

# The Negotiator Magazine

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## Ethical Negotiations: 10 Tips to Ensure Win-Win Outcomes

*Peter B. Stark and Jane Flaherty*

To some people, the word negotiation has a negative connotation. Typically, these people feel that negotiation is what a salesperson does to get them to buy his products and services. But negotiation is not a negative thing. In fact, every one of us negotiates almost every waking hour of every day. Whenever you communicate--whether you are trying to get your teenager to clean his room, convince your significant other to take you out to dinner, or encourage an employee to show up to work on time--you are negotiating. Girard Nirenberg, the author of the first formal book on negotiation, explains it this way: "When two or more people exchange ideas with the intent of changing the relationship in some way, they are in negotiation."

When we view negotiation from this perspective, we can see how important it is to improve our ability to negotiate so we can be more successful in achieving our goals. What we want to ensure is that when we do negotiate, we do so in a way that will ensure a win-win outcome--one that meets the needs and goals of both counterparts, and makes both of them willing to come back to the bargaining table to negotiate with each other again at a later time.

### **What is the role of ethics in negotiation?**

The dictionary definition of ethics is: "a system of moral principles or values; the rules or standards governing the conduct of the members of a profession; accepted principles of right or wrong." Ethics establish the means of doing what is right, fair and honest. Why are ethics important in a negotiation? Let's look at an example.

On April 23rd, 2003, Don Carty, the former CEO of American Airlines, ended his 20-plus-year career when he was forced to resign over what the unions considered to be a lapse in his ethics. While Carty was asking rank-and-file employees to take deep pay cuts to save the company, he was also putting together a package that included \$41 million in pension funding for 45 executives. If Carty had been upfront with the unions about this arrangement--perhaps explaining that he felt these benefits were necessary to retain an executive team that could help pull American Airlines through the crisis--the outcome may have been different. Instead, the unions got the facts from the press and demanded Carty's resignation.

Reputation plays a vital role in every negotiation. It's much easier to achieve win-win outcomes when you have a reputation for being fair, honest and willing to do the right thing. A counterpart who feels you are unfair, dishonest or unwilling to do the right thing will be less willing to make concessions or even to begin a negotiation with you in the first place. So guarding your reputation by always acting in an ethical manner is key to successful negotiation. When making any decision, remember this: A reputation takes years to build, and only minutes to destroy.

### **What is the difference between "legal" and "ethical"?**

Something may be perfectly legal and still not be ethical. I recently sold a rental house to a tenant who had lived in the home for two years. The tenant offered to buy the house for \$485,000. I felt the house was worth over \$500,000, so I decided to have it appraised. I told the tenant that if the appraisal came in at more than \$500,000, he would have the option of buying the house at the higher price. On the other hand, if the house was appraised at less than \$500,000, I would decide if

I wanted to sell it at the lower price or hang onto it. The appraisal came in at \$480,000--\$5,000 less than what the tenant had offered me. I thought about not sharing this information with the tenant, and saying something like, "\$485,000 is a deal." That thought lasted about one minute. Ethically, I felt I needed tell the tenant about the appraisal price. Then I could decide if I wanted to sell the house for that price or keep it.

You can't be 95 percent or 99.9 percent ethical. You are either ethical or you are not. Would it have been legal for me to keep the appraisal from the tenant? Yes. Would it have been the right thing to do? People for whom the almighty dollar is the highest value would say yes. For me, to withhold this information was neither right nor fair. In short, doing so might be legal, but it would not be ethical.

The following 10 tips will ensure that you build all your negotiations on a foundation of ethics--which will, by the way, increase your chances of achieving win-win outcomes. Ethical negotiators don't think only about what they can "get" out of a negotiation but also about what they can "give" to their counterpart. In this way, they take the long-term view. They know that a counterpart who walks away from a negotiation feeling successful will be willing to come back and negotiate again in the future.

**1. Know what is not negotiable.** Whenever we work with bank employees, we love to ask the following question: "How much can you steal from this bank before you get fired?" The question always draws a laugh because, of course, everyone knows that anyone who steals from a bank would be fired immediately. This is simply not an area that is negotiable. Knowing what is negotiable and what is not will make you a much more effective negotiator.

**2. Be honest.** In a negotiation, whenever you are ethical and honest even though it costs you something, you gain points. If a counterpart makes an invoice error that is to your advantage and you inform him of it, that costs you something--but it also earns you respect. A client recently called to inform us that we had not sent an invoice for services we had performed for her. That one telephone call let us know that this client is honest. That fact will undoubtedly affect all our future negotiations with her.

**3. Keep your promises.** In your eagerness to put a deal together, you may sometimes make promises and concessions you hadn't planned to make. You demonstrate your ethics when you fulfill those promises long after the desire to do so has left you.

**4. Have multiple options.** Going into a negotiation with multiple options will help both you and your counterpart achieve your goals. If someone proposes an option you feel is unethical, you will be ready with another, ethical option for accomplishing the same goal. Sometimes you may encounter negotiators who are unilateral thinkers who have only one option. With them, it's their way or the highway. If their way is unethical in your opinion, you have only one option--to walk away from the deal.

**5. Be willing to say "no."** Some negotiators are quite comfortable looking a counterpart in the eye and saying "no" when they feel something is not right. Others worry that saying "no" seems confrontational, even when a proposal does not seem ethical--then later they regret agreeing to the proposal. Being willing to say "no" to something that is not right is a great strength.

**6. Be familiar with the law.** Ignorance of the law is not a good excuse for unethical behavior. When in doubt about the law governing some aspect of your negotiation, check it out.

**7. Go with your gut.** Recently we were in a negotiation with a company and a person in one division of the company suggested that we not inform another division of an action we were planning to take. One counterpart said, "This just smells bad." What he was saying was that this deal point simply did not feel right. Telling the members of the other division what we were up to,

even though we knew they would be adamantly opposed to it, was the right thing to do.

**8. Practice the concept of "no surprises."** Gomer Pyle, played by the late Jim Nabors, used to draw a laugh whenever he said, "Surprise, surprise, surprise, Sergeant Carter." What made this line so funny was that Gomer Pyle's surprises were always negative. My wife is fond of telling me, "If you are going to surprise me, stick it in a jewelry box and put a bow on it." Making sure that a negotiation does not contain any negative surprises will reduce the chances of an ethical lapse.

**9. Follow the Platinum Rule.** The Golden Rule tells us to treat people the way we would like to be treated. Dr. Tony Alessandra's The Platinum Rule™ tells us to treat people the way they want to be treated. Caring about your counterparts enough to treat them the way they want to be treated helps build long-term relationships based on ethics and trust.

**10. Be willing to walk away from a deal.** When it comes to effective negotiations, remember, some of the best deals you will ever make are the ones you did not make. All of us have contemplated buying something from an individual, or entering into a business relationship with a company, and just getting a gut feeling that we should say "no." So we have walked away from the deal. Later, when we heard negative information about this individual or company, the information reinforced the fact that we had made a great decision. In negotiations, your head may try to rationalize deal points to make your gut feel more comfortable. Remember to go with your gut instinct, since it does not rationalize as well as your head.

Putting these tips into use is critical to your success as a negotiator. Your reputation is at stake. And, as some CEOs and CFOs have recently learned, your job is at stake. Practicing ethical negotiations is not only right--it is a wise investment for your future.

*Peter Barron Stark and Jane Flaherty are co-authors of The Only Negotiating Guide You'll Ever Need, published in September, 2003. They travel internationally training leaders, sales professionals, and procurement specialists in the art of negotiation. Their clients include Alcon Laboratories, Lowe's, the NFL, Ralston Purina, SONY, Virgin Entertainment, Wells Fargo and WD-40. You may visit their web site at [www.everyonenegotiates.com](http://www.everyonenegotiates.com) or contact them by telephone at (877) 727.6468 or by e-mail at [peter@pbsconsulting.com](mailto:peter@pbsconsulting.com).*

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A quick win might turn out to be a major long-term loss. Be Prepared To Walk Away. In any negotiation process; there's a point where you can and should cut and run. That's when it becomes clear that the other person either cannot or will not cede things that are essential for you in the negotiation. To get good at negotiations takes time and practice. It's also important to remember that the best negotiations aren't win-lose but rather win-win. If you want to keep a good relationship with the other person ensuring they get what they want as well as you getting what you want is a vital skill. These ten tips should give you a head start in developing winning negotiation skills. +1. Share2. Negotiation within a professional setting can be a daunting experience. Here are 10 tips for successful negotiation. Negotiating is something we all do on an ongoing basis. Working towards outcomes that result in a win for everyone should always be the ultimate goal. Author: Frank Dadah is a Managing Director for WinterWyman. Related. Tags: candidate Employer job negotiation offer Professional research Salary terms win. About Guest Author. This post is written by a guest author. If you are interested our sponsored content options, check out the the Advertising Page - we look forward to hearing from you!