Protecting a Business in Perth When Employees Leave

When an employee in [Perth] resigns or is terminated, operational disruption is only part of the risk. The greater exposure often relates to confidential information, client relationships, pricing knowledge, internal systems, supplier terms, intellectual property, and staff stability. A well-drafted employment contract, supported by structured offboarding controls, reduces the likelihood of post-exit disputes and revenue leakage.

Review Employment Contracts for Key Protections

Employment contracts should include clear post-employment obligations, including a post-employment restraint of trade clause where appropriate. These clauses are intended to restrict certain competitive conduct after employment ends. They must be drafted with care: clauses that are overly broad can be unenforceable, while clauses that are too narrow may fail to protect legitimate interests.

Legitimate business interests commonly include:

- Confidential information & trade secrets (pricing, margins, proposals, methods, systems, financials)
- Customer connections (relationships developed during employment)
- Supplier relationships & commercial terms
- Workforce stability (reducing targeted employee poaching)

What a Restraint of Trade Clause Commonly Covers

A restraint clause may restrict a former employee from:

- Soliciting or approaching clients to provide competing goods or services
- Working in a competing business or establishing a competing business within a defined scope
- Using or disclosing confidential information obtained during employment
- Poaching employees, contractors, or key suppliers

The clause should match the role's risk profile and focus on specific activities that create commercial harm.

What "Reasonable" Typically Means

Restraints are generally unenforceable unless they are reasonably necessary to protect legitimate employer interests. If a dispute reaches court, assessment commonly focuses on:

- Whether a legitimate interest exists that warrants protection
- Whether the restraint is proportionate to that interest (duration, geography, and restricted activities)

To improve enforceability, restraints are often drafted with "cascading" options (for example, different periods or geographic ranges) so a court can uphold a narrower version if a broader one is unreasonable. Reasonableness is usually influenced by:

- Seniority & influence (executives, account managers, key sales roles)
- Access to sensitive information (pricing, strategy, client contracts, tender data)
- Client-facing duties and level of relationship ownership
- Market conditions (niche sectors may require more tailored drafting)

Practical Controls That Strengthen Protection

Contract clauses work best when paired with consistent operational controls. Helpful measures include:

- **Written confidentiality reminder at exit**: signed acknowledgement confirming ongoing obligations
- **Return-of-property checklist**: laptops, phones, access cards, documents, storage devices, client files
- **Access shutdown procedures**: prompt removal of access to email, CRM, cloud drives, quoting tools, finance platforms
- **Data governance**: clear rules on storage, transfer, and deletion of business information

- **Client handover process**: documented account notes, scheduled introductions, and continuity planning
- **Internal reporting pathway**: clear escalation if client approaches or suspicious activity is detected
- **Recordkeeping**: maintaining contract versions, variations, role changes, and access approvals

These steps reduce the likelihood of misuse and improve response speed if a breach occurs.

Common Drafting Mistakes to Avoid

Restraints often fail due to generic wording or mismatch to the employee's duties. Common issues include:

- Covering all clients rather than clients the employee dealt with or obtained confidential information about
- Excessive restraint periods that do not align with role risk
- Geographic limits that do not reflect where the business operates
- Restricting employment generally instead of focusing on solicitation, competitive conduct in relevant services, or misuse of confidential information
- Vague definitions of "confidential information" and unclear obligations around return or deletion

When Restraints Should Be Reviewed

Restraints should be reviewed when:

- An employee is promoted into a client-facing or leadership role
- Access expands to pricing models, strategic plans, tender data, or proprietary systems
- Service lines, territories, or target markets change
- New platforms are introduced (CRM, quoting tools, project management systems) that store sensitive business data

- Business acquisitions, restructures, or major role redesign occurs

HR Support & Compliance Considerations

Restraints operate within a broader HR compliance framework, including onboarding documentation, performance management, termination practices, and recordkeeping. Many businesses engage **HR Services Perth** to align employment documentation with business requirements and employment law obligations. A specialist **HR company Perth** can also help standardise onboarding/offboarding controls, improve documentation consistency, and reduce employment risk during employee exits.

Summary

Post-employment protections are most effective when restraint clauses are tailored, reasonable, and supported by practical offboarding controls. Contracts should clearly define what is restricted, for how long, and why the restriction is necessary to protect legitimate business interests such as confidential information, customer connections, and workforce stability.