

Module 2

Initiating Projects

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Lecture 11

Conflicts and Negotiations



Introduction

- ❑ Planning usually require inputs from various people / sources
- ❑ Multiple interactions between different parties / people can cause conflict
- ❑ Conflict define as :
“... the process which begins when one party perceives that the other has frustrated, or is about to frustrate, some concern of his”
- ❑ Conflict in achieving project goals



Conflict Resolution

- Lower the level of frustration
- Resolve conflict through :
 - Brute force
 - Absolute rule of the monarch
 - Rule of law (the best way)
- Establish rules and regulations to settle disputes (e.g. conflict between buyer and seller, user and supplier)
- Reduce or resolve conflict through
NEGOTIATION



Nature of Negotiation

- Negotiation:
“... the process through which two or more parties seek an acceptable rate of exchange for items they own or control”
- Negotiation – mediate,, conciliate, make peace, compromise, bring to agreement, settle differences, arbitrate, bargain, moderate
- Conflict between organization and outsiders – property rights and contractual obligation



Conflict and Project Life Cycle

- Four stage model – project formation, buildup, main program and phase out
- Conceptualization, planning, execution and termination
- First stage (initial planning) – adopt objectives, set scope
- Second stage – detailed planning, budgeting, scheduling and aggregation of resources
- Third stage – accomplished actual work
- Final stage – works are completed and products turn over to client, disposition of project's asset and personnel



Categories of Conflict

- Conflicts regarding
 - Schedule
 - Priorities
 - Human resource (labour)
 - Technical matters
 - Administrative procedures
 - Costs
 - Personality



Three Fundamental Categories of Conflict

1. Groups may have different goals and expectations
2. Considerable uncertainty about the authority to make decisions
3. Interpersonal conflicts between parties-at-interest
 - Differ in objectives and technical judgment expectation, costs and rewards, schedules, priorities
 - Project manager vs. functional manager



Conflict

- Technical and administrative procedures
- Uncertainty about authority – resource allocation ,communication, technological choices
- Clash of personalities



Conflict

Parties-at-interest	Categories of Conflict		
	Goals	Authority	Interpersonal
Project team	Schedules	Technical	Personality
Client	Priorities	Technical	
	Schedules		
	Priorities		
Functional and senior management	Schedule	Technical	Personality
	Priorities	Administrative	
	Manpower		
	Cost		

Project Conflicts by Category and Parties-at-interest



Conflict

- Senior management, project manager and functional manager
- Stringent cost and time
- Project's priority, applicability of technology, client's priority and schedule



Conflicts

- Matrix organization – conflict in locus (area) of authority
- PM adopt administrative procedures that conform to standards
- PM argue for schedule and resource from functional managers
- Personality clashes – technical approach, philosophy of problem solving and methods to implement project results



Project Formation

- Inherent confusion of new project using matrix organization
- Project organization, objectives not clear, etc.
- Transition to Buildup Stage – require 4 issues to be sorted out
 1. Technical objectives must be specified
 2. Commitment of resources forthcoming
 3. Set priority of the project
 4. Establish project organizational structure



Project Buildup

- Conflict in project priorities, schedules, administrative procedures
- Project moves from general concept to detailed plans
- Strong matrix – PM seeks commitment of people from functional department
- Weak matrix – PM seeks commitment of work
- Conflict over technical issues
- Technical expert vs. generalist



Main Program

- Conflict in schedule as actual work under way
- Get schedule back on track to avoid delay
- Catching up require extra resources
- Difficult to trace and estimate the impact of delay
- Manage time/cost/performance trade-offs
- Trade-offs constrained by contract, company policy and ethical considerations



Project Phaseout

- Schedule – major conflict
- Schedule slippage, project with firm deadlines
- PM, project group and functional departments band together to complete project
- Tolerate moderate cost overrun
- Technical problems are rare



Nature of negotiation applied in PM

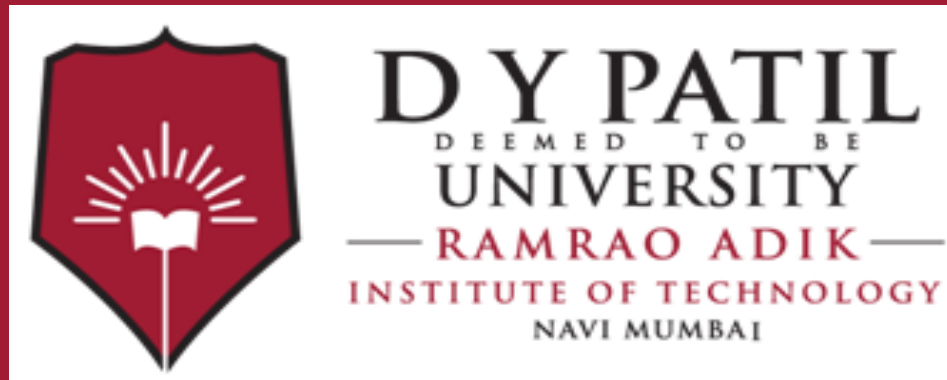
- Nature of project conflict – on the precise design of the deliverable, and /or how design is to be achieved, by whom, when and at what cost
- 3 requirements for conflict resolution:
 1. Allow conflicts to be resolved without irreparable harm to projects objectives
 2. Allow and foster honesty between negotiators
 3. Solutions must satisfy not only individual needs but also affected / other parties involved



Principled Negotiation (Win-win)

1. Separate people from the problem (don't include personal matters)
2. Focus on interests, not position (interests is to get job done fair treatment, etc)
3. Before trying to reach agreement, invent options for mutual gain (creative options, middle road)
4. Insist on using objective criteria (find standards such as market value, law, company policy, to determine quality of income)





Thank You