

## **AVOIDING PROBLEMS WHEN CREATING AND SIGNING EMPLOYMENT CONTRACTS**

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The topic of employment agreements is a vast one and as we all know, there are many attorneys and agents who specialize in the area and do nothing else. In the veterinary realm, however, employment contracts are often drafted by employer-veterinarians using forms from a business supply store or some article in a magazine. This sort of haphazard approach to forming an employment arrangement can be very costly later on both economically and in terms of associate morale and dedication.

### **IMPORTANT POINTS FOR THE EMPLOYER TO CONSIDER IN DRAFTING**

#### **Sufficient Detail.**

Employers often describe the work to be performed by the new associate as “best efforts,” and use of “essentially all of his/her professional time...” Veterinarians, even young ones, want to have some idea of what they are getting themselves into. Don’t be afraid to insert a general number as to the amount of hours per week that the new doctor is expected to be at work. Better yet, an approximate schedule (subject to reasonable alteration) is helpful to prevent the feeling that the new doctor is being “dumped on.”

#### **Clear Compensation Terms.**

If the employed veterinarian is going to receive a straight salary, so be it. The owner merely needs to express how often pay day is and how many *work days* (not just “days”) of vacation and sick time are available to the doctor. On the other hand, if some type of productivity pay is involved, there should be as little wiggle room as possible in the interpretation of what tasks and sales generate that pay. For example, does the associate get paid for x-rays if they are recommended by him and taken by others, or must he take them himself and interpret them himself in order to earn a percentage of the generated revenue?

#### **Non-Competition Terms.**

The tendency of practice owners and associates in the negotiation process is to ignore or dance around the non-compete when it really is an important issue to both. The topic can be discussed and negotiated, with each party understanding what the other is looking for out of the term. If the objective is really to protect the employer’s business, is it really necessary for the associate to promise never to work in the county again after leaving? Many more reasonable, mutually agreeable concessions can be arrived at, such as a promise not to treat animals owned by the employer’s clients for a set amount of time. Steep liquidated damages can be assessed with simple proof required to establish a violation.

## IMPORTANT ISSUES FOR THE CONSIDERATION OF EMPLOYEES

### **Automatic Term Renewals.**

I don't like them; they only cause problems. These are terms which say something like, "if neither party notifies the other within 45 days of expiration of this Agreement, it shall automatically renew..." If you forget to send a certified letter, you may be hooked for another year. If you want another year and just let the 45 days lapse, when, if at all, do you get to discuss a pay raise, more vacation and all of that? You may not get to do it at all.

### **Reference to Another Document.**

Watch closely for references in an employment agreement to some other document, such as an employee handbook. Many new veterinarians obsess over the details of an employment contract and ignore completely that they are agreeing to abide by and recognize the terms of something like an "associate benefits and compensation guidelines manual" or an "employee handbook which Employer may amend from time to time..." Consider such ancillary documents as integral parts of the underlying agreement. Know what these other documents say and ask exactly what changes the employer is permitted to make without renegotiating contracts which are based on such a document.