeness. *Assertiveness* is the degree to which you try to satisfy your own concerns, and *cooperativeness* is the degree to which you try to satisfy the other person's concerns. The figure below shows the main choices you have in a conflict—the conflict-handling modes.



Competing is assertive and uncooperative. You try to satisfy your own concerns at the other's expense—to win.

Accommodating is unassertive and cooperative—the opposite of competing. You sacrifice your own concerns to satisfy the other person's.

Compromising is partially assertive and partially cooperative. You look for an acceptable settlement that only partially satisfies both your own and the other person's concerns.

Avoiding is unassertive and uncooperative. You try to sidestep or postpone the conflict, satisfying neither person's concerns.

Collaborating is assertive and cooperative. You try to problem-solve to find a solution that completely satisfies both your concerns and the other's.

This deceptively simple framework helps people think more clearly about the choices they have in a conflict. Many are surprised to realize that collaborating is possible in conflict—that they don't have to compete to get their needs met, and that they can be cooperative without being “soft.” The collaborative process, in fact, can be quite passionate at times, with people expressing their views strongly so as to be heard and taken seriously. But what differentiates collaborating from other conflict-handling modes is that people are listening to others' views, not just focusing on their own, and are trying to incorporate them into sound decisions.

MEASURING CONFLICT STYLES

People and organizations can't improve their conflict management competencies without first getting an accurate reading of their conflict *style*—their reliance on some conflict-handling modes over others. Measuring conflict style makes explicit people's unconscious habits and assumptions about conflict, so that choices can be re-examined and made more thoughtfully. Measurement also provides a baseline against which to chart change and improvement.

The most useful measures seem to be those that reduce defensiveness by recognizing that each of the conflict-handling modes is appropriate for certain kinds of conflict situations. This contingency approach enables people to see their style as a set of strengths, and to approach change as a way of building on their strengths rather than correcting their flaws.

Making measures available online makes it easy for organizations to collect aggregated data on conflict styles. The organizations can use these data in identifying their “conflict culture” and as a benchmark for change efforts.

BUILDING CONFLICT MANAGEMENT SKILLS

Once individuals learn their styles, training and coaching can help them develop three levels of skills to supplement the skills they already have.

Choosing the Right Conflict Mode

The most fundamental conflict skill is the ability to select the conflict mode that will be most productive for a given situation. Early in my research, I found that groups of company presidents were

able to agree on a set of situations in which each mode would be especially useful. Since then, a large number of other research studies have assessed the effects of the conflict modes in different organizational settings. These studies led to some practical lessons regarding when each mode is likely to be most effective. Here, I will mention two important and frequently supported findings involving collaborating and avoiding, respectively.

Research consistently shows that collaborating produces superior decisions on complex and nonroutine issues. The problem solving involved in collaborating can be time consuming, however, so collaborating is usually reserved for important topics. In negotiations over resources, collaborating is more likely than other modes to result in integrative or win-win outcomes. In disagreements over decision making, collaborating is better at combining diverse insights into more accurate understandings and more innovative solutions. Collaborating also enhances communication and learning, and builds trust. For these reasons, learning organizations like GE emphasize learning collaborative skills and strive to build collaborative norms into their culture.

In contrast, research shows that “personality conflicts” have strong negative consequences in organizations and should be avoided. Conflicts become personalized when people focus their energy and attention on what is wrong with each other rather than on substantive conflict issues. People become irritated with each other, engage in blame, express anger, and otherwise behave negatively toward each other. This negative emotionality, as mentioned earlier, interferes with decision making, undermines cohesiveness, reduces job satisfaction, and increases turnover. Thus it is important to learn to avoid discussions of personality and blame, and to control expressions of anger, remain civil and respectful, and keep the discussion focused on substantive issues.

Implementing a Mode Effectively

The second level of skill involves successfully implementing the conflict-handling mode you have chosen. Because collaborating is especially important for decision quality, conflict management programs tend to ensure that people learn key skills for collaborative problem solving. Consider two key skills related to collaborating—distinguishing between concerns and positions, and using “firm flexibility.”

Concerns are the things people care about in a conflict—what they are trying to satisfy. In contrast, the *positions* people take are the solutions they recommend as a way of satisfying their concern (“what we should do”). When people frame an issue in terms of positions (“We should do X”), it is impossible to find a collaborative solution. The only logical possibilities are competing (“Do X”), accommodating (“OK, we won’t do X”), and compromising (“How about doing X halfway?”). Finding a collaborative solution requires identifying the concerns behind people’s positions (“I’m concerned about this project because it might take us over our production budget, while you see the project as a way of improving sales. Can we find a way of reducing the costs of this project or of increasing sales in another way?”). When collaborating, then, it is important to begin by identifying underlying concerns rather than “jumping to positions.”

The term “firm flexibility” was coined by Professor Dean Pruitt of the State University of New York, Buffalo. This strategy is useful when you are trying to find a collaborative solution but another person is competing, pushing a position that won’t meet your concerns. In this situation, most people realize that some firmness is required to stand up to the other person. However, they often take

a hard line that prevents collaborating. Firm flexibility clarifies what you need to be firm about. The idea is to be firm about meeting your concerns, but also to signal flexibility about choosing a position: “Fred, I can’t agree to your plan as long as it goes over budget. Let’s see if we can find a way of bringing it in under budget.” “Sally, your recommendation ignores the patent problem. Can you find a solution that addresses that problem as well?”

Reducing the Costs of a Mode

The third level of skill involves reducing the costs, or negative consequences, of the mode you have chosen. Managers who are less skilled at conflict management often accept some collateral damage as normal or inevitable, rationalizing that “You have to break some eggs to make an omelet.” In contrast, more adept managers find ways to minimize these costs. For example, managers can learn how to compete when necessary without antagonizing people, how to avoid an issue without being evasive, how to accommodate without looking weak, and so on.

INVOLVING TOP MANAGEMENT

Human resources departments can take responsibility for training programs on conflict management, and these programs alone will help an organization. Looking at organizations that have made conflict management a core competency, however, it is clear that top management must also be actively involved in building openness into the organization’s culture and modeling constructive conflict management.

Building Openness into the Culture

Each organization’s culture has a built-in mind-set about conflict. As a result, different cultures seem to favor different conflict modes. The prevailing mind-set in some organizations is that conflict is a threat to relationships and team cohesiveness, so people should do what they can to accommodate others’ views and needs. Some organizations view conflict mostly as a potential drain on time and energy, so conflict issues should be avoided whenever possible. Other organizations see conflict as a challenge to one’s credibility and authority, so one needs to counter it strongly—that is, take a competitive stand and protect one’s position. Still other organizations see mutual concessions and compromise as the only pragmatic way to settle conflicts.

In contrast, Jack Welch practiced collaboration at GE, championing the usefulness of substantive disagreement in reaching creative decisions. He had inherited a culture that he called “superficial congeniality,” in which people didn’t tell each other the truth. Like Andy Grove at Intel, Welch recognized that conflict was inevitable in dealing with novel and complex decisions and that conflicting views contained information that needed to be harvested and incorporated into decisions. For Welch, encouraging candor, listening to conflicting views, and incorporating those views into decisions were all part of making his organization “boundaryless”—ensuring the free flow of information throughout the organization. Welch made it unacceptable to ignore or suppress conflicting views. He created 360-degree appraisals, town meetings, and other mechanisms that required managers to take in this sort of information.

Welch also “walked the talk” by modeling the openness he advocated, providing visible examples to help seed the new culture he promoted. While previously business meetings had been carefully scripted to avoid embarrassing the CEO, Welch insisted on unscripted informality and invited questions and candid discussion, encouraging people to “let ‘er rip.” He also participated in give-and-take sessions with junior and middle managers at GE’s management development center at Crotonville.

Improving Strategic Decision Making

When top managers manage conflict constructively, they do more than provide examples for others. They also improve their strategic decision making.

Stanford professor Kathleen Eisenhardt and her colleagues studied top management teams in high-tech companies and found that the more productive teams were able to manage conflicts without getting involved in personality conflict. Executives in the less productive teams got bogged down in personal animosity and described each other using words such as “manipulative,” “burned out,” and “political.” In contrast, members of the productive teams, even though they hit conflict issues head-on, described each other as “smart,” “best in the business,” and “team player.” What made the difference? The effective teams framed the conflicts as collaborations to find the best solution for the organization as a whole. They were given lots of information on the issues and, to avoid “jumping to positions,” generated multiple possible solutions. CEOs guided team discussions without either imposing their views on their groups or abdicating leadership. Members used humor to keep perspective. Finally, the team used a philosophy of “consensus with qualification.” Essentially, the team members tried to reach a collaborative, consensual decision. If they were unable to reach consensus, decision-making authority was given to the most relevant senior manager, guided by input from the rest of the group.

Coming at the topic from a different angle, Dartmouth professor Sydney Finkelstein studied business failures—highly unsuccessful strategic decisions. His team of researchers identified 51 companies that had suffered a major business failure, collecting extensive interview and documentary evidence. They found an impressive consistency across all the cases. These organizations operated in a way that stifled dissenting views, allowing bad decisions to be made and then dismissing evidence that things were going badly.

Surprisingly, the failures all involved organizations and CEOs with a strong track record of success, which was part of the problem. These top managers’ assumptions and mind-sets had worked so well in the past that they shut off dissenting information in new situations that didn’t fit their preconceptions. Particularly risky situations included new business ventures, innovation and change, mergers and acquisitions, and unexpected moves from competitors—all of which introduced new uncertainties. Rather than welcoming new information in these situations, the top managers shut it out and seemed more focused on demonstrating their superior expertise.

Essentially, then, they adopted a competitive style that pushed their own positions. They tended to intimidate others, acted as though they knew it all, often got rid of people who weren’t wholly supportive, and stubbornly clung to ideas that had worked in the past. Finkelstein’s major recommendations, then, involve creating a culture of openness and open-mindedness where people can safely tell each other the truth, as well as creating multiple arenas for debate, feedback, and critical thinking.

USING THE MODES IN TEAM BUILDING AND INTERVENTION

As organizations become flatter, more decisions are being made by teams—including cross-functional teams and committees. Members of these teams are often selected for their diversity of experience or as representatives of different functional areas, so conflicts are frequent. In addition, team conflicts come with their own unique sets of challenges. So even when top management is actively involved in setting an example and people throughout the organization have received training in the basics of constructive conflict management, teams will still need help transitioning to the new behaviors. Organizations need to have the capacity to help new teams set appropriate norms for themselves and to intervene in established teams that have trouble managing conflict effectively. Three kinds of lessons are especially important here.

Appreciating Different Styles

Team members often resent and misunderstand teammates with conflict styles different from their own. Each conflict style comes with an underlying set of values, and people with a given style tend to see other styles as neglecting or opposing their values. For example, accommodators, who tend to value support and generosity, may see competitors as insensitive, mean-spirited, or selfish. Likewise, competitors, who tend to value tough-mindedness and having the courage of one's convictions, may see accommodators as soft or wishy-washy.

Team members can benefit from learning that teammates with all five conflict styles have positive values and are trying to make a positive contribution to the team. Competitors are trying to champion courses of action that they believe to be sound and to move things along, accommodators are trying to maintain and build team goodwill and cohesiveness, and so on for the other conflict styles. Each tends to specialize in some aspects of group performance and to be especially good at dealing with certain kinds of situations. Understanding the positive intentions and contributions of each style reduces resentments over style differences and makes it easier for team members to listen to each other. They can then learn from one another's insights.

Reducing "Excessive" Behaviors

Each conflict style can help a team be more effective when used in appropriate situations. Avoiding, for example, is appropriate with relatively unimportant issues, with dangerous issues (including personality issues), and when postponement would allow the team to collect more information to make a better decision. Each style also comes with "temptations" that should be guarded against. These temptations involve behaviors that are excessive in some way and create problems for the team. For example, avoiders may miss meetings, not return e-mails or phone calls, withhold information, procrastinate, or engage in foot-dragging. Competitors may monopolize a discussion, not listen to others, exaggerate, attack others, or actively block a decision that is going against them. Collaborators may overanalyze problems that don't require it, take up too much group time with decisions they could make themselves, or continue to try to find consensus when it isn't working or there isn't enough time. Compromisers and accommodators have similar lists. It is important to help team members become aware of these temptations so that they can guard against them in their own behavior and give feedback to teammates when they slip into these patterns.

Overcoming the Challenges of Team Style

Just as individuals have styles that emphasize different conflict modes, so do teams. A team's conflict style depends on the styles of its members—especially those of its formal leader and any other members who are particularly influential. Teams with different conflict styles tend to operate with very different behaviors and have quite different atmospheres. For example, competitor teams are likely to exhibit many asserting/defending interchanges and to have an intense and “edgy” feel. In collaborator teams, in contrast, people tend to listen to each other and to build on one another's comments, with an atmosphere that is more exploratory and open-minded.

Even though each conflict style is an attempt to make a positive contribution to the team, these styles often have unintended consequences at the team level. For example, competitors are trying to move things along by championing a position that seems promising. In a group with many competitors, this style often results in lengthy debates or deadlocks—the opposite of what its members intended. Likewise, in accommodater teams, people may suspend some of their critical thinking in an attempt to support each other, resulting in poor decisions that create frustration for their members. As mentioned earlier, research consistently shows that collaborating produces superior decisions on important and nonroutine issues. A key question, then, is how teams with different natural styles can develop their ability to collaborate on those issues.

With help from facilitators, it is important for teams to identify their natural style and how strong their preference for that style is. They can accomplish this by measuring members' styles and looking for common patterns. Next, facilitators can help the teams recognize the predictable challenges that will interfere with collaboration because of their team style. In accommodater teams, for example, the challenges include difficulty in asserting one's needs, conformity, reluctance to debate or challenge other members' views, “shading” the truth so as not to hurt feelings, and trouble with taking an unpopular stand. The facilitators can then help the teams decide on remedies to overcome these challenges. Leaders in these accommodater teams can poll members about their needs to make sure they get aired. Leaders can also establish norms of critical thinking and truth-telling on important issues. Structured debates or devil's advocates can help ensure that weak assumptions get challenged. The challenges and remedies would be quite different for competitor teams, avoider teams, and compromiser teams. To become more effective at conflict management, then, teams need to take different routes depending on their starting points.

SUMMARY

This paper explored five key elements of a strategy for making conflict management a core competency in an organization: developing conflict literacy, measuring conflict styles, building conflict management skills, involving top management, and using conflict-focused team building and intervention. These elements can be applied in a flexible manner, so that they can be adapted to the special conditions and needs of a given organization. Organizations can focus these elements on issues that have a special priority for them, such as innovation, retention, and productivity. They can introduce them in ways that fit their culture and overall strategy. They can also combine them with other training and team-building initiatives that are already under way. However they are introduced, these ele-

ments provide powerful concepts, skills, data, personal and group insights, and constructive norms that can make conflict management a strategic advantage for an organization—with resulting improvements in productivity, decision making, and retention.

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Kenneth W. Thomas, Ph.D., is the developer of the following CPP tools for conflict management training and intervention:

The Thomas-Kilmann Conflict Mode Instrument (TKI); with Ralph Kilmann). The TKI is the most widely used measure of conflict-handling behavior for training and intervention, and has sold 5 million copies in English alone. It is available in booklet and online formats.

Introduction to Conflict Management. This booklet supplements the TKI for management development and other individual skill-building applications. It provides detailed guidance on when and how to use each conflict mode effectively.

Introduction to Conflict and Teams (with Gail Fann Thomas). This workbook supplements the TKI for team applications. It helps team members understand how their individual styles show up in a team setting, recognize excessive behaviors connected with their style, and appreciate the positive intentions and contributions of team members with other styles. It then helps the group identify its team style, how that style affects team performance, specific challenges that interfere with effective problem solving, and remedies for those challenges.