When a New CEO Comes In, Will Risk Walk Out?

HOW TO CREATE EFFECTIVE AND ENFORCEABLE RESTRICTIVE COVENANT AGREEMENTS

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The breadwinners of the biggest companies leave at alarming rates when a new CEO is placed from the outside, according to a recent issue of *Harvard Business Review*. Not surprisingly, executives closest to the CEO carry the most potentially damaging knowledge about the company. Because CEO turnover is at an all-time high, according to a recent Booz Allen Hamilton study, more than ever, it's important for management to ensure that high-ranking executives are under effective and enforceable restrictive covenant agreements.

Employers need to be prepared to respond swiftly upon learning that an employee intends to join a competitor. Employers are well advised to review their legal options with counsel; they may have legal rights that extend far beyond the four corners of a contract. The appropriate response to an employee departure may include everything ranging from a demand letter to a lawsuit. In this day of increasing employee mobility, a prompt response can make all the difference.

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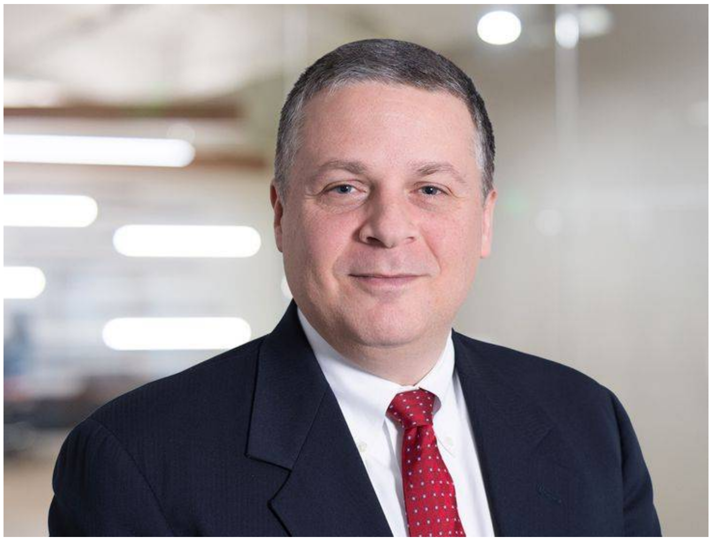

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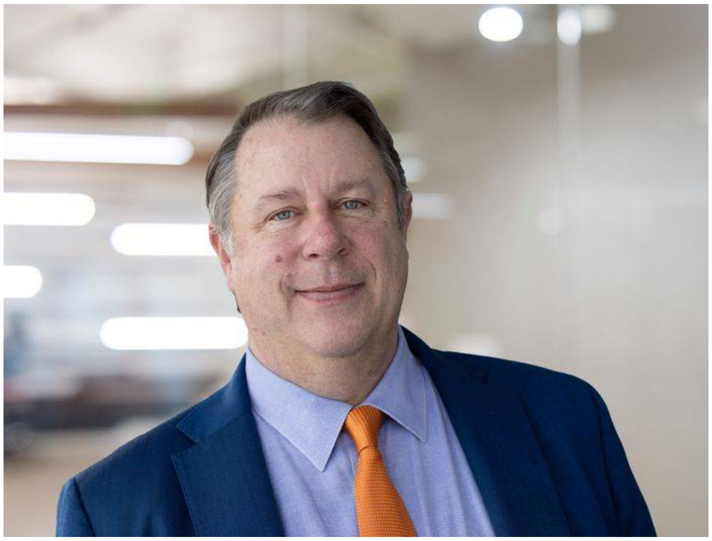

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