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Conflict Management in Export Distribution Channels: A Case Focusing on Skills to Improve Operations

ABSTRACT

Export distribution channels are prone to conflicts particularly when exclusive channel arrangements are used. The traditional view has been to regard conflicts as dysfunctional, which should be avoided by any means. Recently, conflicts have been recognized to have as well a functional role when managed well. In this article we present a normative conflict management model and describe the key steps to be followed. The use of such a model is described in an export distribution channel conflict situation case involving Swedish and U.S. firms. This result in guidelines on how such a situation could be managed in a creative way, and what management skills and techniques should be applied.

Key words: *Conflict Management, Skills and Techniques, Export Distribution Channels*

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INTRODUCTION

Effective conflict management is a key to success in export distribution operations. Whether conflict is viewed as desirable or not, the fact is that conflict exists in all human organizations and is endemic. As human beings and their organizations interact in export distribution operations, differing values and situations, and variations in priorities and understandings, create tension and conflict. To some export managers, this inevitable disharmony is lamentable and should be avoided. To others, conflict presents interesting and valuable possibilities for the future, particularly if managed in a positive and constructive fashion. When such conflict is recognized, acknowledged and managed in a proper manner, personal and organizational benefits will accrue. An effective export distribution manager uses conflict situations as an opportunity for growth and market development for both the organizations and the individuals involved. The objective of this article is to describe the key steps in a normative conflict management model and to examine the use of such a model in an export distribution channel conflict situation case involving Swedish and U.S. firms. The results are expected to be largely generalizable beyond the Swedish exporter context to also cover the conflict management efforts of firms from Finland and other small and open economies when dealing with their U.S. export distribution channels.

NATURE OF CONFLICT

Due to the rapidity of change in export markets today, focusing on such issues as new product innovations, distribution procedures and techniques, mergers and acquisitions, cooperative marketing agreements, and a vast array of other developments, the uncertainty of future operational paradigms for firms involved generate even more conflict situations for management. The traditional approach has been that conflict should be thoroughly analyzed, documented and eliminated. Conflict has been historically viewed as being dysfunctional and time-consuming. From this perspective, export managers usually functioned under the influence of the conventional wisdom that conflicts of any type were to be avoided. The vast majority of individuals in export distribution management positions were strongly encouraged to suppress and avoid conflict. In short, they were uncomfortable in the presence of conflict. In general, societies also reflected a sincere desire to avoid conflict, disagreement, hostility, antagonism and enmity.

In contemporary export distribution arenas, however, managers have recognized that in many instances conflict can be a sign of a very good market-oriented organization (Hellriegel, Slocum and Woodman, 1995, pp. 430–431). A corollary to this is an organism in the animal

and plant world that finds itself in a hostile environment and calls upon its adaptive abilities to cope and survive. Out of necessity, it must develop new adaptive skills, and either change occurs or the organism dies. Also, social conflict theory has taught us that frequent, low-level conflicts may release hostilities, and adjust norms of behavior and systems activities in a positive outcome (Coser, 1956, p. 39–86). Adaptation, accommodation and flexibility are the foundation for future development and change (Darling and Walker, 2001, pp. 230–231). The export distribution manager who responds to conflict with a reality perspective and problem-solution orientation presents a similar posture. The alternative to successful adaptation becomes stagnation and non-productivity. A basic value of meaningful confrontation with distribution partners and other stakeholders arises from the fact that conflicts can lead to change, change can lead to adaptation, and adaptation can lead to survival and success.

The effective export distribution manager uses conflict creatively to stimulate inter- and intra-organizational development, to open up new opportunities, to increase critical market vigilance as well as self-appraisal, and to examine conflicting values across cultural boundaries. The growing recognition of conflict's important role within a distribution system is a valuable understanding. At the same time, conflict theory has undergone changes in perspective. Perhaps the most basic change is reflected in the emergence of the term conflict management, which has gradually displaced the earlier idea of conflict avoidance. The contemporary term reflects the realization that conflict can be perceived as having benefits, as well as costs. Therefore, it needs to be managed within the distribution system rather than eliminated. In this context, conflict is a condition in which the concerns of two or more individuals or organizations appear to be incompatible. This article examines a conflict situation in which a "channel member perceives that another channel member is engaging in behavior that prevents or impedes it from achieving its goals" (Stern, El-Ansary and Brown, 1989, p. 361). Export managers should respond to this condition as positively as possible, realizing that it can present a growth opportunity for the organization and its distribution stakeholders, as well as the individuals involved.

A CASE SITUATION

Maria Sundvall, Export Distribution Manager of Wikström Technologies Ab (both pseudonyms), headquartered in Stockholm, Sweden, thoroughly enjoyed her professional position and responsibilities. The negotiation, development and management of Wikström's export distribution operations were a continuing challenge to which she looked forward on a daily basis. She particularly enjoyed the many opportunities to identify new foreign markets, and to research and identify potential distribution partners that would enable her firm to fulfill the sales, profit

and market share goals expected. Wikström Technologies operated primarily on the basis of on-demand distribution; that is, products were typically produced based on signed orders received from customers. However, the on-demand distribution paradigm requires exceptional representation in the foreign markets by manufacturers' sales agents who are well-connected and knowledgeable about the markets in which the firm wishes to do business.

Wikström had been in business for over thirty years and had developed an international reputation for high-technology based product manufacturing. Its most recent innovation focused on a product called CID – a high-tech interconnection between cellular and internet access and extremely high-quality document duplication capabilities. The firm had been a major competitor in the Scandinavian and Western European geographical areas, and with the establishment of the European Union had concentrated its efforts there. The North American market – primarily Canada and the United States – had been considered to be a much more unlikely target for the company, particularly with the extent of competitive offerings available there. However, about three years ago Sundvall traveled to the U.S., carefully studied the distribution for high-technology products there, and became quite interested in the market opportunities.

Following a reasonably thorough competitive market analysis of the U.S., Sundvall met with her managing director, Kurt Andersen, to discuss the possibilities of further exploration of the market possibilities in the U.S. Andersen had a great deal of trust in the understanding and objectiveness displayed by Sundvall, and encouraged her to pursue the matter further. After due consideration and an even more extensive market analysis, Andersen and the Wikström Management Board agreed that the firm should pursue the establishment of a sales agency and the export of its product line to the U.S. However, identifying the most appropriate manufacturer's sales agency to handle the firm's product line with a focus on CID proved to be a major task for Sundvall.

A basic issue focused on the concern as to whether the firm should enter the U.S. market as a whole, or develop a major presence in a given geographical area and expand from that competitive base of strength. After much analysis and consideration, it was decided that Wikström would initially enter the U.S. through the Houston, Texas market area. This decision was made based upon a number of factors. These factors included a recognition that in the Southern area of Texas there existed numerous major business firms that Wikström considered to be important potential customers; there was a major established port-of-entry in the Houston area to facilitate shipment of products to the market; an extensive network of foreign trade zone facilities existed that made possible the ease of replacement product warehousing with minimal import duty carrying costs; and there was a broad recognition and acceptance of technological products from Scandinavia (e.g., Finland's Nokia, with U.S. headquarters in Dallas/

Ft.Worth, to mention one) that would provide a broadly-based foreign technology product-acceptance foundation for Wikström.

In her analysis of possible Houston area sales agencies, Sundvall finally narrowed her consideration to one major firm, the H. K. Donaldson Sales Agency, Inc. (a pseudonym). One of the interesting qualifications of Donaldson was the fact that the firm had an extensive network of offices and sales agents located throughout the Southern half of the U.S., extending from Georgia and the Carolinas on the East to California on the West. The Vice President for Sales, Samuel Johnson, also appeared to be a very personable individual and committed to facilitating a strong representation of Wikström's CID product line, not just in the Houston area market, but throughout the Southern half of the U.S. Sundvall was so taken in by the assurances of Johnson that Donaldson could provide a very strong and successful sales representation for her company, that she negotiated an exclusive contract with the firm for the sales and distribution of Wikström's new product line of high-tech equipment that made possible a very fast (virtually instantaneous) interconnection between cellular and internet access and document duplication. An extensive celebration was held on the date of the contract signing by Samuel Johnson, representing Donaldson, and Kurt Andersen, representing Wikström. That contract signing celebration occurred over a year ago, but since then very little has been heard from Donaldson representatives by Sundvall and her colleagues in Stockholm, despite several contacts instigated by Wikström personnel, thus creating a major conflict situation for Sundvall and her firm. There was initial interest expressed by Donaldson due to a few early inquiries from potential customers, but that was the extent of the business activity. The lack of interaction between Wikström and Donaldson personnel was further exacerbated by the fact that in her enthusiasm to consummate a contract with the H. K. Donaldson Sales Agency, Sundvall had agreed to the exclusive sales agency contract that gave Donaldson the sole right to represent Wikström in the Southern region of the U.S. market without a time constraint.

CONTRIBUTORS TO CONFLICT

Interpersonal and Inter-organizational conflict has its roots in numerous bases, including such things as personal and organizational prestige; formal organizational structure that determines who is going to take on what responsibilities and the corresponding lines of authority; leadership styles and expectations arising therefrom; prejudices that spawn mistrust for any number of reasons, including position, cultural differences, gender, etc.; misunderstandings regarding performance expectations as a result of contract negotiations and arrangements; and, in the case of international agreements and contracts, often the overstatement of capabilities to fulfill marketing-related goals and obligations.

Stakeholders in an export distribution channel have various types of responsibilities; and other individuals and support units within the participating firms tend to differ in terms of goals, time orientations, formality of structures, and management leadership needs (Darling and Walker, 2001, pp. 230–232). The greater the differentiation and geographical and operational distance among individuals, departments and other operating units in an organization, and between organizational parties in a distribution system, the higher the potential for conflict and the greater the need for countervailing mechanisms that will serve to interrelate those various individuals and units creatively (Kotler, 2003, p. 676). This is particularly true for cross-cultural distribution systems.

A distribution channel system, as a complex organization within itself, contributes to conflict through its expectations for people and firms that share different goals, time orientations, management needs, and philosophies, to integrate their efforts into a cohesive whole directed toward accomplishing the system's overall objectives. In addition, because of a typical market distribution system's cross-organizational complexity and the high degree of differentiation, communications between different individuals, departments, and support units within the organizations involved can easily become distorted. Furthermore, everyone speaks the language of their particular training or cultural backgrounds, and thereby has a tendency to suspect the motives of those who have different goals, objectives and orientations.

Within specific individual firms, differences between operational stakeholders such as general managers and distribution managers in role expectations, goals and even personality characteristics often contribute to interpersonal conflict. In a marketing distribution and sales organization, responsibilities are usually defined through organizational and operational charts, and position descriptions. However, what is often unfortunately the case, such reflections of the organization often ignore the personal needs of the individuals.

Conflict almost always exists across cultural boundaries when there is competition between individuals or organizations based upon performance standards, and particularly if one group gains (or is perceived to gain) at the expense of another; where individuals or organizations are separated from each other but are still expected to interact successfully; where an individual or organization is dependent upon another for performance of certain responsibilities; where the participation needs in decision-making and operational relationships are great; and where cooperation is necessary for the overall distribution system to achieve particular goals. The potential for conflict is particularly high in systems using selective or exclusive distribution, such as in this case, since these types of systems are characterized by a high level of functional interdependence among channel members (Robicheaux and El-Ansary, 1975–1976, p. 22).

Effective conflict management then becomes essential and requires a resolution of differences and a movement of individuals, operating units and organizations in the direction of

overall accomplishment, growth and development. In this case, the export distribution manager for Wikström, Maria Sundvall, was called upon to deal with structural, communication and interpersonal factors, as well as the cultural conditions associated with the conflict (Shelton, Darling and Walker, 2002, pp. 50–53). In the present export distribution organization case, the *process* of managing conflict had to be considered as important as the *product* of managing the conflict that had arisen between the Wikström Technologies manufacturing firm located in Stockholm, Sweden, and the H.K. Donaldson Sales Agency located in Houston, Texas, U.S.A.

CONFLICT MANAGEMENT TECHNIQUES

The literature on conflict management abounds with various techniques suggested for dealing with conflict situations. Such behavioral-related terms as avoidance, accommodation, compromise, competition and collaboration have been widely discussed as conflict management procedures. Generally, many of the techniques noted in the literature focus on three interactive methods of conflict management – grouped according to lose-lose, win-lose, or win-win techniques (Covey, 1989, pp. 206–213).

The lose-lose and win-lose methods of conflict management in an export market distribution system have several characteristics in common. These include the *we-versus-they* distinction between the parties rather than a *we-versus-the problem* orientation. Each side sees the issues only from its own point of view rather than defining the problem in terms of mutual needs. Emphasis is on attainment of a solution rather than on a definition of the goals, values or motives. In these situations, conflicts are often personalized rather than being depersonalized by an objective focus on facts and issues. In addition, the parties have a tendency to be *conflict-oriented* and concentrate on the immediate disagreement rather than being *relationship-oriented* and focusing on the long-term effects of their differences and how they can be effectively resolved.

Applying the lose-lose or win-lose method to this distribution channel management situation, Sundvall could have taken the position of power at the expense of the relationship, and probably lost a key opportunity for effective U.S. market presence (Cateora and Graham, 2002, pp. 528–529). An example of this type would have been a threat to bypass the distribution channel member, which has been a common solution in the high-tech products sector (Gabrielsson, Kirpalani and Luostarinen, 2002, p. 76). Wikström would probably have lost the opportunity to have a well-recognized distribution sales agent, and Donaldson would have continued as a negative force for Wikström in the marketplace. These are often short-term solutions used by export distribution managers who want to bring the conflict to a quick resolution. If the parties focus on positions rather than on interests, polarization is likely to occur.

Compromise in this case would have been acceptance of the lowest common denominator of resolution. In addition, if Sundvall had begun the conflict interaction by saying, "you must achieve reasonable sales goals or we will have to find a way to discontinue our relationship" the conflict would probably not have been resolved productively. Samuel Johnson and the Donaldson sales agency would have obviously felt as if they had lost in the situation.

In a win-win situation, the focus will be on identifying each individual's and firm's interests, generating alternatives to satisfy those interests, and then developing objective criteria to measure whether the interests have been satisfied. It also leads to a long-term enhancement of the relationship. In lose-lose or win-lose situations, the issues get entangled with the relationship. In win-win conflict resolutions, people are separated from the problem. Both parties show respect for each other but work intently on solving the problem. Sundvall recognized that appropriate motivation was also an important aspect.

Because of her position as export distribution manager for Wikström, Sundvall needed to begin the conflict management interaction by attempting to understand the interests of Johnson and his firm in the situation, and acknowledging those interests as legitimate. Johnson also had a reciprocal responsibility. The interests of each party needed to be validated by the other party in order for a win-win solution to take place. For example, this did not mean acceptance by Sundvall, but an effort to give feedback that communicated that she understood the interests of Donaldson perhaps even as well as the firm understood its own interests. This condition was necessary in order to be able to positively influence the other party in the situation.

STEPS IN EFFECTIVE CONFLICT MANAGEMENT

A successful approach to conflict management in export distribution systems seeks not to eliminate conflict or to avoid it, but to learn how to manage it creatively and constructively. The concepts and skills used by Sundvall in successfully managing the conflict situation between Wikström and Donaldson focused on three major groups of steps – *preliminary steps*, *resolution steps* and *maintenance steps*. As noted in Figure 1, the preliminary steps include (1) power-base development, (2) relational acceptance, and (3) meaningful communication. The resolution steps focus on (4) assumption analysis, (5) objective identification, and (6) alternative selection. The maintenance steps deal with (7) action agreement, (8) feedback review, and (9) continuing oversight.

These are the nine steps to effective conflict management in an export distribution channel. However, it may be more appropriate to consider them as basic skills for conflict management in as much as the export distribution manager is seldom able to work with conflict in an organized sequential nine-step method. What is typically required is the use of a situationally

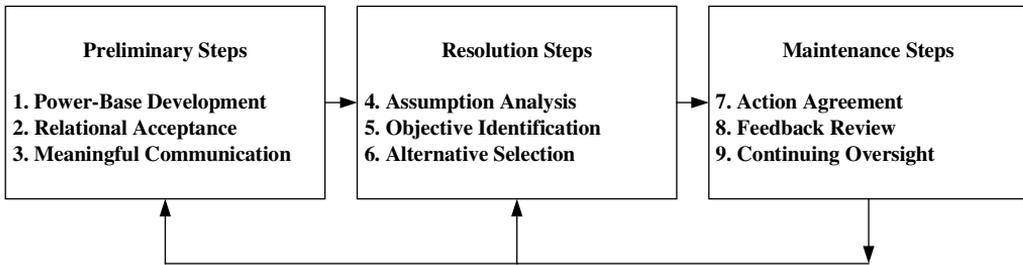


FIGURE 1. Key Steps in Conflict Management.

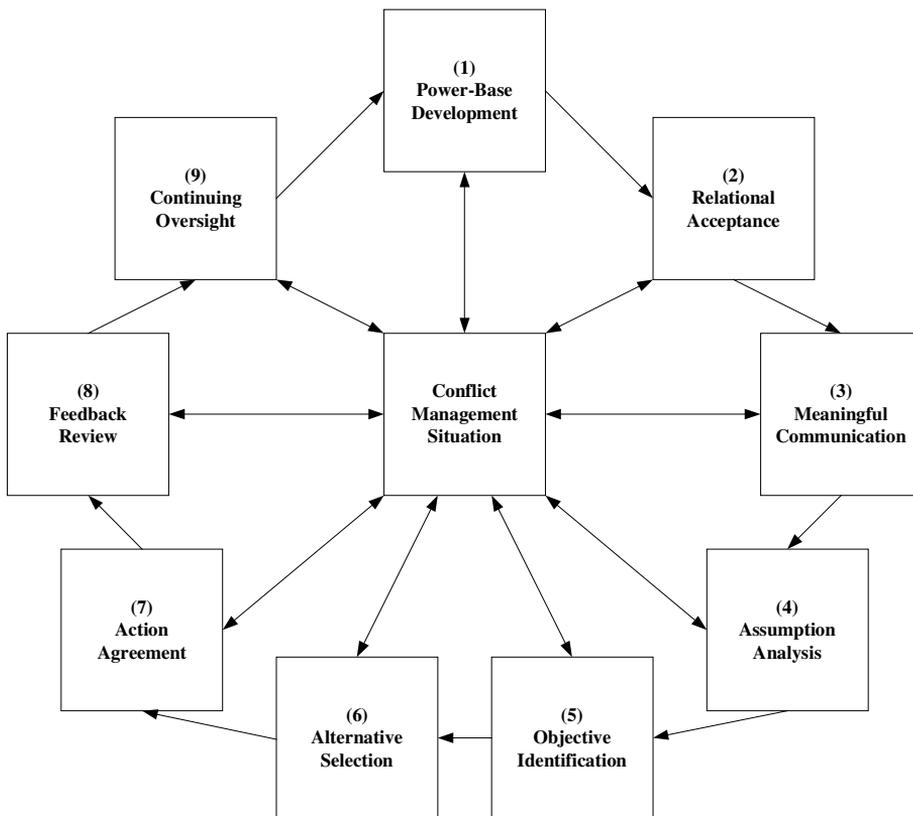


FIGURE 2. A Model for Conflict Management.

variable set of these basic skills in a self-consistent but creative manner. Following the steps does provide an orderly sequence or paradigm for conflict management, and includes feedback that helps to provide a continuing maintenance of the conflict solution. Both of these perspectives are reflected in Figure 2.

The skills of conflict management used by Maria Sundvall are closely related to the process of reality therapy (Glasser, 1975, pp. 127–132). According to reality therapy, the key individual involved in managing a conflict situation (Sundvall in this case), must (1) be personal and develop a rapport with the other party involved; (2) be involved and take the time to understand the causes of the conflict; (3) determine what is relevant and get to the heart of the matter; (4) have both parties assess non-rewarding behavior and remove it, if possible, from the conflict situation; (5) have both parties make a value judgment relative to their own involvement in the situation, their goals, and the mutual superordinate goals; (6) have the parties involved in the conflict make a plan that leads to positive, obtainable goals that satisfy the needs of both parties, at least to some degree; and (7) obtain a commitment toward positive action on completing the plan.

POWER-BASE DEVELOPMENT

Individuals who are insecure and threatened in a given relationship or situation can rarely think creatively about ways to resolve a conflict. And while quite often a conflict focuses on one or more organizations, it is always individuals representing those organizations, as in the case of Wikström Technologies and the Donaldson Sales Agency, who are the spokespersons involved in the conflict management. Additionally, individuals who resolve conflict in a competing mode tend to be more assertive and non-cooperative. They thereby pursue their own goals and objectives at the expense of the other person or organization. They, for example, may be tempted to try to influence the other channel member behavior by using their eventual reward-, coercive-, legitimate-, referent- or expert-power (French and Raven, 1959, pp. 154–165), or to otherwise use their power-dependence situation to their advantage (Emerson, 1962, p. 32). This, however, may actually reinforce the conflict, in particular, if coercive means are applied (Gaski, 1984, p. 22). Alternatively, individuals in a collaborating mode tend to be both assertive and cooperative. They seek to maximize the satisfaction of both parties and therefore reach a truly win-win situation (Weitz, Castleberry and Tanner, 2001, p. 15). Sundvall chose the latter mode with Johnson in order to help minimize status differences. Sundvall scheduled a special meeting with Johnson, flew to Houston to try her best at effectively managing the conflict situation, and invited Johnson to meet with her in a business luncheon conference room she reserved at her hotel.

392 Sundvall began the meeting with Johnson by describing the problem rather than evaluating (description vs. evaluation) which helped reduce defensiveness in Johnson and thereby led to a more productive interaction. This also aided in defining the situation as a problem resolution rather than calling attention to inter-organizational differences. In dealing with a conflict

or confrontation, export distribution managers with credibility can successfully interject themselves into the process (Bennis, 1989, pp. 158–159). This can be done by means of a preliminary discussion, structuring the context of the confrontation, and facilitating the dialogue without provoking undue resentment by the other party involved. A one-on-one discussion, such as this, with the other person may provide each individual with the opportunity to present a perspective, and may also provide the export distribution manager with an opportunity to develop insights regarding the issues involved.

It will also be helpful if the interaction takes place in more of an informal social setting, such as the one chosen by Sundvall, so that status differences can be minimized. Also, the location and arrangement of the table, if one is used, can also minimize status differences. In their meeting, Sundvall specifically arranged for the two of them to sit side-by-side in comfortable chairs, thereby reflecting more of a cooperative relationship rather than face-to-face interaction suggesting a more competitive or confrontational setting.

In this particular case situation, at Sundvall's suggestion both she and Johnson adapted a perspective that they were two judges working on a joint opinion. This strategy lent itself to a win-win perspective and allowed them to see alternative points of view to satisfy the interests of both of their firms. In this way, they could share perceptions, challenge assumptions, and develop objective criteria when attempting to bring about a resolution of the situation. In this setting, neither of the parties felt threatened, and each was thereby able to view his/her own behavior more objectively than if a more traditional, perhaps even adversarial, approach to conflict management had been employed.

RELATIONAL ACCEPTANCE

Individuals involved with successful conflict management within export distribution channels have found that when the level of trust and acceptance is high, almost any effort to communicate is successful (Nelson and Quick, 1994, pp. 119–120). Conversely, when the level of acceptance and trust is low, communication is distorted and misunderstood no matter how articulate and intelligent the parties involved in the conflict; and responses are usually reduced to emotional and often irrational communication patterns bringing into focus adversarial paradigms of behavior and interaction that do not lead to successful solutions.

To facilitate acceptance and trust in effective conflict management, it is important that emotions are made explicit and to acknowledge them as legitimate. For example, Sundvall asked Johnson about the economic conditions existing in the U.S. market during the past year or so and learned that these conditions, along with unemployment and lack of facility development, had led Donaldson to experience rather dramatic sales declines in all of its opera-

tional regions. Sundvall indicated that she was unaware of these conditions affecting Donaldson, but could certainly identify with them, given similar economic conditions existing in most of the other export markets in which Wikström was operating. This allowed opportunities for Johnson to openly express opinions about how these conditions were affecting Donaldson's expected sales results for Wikström products. These interactions, employed correctly, helped to lead to conditions of acceptance and trust, and thereby a more productive relationship between the two individuals.

Because interpersonal relationships are dynamic and not static, the level of acceptance and trust in any given setting must be evaluated constantly. Similarly, the foundation for successfully managing any given conflict situation is usually established in the development of the relational base. Honesty and sincerity, reflected in non-deceptive communications, are usually the most successful. Since relationships do get out of focus, there are fundamental skills that can be used by the export distribution manager. Approaches that can be developed through the use of quantum skills may be very valuable in this regard (Shelton and Darling, 2001, pp. 264–270).

Acceptance and trust are two key concepts in developing a relational base among parties in an export distribution system. Acceptance may be viewed as the unconditional affirmation of a person's or firm's importance without taking a judgmental or accusatory stance. Negative and judgmental feelings are often inevitable in conflict management situations, but one does not always have to take action on the basis of those feelings. One must guard against emotional biases and prejudices, and maintain a mature, objective situational perspective. Acceptance often begets acceptance, and estrangement begets estrangement. Trust and openness are also contagious. In creative conflict management, this involves giving another person or firm the benefit of the doubt, the result of which usually is that when individuals/firms are trusted, they will do the right thing. Acceptance will, in most cases, be enhanced by the use of empathy. We are more likely to react positively to a relationship if the other person communicates that they understand "where we are coming from."

In developing a relational acceptance, Maria Sundvall helped to move towards successfully resolving the conflict by encouraging Samuel Johnson, as well as herself, to openly explore their interests and to acknowledge both parties' interests as legitimate; for example, Sundvall talked about Wikström (we feel let down) rather than Donaldson (your firm didn't perform). In addition, Sundvall encouraged Johnson to talk about his firm in terms that helped her understand his interests. Also, behaving congruently to Johnson's perceptions helped Sundvall establish a culture of trust and acceptance in the interactive dyad.

MEANINGFUL COMMUNICATION

Before Sundvall began the encounter with Johnson, she ensured that some preconditions existed so that optimal communication could take place. First, there existed a shared vocabulary and frame of reference. If a different frame of reference had existed between Sundvall and Johnson, then there may not have been an acceptable degree of communication between intended and received messages. If this condition had not existed, Sundvall would have had to try to establish it as part of her communication objective.

Second, an appropriate mental set was a necessary condition. If Johnson had not had a certain degree of psychological readiness, then Sundvall would have had to be prepared to alter her communication strategy. Also, Sundvall needed to engage in some response flexibility by maintaining a reasonable degree of sensitivity and adaptability to Johnson's verbal and nonverbal behavior, especially if his responses had not been reasonably consistent with his behavior. Finally, there had to be mutual motivation with respect to modification of the organizational relationship from its existing state. If Sundvall and Johnson had had unequal degrees of motivation, it would have been difficult to communicate accurately and it may have resulted in a perception of rejection on the part of one or both of them.

Communication in conflict management is a two-dimensional process for the export distribution manager, and requires in-depth listening as well as the sending of positive and constructive messages. The basic listening skills are both infinitely complex and profoundly simple (Hellriegel, Slocum and Woodman, 1995, pp. 413–414). Like many other skills, in-depth listening can be enjoyed and is exceedingly rewarding at many levels of proficiency. However, these listening skills encompass both sensitive perception and selective reception, particularly in conflict management situations across cultural boundaries.

In her communications, Sundvall focused on discussing with Johnson what Wikström could do to facilitate the marketing of its CID product line in the U.S. as economic conditions improved. Johnson responded that he believed additional promotional materials and training were needed by the sales force in order to more adequately represent the product line in the market. When Sundvall listened to Johnson, she gave non-evaluative responses that minimized defensiveness in the dyadic exchange. In giving feedback, Sundvall reflected the needs for both firms to work together to facilitate appropriate market representation. This helped to establish a foundation for influence on the part of Sundvall which minimized the conflict between the two parties at an appropriate level.

Selective reflection involved Sundvall in deciding the appropriate level of communication to which she could respond most constructively. People can usually control actions and words; they cannot always control feelings and emotions. It is not essential to respond to every-

thing that is heard. However, it was important for Sundvall to frequently play back to Johnson what she heard, because emotions and defense mechanisms filter the hearing process. What is heard is often not what has been said, but what one expects to hear (Shelton, Darling and Walker, 2002, pp. 53–54). Therefore, it was necessary for Sundvall to check out the perceptions with Johnson, who is sending the message, to see if the message is being heard and perceived correctly.

Sundvall also resisted the tendency to impress Johnson with her knowledge. In too many situations, export distribution managers feel that they need to communicate that they understand more about the situation than their distribution partner does. This often leads to a “one-upmanship” and will probably result in dysfunctional communication. Instead, Sundvall used open-ended questions to ascertain the problem, and then used reflective responses that indicated that she understood the situation. Export distribution managers should avoid deducing their sales agent’s intentions from their own perspectives. People often assume that their perceptions are the perceptions of the other party, and thereby project their intentions onto the other side. Sundvall used the technique of empathy-cognition, “try to put yourself in the other’s shoes,” to help reduce this problem. In this situation would she feel the same way if the conditions were reversed? Using this skill allows one to see the perceptions of the other party from a more objective viewpoint.

ASSUMPTION ANALYSIS

Creative conflict management also includes the ability to identify, and test for reality, the assumptions being made by the participants in the conflict. This is essential because it is precisely at this point that the dimension of reality is focused sharply on the inevitable assumptions that people bring to a conflict (Kreitner and Kinicki, 2004, pp. 504–505). Sundvall achieved assumption analysis by asking a series of vital questions such as what Johnson assumed to be the parameters of the conflict and the paradigm within which the two of them should be interacting. Assumptions of the parties to a conflict situation are often overlooked in the process of conflict management, but are typically of major importance. In fact, misunderstandings regarding assumptions, on the part of the parties to a conflict, are often at the heart of conflict situations.

Sundvall may have made the assumption that because no sales had been achieved by Donaldson, the firm was no longer interested in representing Wikström in Texas and the Southern U.S. market. Johnson’s assumption may have been that Wikström was not interested in supporting the sales efforts of Donaldson in its sales areas. This is why it was important that Sundvall and Johnson state their assumptions and then test these assumptions openly in a sup-

portive communication climate. Doing this, Sundvall and Johnson discovered that they disagreed about the nature of the problem, but they also understood that they disagreed, and this understanding helped greatly in their individual and collective understanding of the entire conflict situation. Their discussion then led to a new set of interests and perspectives that were understood by both parties – perspectives that focused on what each of the firms could do to achieve the desired results.

OBJECTIVE IDENTIFICATION

Sundvall and Johnson both helped to minimize the conflict by focusing on interests, not on their positions. When participants to a conflict situation focus on positions, they tend to lose sight of their own interests. An interest can be represented by several positions, but if the two parties become deadlocked in their positions, their ability to view alternatives and satisfy each other's interests may be quite limited. When Sundvall and Johnson started talking about interests, they both found that they wanted to help make their combined efforts more successful. This technique helped to focus on the importance of superordinate goals (or interests). Through this approach they can help achieve partnership advantages in the long-term by gaining competitive advantages in the end-customer marketplace that neither of the parties could achieve alone (Sethuraman, Anderson and Narus, 1988, pp. 327–331). When they began with the interest focused on success in the U.S. market, it helped to make a positive solution more feasible. Also, they discovered as a result of their interaction, that an interest that has a high value or benefit for one party might have a low cost for the other party. For example, Sundvall immediately arranged for promotional materials to be developed specifically for the U.S. market and training sessions to be planned and implemented for Donaldson sales personnel. This had a high benefit for Johnson and the Donaldson Sales Agency, but relatively low cost for Sundvall and the Wikström Technologies firm. In fact, in this particular case the promotion and sales training materials developed for the U.S. market were subsequently used by sales agencies in the European and other geographical market areas.

ALTERNATIVE SELECTION

As valuable as it is to have many options, people involved in conflict negotiations rarely see a need for options. In most negotiations there are four major obstacles that inhibit the creating of an abundance of options: (1) premature judgment; (2) searching for the single answer; (3) assumption of a zero-sum game; and (4) thinking that "solving their problem is their problem" (Fisher and Ury, 1991, p. 9).

When viewing alternatives, it was important for Sundvall and Johnson to separate creating alternatives from deciding on solutions. It was important for them to brainstorm, before they arrived at an agreement, in order to avoid the aforementioned problems. Before brainstorming, Sundvall and Johnson defined their purpose (i.e., they talked about what they would each like to walk out of the meeting with). To do this more effectively, they changed the parameter of the discussion so it was different from a "decision parameter." During the brainstorming, they clarified that there would be a "no criticism" rule. After the brainstorming, they noted the most promising ideas and even discussed how these ideas might be improved. One alternative that Sundvall agreed to consider was who would be involved in the sales training sessions, and it was agreed that Wikström personnel would be primarily responsible. Johnson proposed that Donaldson would arrange and pay for the training facilities that would be used. It was important that mutual gain become a major focus in the alternative selection process. Sundvall and Johnson thereby arrived at opportunities that satisfied both of their firms' interests. Unfortunately, even in brainstorming the participants may be influenced by searching for a "single answer." In this particular case, the primary outcome of this procedure was the identification of shared interests. However, shared interests are opportunities not solutions. So Sundvall and Johnson stressed their shared interests as a basis for agreement. They discovered (as a result of their discussion) that both of them had ideas and suggestions that would help to produce the desired sales results in the marketplace.

ACTION AGREEMENT

Once Sundvall assisted in identifying the objectives to be achieved and guided selection of the best set of alternatives to be implemented, it was important to establish an agreement with Johnson to be used in executing that decision. At the simplest level, this meant rehearsing very carefully, verbally and on paper, the decisions that had been made, such as identifying precisely what Wikström was going to do and what Donaldson was going to do. At a more sophisticated and complex level, it could have meant taking a systems approach to planning achievement of the objective according to the procedure selected. This would have meant establishing specific times, events, accomplishments and goals according to the basic systems approach in management decision-making. In this particular case, this systems approach was considered as not to be appropriate.

398 In order to lay a foundation for acceptance, Sundvall asked Johnson for preferences and wrote out an agreement in a "yes-able" proposition. Sundvall also encouraged Johnson to make appropriate revisions to the agreement. This brought a commitment on Johnson's part to "honor the contract" and increase the likelihood of fulfillment. It was also important that objective

criteria were established for measuring success of the agreement. This was based on a fair standard and procedure to which Sundvall and Johnson agreed, and that were used to evaluate the success of the agreement.

FEEDBACK REVIEW

Successful conflict management requires a feedback review and evaluation as to the successful conclusions of the entire process. Export distribution managers should establish a system for providing information either directly or indirectly regarding the manner in which a conflict situation has been brought to a successful conclusion. This is valuable for the benefit of all appropriate stakeholders in the firms involved in such a conflict situation. Sundvall, in her efforts to work with Johnson, requested that they meet with each other within the next three months. In this meeting, both of them were able to determine the degree to which they had sufficiently resolved the issues that were involved in the original conflict.

Sundvall employed several guidelines for feedback during this review. She focused feedback on results related to the specific situation, preferably to the "here and now," rather than on actions in the abstract that placed it in the "there and then." What Sundvall and Johnson did was always related in some way to time and place. Johnson also provided feedback only on the sales training sessions and actual sales activities which he and the Donaldson Sales Agency could reasonably be expected to control, and continued to provide feedback as soon after the results as possible.

It is important that an action agreement look forward, not backward, in order to move the conflict to a further point on the continuum of activity. In their review session, Sundvall and Johnson were able to ascertain that the promotional materials had been developed, the sales training sessions planned and implemented, the resulting market sales results were being achieved, and the interests of both parties were being satisfied. The feedback review was also a time to consider how perceptions of the situation had changed, and to continue the process of effective communication that was established in the original interaction. Successful conflict management relies on the strategic creation of meaning through communication – a key to effective export distribution management leadership (Shelton, Darling and Walker, 2002, p. 51). This review was important because so often interests, perceptions and emotions of parties to a conflict change which may have an impact on the original agreement. "Checking" the agreement for continuing consensus and commitment ensured that the original conflict was managed for success, and the parties to that conflict were fulfilling the resolutions that had been agreed upon.

CONTINUING OVERSIGHT

Quite often, interpersonal or inter-organizational conflicts that occur within export distribution channels are so important to the ongoing growth and development of the parties that it is valuable to have some type of continuing oversight as part of the conflict management process. This may take the form of a casual, but sincere, comment or conversation that conveys to the parties involved in the original conflict that each has taken this conflict management process seriously and intends to not have it arise again in the foreseeable future, or it may take a much more formal oversight mechanism of continuing review (Darling, 1994, pp. 3–5).

Sundvall felt that it was important to include informal communications with Johnson about the commitments that they made in order to communicate to him that the matter was very important to her and Wikström, and that the agreement was a continuing concern to her and the firm. This continuing oversight helped to ensure that both parties had a long-term commitment to the outcome. Of course, many conflicts can be appropriately managed without a great deal of attention given to the continuing oversight effort. However, the successful export distribution manager will be very conscious of the organizational scars that conflicts can leave in the minds of people, and will be mindful of the need to periodically review and recycle the issues that were part of the steps in the original conflict management process. In the present conflict management case, Maria Sundvall and her firm, Wikström Technologies Ab, as well as Samuel Johnson and his firm, H. K. Donaldson Sales Agency, Inc., remained quite pleased and satisfied with the conflict management process that was followed, and the distribution relationship between these two firms continues to this day with satisfactory results for both parties. See Table 1 for a summary of essential skills and techniques identified for effective distribution conflict management.

SUMMARY AND CONCLUSIONS

Since conflict is an inevitable part of personal as well as organizational interactions in export distribution channels, export managers should seek to develop the skills that will enable them to creatively direct the many different types of conflict situations. Export distribution managers who want to manage conflict as a positive force for adjustment and change, rather than merely resolving conflict at the earliest possible moment, must recognize the existence and usefulness of conflict, explicitly encourage appropriate opposition within distribution channels, define conflict management so as to stimulate, as well as to resolve conflict, and consider the management of conflict as a major responsibility (Bennis, 1989, pp. 158–159).

There are many contributors to conflict in an export distribution system. These include

the structure of the channel system, variations in cultural priorities, differing professions and technical specialties, communication distortions, and interpersonal or behavioral factors (Darling and Walker, 2001, p. 230). The basic steps involved in creative conflict management focus on three major groupings – *preliminary steps*, *resolution steps*, and *maintenance steps*. The nine specific skills (actions) for effective conflict management in export distribution are found in groups of three within each of these three major steps (see Figure 1). These specific skills are: (1) power-base development, (2) relational acceptance, (3) meaningful communication, (4) assumption analysis, (5) objective identification, (6) alternative selection, (7) action agreement, (8) feedback review, and (9) continuing oversight. What is typically required from the successful export distribution manager is the use of a situationally variable set of these basic skills in a self-consistent, but creative manner (see Figure 2).

Maria Sundvall, the Export Distribution Manager of Wikström Technologies Ab of Stockholm, Sweden, used these skills in managing the conflict with Samuel Johnson, Vice President for Sales, and his firm, the H. K. Donaldson Sales Agency, Inc. of Houston, Texas. As a result of this process, Sundvall gained a greater appreciation for the distribution challenges of doing business in the U.S., and was able to negotiate an agreement that mutually satisfied the interests of both parties, while at the same time strengthening the relationship between the two firms.

Implementing basic skills for conflict management in an export distribution system will ensure preservation of the individual and organizational worth and integrity of those involved, and an appropriate degree of psychological support for each individual participant's creative contributions (see Table 1). The export distribution manager will have filtered out the interpersonal and inter-organizational static and the unrealistic assumptions that get in the way of meaningful problem-solving in the creative conflict management process. And, in addition, a creative, futuristic and goal-setting approach to managing conflict will also have been taken, and the parties involved will have identified the specific steps that are needed to accomplish operational objectives of major importance. ■

TABLE 1. Management Skills and Techniques for Conflict Management.

Key step	Management skills and techniques
(1) Power-Base Development	<ul style="list-style-type: none"> - Creation of a win-win atmosphere - Start with problem description rather than evaluation - Facilitate an equal and informal negotiation atmosphere
(2) Relational Acceptance	<ul style="list-style-type: none"> - Creation of trust and acceptance - Encourage each party to make emotions explicit - Seek open interaction which is honest and sincere - Be objective and show empathy to the other party
(3) Meaningful Communication	<ul style="list-style-type: none"> - Make sure of shared understanding of vocabulary and frame of reference - Enhance sensibility and adaptability, and mutual motivation - In-depth-listening and appropriate use of judgment when reflecting on replies - Put yourself in the other's shoes
(4) Assumption Analysis	<ul style="list-style-type: none"> - Identify and test for reality of assumptions - Enhance understanding of the problem and disagreements
(5) Objective Identification	<ul style="list-style-type: none"> - Focus on mutual interests not possessions - Find a superordinate goal
(6) Alternative Selection	<ul style="list-style-type: none"> - Create an abundance of options through brainstorming - Identify shared interests - Use mutual gain as driving the selection criteria
(7) Action Agreement	<ul style="list-style-type: none"> - Identify task, and list and divide responsibilities - Specify criteria for measurement of achievements
(8) Feedback Review	<ul style="list-style-type: none"> - Create a system for information exchange - Create strategic meaning through communication - Be forward-looking and willing to change perceptions - Check the agreement content when need arises
(9) Continuing Oversight	<ul style="list-style-type: none"> - Be conscious of the scars the conflict has made - Periodically communicate commitment to the outcome

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