Tip #1 for Drafting Executive Employment Agreements: Define “Cause” Broadly



Image by NY Photographic

Executives and other high-level employees often negotiate a contractual provision requiring the payment of severance if terminated without “Cause” prior to the expiration of a term agreement, points out **Bill Wortel** in Bryan Cave’s **At Work blog**.

“Too often, employers limit the definition of Cause to intentional misconduct that harms the company, criminal behavior, or the executive’s death. Such a narrow definition ties the employer’s hands when an executive is not making a good-faith effort to perform well or is performing very poorly despite reasonable efforts,” Wortel writes.

He advises that the agreement should include a definition of cause that provides the company with flexibility to terminate an executive for legitimate, non-discriminatory business reasons.

Read the article.

Join Our LinkedIn Group