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Computer Glitches Demand Cooperation, Not Confrontation

By SAMUEL PASSOW

We can all breathe a collective sigh of relief. The clock on our computers ticked over to 9/9/99 yesterday and the power stayed on, planes did not fall out of the sky and cash still came out of the automatic banking machines. At least this omen of electronic Armageddon failed to come through.

Was this just the calm before the storm? Most date-related problems in com-

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puters and electronic systems result from using a limited number of digits to represent the time and date. Eventually the limit is reached, forcing the date to turnover to zero, which, in effect, makes the operating program suddenly jump backwards in time. The four digits in 9/9/99 were often used by batch programming systems to signify "end of files."

The millennium bug, or Year 2000 (Y2K) problem, is just the first of what may prove to be a series of computer-related time problems that may plague our lives. For example, according to Don Jones, Microsoft Corp.'s director of year 2000 readiness, "products such as Windows 95, Windows 98 and Windows NT operating system . . . could experience failures at 3:14 a.m. on January 19, 2038." Some of the Unix operating system, developed by Lucent Technologies' Bell Labs, which includes most of the powerful computers that sort and route packets of data through the Internet are also due to shut down in 2038.

In all probability, the anticipated consequences of these and other potential technological mishaps are over-exaggerated. Already, a half dozen key dates, which were expected to test systems, if not our patience, have expired without dire consequences. Yet companies continue to show a willingness to spend almost three times more money litigating a Y2K problem than the total amount they outlay on trying to correct or prevent one.

Even more disturbing, however, is the ostrich-like attitude of executives who fail to recognize that using a confrontational

approach to problem solving can add substantial costs to their firms through breakdowns in their commercial relationships, the tarnishing of reputation, the business interruptions, cash-flow difficulties and deterioration in credit quality.

So what can we learn from all the risk-management exercises that government officials and business executives have undertaken in the run-up to New Year's Eve, at a tremendous cost of both time and money?

We at the Center for Dispute Resolution (CEDR), a London-based non-profit organization, have developed what we think is a rational approach: the Millennium Accord, a non-binding protocol for sharing information in a commercially competitive environment with a neutral individual or panel facilitating negotiations between parties. The Accord advocates a flexible, fast-track approach to problem-solving based on four principles that recognize how irrevocably interdependent we are on technology and the potential it has to dominate almost every facet of commerce.

The first principle is that the millennium problem may have such a devastating effect that it should not be seen as a competitive opportunity. The second is that such a mutual problem may be solved faster and more cost effectively by communication and cooperation. The third is that timely dispute prevention is preferable to retrospective redress. Lastly, communication and cooperation enhance timely dispute prevention.

Our data show that this and other forms of dispute resolution are successful nearly 85% of the time. While litigation can take months, even years before it gets to trial (and only about 5% of cases ever make it to court at all), most mediation can begin within a matter of weeks and statistically only lasts an average of 1.3 days.

Courts and arbitration tribunals can offer only financial compensation or limited orders requiring parties to act in a particular way. They do not lend themselves to more creative solutions that might better meet the business needs of disputing parties. For most firms, the cost of the dispute resolution process alone can determine their profitability, not to mention their viability. When larger firms drag smaller ones through the legal system by

the sheer weight of their financial resources, they are often rewarded with a Pyrrhic victory.

Service provider managers will increasingly need to incorporate the value of information sharing as a potential cost-saving measure. The mediation process can, in this case, be used by business as a way of anticipating and avoiding disputes among suppliers as well as among customers in such a way as to make the marketplace as a whole more efficient for everyone.

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