

## **Debating the Executive Contract: Golden Handcuffs or Golden Opportunity?**

By Chris Hingle

Those who make their living in real estate recently experienced a downturn like no other in recent memory. It has challenged our minds, spirits and values to the core. While we all know a turnaround will happen, we still don't know when.

One thing is certain, though. It's not too early to start positioning for new prosperity. Market disruption creates opportunities for fresh ideas and gives us the space to consider new and better approaches to the way we do business. Employment contracts are an area in particular that companies should reevaluate. Non-compete agreements offer tremendous value in some cases, but this is a good time to consider whether your business can retain quality staff without them.

A positive company culture can ensure employee retention in ways that an employment contract cannot. Careful hiring and attentiveness to employees' needs build loyalty. Many managers work under existing non-compete contracts that may be unnecessary in today's market. A dissatisfied employee can drag down productivity if he or she feels trapped by a contract that prevents work elsewhere in the field. Additionally, non-compete policies adopted now may scare away top talent when the job market returns. Instead of threatening punishment if managers defect, this is a good time to reevaluate ways the company can make employees feel valued as part of the team.

It's also important to keep in mind that contracts can affect a company well after an employee departs. To ensure the current staff takes them seriously, non-compete clauses must be enforced. Policing the career paths of every manager who leaves the company can rack up expensive legal costs.

On the other hand, non-compete can be hard to beat for top-tier executives. A good rule of thumb is that the more money an executive's departure will cost the company, the more thorough the contract should be. Still, it's important not to overestimate the value of confidential information about your business. Don't allow fear of competitors poaching employees to distract from the more important task of negotiating the best agreement between the firm and the managers who run it. The best way to retain talent at all levels is to create an environment that gives employees a positive incentive to stay. Employees who feel they were treated fairly leave the company with a sense of respect and conduct themselves in an ethical manner that will minimize cost in the courts.

Today is the time to refocus, retool and recharge for tomorrow's gold rush. It will happen! At Christopher Frederick, our high-energy approach is ideally suited for digging out those impact players who can thrive and prosper in the coming days! So don't lock yourself in by holding on to what you have, but open the gates to ensure you have a stream of talent who will be drawn to a company with fresh ideas and a key that will ultimately achieve maximum success! To see how we can guide your next executive search, call Chris Hingle at 800-EXU-FIRM (398-3476), [chingle@cfrederick.com](mailto:chingle@cfrederick.com)