

Add early-Termination clauses to all employment contracts

If you use employment contracts to ensure that you have specially trained employees for a predictable time period, make sure the contract gives you "wiggle room" to terminate the employee.

While employees who work *without* employment contracts are at-will employees (and, therefore, can be fired for any nondiscriminatory reason), employees who sign employment contracts can only be fired for reasons stated in that contract.

Good employment contracts allow you an "out" and should always state that the employer can terminate the contract if the employee isn't doing his or her job. Include the employee's job description and expected goals in the contract, along with specific measurable work standards. Specify that not meeting expectations is grounds for terminating the contract.

Recent case: Deborah Horvat worked for a food service company as hospital dietetic services manager. She had a renewable one-year contract. Halfway through the first year, she received an evaluation that listed several initiatives she was failing to implement.

When nothing improved, the company terminated the contract three months early.

She sued, alleging breach of contract. Not so, said the court. The employment contract clearly spelled out that she could be terminated "without notice for cause, in the event of ineffectiveness in performance of duties." (*Horvat v. Forbes Regional Hospital, et al.*, No. 05-3458, 3rd Cir., 2006)

Sample forfeiture clause

A simple sentence in an employment contract could save you much hassle and expense.

Example: "Employer reserves the right to terminate the employee's salary and benefits in the event of a termination 'for cause,' including employee misconduct, nonperformance or any other business-related circumstance."