SECOND EDITION

Making the Team: A Guide for Managers

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"Each afternoon, in a tiny workroom on the 12th floor of the Mayo Clinic, the battle against cancer begins with an argument" (Roberts, 1999a, p. 148). The walls of the room are plastered with X-rays, CT scans, and data. A group of cancer specialists, surgeons, residents, and nurses debates how to diagnose, and ultimately treat, the day's patients. On one particular day, Dr. Lynn Hartmann, a medical oncologist, suggests a surgical procedure for a 65-year-old man with a possible kidney tumor. However, when she asks teammates John Edmonson and Harry Long for their opinions, they challenge her in a direct, point-counterpoint debate. Whereas this open debate might seem strange, it is precisely the vision that founder William Worrall Mayo established when he first opened the clinic in 1859. Mayo, an ambitious perfectionist and strong believer of the whole being greater than the sum of the parts, regularly preached, “No one is big enough to be independent of others.” In the Mayo clinic, physicians are referred to as “consultants” to emphasize the fact that anyone, at any time, is expected to be called upon to discuss a patient. The open debates are part of the team culture at Mayo; consultants know that their recommendations will be rigorously questioned by team members and that this kind of careful scrutiny will lead to more accurate diagnoses and more effective treatments (Roberts, 1999a).

As we will see in this chapter, conflict is a lot like cholesterol: There’s a good kind and a bad kind. Most people try to go on special diets so they can lower their bad cholesterol, hoping to avoid a heart attack. In teams, the bad kind of conflict is what we fear most—back-stabbing, character assassination, angry words, denial, gossip, and brush-offs. The good type of conflict—principled debate, challenging questions in search of the truth—is the type of conflict that characterizes high-performance teams such as the Mayo Clinic teams. This style of conflict is one that is often not present in teams. Indeed, most teams either actively avoid conflict and risk making “trips to Abilene” (as discussed in Chapter 6), or they engage in a type of conflict that is personal, rather than principled. Some team leaders, in fact, pride themselves on the fact that they never have conflict in their teams. We think these leaders do their teams a great disservice.

Our survey of executives and managers, presented in Chapter 1 of this book, revealed that team conflict is one of the top concerns of team management.1 Conflict
that is not properly managed may lead to hostility, performance deficits, and, in extreme cases, dissolution of the team. Most people regard conflict to be detrimental to effective teamwork and believe that differences between team members should be immediately eliminated. However, differences in interests, perceptions, information, and preferences cannot be avoided, especially in teams that work together closely for extended periods of time. Moreover, conflict can be good for the team—when managed properly. The challenge for the leader is to transform conflict into opportunity. Conflict can have positive consequences, such as enhancing creativity or fostering integrative solutions reflecting many points of view.

This chapter begins by distinguishing among types of conflict and their relative and absolute levels within a team. We then discuss the team dilemma, which centers on the tension between one’s own and the team’s interests. Next, we describe voting and majority rule and when they are appropriate to use in teams. Finally, we discuss team negotiation and how to maximize mutual interests.

**TYPES OF CONFLICT**

As we noted above, all conflict is not created equal. Many types of conflict can threaten teamwork. Before a manager launches into conflict management mode, it is important to accurately diagnose the type of conflict that plagues the team. According to Jehn (1995) there are three distinct types of conflict: relationship conflict, task conflict, and process conflict (see Table 7-1).

**TABLE 7-1: Three Types of Conflict**

<table>
<thead>
<tr>
<th>Type of Conflict</th>
<th>Definition</th>
<th>Example of items used to assess/measure this type of conflict</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship conflict</td>
<td>Involves disagreements based on personal and social issues that are not related to work</td>
<td>How often do people get angry while working in your team? How much relationship tension is there in your team?</td>
</tr>
<tr>
<td>(also known as emotional conflict, A-type conflict, or affective conflict)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task conflict</td>
<td>Involves disagreements about the work that is being done in a group</td>
<td>To what extent are there differences of opinion in your team? How much conflict is there about the work you do in your team? How often do people in your team disagree about opinions regarding the work to be done? How frequently are there conflicts about ideas in your team?</td>
</tr>
<tr>
<td>(also known as cognitive conflict or C-type conflict)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process conflict</td>
<td>Centers on task strategy and delegation of duties and resources</td>
<td>How often do members of your team disagree about who should do what? How frequently do members of your team disagree about the way to complete a team task? How much disagreement about the delegation of tasks exists within your team?</td>
</tr>
</tbody>
</table>

Relationship conflict is personal, defensive, and resentful. Also known as A-type conflict, emotional conflict, or affective conflict (Guetzkow & Gyr, 1954), it is rooted in anger, personal friction, personality clashes, ego, and tension. Obviously, this is the type of conflict that most team leaders and team members try to avoid. Sometimes, however, they are not successful. For example, several former managers at Qwest, the telecommunications company that went under criminal investigation for its accounting practices, say that shouting matches among executives were not uncommon during CEO Joseph Nacchio’s tenure with the company. At one meeting in 2000, one executive recalled, Nacchio flew into a rage, hurled a presentation folder across the room, and ordered everyone at the meeting to return to their offices (Hudson, 2002).

Relationship conflict is not always expressed via open shouting matches. In fact, some people, and some teams, go to great lengths to avoid any overt expression of conflict. For example, Argyris (1977b) describes a case in which lower-level managers had identified a number of serious production and marketing problems in their company. They told the middle managers. Once the middle managers were convinced that the situation described by the lower managers was actually true, they began to release some of the bad news, but they did so carefully, only in measured doses. They managed their communications carefully to make certain they were “covered” if upper management became upset. The result was that top management was never fully apprised of the problems—rather, they received a strangely edited view of the problem. Top management, therefore, continued to speak glowingly about the product, partially to ensure that it would get the financial backing it needed from within the company. Lower-level managers became confused and eventually depressed because they could not understand why top management continued to support the product. Their reaction was to reduce the frequency of their memos and the intensity of the alarm they expressed, while simultaneously turning the problem over to middle management.

Task conflict, or cognitive conflict, is largely depersonalized; also known as C-type conflict, it consists of argumentation about the merits of ideas, plans, and projects. Task conflict is often effective in stimulating creativity because it forces people to rethink problems and arrive at outcomes that everyone can live with. This is why having divergent views in a team is beneficial for creativity and innovation. For example, when a majority of members in a team is confronted by the differing opinions of minorities, the majority is forced to think about why the minority disagrees. This thought process can instigate novel ideas (Levine & Moreland, 1985; Nemeth, 1995).

Process conflict centers on disagreements that team members have about how to approach a task and, specifically, who should do what.

Types of Conflict and Work Team Effectiveness

As a general rule, relationship conflict threatens team productivity, whereas task conflict benefits team functioning (Jehn, 1995; Shah & Jehn, 1993). Disagreement about a task is the most beneficial type of conflict.

Relationship conflict interferes with the effort people put into a task because members are preoccupied with reducing threats, increasing power, and attempting to build cohesion rather than working on the task. The anxiety produced by interpersonal animosity may inhibit cognitive functioning (Roseman, Wiest, & Swartz, 1994) and also
CHAPTER 7 Conflict in Teams: Leveraging Differences to Create Opportunity

Distract team members from the task, causing them to work less effectively and produce suboptimal products (Wilson, Butler, Cray, Hickson, & Mallory, 1986).

In contrast, task conflict can improve decision-making outcomes and team productivity by increasing decision quality through incorporating devil's advocacy roles, constructive criticism, and stimulation of discussion.

Clear evidence for the advantages of task conflict over relationship conflict is found in observations of actual organizational work teams. According to Jehn (1997), who investigated everyday conflicts in six organizational work teams, relationship conflict is detrimental to performance and satisfaction (two major indices of team productivity); furthermore, emotionality reduces team effectiveness. Groups that accept task conflict but not relationship conflict are the most effective. Task conflict is associated with higher decision-making quality, greater understanding, higher commitment, and more acceptance. In contrast, relationship conflict significantly reduces decision quality, understanding, commitment, and acceptance. (For another illustration of the deleterious effects of relationship conflict, see Box 7.1.) Similarly, task conflict in teams composed of academics and practitioners is also conducive to productivity on a project, whereas relationship conflict is not (Amabile, Nasco, Mueller, Wojcik, Odomirok, Marsh, & Kramer, 2001).

Task conflict is productive because when people are in conflict about ideas, they are forced to consider the ideas of others. For example, consider a debate between two managers concerning how to market a company's product. Although they have their own individual ideas, when they try to persuade the other by presenting a rationale for their approach, each is forced, on some level, to integrate the other's point of view.

**BOX 7.1**

**The Effects of Relationship Conflict**

Amason (1996) interviewed 48 top-management teams in small and midsize food processing firms across the United States and five top-management teams in furniture manufacturing firms in the southeastern United States. Both CEOs and managers were asked about strategic decisions and team behavior. Questions to assess relationship conflict included: How much anger was there among the group over this decision? How much personal friction was there in the group during this discussion? How much were personality clashes between group members evident during the decision? How much tension was there in the group during this decision? Questions to assess task conflict included: How many disagreements over different ideas about this decision were there? How many differences about the content of this decision did the group have to work through? How many differences of opinion were there within the group over this decision?

The results were striking: The presence of task conflict was associated with higher decision-making quality, greater understanding, higher commitment, and more acceptance. In contrast, the presence of relationship conflict significantly reduced decision quality, understanding, commitment, and affective acceptance.
of course, it is possible to completely reject the other’s arguments, but this is inappropriate in a healthy working relationship. It would also represent relationship rather than ask conflict.

Jehn and Mannix (2001) investigated the evolution of conflict within teams over time. Teams performing well were characterized by low but increasing levels of process conflict, moderate levels of task conflict, and low levels of relationship conflict, with an increase near project deadlines. These teams had similar value systems, high levels of trust and respect, and norms that permitted open discussion.

### Proportional and Perceptual Conflict

#### Proportional Conflict

Team members often have different ideas about the amount and type of conflict that exists in their group. In any team, for example, there may be differing actual levels of relationship, task, and process conflict. And the relative levels of such conflict are a crucial aspect for team leaders to understand as it affects task performance (Jehn & Chatman, 2000). **Proportional conflict composition** describes the relationship among the three types of conflict (task, relationship, and process) as the level of each type of conflict proportional to the other two and to the overall level of conflict within the group, rather than as an absolute level or amount of any one type. Consider the following example offered by Jehn and Chatman (2000): A team that experiences a moderate amount of constructive task conflict and no other conflict (no relationship or process conflict) will have a different experience than will members of another group with the same amount of task conflict but also a high proportional level of relationship conflict. In the former group, members should experience less stress, less distraction, and less anger, which are frequent consequences of relationship conflict (Amason, 1996; Jehn, 1994, 1995) as compared to members of the group containing more moderate levels of task and relationship conflict. Indeed, teams with a high proportion of task conflict experience a higher level of team member commitment, cohesiveness, individual performance, group performance, and member satisfaction. In contrast, a high proportion of relationship conflict is negatively related to member commitment, cohesiveness, individual performance, group performance, and member satisfaction.

#### Perceptual Conflict

If proportional conflict refers to the relative amounts of task, relationship, and process conflict within a team, perceptual conflict refers to the extent to which there is agreement or lack thereof, in terms of whether team members perceive conflict. **Perceptual conflict composition** is the degree to which each person in a team perceives levels of conflict differently compared to other team members (Jehn & Chatman, 2000). Specifically, each member’s perceptions of conflict are compared to all other group members’ perceptions of the group. Jehn and Chatman (2000) give the following example: Two team members in an eight-person team perceive arguments in the group pertaining to the task while the other six members do not detect such conflict. These two members have a larger “perceptual conflict” composition score than those members who believe that there is no task conflict. Importantly, disagreements are to whether and how much conflict exists in a team negatively influence team effectiveness.
CHAPTER 7  Conflict in Teams: Leveraging Differences to Create Opportunity

Transforming Relationship into Task Conflict

The key, of course, for the team leader is to learn how to transform relationship conflict into task conflict; or, ideally, design the team so that relationship conflict does not erupt and instead, only healthy task conflict exists. Usually, relationship conflict emerges when there is no other appropriate outlet for conflict. Cohesion and trust among team members allows cognitive conflict to productively emerge. Indeed, friends are better at applying effective conflict management strategies to suit the task at hand than are teams of strangers, whose conflict management approaches are less sophisticated (Shah & Jehn, 1993). Some specific strategies follow.

Agree on a Common Goal or Shared Vision

The importance of a common goal is summed up in a quote by Steve Jobs, who is associated with two high-profile Silicon Valley companies—Apple Computers and Pixar, Inc. “It’s okay to spend a lot of time arguing about which route to take to San Francisco when everyone wants to end up there, but a lot of time gets wasted in such arguments if one person wants to go to San Francisco and another secretly wants to go to San Diego” (Eisenhardt, Kahwaji, & Bourgeois, 1997, p. 80). Shared goals do not imply homogeneous thinking, but they do require everyone to share a vision. Steve Jobs is not alone in his thinking. Colin Sewell-Rutter, a director of The Results Partnership, a consultancy that specializes in improving board-level communications, concludes that “[t]he single most important source of problems within the boardroom is the lack of a shared vision, and shared corporate goals. . . . All the major difficulties ultimately stem from that” (Lynn, 1997, p. 31).

The 1993 departure of Ernest Mario as chief executive of pharmaceutical firm Glaxo (as it was then called) illustrates how conflicts can also mask the fact that teams never fundamentally agreed on what the company is about. Mario was thought to have been preparing a takeover of American rival Warner-Lambert, even though the then-chairman, Sir Paul Girolami, believed that the company should stick with its strategy of investing for organic growth. The result was a bitter conflict that culminated in Mario’s departure with a $3M payoff (it was only after Girolami retired that Glaxo made its first takeover in decades when it bid for Wellcome).

Create a Place for Task and Process Conflict and Get It Out in the Open

Most people, even seasoned managers and executives, feel uncomfortable about conflict. It is much easier to capitalize on constructive conflict by creating a time and place for it to occur, rather than expecting it to naturally erupt. Furthermore, discussing the potential for conflict before it erupts is a lot more effective than trying to deal with it after the fact. As an example of how companies create a forum for conflict, see Box 7-2.

Training in Task Conflict

For many people, task conflict, or open debate, does not come naturally. They have lived their lives in repressed-conflict situations and have never had an opportunity to see healthy conflict in action. If task conflict is not in team members’ repertoires, it will be impossible to cultivate conditions for it to thrive.

One step is to provide members with training in task conflict. Asking team members who have not been trained in task conflict to discuss their most sensitive issues is
Creating a Forum for Conflict

Construction Corporation, which has undertaken the renovation of Los Angeles Hall and the construction of a football stadium in Nashville, deals with conflict in an open fashion. Prior to each project, the construction teams hold a planning session in which team members openly discuss potential conflicts. These planning sessions are conducted by company facilitators who encourage the project owner, architects, contractors, and other players to outline processes they plan to follow to get the job done. During the session, participants draft and sign a “win-win agreement,” which includes a matrix that lays out what team members expect from one another. The first box in a matrix may detail the owner’s responsibilities on the project, whereas the next box may look at the owner’s expectations of the construction manager. Teams then use this matrix to review their progress on the project. Bovis managers agree that the process has not only decreased the adversity that is so prevalent on construction sites, but the firm has also saved millions of dollars and has completed projects on time (Oldham, 1998).

Instead of the best starting point. Instead, training should begin with topics in which the takes are low. Further, leaders and other team members can serve as “coaches” for one another (see Sidebar 7-1). Edmondson, Bohmer, and Pisano (2000) refer to the ability of teams to discuss tough issues as “psychological safety.” A group that has a high level of psychological safety has interpersonal trust and mutual respect among members. Moreover, psychological safety leads to greater innovativeness, more openness, and comfort in raising difficult issues.

In their book, Getting Disputes Resolved, Ury, Brett, and Goldberg (1988) observed managers in many different types of companies—airlines, coal mines, and so on—discussing conflicts and in many cases, engaging in conflict. Ury et al. (1988) dis-

**Sidebar 7-1: Executive Coaches**

Executive coaches are becoming increasingly popular in business, especially in the high-tech sector. Companies like IBM, Google, and Ernst & Young have hired executive coaches to help their employees deal with stress, improve communication, and enhance performance. Executive coaching can cost anywhere from $15K to $25K per month, and can be a highly effective strategy for improving employee performance and productivity.
tigated three ways that people talk to one another in such dispute situations, which they labeled: interests, rights, and power. Interests-based conflict is a lot like task conflict. It is not personal, and occurs when people attempt to learn about the other team members’ underlying needs, desires, or concerns. The rights-based approach to conflict is heavily focused on standards of fairness, precedent, and legal issues. Finally, the power-based approach to conflict includes threats, attacks on character, and the use of rank or status.

As an example of the difference between interests-, rights-, and power-based approaches in teams, consider a team in which there has been a serious, long-standing conflict concerning the nature of the assignments given to team members. Some assignments are clearly regarded as more attractive and career-enhancing than others. However, for the organization to be successful, all assignments must be covered by the team. One of the members, Larry, begins a meeting by stating, “I am not at all happy with how the assignments for the project are handled. I am consistently having to do the least attractive part of the project and it is a lot of work, I want to be excused from that part of the project in the future.” Three different team members might respond in the following ways, dependent on which approach they take to the conflict at hand:

1. **Interests-based response:** Larry, I’ve sensed that this is of great concern to you. We’d all like to hear more about your own views on this and what your proposals are. I will be honest in saying that I am not sure anything can change, at least for now, but I think that it is important that we all have a chance to understand exactly how each one of us perceives the workload and assignments on the project at this point.

2. **Rights-based response:** Look, Larry, you agreed to cover that part of the project when we first took on the challenge four years ago. As a matter of fact, I believe that I have an e-mail from you indicating that you would agree to do that part of the work. As far as I am concerned, this is strictly a matter of precedent and what people have agreed to do. I am sure that our supervisor would reach the same conclusion as I would if she saw the e-mail I am referring to.

3. **Power-based response:** I think you are completely out of line, Larry. It is not helping your team effort to have people like yourself acting like prima-donnas and demanding special treatment. We all have important things to do to meet the project goals. I am tired of having to walk on eggshells around this issue and I don’t think that discussing unrealistic and selfish goals is a good use of our team time. We could simply follow a principle of rank in our team, but that would be bad for you. I am ready to continue our democratic process, but only on the condition that you start working with us as a team!

The power-based team member in this example is using several techniques designed to threaten and intimidate. First, there are numerous unflattering character attacks—Larry is labeled as “out of line,” “demanding,” a “prima-donna,” and “unrealistic and selfish.” This comment also contains some thinly veiled threats: If Larry does not shut up, this team member intends to pull rank. The rights-based team member, by focusing on the past, effectively says, “We cannot have this discussion.” The interests-based team member clearly states that there may not be any room for movement, but she is open to understanding. In this way, the interests-based response models the double-loop style of communication (Argyris, 1977a). Most people, when faced with sensitive and important issues, find it far easier to launch into rights- or power-based arguments. However, nearly any rights- or power-based argument can be converted into an interests-based response without forcing team members to capitulate to others.
TEAM DILEMMA: GROUP VERSUS INDIVIDUAL INTERESTS

In most teams, members have both cooperative and competitive motives (Deutsc 1973). Team members share a common objective when they work together—this is the cooperative aspect. Yet in many teams, individual members have an incentive to further their own interests. Team efforts are often subverted when individual agendas lead to competition between members, and members become preoccupied with what other members are getting, relative to what they themselves are getting. Sometimes the way teams are set up can lead to these kinds of conflict. For example, when individuals are compensated according to team rather than individual performance, conflict may arise to the detriment of the team if members’ skills, abilities, or effort vary to a significant degree.

In many team situations, members face a choice between furthering team-level interests or their own personal interests. For example, consider project teams composed of various members within a company. Each employee may be, at any time, member of four or more project teams. Consequently, the team members have other projects vying for their attention and have an incentive to work on pet projects, letting the rest of the team carry them on the other project. However, if everyone does this, each project suffers. The choice between individual and group interests is a team dilemma. The hallmark features of a team dilemma are when members are interdependent with regard to resources, and each person has an incentive to free ride on the group’s efforts. The resources may be tangible outcomes, such as salaries, office space, or equipment, or intangible outcomes, such as information, services, or social support (Foa & Foa, 1975).

Team members in this case must choose between the team and self-interest. Consider the following team dilemmas:

- A group of MBA students is working on a class project that counts for 50 percent of their grade. Some take a higher course load than others; some are taking the course pass-fail; some are second-year students who already have jobs. How should the work be divided?
- Companies with significant R&D activities frequently use cross-functional teams. However, when the R&D is spread across different parts of the organization, members may want to retain control of the project in their own division, rather than collaborating with others across divisions, which might add substantial value.
- In large law firms, partners act as their own profit centers and, thus, have little incentive to provide knowledge to attorneys outside their group. Yet doing so improves the long-term viability of the firm in a competitive marketplace.

Team dilemmas pit individual incentives against group incentives in such a way that a poorer outcome for the organization is likely if each member acts in a self-interest way. The dilemma lies in the fact that members cannot simultaneously choose to cooperate and avoid exploitation by other members. Below, we expand upon strategies that effectively tip the balance in favor of team interest (versus individual interest; see also Table 7-2).

Strategies to Enhance Cooperation and Minimize Competition

In Chapter 2, we offered some specific strategies to reduce free riding. Here, we add to the list.
TABLE 7-2 Tipping Points on the Team Dilemma

<table>
<thead>
<tr>
<th>These factors more likely to trigger self-interest</th>
<th>These factors more likely to trigger collective interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individually based reward structures (e.g., meritocracies)</td>
<td>Group-level reward structures</td>
</tr>
<tr>
<td>Existence of a hierarchy</td>
<td>Salient common identity</td>
</tr>
<tr>
<td>Resource scarcity</td>
<td>Shared threat</td>
</tr>
<tr>
<td>Stress and uncertainty</td>
<td>Cross-group friendships</td>
</tr>
<tr>
<td>Short-term relationships</td>
<td>Long-term relationships</td>
</tr>
<tr>
<td>Productivity goals</td>
<td>Harmony goals</td>
</tr>
<tr>
<td>Status differences</td>
<td>Equal status</td>
</tr>
</tbody>
</table>

**Build Team Identity**

The stronger a team's identity, the less sharply members distinguish between their self-interest and that of the group (Dawes, van de Kragt, & Orbell, 1990). There are several ways to increase team identity, such as linking individual outcomes (i.e., compensation) to team outcomes (i.e., performance). However, don't think that the price of building team identity is outside of your budget. For leaders like David Kelley, founder and former CEO of IDEO, and Steve Jobs, former CEO of Apple, Inc., T-shirts for each team member are the key. Recognition of individual efforts can also be effective. Sometimes, emphasizing team identity as being an integral part of a larger team effort, such as that of a plant, division, or firm, is effective, particularly when a conscious challenge is presented in which the team can either succeed or fail—for example, beating the competition to market with a new product. If the team has an identity or reputation of its own, that can also make members want to uphold their end of the work.

Certain things detract from team identity, the most important of which is whether members expect to work together in the future. If the cooperative effort is short-lived, individuals have less incentive to invest in the team. Hence, another way of enhancing team identity is to extend the length of time people expect to work as a team. Moreover, members who believe that other members will leave cooperate less than those who expect the team to remain intact (Mannix & Loewenstein, 1993). Therefore, preserving continuity in membership can also be important.

**Make Pledges**

To the extent that team members make pledges, cooperation is greatly enhanced (Chen, 1996). Pledges or social contracts come in all shapes and forms, the most common being the business handshake, or the simple statement “You have my word.” Social contracts are sometimes explicit (“You can count on me”) and sometimes implicit (such as a wink, a nod, or a handshake). Social contracts capitalize on a basic psychological need for commitment and consistency. The power of pledges cannot be underestimated. In many instances, team members who make specific pledges or commitments to their team will act in ways that benefit the group, even at the expense of self-interest. For many of the teams we work with, we use team contracts. A team contract is a document that team members collectively write at the outset of their task work. The purpose of the team contract is to (1) clarify the team’s goal and mission and (2) determine how the team can best work together to achieve their goals.
Example of a Team Contract

ISSION STATEMENT

Our mission is to be a high-performing team by:

- Focusing on learning as much as possible
- Participating fully
- Sharing our collective experiences
- Leveraging the diversity of our team
- Challenging one another’s thinking
- Being innovative
- Having fun

GUIDING PRINCIPLES/CONDITIONS FOR SUCCESS

- Share team leadership (self-governing)
- Rotate role of scribe
- Begin and end on time
- Attempt to minimize weekend work
- Debrief at the end of each work group session
- 100% attendance and active participation

There should be a clear understanding among all team members that this is a “living” document, meaning that it is subject to change and feedback from others. There should also be a clear understanding that this is indeed a “contract” for which members will hold themselves and other members accountable throughout the duration of teamwork. In short, teams who develop a team contract put themselves on the line. Ideally, team contract should be about one page long. (For an example of a team contract that was prepared by a team of consultants at the outset of an eight-week-long intensive learning project, see Box 7-3.)

RISKS AND PITFALLS OF DEMOCRACY

In some teams, the choice facing members does not center upon a choice between the team and self-interest. Rather, members must agree on some course of action. This is particularly true when the decisions facing the team are complex. Consider, for example, team members who disagree about their weekly meeting time. This cannot be resolved by each member simply deciding the time that is best for him/her. Effective conflict resolution requires coordination and consensus among members. Voting is one method for reducing conflict, in which members agree to adopt the choice preferred by the majority. Voting is commonly used in organizational hiring, promotion, and firing decisions. Team members who vote among alternatives acknowledge that conflict exists, but agree to accept the outcome of the vote. The key issue becomes how to develop and utilize a suitable voting scheme.

Voting Rules

There are several kinds of voting rules, and different rules are used in different situations. The objective of voting rules can be to find the alternative that the greatest number of team members prefer, the alternative the fewest members object to, or the
choice that maximizes team welfare. Anything short of unanimity indicates disagreement or conflict within the team. In most cases, conflict will be reduced or eliminated following the conclusion of voting, although there are exceptions. For example, individuals who "lose" the vote may assert that the voting procedure was fraudulent or not carried out as agreed upon (Tyler & Smith, 1998).

Voting does not guarantee conflict resolution. First, members may not agree on a method for voting. For example, how is a winning choice to be determined? Some members may insist on unanimity, others on simple majority rule, and still others on a weighted majority rule. Second, even if a voting method is agreed on, it may not yield a decision (in the case of a tie, for instance) or may not yield a single decision. Finally, because voting does not eliminate conflicts of interest, but rather provides a way for members to live with conflict, such decisions may not be stable. In this sense, voting masks disagreement within teams, potentially threatening long-term group and organizational effectiveness.

**Majority Rule**

Because team negotiation is so complex, members often use simplifying procedures to reach decisions (Bazerman, Mannix, & Thompson, 1988). For example, teams may use majority rule as a decision heuristic because of its ease and familiarity (Hastie, Penrod, & Pennington, 1983; Orzes, 1986). The most common voting procedure is majority rule. However, despite its demographic appeal, majority rule presents several problems in the attainment of consensus. First, majority rule ignores members' strength of preference for alternatives. The vote of a person who feels strongly about an issue counts only as much as the vote of a person who is virtually indifferent. Consequently, majority rule does not promote creative trade-offs among issues. For example, groups that use unanimous rule reach more win-win outcomes (i.e., profitable outcomes for everyone involved) compared with groups that use majority rule (Mannix, Thompson, & Bazerman, 1989; Thompson, Mannix, & Bazerman, 1988). When groups use voting in combination with strict agendas (in which the order of issues is discussed sequentially, rather than simultaneously), outcomes for the team as a whole plummet. Why? One of the successful keys to conflict management is the ability to make trade-offs among issues under discussion (i.e., "I will do this for you if you do such-and-such for me"). Mannix et al., 1989; Thompson et al., 1988). In short, when teams discuss only one issue at a time and vote on outcomes under consideration, this results in less profitable outcomes than when teams discuss issues simultaneously and seek consensus.

Second, teams that use majority rule are less likely to reach mutually beneficial, integrative outcomes than are teams requiring unanimity (Thompson et al., 1988). Majority rule inhibits the discovery of integrative agreements because it discourages information exchange about preferences (Cassert & Murnighan, 1978).

**Unanimous Decision Making**

Although unanimous decision making is time-consuming, it encourages team members to consider creative alternatives to expand the size of the pie and satisfy the interests of all members. On the other hand, unanimous rule can present formidable obstacles, such as when members refuse to compromise. By holding out, these members can force decisions their way when considerations like timeliness are important.
When a decision reached in these circumstances goes against what most members believe is right, it can lead to poor outcomes.

**Drawbacks to Voting**

*Arrow Paradox*

Consider the situation described in Box 7-4. The product development team members are victims of the *Arrow paradox*, in which the winners of majority rule elections change as a function of the order in which alternatives are proposed. In fact, any system of weighted voting (such as when members give three points to their first choice, two to their second, and one to their third) produces the same problem.

*Impossibility Theorem*

The unstable voting outcomes of the product development team illustrate the *impossibility theorem* (Arrow, 1963), which states that the derivation of team preference from individual preference is indeterminate. Simply put, there is no method of combining group members’ preferences that guarantees that group preference has been maximized when groups have three or more members and there are three or more options.

The context of voting often involves people explaining the reasons for their preferences. Sometimes they persuade others with their arguments; other times, the holes in their arguments become illuminated. Therefore, aside from the mathematical complexities involved in voting rules, voting serves an important function. The process itself can lead to buy-in, if not downright consensus, by the time the vote is through.

*Strategic Manipulation*

Strategic manipulation further compounds the problem of indeterminacy of team choice (Chechile, 1984; Ordeshook, 1986; Plott, 1976; Plott & Levine, 1978). Consider a situation in which members do not vote for their first choice because by voting for

**BOX 7-4**

*When Voting Goes Awry*

<table>
<thead>
<tr>
<th>MANAGER</th>
<th>DESIGN</th>
<th>DESIGN</th>
<th>DESIGN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raines</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Warner</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Lassiter</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

Note: Numbers represent rank-ordered choices.

Suppose a three-person product development team (Raines, Warner, and Lassiter) is choosing among designs A, B, or C. Each manager’s preference ordering is depicted below. As a way of resolving the conflict, Warner suggests voting between designs A and B. In that vote, A wins over B. Warner then proposes a vote between A and C. In that vote, C wins. Warner then declares design C the consensus choice—which Lassiter agrees to. However, Raines proposes a new vote, but this time starting with a contest between B and C. B wins this vote, eliminating C. Between A and B, A beats B, so Raines happily declares A the winner. Lassiter complains the whole voting process was fraudulent, but cannot explain why.
another choice, some other, undesirable option is sure to lose. This is an example of strategic manipulation—people do not vote in accord with their true preferences. Furthermore, members may manipulate the order in which alternatives are voted on, because when the alternatives are voted on sequentially in pairs, those voted on later are more likely to win (May, 1982).

Coalitions

Coalitions are another way of asserting power in a group. A coalition is a group of two or more members who join together to affect the outcome of a decision involving at least three parties (Komorita & Parks, 1994). Coalitions involve both cooperation and competition: Members of coalitions cooperate with one another in competition against other coalitions but compete within the coalition regarding the allocation of rewards the coalition obtains. Power is intimately involved in both the formation of coalitions and the allocation of resources among coalition members. In some cases, members of an organizational coalition might be relatively equal in power (e.g., all may be of the same rank); however, in other cases, there might be extreme differences in power (e.g., a team of senior executives and junior hires). Although members of a coalition cooperate in joining resources (e.g., a team might rally together in an organization to gain a greater budget), eventually, they need to allocate the resources they attain among themselves (e.g., individual team members may think they deserve a higher percentage of the budget).

Power imbalance among coalition members can lead to a number of detrimental consequences, including more defecting coalitions (Mannix, 1993), fewer integrative agreements (Mannix, 1993; McAlister, Bazerman, & Fader, 1986), greater likelihood of bargaining impasse (Mannix, 1993), and more competitive behavior (McClintock, Messick, Kuhlman & Campos, 1973).

TEAM NEGOTIATIONS

Some situations call for team members to discuss issues and build consensus—for example, when a team of professionals must divide responsibilities among themselves or members of a department must allocate funds. In both cases, members must arrive at a mutually satisfactory outcome although each may have different interests. This involves negotiation.

Negotiation occurs when interdependent parties make mutual decisions regarding the allocation of scarce resources (Bazerman et al., 1988). Negotiation is necessary when no one can dictate a solution. Furthermore, team members must agree for any decision to be binding. Failure to reach consensus can be costly for the team if, for example, it cannot move forward because it fails to reach agreement, if opportunities are missed due to protracted negotiations, if costs of negotiation increase over time (e.g., if lawyers or arbitrators must be paid), or if the rights to decision making are lost and must instead be sent to a higher level. An example of a lost opportunity due to impasse occurred at a prominent state university. A department had been granted special funds to create a badly needed additional wing of a new building. Unfortunately, department members could not agree on how to allocate the new space among themselves, preventing the drafting of final blueprints. Because no plans were forthcoming,
he university withdrew the funding. This is an example of a **lose-lose outcome** (Thompson & Hrebéc, 1996). When group members fail to reach consensus, it can be costly for everyone. In retrospect, the members of the department would have all been happier had the new wing been built, but at the time, they were absorbed in paralyzing conflict with one another.

What are some strategies that teams can use to avoid lose-lose outcomes and move toward mutual agreement? Most conflict situations contain the potential for joint gain, or integrative outcomes, although these may be obvious only after the fact. The following strategies are aimed at uncovering the win-win potential existing in most conflicts.

### The BATNA Principle

Team consensus is only feasible if it represents an improvement over each member’s **best alternative to a negotiated agreement**, or BATNA (Fisher & Ury, 1981). If members have better options outside the team (such as with another team or different company), then group dissolution is inevitable. Thus, for consensus to be viable, the outcome must be at least as attractive as each person’s best available outside option. Knowing the BATNAs of the parties involved greatly enhances the ability to achieve consensus.

### Avoid the Fixed-Pie Fallacy

The **fixed-pie fallacy** is the tendency of people in conflict to assume that their interests are completely opposed to those of others. The fixed-pie mentality can be extremely detrimental in negotiations (Thompson & Hastie, 1990). Although most negotiations contain potential for mutually beneficial agreements, the belief that the pie is fixed and the drive to grab the biggest slice is so pervasive that most people fail to recognize opportunities for win-win agreements.

For example, Thompson and Hrebéc (1996) found that about 50 percent of people fail to realize when they have interests that are completely compatible with others, and about 20 percent fail to reach optimal agreements even when their interests are completely compatible. A key reason for such breakdowns is that people fail to exchange information about their interests, making it unlikely that faulty judgments will be challenged and corrected (Thompson, 1991). Furthermore, when people are provided with information about others’ interests, they often overlook areas of common interest (Thompson & DeHarppoort, 1994; Thompson & Hastie, 1990).

### Build Trust and Share Information

Rapport between members of the team makes mutually beneficial agreement more likely (Moore, Kurtzberg, Thompson, & Morris, 1999). Rapport is usually established when people find points of similarity. Surprisingly, it does not take much to find something in common with another person. For example, in one investigation (Nadler, Thompson, & Morris, 1999), students from two highly competitive rival MBA programs negotiated with one another via electronic mail. The bargaining zone was small and reputations were at stake. All buyer-seller pairs had exactly eight days to reach some kind of settlement. Some of the negotiators were randomly selected to have a ‘get acquainted” phone call with their opponent immediately before getting down to the business of negotiation. Others just immediately commenced negotiations. The results were dramatic: The impasse rate was cut nearly in half when negotiators spent a
few minutes on the phone with the other person—a strong testament to the power of rapport in building trust in negotiations. Furthermore, those who had the phone call were convinced that their opponent had been especially selected for them on the basis of similarity, when in actual effect, the opponent was chosen at random.

These results may suggest that the better two persons know one another, the stronger their rapport should be and, consequently, the better they should be at finding common ground. However, this is not always the case. In fact, when friends negotiate, they often do worse than complete strangers (Fry, Firestone, & Williams, 1983; Thompson & DeHarport, 1998). Friends are often uncomfortable negotiating with each other, and so may make premature concessions; as a result, they may overlook opportunities for expanding the pie in their hurry to reach a deal. Friends may also presume they know each other's interests, when this may not be the case. However, it can be awkward trying to explain your views to someone who knows you. Strangers, by contrast, do not need a pretense to clarify their point of view. The key take-away message goes back to our earlier point: it is important to create a forum for task conflict.

**Understand Underlying Interests**

Integrative negotiation often requires that team members have information about each other’s preferences ( Pruitt & Lewis, 1975; Thompson, 1991). Most people neither provide nor seek the information necessary to reach such agreements. The most important question a team member can ask of another is: *What are your interests in this situation?* (Thompson, 1991).

**Share Information**

The distinction between this strategy and building trust and providing information has to do with bilateral versus unilateral strategies. In the earlier strategy, it was assumed that teammates were mutually engaged in a process of information exchange. However, if that strategy fails, then we encourage some degree of unilateral (i.e., one-sided) information sharing. It would seem that teammates should always reveal their interests to fellow team members. However, they may hesitate to do so if they feel this will place them in a strategically disadvantageous position. Consider a team negotiating the allocation of scarce resources (research money, secretarial assistance, and travel support) among its members. One member may feel that, of these scarce resources, research support is most important, although secretarial and travel support are also valuable. This person may reason that a mutually beneficial agreement is possible by trading secretarial support for research support. However, he may hesitate to reveal his priorities, fearing that other members will demand large concessions on the secretarial and travel support issues in exchange for conceding research support. There are several advantages of revealing information: it builds trust, convinces others of your sincerity in achieving the priorities you do reveal, encourages others to incorporate your priorities in their proposals, and leads to faster agreements.

**Make Multiple Proposals Simultaneously**

In some cases, team members are frustrated when their attempts to provide and seek information are not effective. This happens most commonly in the face of high distrust and less than amicable relations. The strategy of multiple offers can be effective even with the most uncooperative of team members. The strategy involves pre-
senting the other team members with at least two (and preferably more) proposals of equal value to yourself. The other team members are asked to indicate which of the proposals they prefer. This should reveal information about how the other members value trade-offs between different issues. There are psychological benefits as well. When people believe they have more choices, they are more inclined to cooperate.

**Avoid Sequential Discussion of Issues**

There is a pervasive tendency for teams to discuss issues sequentially. This usually stems from the belief that making progress on some issues will grease the wheels of cooperation for more difficult ones. However, sequential discussion inhibits joint discussion of sets of issues, reducing the likelihood that team members will identify potentially beneficial trade-offs between issues (Mannix et al., 1989; Thompson et al., 1988; Weingart, Bennett, & Brett, 1993). Just as we saw in the Arrow paradox, it may not be possible to find the best outcome if trade-offs are only considered pairwise.

Team members who discuss issues simultaneously exchange more information and have greater insight into other members' interests (Weingart et al., 1993). Teams following sequential agendas under majority rule are less likely to reach integrative agreements. This may stem from the fact that coalitions often form, preventing information exchange and discussion of members' underlying interests.

**Construct Contingency Contracts and Leverage Differences**

Team members differ in their forecasts about what they think will happen in the future. These different expectations may make team negotiation difficult. For example, one member wants to protect against disaster stemming from a potentially bad investment; another may worry about how to spend the vast riches that are sure to follow. Each may have difficulty taking the other's position seriously, because each has very different expectations about what the consequences (and the value) of a decision may be. However, such differences in beliefs can actually improve the possibility of integrative agreements.

This is possible through the formation of contingency contracts. Consider the case of a cross-functional team in which a sales manager is more optimistic than the manufacturing manager about product sales. A contingent contract can be constructed, establishing that manufacturing will produce more products, but if sales fail to meet an agreed-upon level, the sales department will cover all manufacturing costs.

In other situations, team members may agree on the probability of future events, but feel differently about taking risks. For example, two colleagues may undertake a collaborative project, such as writing a novel, for which they both agree that the probability of success is only moderate. The colleague with an established career can afford to be risk seeking; the struggling young novelist may be risk averse. The two may capitalize on their different risk-taking profiles with a contingent contract. The more risk-averse colleague receives the entire advance on the book; the risk-seeking colleague receives the majority of royalties after publication of the novel.

People may value the same event quite differently depending on when it occurs. If one party is more impatient than the other, mechanisms for sharing the consequences over time may be devised. Two partners in a joint venture might allocate the initial profits to the partner who has high costs for time, whereas the partner who can wait will achieve greater profits over a longer, delayed period.
Capitalizing on differences often entails contingency contracts, in which
members make bets based upon different possible outcomes. For contingency contracts effective, they should be easy to evaluate and leave no room for ambiguity. Conditions and measurement techniques should be spelled out in ac

Search for Postsettlement Settlements

Team members may decide to renegotiate after reaching a mutually ac
tement. It may seem counterintuitive or counterproductive to resume r once an acceptable agreement has been reached, but the strategy of postset
tlements can be remarkably effective in improving the quality of negoti
ments (Raffia, 1982). In the postsettlement settlement, team members agree on the goal of finding another that all members prefer over their current one. The current settlement becomes the new BATNA. The postset
tlement strategy is effective because it allows team members to reveal t ences without fear of exploitation; they can safely revert to their previous a the postsettlement settlement discussion does not prove fruitful. If bett
found, parties can be more confident they have reached a truly integrative if no better agreement is found, the team members may be more confi
current agreement is really a win-win outcome.

Invoke Norms of Justice

Team members in conflict who use objective appearing arguments are tive than those who use subjective arguments. However, there are mar objective arguments. Consider the following:

- **Equity** (or contribution-based distribution) prescribes that benefits should be to members' contributions (Adams, 1965).
- **Equality** (or blind justice) specifies that all team members should suffer or bet (Messick, 1993).
- **Need** (or welfare-based justice) specifies that benefits should be proportional to needs (Deutsch, 1975).

The effectiveness of any given principle will be enhanced to the extent simple, clear, justifiable, popular, and general. To be more specific, a fair argument that has the following characteristics is more likely to win the team members and other relevant organizational actors (Messick, 1993):

- **Simplicity:** Team members should be able to articulate the procedure easily. It the chances of misunderstanding and makes it easier to evaluate how accurately it is being implemented.
- **Clarity:** The allocation procedure should be clear; if not, conflict may erupt for interpretation.
- **Justifiability:** The procedure should be consistently applied across different in
time, and situations.
- **Consensus:** Team members should agree on the method of allocation. Team me internalize effective social justice procedures, and such norms act as strong gu decision making in teams. Because these norms often outlive current team members are frequently indoctrinated with procedures the team found useful i.
No matter how objective a fairness rule may appear, fairness is not an absolute construct. And people's uses of fairness are for the most part self-enhancing. We do not wish to evaluate here what is really fair, but rather to stress the importance of arriving at an outcome that is perceived as fair by everyone concerned.

Reputations for fairness can be extremely important in business and employment relationships and often set the background against which a negotiation takes place. Generally speaking, people with a reputation for fairness will be trusted more than those who are viewed differently. We are not saying that being "fair" or "not fair" is the right or moral thing to do in every circumstance, simply that a reputation for fairness can be beneficial in many negotiating contexts. Moreover, an expectation of fairness as a splitting rule is pervasive—despite the emphasis in virtually every business publication, textbook, and so on, for competitive behavior.

**HAT TO DO WHEN CONFLICT ESCALATES?**

Sometimes an organization will set up teams within the organizational structure to compete with one another. The idea is to create a healthy competition to spur motivation. However, this can lead to escalating conflict and destructive outcomes that need special interventions.

Conflict often escalates because people believe that coercion is effective in reducing the resolve of others. Paradoxically, most people believe that when others use coercion on them, it increases their resolve (Rothbart & Hallmark, 1988). The unfortunate consequence is that this perception encourages mutually aggressive behavior. (For an example of this in a military setting, see Sidebar 7-2.) What can be done to reduce the likelihood of strikes and get parties back to the bargaining table once a strike has begun?

**Sidebar 7-2. We, but Not They, Would Rather Fight Than Switch**

During World War II, the American journalist Edward R. Murrow made a nightly broadcast from London, reporting on the psychological and physical consequences of the Nazi bombing of British cities (Rothbart & Hallmark, 1988). Contrary to Nazi intent, the bombing did not move the British toward surrender. In fact, it had the opposite effect: It strengthened the British resolve to resist German domination. Shortly after the United States entered World War II, the Americans joined the British in launching costly bombing raids over Germany. In part, the intent was to decrease the German people's will to resist. Later research reported by the Office of Strategic Services that compared the lightly and heavily bombed areas found only minimal differences in civilians' will to resist.

The likelihood of protracted conflict is intimately linked to the beliefs each party holds about what they regard to be a fair settlement (Thompson & Loewenstein, 1992). People in conflict have different ideas about what is fair, and the most difficult conflicts are ones in which the parties' ideas of fairness are highly discrepant. In fact, the length of costly strikes can be directly predicted by the discrepancy between what the parties involved regard to be a fair outcome: the greater the discrepancy, the longer the
strike—and both parties ultimately lose. Thus, to reduce conflict, it is critical to understand how to get parties to move away from egocentric perceptions of fair outcomes to more reasonable ones. The key problem is that most people regard themselves to be uniquely immune to bias and benevolent in their own motivations (Farwell & Weiner, 1996); they regard bias to be something that afflicts the other party in conflict. Most people involved in really difficult conflicts hold the following perceptions: (1) they are fairer than others; (2) the other party’s view is egocentrically motivated (and, hence, unfair); and (3) there is only one correct (and fair) way to view the situation. This trinity of beliefs is a recipe for disaster, unless something can be done to move parties away from one (and hopefully more) of these views.

Most people are not aware that their own perceptions of fairness are egocentrically biased. For example, van Avermaet (1974) asked team members to complete several questionnaires. These took either 45 or 90 minutes. The questionnaires were constructed so that, for each duration, some participants completed six questionnaires, whereas others completed only three. When asked to allocate monetary rewards, participants emphasized the dimension that favored them in the allocation procedure (those who worked longer emphasized time; questionnaire completion was emphasized by those who worked on more questionnaires).

It is not surprising, then, that members who contribute less prefer to divide resources equally, whereas those who contribute more prefer the equity rule (Allison & Messick, 1990). In groups containing members having different power or status levels, those with low power want equality, whereas those with high power desire equity (Komorita & Chertkoff, 1973; Shaw, 1981).

As a way of dealing with how to minimize egocentric perceptions of conflict, it is probably most useful to first indicate which strategies seem like they would work, but usually don’t. We are not saying that these strategies are doomed to failure, but rather that they have been tried and have not been shown to work, at least in simulated (yet realistic) conflict situations. It would seem that providing both parties with veridical information pertaining to the conflict situation (statistics on the labor supply, competitive analysis, etc.) would be helpful, at the very least serving as a reality check; however, this has not shown to be helpful. That is, when management and labor are provided with additional, unbiased information concerning disputes, this has the effect of further entrenching both parties more firmly in their own positions (Thompson & Loewenstein, 1992). To understand this backfire effect, it is important to recall our discussion of the confirmation bias. Parties interpret information in a way that is most favorable to their own position. Thus, they put their own spin on the facts in a way that gives them more confidence in their position.

It may seem that warning disputants about the existence of bias may be effective in reducing conflict and, at the very least, getting parties to perform a reality check of their own positions and beliefs supporting those positions. However, this does little to assuage biased perceptions (Babcock, Loewenstein, Issacharoff, & Camerer, 1995). Apparently, people regard bias as something that afflicts the “other guy”—not themselves. For similar reasons, taking the other person’s point of view is generally not effective in reducing bias and conflict.

So much for what does not work. What does work to reduce egocentric perceptions of fairness? The key is to get parties to change their own perceptions about what is fair. Inducing parties to actively think about the weaknesses in their own position can be
effective in reducing the length of costly strikes (Babcock et al., 1995). Furthermore, inviting a respected, neutral outsider to mediate can be effective (see Sidebar 7-3).

**Sidebar 7-3. Team Therapy**

We've all heard of group therapy. What about team therapy? Like families, there is a tendency for companies to hide conflict from the view of outsiders, coupled with a tendency to want to work things out on their own. However, there is a lot of sense in calling in informed and skilled outsiders to deal with conflict. Indeed, there has been recent development of therapist teams to work directly with companies to deal with unproductive conflicts.

**NCLUSIONS**

Conflict in teams is unavoidable. However, it does not have to result in decreased productivity. Managed effectively, conflict can be key to leveraging differences of interest to arrive at creative solutions. However, many people intuitively respond to conflict in a defensive fashion, and this emotional type of conflict can threaten productivity. To the greatest extent possible, team members should depersonalize conflict. We have presented a variety of ways to achieve this. We have also cautioned against using majority rule, splitting the difference, and strict agendas, which might stifle the opportunity for team win-win gains.