Third party conflict resolution paper assignment

Art & Culture

University of Phoenix Third Party Conflicts MGT 445-Organizational Negotiations Third Party Conflicts In this last week's paper, we will study a case that has strong conflicts and we will see how we can analyze the possible intervention strategies used to solve the case. We will apply what we deem is the best plan and explain what would be the best strategy to find a solution to this conflict. We will utilize the seven stages of negotiation and see which of the five major negotiation intervention strategies we will choose to find a solution to our conflict. We will start by introducing our concerns with the companies in conflict.

The article we are to discuss is Negotiation Strategies and Contract Conflict Resolution, and it introduces Pacific Oil Company and Reliant Manufacturing. Pacific Oil is very clear that it wishes to sign a long-term contract with its customer, Reliant Manufacturing. Because Pacific thought this would be a quick " sign on the dotted line" contract they did not do all their homework; Pacific Oil was not prepared and therefore, did not determine what was important, did not define goals and did not think ahead of what would be Reliant Manufacturing's needs. Both companies were in a working relationship and thus, Pacific Oil took this for granted.

Pacific Oil did not study their customer's needs, did not have a contingency plan, and they looked rather foolish when presenting their " work" to Reliant Manufacturing. A lot of precious time was lost. In other words, the process of information gathering was totally lost. Due to the fact that Pacific Oil did not gather information of their customer's needs, they did not have answers that would please Reliant Manufacturing's concerns; Pacific Oil Company made the process a long one because it did not have a thorough negotiation strategy that included a contingency plan or best alternatives.

Pacific Oil also neglected to draw out its best alternatives or bottom line in advance. Pacific Oil lacked information they could have used in their favor. Because of all of the above, Pacific Oil, they lost the bidding process of making moves from one's initial, ideal position to the actual outcome. It is at this stage that each party can make their best offer. Reliant Manufacturing was up a step, and an important one to say the least. The deal was closed; nevertheless, Reliant Manufacturing would use to its benefits, and took advantage of this situation.

Because of the time and money spent on traveling and negotiating back and forth, and the potential need for new technology development, which would be based on the contract's outcome, Pacific Oil Company became increasingly desperate to finalize a contract with Reliant. As a result, Reliant implemented the agreement, obtained the advantage needed to make more demands during negotiations. Lastly, Reliant was aware of Pacific Oil's dependence on its business, and took full advantage of these opportunities.

Intervention Strategy for this case Now we will look at the five major negotiation intervention strategies and determine which will be the best to solve the issues discussed in the Pacific Oil and Reliant Manufacturing case. These are competing, avoiding, collaborating, accommodating, and compromising. In the competing strategy, it would be an I win-You lose strategy. In the avoiding, the strategy would be I lose ??? you lose; in the collaborating, just as the name states, we both collaborate, therefore we both win (win/win).

In the accommodating I lose ??? You win and in the compromising strategy, just as the name states, I lose and win some, you lose and win some. Mediator or Arbitrator, what is the difference? A mediator is a third-party connection in the given scenario. He cannot force a situation to come to an end; on the contrary, the mediator will give light to all the pros and cons of a situation. The mediator will persuade both parties to direct all their attention to the important issues, and will educate both parties no to waste precious time on not-so important arguments until later on in the negotiation process.

In the same way, the parties involved are encouraged to focus developing ways in which both parties' core interests can be met. By doing so this would be a Compromising Strategy, both parties will win some and lose some; and the job of the mediator has been completed. If a mediator had been used at the beginning of this process, it would have helped Pacific Oil greatly at the start of the negotiating process; or at least Pacific Oil would have been better prepared to negotiate with Reliant Manufacturing. On the other hand, if both arties decide to go with an Arbitrator they must accept his final decision. The arbitrator is the third party with vast experience/training in handling difficult business situations. The arbitrator will listen to both parties and he will have the power to make a fair decision for all involved. This prevents the perception that one side has gotten the better end of the agreement. An arbitrator will often conclude the negotiations more quickly than a mediator can. The best strategy for Pacific Oil Company would be to hire an arbitrator, who will listen to both sides and take a final decision.

Too much time has been lost to bring a mediator at this moment of negotiation. Pacific Oil Company must also determine what its bottom line needs are, and stick to the core points of negotiation without losing more than the contract is worth. Contingency Plan A contingency plan will need to take place if there is no agreement when both parties commence negotiations and neither one will give up on their best bet. Pacific Oil Company must provide Reliant with written contract, acknowledging all agreements reached during the process of negotiation.

These negotiations should be based on a percentage of cost between suppliers and purchasers, which will protect against major fluctuation in supply and demands. Having a long-term contract will protect both parties with major negotiable elements including prices, product, quantity and the delivery point and credit terms. Contract Management in Negotiations As in all relationships, the relationship between the parties requires monitoring, evaluation and discussion by all concerned. Hopefully, the ideal situation presents a winning situation for both parties.

It is at this point that both must be honest with each other and after several analysis and numbers, they reach an agreement that will be best for them. Problems between the parties have been clarified, discussion was smooth, and above all, with respect for all concerned, leaving an open line of communication. Pacific Oil Company determines prices by formula basis. Reliant wants a two-year contract renewal instead of a long-term commitment with them because of the promise of increased future competition. Negotiating a new contract now could be a win-win deal for both parties.

The risk of loss is high for both parties and tensions are tight. Both companies have in business together and have enjoyed a business relation for quite some time, adding more tension to their problems. They know they must work something out for all concerned. If one of the two comes out with a bigger advantage over the other, both will lose. Reliant has intentionally taken advantage of Pacific Oil's lack of structure throughout the negotiation process, and is in danger of making demands that Pacific Oil will not be able to comply with.

Best Interest of Both Parties in Negotiations Both companies have agreed to final terms. One must agree on a firm commitment to support their client's needs and the client wants to confirm adequate funding to be given to the technology that supports the refinement and transportation of goods. The Pacific Oil Company has met an ever increasing list of demands from one, if not the largest and most valued customer, Reliant. At this time, Reliant Manufacturing should realize that long-term business relationships are best served by the mutual gain of both companies.

Once the fundamental issues have been resolved, Reliant Manufacturing must also work to give Pacific Oil Company the perception of mutual gain from the agreement. References Lewicki, R. J. , Saunders, D. M. , & Barry, B. (2006). Negotiation (5th ed.). Boston, MA: McGraw Hill. Spangler, B. (2003, September). Problem-Solving Mediation. Beyond Intractability. org. Obtenido de://www. beyondintractability. org/essay/problemsolving_ mediation/? nid= 1292