



Conflict Consulting For Business Planning

Making decisions to enter a business relationship with another person or company involves planning and wise decisions regarding how you will work with one another in the future. Whether this involves creating a partnership, joint venture, a corporation, or merging with another entity, there are many decisions to be made now and in the future. How will you navigate these challenges when they arise?

Do you have an agreed process to follow for efficient and timely, yet economical, resolution of disagreements? Can you accept and agree to principles which will guide how you interact as partners that will reduce or avoid serious conflicts? Will you seek to resolve disagreements in a manner that will value and preserve the relationship between you and the other person, so you can continue to work together after resolving the issue?

Merely adding a dispute resolution clause and defining mediation and/or arbitration when a conflict arises will not help you answer the above questions. The key is being willing to include in your business planning the time and effort to understand constructive ways to address conflict. This will preserve the relationship as well as resolve the questions above.

This approach requires spending time discussing the goals and values in this area, and understanding and agreeing to the values and processes you want to apply when resolving disagreements. This all needs to be done at the outset of creating a new relationship.

Taking this step is important to ensure the effectiveness and efficiency of your new relationship, as well as to set an example for others. For many individuals of faith, it is important that their work be an expression of their faith. They seek a witness that is more so than just their words. Such sharing is less about speaking and more about modeling. Jesus expresses this in Matthew 5:13-16 when he calls his followers to be salt and light:

You are the salt of the earth. But if the salt loses its saltiness, how can it be made salty again? It is no longer good for anything, except to be thrown out and trampled by men. You are the light of the world. A city on a hill cannot be hidden. Neither do people light a lamp and put it under a bowl. Instead they put it on its stand, and it gives light to

everyone in the house. In the same way, let your light shine before men, that they may see your good deeds and praise your Father in heaven.

The pattern for many Christian individuals and organizations is to merely imitate the culture around us in our relationships. As a result, we lose our “saltiness” and have little impact on those in our sphere of influence. The most serious consequence, however, is we cause confusion regarding the identity and character of Jesus.

Christ notes that the world watches his disciples and, by their actions, determines the legitimacy and truthfulness of God’s statements about his love for the world and the deity of Jesus.

My prayer is not for them alone. I pray also for those who will believe in me through their message, that all of them may be one, Father, just as you are in me and I am in you. May they also be in us so that the world may believe that you have sent me. I have given them the glory that you gave me, that they may be one as we are one: I in them and you in me. May they be brought to complete unity to let the world know that you sent me and have loved them even as you have loved me.

John 17:20-23

Francis Schaeffer states this important relationship as follows:

In the midst of the world, in the midst of our present dying culture, Jesus is giving a right to the world. Upon his authority, he gives the world the right to judge whether you and I are born-again Christians on the basis of our observable love toward all . . . Jesus is stating something else which is much more cutting, much more profound: We cannot expect the world to believe the Father sent the Son, that Jesus’ claims are true, and that Christianity is true, unless the world sees some reality of the oneness of true Christians. . . without true Christians loving one another, Christ says the world cannot be expected to listen, even when we give proper answers.¹

If we intend to model God’s love for the world, illuminating the darkness like a city on a hill, we need to act visibly different than the world, particularly in the area of resolving disagreements and misunderstandings with one another. God has consistently called leaders (Noah, Daniel, Esther, and Peter, to name a few) to be faithful to God’s principles in the midst of a culture that doesn't accept them or is even

¹ *The Mark of the Christian*, pp 22–29.

hostile to them. As God blessed these men and women in the Bible, he will do likewise with you as you seek to be faithful. God will be with you and guide you as you seek to live out your faith in your organization, home, and community.

Creating a business relationship is an important step. When planning or creating business relationships for existing and new business ventures, there are important and critical components for personal and corporate health and relationships. How these plans are made and implemented can determine their success or failure.

Case Study

The following is a case study of a business venture and the conflicts that can damage and threaten the viability of the business, and how conflict consulting can help.

John, Bill, and Ted were successful engineers running a design firm for a unique and niche area of the energy industry. They had the expertise and were building a national reputation for high quality and cost-efficient design work. As they grew, however, the economic pressures to provide the drawings for their designs increased. If they wanted to remain competitive in a growing area, they needed to be able to produce the drawings at a reduced cost, but with the same quality. As their reputation grew, they also began to see opportunities to offer their services in international markets, particularly in the Pacific Rim.

Charles was also a successful engineer working in the same field, as a solo practitioner. He had experience working on international projects. With the economic times becoming more demanding, he found himself increasingly unable to deliver the same services, while also having to manage his business administration.

These two situations brought the four engineers together to explore how they could work together and create a mutually profitable business. As they discussed these opportunities, they realized that with Charles' experience and desire to live internationally, and John, Bill, and Ted's reputation, they had the potential to partner together and expand their services to the Pacific Rim.

Charles would establish and supervise an office in Malaysia, making them more accessible to Pacific Rim companies. They can produce design services using Malaysian technicians and engineers under Charles' supervision for the U.S. domestic market at a more competitive cost. John, Bill, and Ted would be able to market their company internationally and grow the business.

They quickly determined this was an opportunity too great to miss, contacted their attorney, and developed partnership agreements and other related documentation. Because they were all “Christians” and friends, they did not spend much time thinking about disagreements, other than to try and clearly define their expectations and performance agreements, coupled with a dispute resolution clause saying any disagreement would be addressed through Christian, faith-based mediation or arbitration. None of them thought they would really ever have to use this provision.

Over the next several years, an additional partner was added (Jeff) and the company grew. When a few projects did not go as planned, were less profitable than expected, and commitments changed, the partners found themselves in a growing disagreement which threatened the sustainability of the company. Their disagreement grew to a point where Charles wanted out, with the ability to start his own company in Malaysia. The other partners disputed his right to do so, and its effect on their ability to be competitive, and threats of lawsuits soon surfaced.

Due to the dispute resolution clause, four of the five partners realized they needed to pursue mediation. Jeff, who came in late, was unaware of the clause and was caught off-guard by this resolution process to which he found himself committed. The only thing they seemed to agree on was that they did not want to have anything to do with each other again, even if it meant both companies became less viable.

Because they had agreed to pursue mediation using the principles of their faith, they reluctantly engaged a Christian Conciliator as their mediator and began the process of working through their disagreements. The process helped them to focus on their substantive issues such as how they could effectively divide the company fairly, but also build on their past relationship as partners.

Through the process, they recognized the importance of their past relationship to their success. They were able to discuss with each other, with the mediator’s help, how they had offended one another, violated trust, and failed to look out for each other’s interests. The result was reconciliation of their relationships. While this did not result in the partnership being put back together, it did help them reach creative solutions to their disagreement, which allowed them to start two new companies that supported each other and had an ability to work into the future together.

How and when could Conflict Consulting help these business partners?

There are three separate stages during which conflict consulting is appropriate and can provide significant help:

1. During the development of the business and formation of their operating agreements,
2. Communicating the intent and agreements of the original partners with new partners when they came on board, and
3. Assisting the partners when conflicts arise that they could not resolve on their own.

Development and Entity Formation

When a client comes to their attorney for help in starting a business entity, the first step is to fully understand the needs and desires of the client and to create a plan that helps them act on and execute their goals. The goals and plans are significantly influenced by the relationships between the individuals, and their understanding of what is an acceptable means of working through disagreements.

To help them make wise and effective choices, it is important to assist them in evaluating whether there are existing disagreements, strained or estranged relationships, or conflicts with those being considered to be part of the new business. If these relationships are influencing their decisions, providing them with coaching on how to address the conflicts, as well as assisting them to resolve the conflicts before a final decision on how their plan should be structured, will result in more clarity in their desired plan and the likelihood that they will accomplish their true goals.

It is equally important to define expectations of one another and discuss and accept a manner in which disagreements will be handled in the future. No entity can expect to avoid conflict between its key leaders in the future. It is inevitable. But it can also be an opportunity to learn how to work more effectively together, to serve one another, and model the values that are important to the partners.

For many clients, decisions related to estate and business planning are made in the context of the values and beliefs represented in their faith. It is important that they make choices and decisions which are informed by, and consistent with, their faith. Providing them with an opportunity to assess these relationships and resolve the situations by applying the values and principles of their faith allows more complete and satisfactory decisions.

To do so, a Conflict Resolution Specialist leads the partners through the basic conflict resolution principles that they can apply with each other and with others with whom they work. These will allow them to resolve most conflicts as they arise without the cost

of hiring a third party. This is provided through a one-day training workshop on conflict resolution, and consultation. The consultation helps the client look at and address how they personally respond to conflict, how their relationship/team responds to conflict, the systems they use which may be triggers for conflict, and what cultural beliefs and practices they follow which create conflict.

In our case study, John, Bill, Ted, and Charles could have significantly helped themselves by engaging in the workshop and consultation. Identifying a way they would engage one another when in disagreement would have helped them address disagreements when they were young, by themselves, before conflicts grew serious enough to threaten the viability of the company.

Communicating the intent and agreements of the original partners to new partners

It is likely that a business will seek or add new partners as it grows. When this occurs, it is important to know that those coming in understand the intent and process for working through disagreements. This is effectively done by having the Conflict Resolution Specialist lead the group of existing and new partners through a workshop on the principles for conflict resolution and their application. It serves as a refresher for the existing partners and a learning opportunity for the new partners. It also provides an opportunity for consultation that evaluates the systems and culture of the business, helping them identify and address situations which may be triggering conflict and correct them before they grow.

In our case study, Jeff's joining of the partnership was an opportunity to review the past agreements and allow all of the partners develop a common understanding of how they intend to work with one another.

Assisting the business with conflicts that arise between partners

At times, despite the best efforts taken, or maybe because stages 1 & 2 are not taken, the partners find themselves in conflict which threatens the viability of the business. When this occurs, between individuals who desire and agree to apply the values and beliefs of their faith to the situation and resolution, we can provide a dispute resolution process which incorporates and is grounded on faith-based principles.

The process is a well-established, time-tested process consistently applied in all types of conflicts for the past 30 years. It is based on a process defined in [*The Rules of Procedure for Christian Conciliation*](#). The dispute resolution process uses a certified, third party mediator and/or arbitrator, who helps the parties address their conflicts in the context of their faith values, resulting in not only resolution of the substantive disagreements,

but also allowing for a reconciliation of the relationships between the parties. The reconciliation of the relationships is not only the element that allows parties to consistently resolve disagreements guided by their faith, but is also the element that allows the resolution to last.

To find out more how your business can take advantage of these opportunities for assistance, or how you can provide this assistance to your clients, contact David D. Schlachter at david@crossroadsresolution.com.