

Risk Management for Emerging Companies:

Avoiding the Ten Most Common
Employment Law Problems

SEEdling Program Solutions for Emerging Entrepreneurs

James Bourdeau

585-263-1671, jbourdeau@nixonpeabody.com

Gregory O'Shaughnessy

617-345-1343, goshughnessy@nixonpeabody.com

Jeffrey Selman

650-320-7722, jselman@nixonpeabody.com

Todd Tidgewell

518-427-2705, ttidgewell@nixonpeabody.com

www.nixonpeabody.com/SEEdling

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Avoiding the Ten Most Common Employment Law Problems

- 1 Carefully screen all applicants. Conduct background searches of key employees and employees who will have access to financial systems.
- 2 Comply with Federal Immigration Law by obtaining and maintaining copies of eligibility documentation for all employees.
- 3 Be careful when continually hiring from one ethnic group. Claims of employment discrimination are common.
- 4 Document employment relationships by having employees sign employment agreements containing the essential terms of their employment.
- 5 Maintain current job descriptions for employees, and use these criteria when monitoring and reviewing employee performance.
- 6 Keep trade secrets confidential. Only provide employees with “need to know” access to sensitive information, including customer and contact lists.
- 7 Require that employees sign confidentiality and assignment of inventions agreements to protect company trade secrets.
- 8 Be alert to trade secret theft by employees.
- 9 Carefully monitor the behavior of employees toward each other. Be sensitive to and appropriately react to all complaints, and immediately investigate such complaints. Avoid retaliating against employees who have filed complaints.
- 10 Avoid delegating all customer contact to employees. Founders should nurture personal relationships with key customers and contacts.