

The Cost of Conflict

“Partnering is the perfect forum for unearthing emerging conflicts.”

In December 2012, Julie Brockman, Ph D. of Michigan State University published a study entitled “The Interpersonal Cost of Conflict in Construction.” In a study of 41 jobsite conflicts, they found that on AVERAGE, 161 hours (~20 days) were spent attempting to manage each conflict. When they analyzed those work hours spent on managing each conflict they found that each conflict cost an AVERAGE of \$10,948.00!

I am sorry to be the one to break it to you, but conflict is Really Expensive!

This study, funded by CPWR—The Center for Construction Research and Training, is the first of its kind, where they assigned time and monetary value to conflicts that arose on actual jobsites.

Overall, Brockman interviewed 74 industry personnel from various trades using a methodology that would elicit descriptions of conflict incidents. Ultimately, her interviews revealed 86 incidents, of which, 41 were analyzed. The 41 conflicts analyzed were assigned a “cost” in terms of lost time and lost

“Sample Cost of a Field Conflict”	Time (hours)	Labor Rate (per hour)	Subtotal
Worker A (WA) refuses to pipe the way Worker B (WB) had planned	.25	\$50	\$12.5
WB listens to WA about why he refuses to do it	.125	\$50	\$6.3
WB calls Supervisor (SUP)	.25	\$50	\$12.5
SUP listens to WB	.25	\$50	\$12.5
SUP travels to job and confronts WA	2.00	\$60	\$120
Worker C replaces WA	1.00	\$50	\$50
Worker C learns from WB how to do the piping	1.00	\$50	\$50
SUP counsels WA for 5 months	45	\$60	\$2,700
WA listens to SUP as he is counseled	45	\$50	\$2,250
	94.88		\$5,201.60

Source: Interpersonal Cost of Conflict, CWPR, Brockman J (2012)

money based on time spent involved in managing the conflict. To give you a sense of scale, the shortest conflicts in the study lasted about 30 minutes. The longest involved 6,000 hours (750 days of work), and cost \$367,000! And this is just the lost time tied directly to the dispute. It does not take into account the reduced productivity, increased absenteeism and employee turnover that often result from these types of conflicts.

The chart “Sample Cost of a Field Conflict” (p. 14) shows how the study assigned cost and time to a conflict. In this case, Worker A refused to lay a pipe the way his co-worker (Worker B) wanted him to. After arguing for half an hour, Worker B reported Worker A to his Supervisor. Ultimately, because Worker A refused to change his methodology and kept fighting back, his Supervisor replaced him with Worker C. After Worker A was removed from the jobsite, his Supervisor continued working with him and counseling him for five months to improve how he worked with his peers.

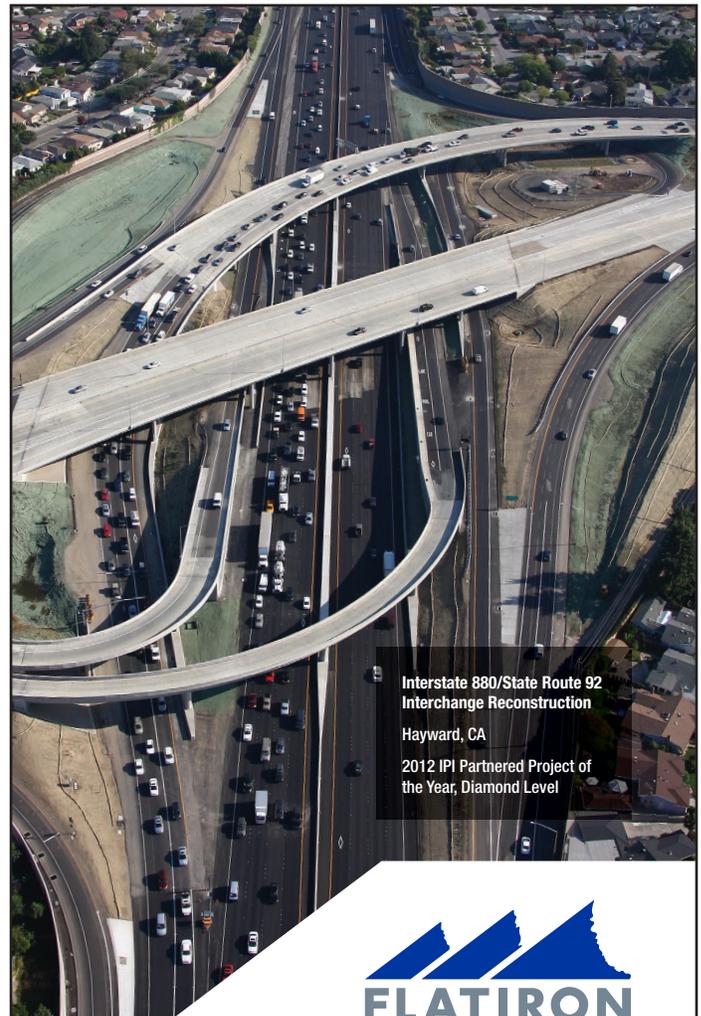
This type of conflict and intervention, which happens fairly regularly, would represent more than 100 hours of time lost and more than \$5,000 spent in lost productivity.

Dealing with conflict is an important skill for any manager. But in an adversarial industry like construction, it becomes essential. Our Project Managers and Field Superintendents need to learn how to handle disagreements within their own team (like in the case here) and also need to be able to work across the table when they have disagreement with their counterpart over a potential claim.

Partnering is the perfect forum for unearthing emerging conflicts like the above pipe laying issue. It also is an opportunity for managers to get together and set up systems for effectively negotiating issues before problems inevitably arise in the field.

The end result is that conflict hurts your bottom line. Investing in partnering is a great way to help reduce conflict and improve your job culture from the outset, so disagreements can be handled in the same shift, rather than drawn out over the length of the project. Last year, IPI Award-winning projects told us that \$1 spent on partnering saved the project \$93. It's a better way to spend your money and time.

Thanks to IPI Member Neal Flesner of Ventura Consulting Group for Sharing the “Cost of Conflict Study” featured in this article.



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