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EMPLOYMENT CONTRACTS

- All Associate Employment
 Agreements should be in writing
 - Avoid misunderstandings on important terms
 - Avoids false claims by disgruntled employee or owner

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HANDLING CONFLICT DURING RENEGOTIATIONS • Negotiate at a Neutral Site • Don't rush the Employee

HIRING ASSOCIATES

- Signing Bonuses
 - What is a reasonable amount?
 - Must understand what your competition are offering – locally and nationally!!
 - How do you structure Signing Bonuses in contract?



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HIRING ASSOCIATES

- Moving Expenses
 - What is a reasonable amount?
 - How do you structure Moving Expenses in contract?

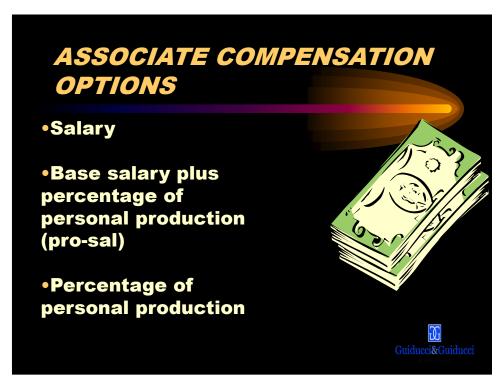


RETAINING ASSOCIATES

- Retention Bonuses
 - Is this necessary?
 - What is a reasonable amount?
 - Must understand what your competition are offering locally and nationally!!
 - How do you structure Signing Bonuses in contract?

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WHEN SHOULD YOU CONSIDER A SALARY OPTION

- Recent graduates
- Part-Time Associates
- Practice without adequate client base
- Practice's preference

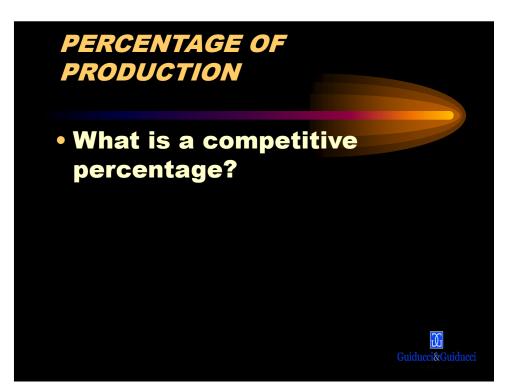


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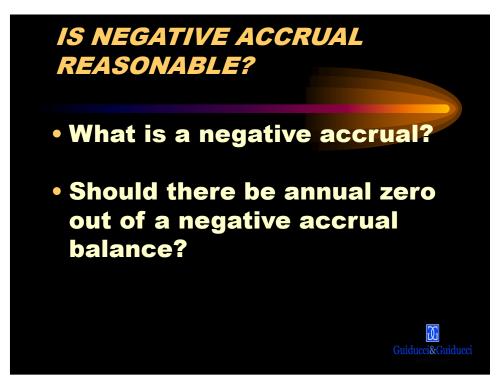
WHAT IS "FAIR" COMPENSATION?

- Must understand what your competitors are offering – locally and nationally!!
- What is a competitive salary or guaranteed base on prosal?





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EMPLOYMENT BENEFITS

- Continuing Education/Conferences
 - Number of days permitted to be absent for CE
 - Dollar amount to reimburse for costs to attend CE
 - Specify if Compensation will be paid while attending CE
 - If on a base plus percentage should associate receive credit for lost production?

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EMPLOYMENT BENEFITS

- Paid time off days (sick and vacation days)
- Compensation for paid time off days



EMPLOYMENT BENEFITS

- Paid time off
- Sick days (per state law)
- Professional Association Fees
- License Fees
- Malpractice insurance
- Disability Insurance
- Retirement Plan



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IMPORTANT TERMS FOR AN ASSOCIATE CONTRACT

- TERM OF AGREEMENT
 - Do you establish a date to renegotiate terms or make continuing subject to termination?



IMPORTANT TERMS FOR AN ASSOCIATE CONTRACT

GROUNDS TO TERMINATE CONTACT BEFORE END OF TERM

- Voluntary Termination
 - Establish a reasonable advance notice before terminating



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IMPORTANT TERMS FOR AN ASSOCIATE CONTRACT

GROUNDS TO TERMINATE CONTACT BEFORE END OF TERM

- Involuntary Termination
 - Cause
 - Death or disability



IMPORTANT TERMS FOR AN ASSOCIATE CONTRACT

- Employee Duties
 - Broad in scope to benefit Employer
- Employee Hours
 - Identify schedule to avoid ambiguity
 - Permit Employer to alter schedule

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IMPORTANT TERMS FOR AN ASSOCIATE CONTRACT

- Prohibition on working for other Practices without permission
- Benefits and signing bonuses should be prorated on termination



CONTRACT TERMS TO PROTECT THE PRACTICE

 Employer ownership of client and patient records



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COVENANTS NOT TO COMPETE

What is a Non-Compete?

- prevent a former employee
 from working for a competitor
 for an identified period of time
- prevent a departing employee from soliciting other employees from leaving employer

COVENANTS NOT TO COMPETE

What is a Non-Compete?

- prevent a departing employee from soliciting former clients of the employer
- prevent a former employee from disclosing proprietary information



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COVENANTS NOT TO COMPETE

- Should your practice require a non-compete where legally enforceable?
- Impact on sale of practice if you don't have non-compete agreements?



ARE COVENANTS NOT TO COMPETE ENFORCEABLE?

- Enforcement controlled by each States' law – must understand your state's laws
- Different state law approaches to enforcement



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APPROACHES BY DIFFERENT STATES TO ENFORCEMENT

 Prohibit all non-competition agreements (but generally not non-solicitation provisions)



APPROACHES BY DIFFERENT STATES TO ENFORCEMENT

- Prohibit geographic area and length of time terms that are not reasonably limited
 - What is a reasonable limitation on length of time?
 - What is a reasonable limitation on a geographic radius?

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APPROACHES BY DIFFERENT STATES TO ENFORCEMENT

- Prohibit enforcement if employee is terminated without cause
- Prohibit enforcement unless advance copy of contract provided to employee



APPROACHES BY DIFFERENT STATES TO ENFORCEMENT

- Only applies to highly compensated employees
- Proprietary information protection contract terms are virtually always enforceable



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APPROACHES BY DIFFERENT STATES TO ENFORCEMENT

- Require legal "consideration" to be enforceable
- Most states permit Judges to judicially modify instead of void overly aggressive noncompete terms



NEW COLORADO NON-COMPETE STATUTE

- Historically non-compete terms have been enforceable against veterinarian employees if reasonably limited in length of time and geographic location



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NEW COLORADO NON-COMPETE STATUTE

- Employment Agreement Non-Competes are generally void, unless:
 - Employees or independent contractors are highly compensated (\$101,250 annually)



NEW COLORADO NON-COMPETE STATUTE

- Non-solicitation provisions are enforceable if employee or independent contractor earns 60% of threshold (\$60,750).
- Proprietary information limitations are generally enforceable



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NEW COLORADO NON-COMPETE STATUTE

- New statute voids non-competes unless 14 days advance notice of non-compete with a summary of terms
- Notice must be in a separate agreement and not combined into any other document



NEW COLORADO NON-COMPETE STATUTE

- New statute requires geographic area and length of time to be reasonably limited
- What is reasonable for a general dvm versus a specialist?



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NEW COLORADO NON-COMPETE STATUTE

- Colorado law applies to all employees and independent contractors located in Colorado
- Enforcement litigation is required to occur in Colorado
- Applies to all contracts
 beginning on August 10, 2022





- Employer violations impose civil penalties and Class 2 Criminal Misdemeanor



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ASSIGNMENT CONTRACT TERMS

 Important to permit practice to assign contract if an Owner wants to sell his/her Practice



ATTORNEYS' FEES PROVISIONS

- Normally established as a "prevailing party" right to recover in the event of litigation
- Can benefit and hurt both Practice and Associate



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ARBITRATION PROVISIONS

 Substantially less cost but limits right to conduct discovery to determine what happened if a dispute



THE IMPORTANCE OF EMPLOYMENT MANUALS

- Applies to all employees including Associates
- Should be used with Associate Contract to clarify Employee Benefit/Compensation Issues
- Creates a defense to Employee Claims of Discrimination



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CONTRACT TERMS FOR AN ASSOCIATE THAT MAY BUY-IN

- State that it is a non-binding goal to explore compatibility for a buy-in
- •Is nothing more than a carrot should not be abused by Practice Owner!!!

