



# LAW NOTES

from the Law Firm of  
**Kay & Andersen, S.C.**

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## What Every Employer Should Know.....

### *ABOUT PROMISES MADE TO EMPLOYEES*

**E**mployers often struggle to retain key employees from competitors. The recent decision of Skebba v. Kasch, 2005 AP 2349 (Wis. Ct. App. October 24, 2006), illustrates the liability an employer may face in making promises to an employee who threatens to leave the company. Skebba was a top salesman for Kasch's company who was solicited by a competitor to leave Kasch and work for them. To discourage Skebba from leaving, Kasch agreed to pay \$250,000 to Skebba if the company was sold, Skebba was lawfully terminated, or Skebba retired. In reliance on this promise, Skebba turned down the job opportunity and stayed with Kasch another six years until the company assets were sold for \$5.1 million. After the sale, Skebba demanded the \$250,000 previously promised to him, but Kasch refused and denied making such a promise. Skebba sued, and at trial, the jury found there was no contract but because Kasch had made a promise upon which Skebba relied to his detriment, Skebba was awarded damages of \$250,000. The trial court overturned the jury's damage award on the basis that Skebba had not proved what he would have earned had he taken the job with the other company. The Court of Appeals reversed the circuit court, concluding that whatever amount Skebba would have made for the other employer was irrelevant because the promise Kasch made to Skebba was solely based on one of three conditions occurring: the company's sale, Skebba's lawful termination, or Skebba's retirement. When the company was sold, that triggered Kasch's obligation to pay Skebba \$250,000. Skebba reiterates that verbal promises made to employees may be enforceable even if the agreement is never reduced to writing, providing the employee foreseeably relies on the promise to his detriment. Kay & Andersen, S.C. can assist employers in disputes with current and former employees regarding compensation or other terms and conditions of employment.

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