

A BRIEF EMPLOYMENT AGREEMENT OVERVIEW

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Many Employers and Executives routinely enter into employment agreements locking them into a long-term relationship without fully understanding some of the basic concepts and principles. Below are some extremely basic and surface points to consider when entering into an employment contract. However, please keep in mind that an experienced employment attorney will add tremendous value in guiding you through many of the additional and important provisions not included herein.

Employment Law 101 states that unless there is some form of contract governing the relationship between an employer and employee, an at-will relationship exists. Simply put, an employee may quit or be fired for any reason or no reason (save very specific exclusions governed primarily by city, state and federal statutes). An employment agreement adds certainty and protects a company from losing a valuable asset in which it has invested a great deal of financial and human capital while simultaneously protecting an employee's personal, financial and professional interests before, during and potentially after the employment period.

An often neglected, but very important provision in an employment agreement is the non-compete and restrictive covenants clause(s). Generally, a non-compete clause restricts an employee from practicing his/her trade for a certain period of time within a specific geographical area. The term of the clause typically ranges in duration from one to three years. The scope of the clause can restrict the practice of an entire profession or only a specific area of an industry in which the company and executive is operating. Enforceable if drafted correctly, although routinely disliked by the courts, it is advisable to both the company and executive to negotiate a fair and reasonable non-compete provision so that neither party expends unnecessary time and money down the road.

Finally, both parties' expectations should be clearly spelled out in a very detailed fashion in either the agreement or in a schedule attached thereto. Employment agreements often last between 1-5 years so it is important that both the Company and Executive fully understand the terms as well as the benefits and disadvantages of entering into such an agreement.

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