



Why every business owner should have a business power of attorney



Business owners will be busy navigating a host of industry challenges, from competitor pressure to regulatory compliance to increasing customer demands. [Hannah Glover](#), Associate with Cripps, has five reasons why you should however still take the time to make a business power of attorney.

You can make a Lasting Power of Attorney (LPA) for your personal affairs (personal finance and/or health care), but you can also make a separate “financial decisions” LPA, geared specifically to your business interests. Such “business LPAs” can (and often do) prove key to the continuing success of a business when faced with the incapacity of an owner/manager.

Retaining control

Making a business LPA lets you retain control over who takes your place if you lose capacity. It is your choice as to whom you appoint as an attorney, and being able to nominate someone with experience, whom you trust, is as important for the business as it is for your peace of mind. It can also reduce the scope for disputes between family members and others in management roles, in what may already be a very stressful situation. Consider advising stakeholders in advance of what you’ve decided to do, so that everyone is aware of your wishes, particularly if you run the business with a “partner” but are not going to make him or her your attorney. It is advisable to appoint more than one attorney, so there is not an issue if one is unable to act.



Continuity

Without a registered LPA, an application must be made to the Court of Protection for a deputyship order to be granted before anyone can make decisions on your behalf. This process takes many months and can be very costly. Business can quite quickly start to falter if there is no one available to make day to day decisions, sign cheques or enter into contracts.

Third parties

A business LPA is a formal arrangement. All LPAs must be registered with the Office of the Public Guardian before they can be used. It is likely that banks, professional advisers and other third parties will want evidence that someone has been formally appointed before taking instructions from them.

Family finances

You may rely on income from the business to support your family and lifestyle. Less disruption to the business should help reduce the impact on your and your family's finances.

We all deserve a break...

Perhaps you travel for business or want to enjoy a long summer holiday? Business LPAs can be used, with your consent, whilst you have capacity too. This can be particularly useful if you are unavailable or abroad on holiday.

When making a business LPA it is important to consider the structure and needs of your particular business. For example, if you are a company director the company's articles of association will need to be looked at. If you are party to a shareholders' agreement, this may also contain relevant provisions. Taking specialist legal advice will help you get the protection you need in place.

How we can help

For more information about business powers of attorney or wills please contact [Hannah Glover](#).

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