



***Non-Compete Agreement Template***

***Write Company Name Here***

*Address Here / Phone: 000-000-000 Fax: 000-000-000 / Email:* [*www.abc@gmail.com*](http://www.abc@gmail.com)

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***Location:***

***Owner(s):***

***Contact Information:***

***Date:***

**Non-Compete Agreements**

An unfortunate and routine dilemma to salons that operate on a commission basis is that of stylists coming to work for a salon with little or no clientele, staying long enough to gain the required skills and establish a clientele, then leave and begin working another salon, usually with a booth rental arrangement, and take with them all of the former salons trademark secrets plus the acquired customers. This is a common complaint of salon owners who invest tremendous resources, sweat equity and finances, recruiting, educating and training, plus building of customer service and staff. This is called the *revolving door* syndrome. The strategic solution is the use of a non-competes agreement. This protects the salon from unfair competition with former employees.

Non-compete agreements are a small and growing business practice, requiring employees to sign a document as a condition of employment. A non-compete agreement is a contract, that stipulates certain understandings agreed upon, for when an employee leaves a salon establishment. According to a 1977 article dedicated specifically to the topic of non-compete agreements declares and affirms the following. The salon is saying, “I trained you and helped you become what you are, you made these contacts, and as result it’s only fair you agree not to open a business next door that will siphon off my employees.” Usually, a standard non-compete contract states that when an employee leaves, they agree not to open or work for a competing business within a specified radius of the salon for a certain period of time.

Other clauses can be added to non-compete agreements. For example, stipulate in the contract that customer lists and worksheets are the property of the salon. The stylist cannot take these with them when they move. A clause can also be added that demands reimbursement of training costs if an employee leaves within a determined period of time. Margo Blue, owner of Margo Blue Hair, Body and Soul in Charlotte, North Carolina added these clauses to her contract.

According to the courts non-compete contracts are hard to enforce. The courts take a dim view of them because they restrict an individuals’ ability to work. Their use has been disallowed and restricted in many states. All states usually require the contract to be deemed reasonable for the courts to enforce. Three basic constituents are analyzed by the courts in evaluating reasonableness: what kind of activity is being restricted, what geographic area is encompassed, and what the period of time is. According to Steve Burgess, a Dallas, Texas attorney, non-compete agreements are difficult to warrant with independent contractors. This is due to the principal reason that, and independent contractor is clearly renting a space. They are not depending on the salon owner to provide training or support in building their business.

By the same token a non-compete agreement can be a two-edge sword. Recruiting new staff can be a challenge. The signing of a legal contract can frighten off potential booth renters, especially if they have a large following. Additionally, engaging existing staff into signing a non-compete agreement can be virtually impossible to accomplish. In order for the contract to be binding, consideration must be given. Usually, it is only effective if implemented if there is a change in circumstance. An example would be a raise or a promotion. (5)

Staff selection from the very beginning is very important. Careful selection can help alleviate a high turnover rate in the future. The 1974 book on successful beauty salon management, by Joseph Vezina contains many helpful business management recommendations.

A thorough assessment of a candidate’s application for employment is necessary. The number of salons and the length of time at each salon should be evaluated. A list of numerous salons is not always that impressive and does not necessarily equate with skill proficiency, allegiance, or loyalty as an employee. Finally, check the chronology of the dates for school records and their date of license issuance. (6)