

# Corporate External Conflict Management Tools



“Man is a tool-using animal. Without tools he is nothing, with tools he is all.”

**Thomas Carlyle** (1795-1881), Scottish essayist



# Agenda

- Basic knowledge and terminology
- Conflict Management Systems
- Conflict tools
- Case study

# Definition of a conflict

“A clash of interests, which cannot tolerate or handle differences”

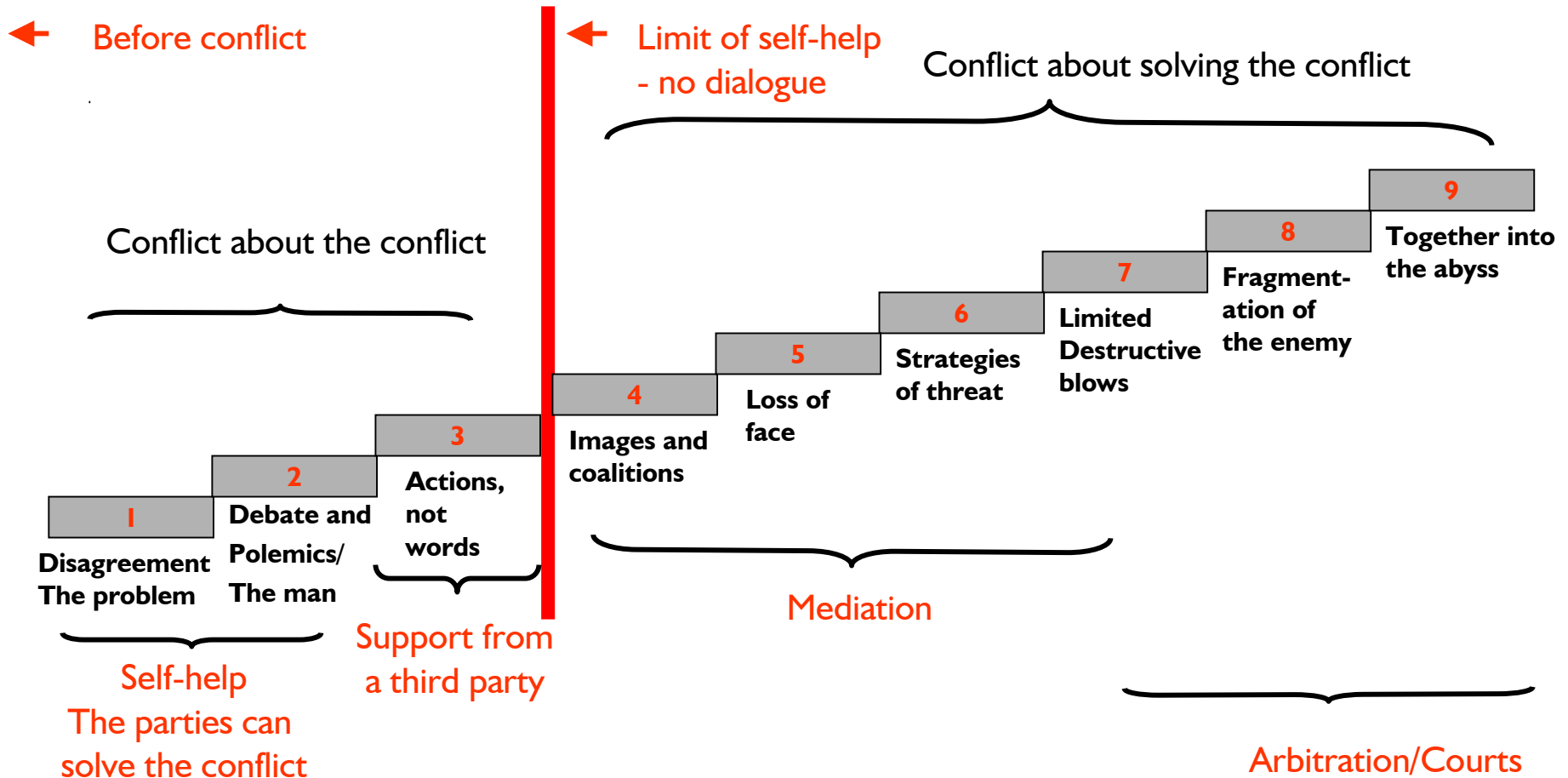
Therefore you can either chose to **remove** the clash of interest or **contain** the clash of interest

# The nine levels of escalation



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- based on the Friedrich Glasl model

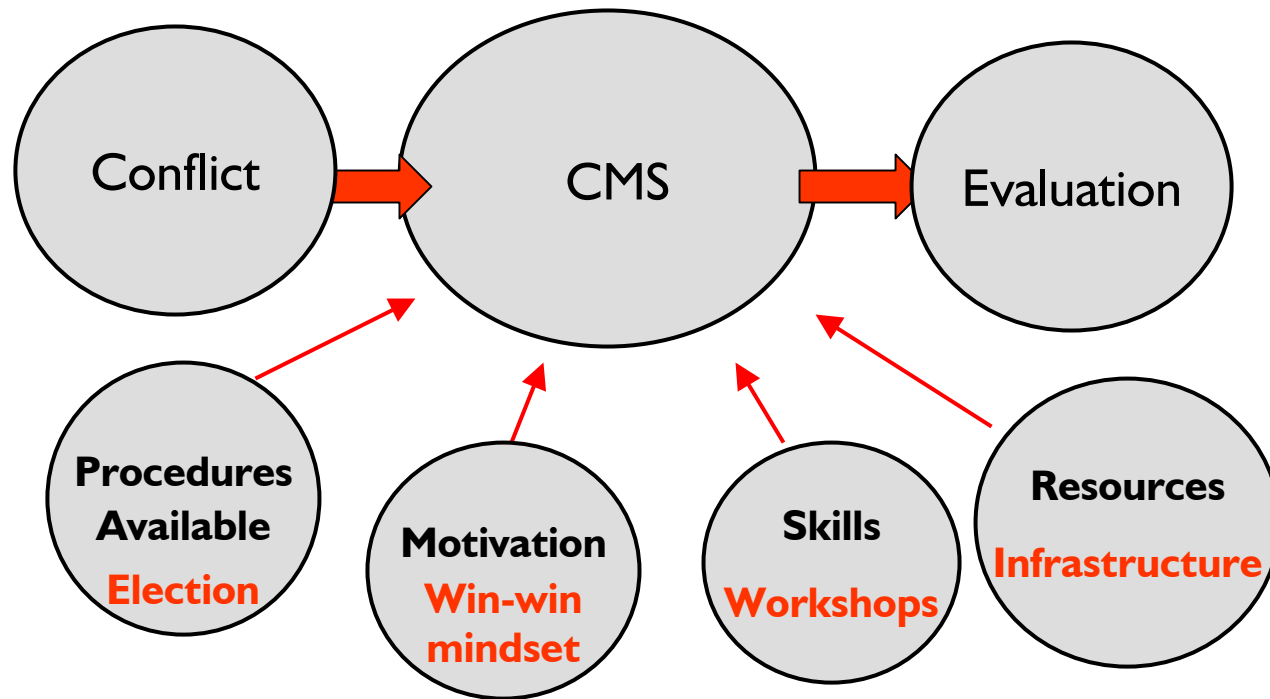


“Even the biggest problems in the world could have been solved while they were still small.” Witter Bynner

# What is a Conflict Management System?

- A concept for systematic prevention of escalation of conflicts and a systematic way of handling and resolving conflicts internally and externally

# A model for a Conflict Management System - CMS



Source: Based on “Getting Disputes Resolved”

# Where to use a Conflict Management System

Prevention of escalation of conflict

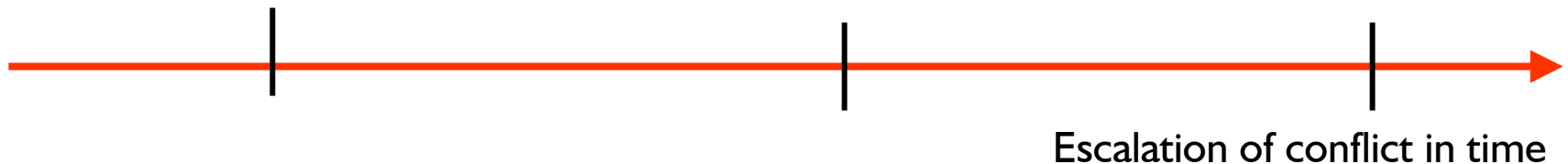
Before conflict and on level 1

Handling conflict

Level 2 and level 3

Conflict resolution

Level 4 and up



# Procedures

## Prevention of escalation of conflicts

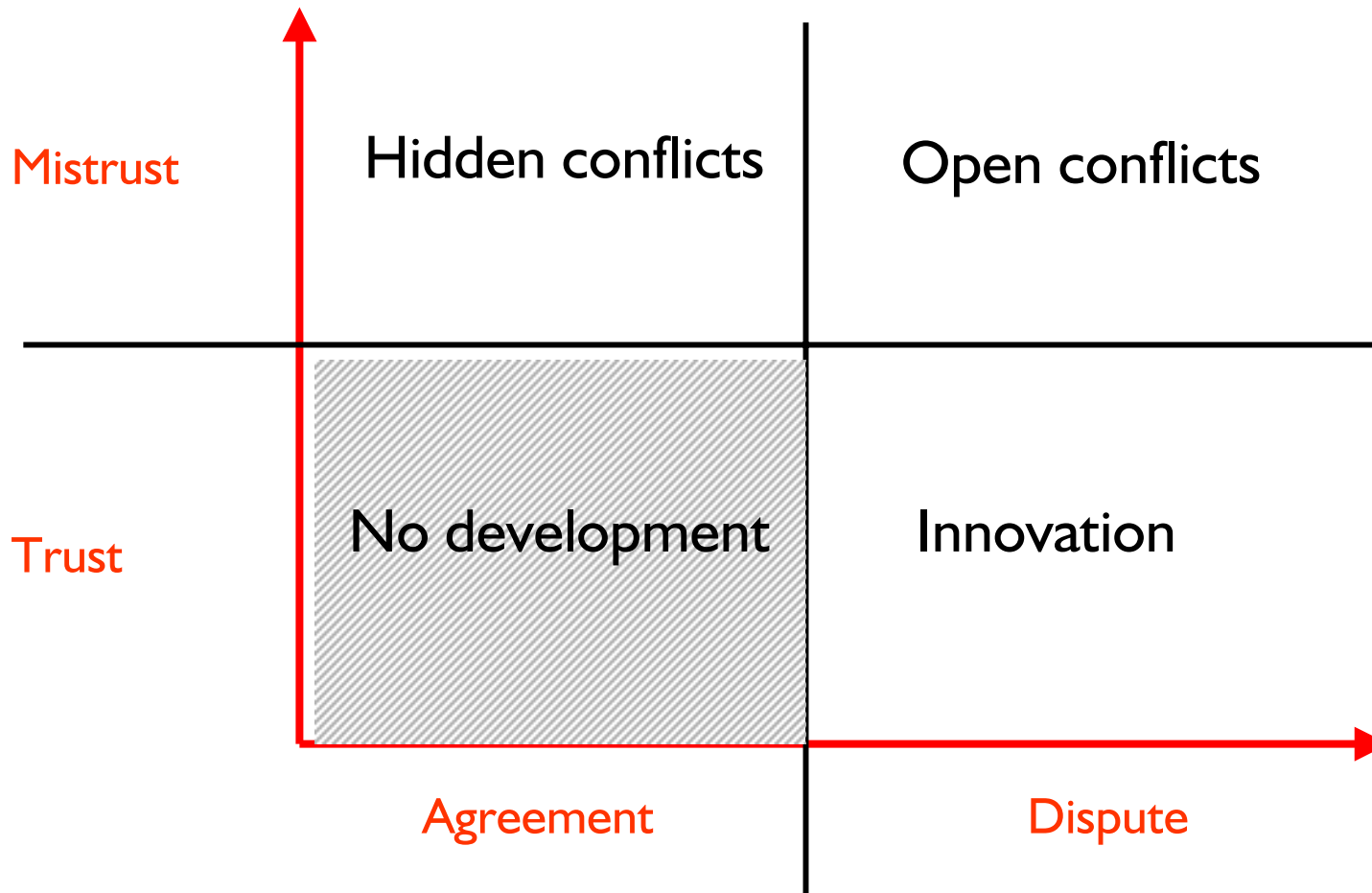
### Before conflict and on level I

- Partnering agreement based on a win-win mindset
- Open-book policy
- Incentive schemes
- Agreements where the parties interest, concerns and needs are described and dealt with
- Identification of risk areas/“gambling area” and agreement on who shall deal with them
- Facilities to build up trust e.g. teambuilding

“Remember one of the biggest causes to conflicts are disappointed expectations due to unclear agreements”



# Mistrust gives conflicts eventhough there is no dispute!





# Procedures

## Handling conflicts

### Level 2 and level 3

- Third party – colleague or manager
- Multiple-step negotiation – managers higher in the organisation
- Deal mediation facilitated by management
- Dispute Review Board



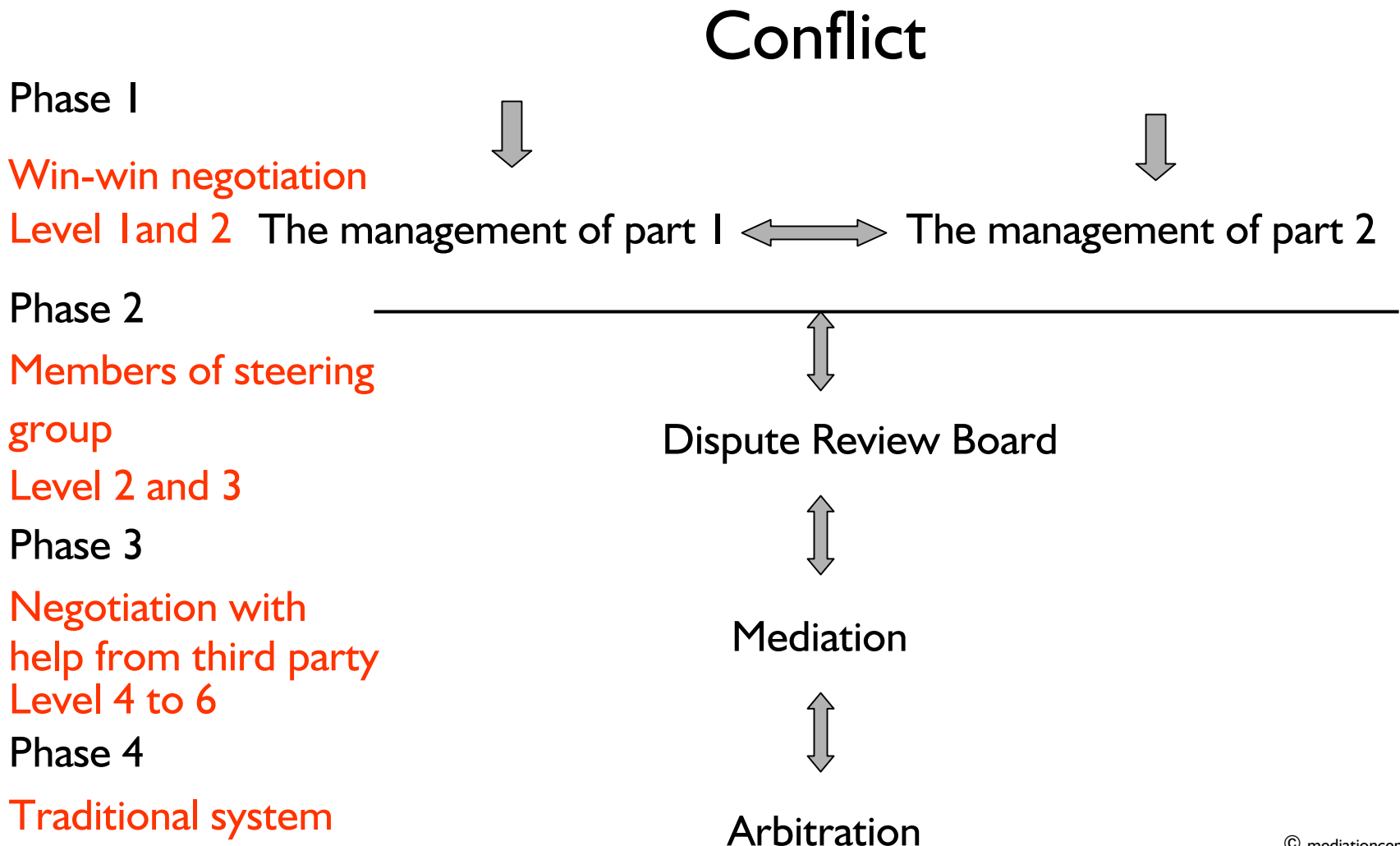
# Procedures

## Conflict resolution

### Level 4 and up

- Mediation
- Med-Arb
- Arb-Med
- Final-offer arbitration
- Advisory arbitration
- Mini-trial

# A Conflict Management System



# Storebaelt – 14<sup>th</sup> June 1998



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# Oresund Conflict Management System

The contract had the following model:

- Dispute Review Board (DRB)
  - The Employer's signal to the Contractor about wish for Cooperation
- DRB's established at the start of the contract
  - not after the conflict has arisen
- Fall-back position was arbitration
  - but first after end of the contract

# Oresund – The principal had the responsibility for the collaboration

- The Employer took responsibility for the interfaces in the contracts
  - Mentioned in the contracts
  - Used during the building process
  - Musketeer bonus

# Oresund – Dispute Review Board

- **Advantages**

- The conflicts were solved as they arose
- Cheap

- **Disadvantages**

- No lawyers were present
- No one to blaim for result of conflicts





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# Oresund – The result of a Conflict Management System

- Opening of the bridge 9 month before time
- According to the budget
- No constructors lost money
- No negative press or political complications
- Everyone enjoyed being a part of the project
- Less accidents and none with deadly outcome

# Oresund –Opening the 1st July 2000



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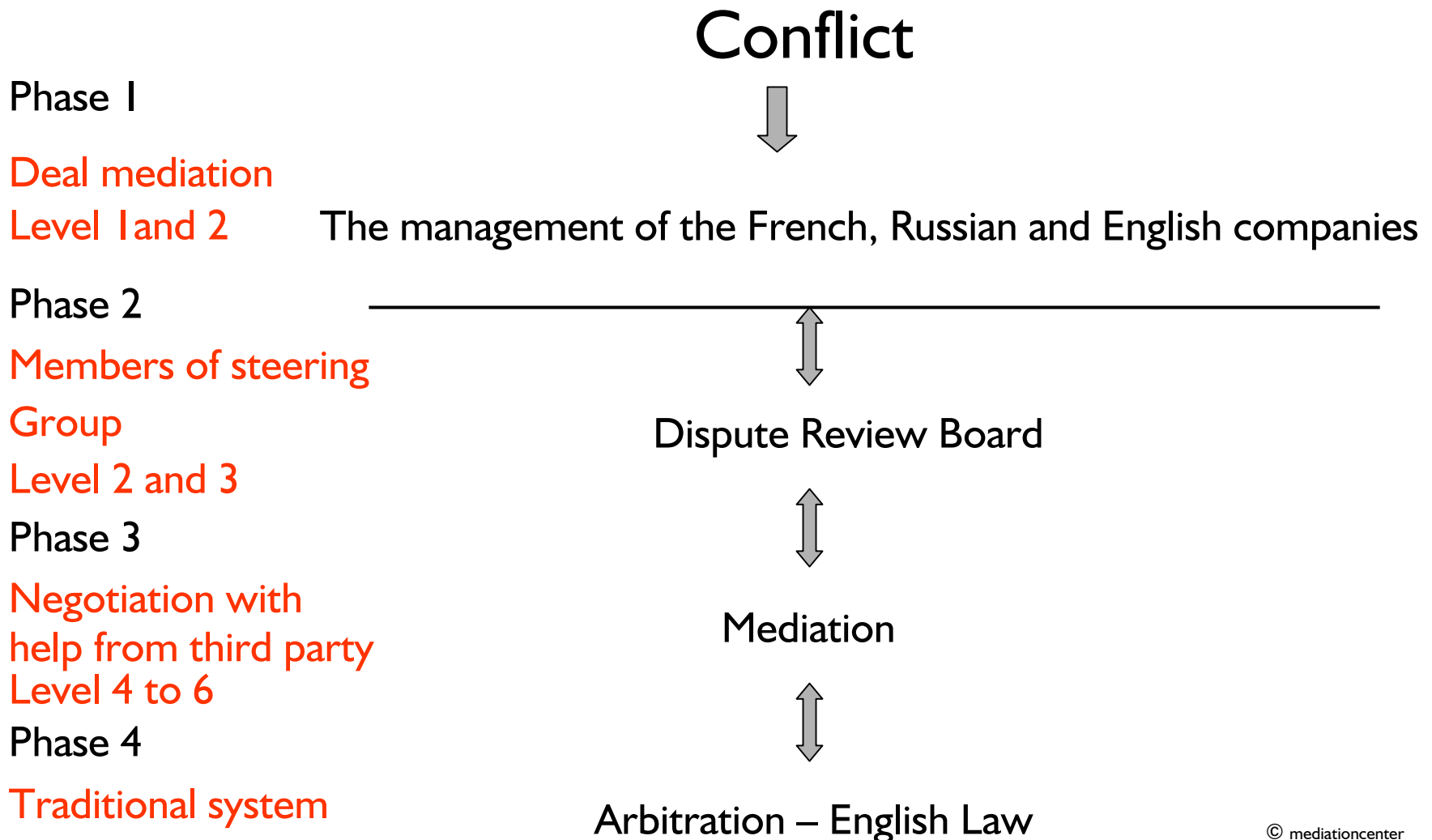


# Case study

## Questions for you

- What is the worst case outcome of this conflict?
- What kind of CMS do you think the parties should have established in their agreement?
- What would have been the result if they had a CMS?

# A Conflict Management System



# 5 stages in the mediation process

- The parties inform about the problem – **free storytelling**
- Find unfulfilled needs, concerns and intererests – **formulating the problem**
- Options and possibilities are developed - **brainstorming**
- The agreement is built up – **negotiation**
- The agreement and implementation plan are made – **action plan**