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Leadership Advisor and Strategist for Boards, CEOs & Executives; Board Composition/Board

The Four Types of Boards

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**There are four types of boards:**[**Advisory**](http://www.johannebouchard.com/2015/03/20/is-it-time-for-an-advisory-board/)**,**[**Non-Profit**](http://www.johannebouchard.com/2015/03/18/non-profit-boards-growing-pains-board-composition/)**,**[**Private**](http://www.johannebouchard.com/2015/04/27/private-boards-start-ups-bringing-outside-help-to-inside-problems/)**and**[**Public/Corporate**](http://www.johannebouchard.com/board-composition-ebook/)**.**

All have some type of uniqueness as it relates to their purpose, their roles and responsibilities, the stakeholders they serve, the benefits and value they should deliver and the skillsets they require to achieve the optimal composition-- and all have their own compensation offerings.

All four types of boards need strong leadership, regardless of size and purpose. All need a clear delineation of responsibilities and expectations to be effective, and all need a clear framework on how to best support the organization they serve and how and when to interact with the organization’s leader(s) and management. Each board’s effectiveness and impact extend well beyond the walls of the room where they meet. All affect, in their own way (small or large), our communities and how we create legacies we can be proud of.

It is my experience that people often underestimate the importance of adopting a strategic approach to the creation, maintenance, refreshment and dissolution of boards. For any board, being prepared and carefully thinking through how to best achieve optimal composition is key. It is work—work that must be done.

It is not uncommon for advisory boards, non-profit boards or family or start-up boards to create their structure without the advice of legal counsel. Regardless of the budget and available funds, it is wise to identify a trusted legal counselor who can guide you and/or confirm that you are exercising appropriate corporate governance. Seeking professional assistance here doesn’t necessarily need to be costly, but the consequences of not doing it right can be. You can’t afford to be informal when addressing board composition through the process of building, maintaining, augmenting, refreshing and dissolving a board.

[**Advisory Boards/Councils**](http://www.johannebouchard.com/2015/03/20/is-it-time-for-an-advisory-board/)

I have colleagues who don’t believe Advisory Boards should be called boards, since they are not governed with the rigor that the other three types are. Even if you prefer to call them “councils” instead of boards, they still need to be thought out. Rather than directors, advisors are recruited for advisory boards, and unlike the other three types of boards, advisory boards do not have a fiduciary duty.

Advisory boards can exist to provide expertise to complement any of the other three boards, and/or complement the management team and/or any of the functional areas and divisions, and/or complement special “task force” teams, etc. In my opinion, Advisory Boards should be one of the highest priorities for start-ups and for new initiatives that are being tested or pioneered within an organization. When well structured and well managed, they can also significantly increase the bandwidth of and outcome realized for a non-profit organization.

If you join an Advisory Board, be clear about what your role is and what is expected of you. Address up front if your contribution is voluntary or paid. Do not over-promise as a result of being eager to contribute. If you don’t know how to advise and mentor, this is not the right board for you.

[**Non-Profit Boards**](http://www.johannebouchard.com/2015/03/18/non-profit-boards-growing-pains-board-composition/)

Non-Profit Boards serve a 501[c](3) organization, which is an organization that is not and cannot be organized or operated for the benefit of private interests. Essentially, directors on these boards make a commitment to a cause, are volunteering time and are frequently asked to give a philanthropic donation.

Having a lot of experience on advisory boards can be a natural progression to join a Non-Profit Board, while joining a Non-Profit Board doesn’t require that you have had experience on Advisory Boards or any other types of boards. Serving on a Non-Profit Board can also be a great launch pad for eventually joining a Private or Public Board, depending on your role, your contribution and your leadership. If you enjoy fundraising or would like to be a fundraiser, this is the type of board to consider.

[**Private Boards**](http://www.johannebouchard.com/2015/04/27/private-boards-start-ups-bringing-outside-help-to-inside-problems/)

Private Boards are not limited to small businesses. There are many mid-size and large companies that are private, and many family businesses are private.

Joining the Private Board of a start-up can be very exciting, quite intense and sometimes draining. Start-ups are all about growth. Investors want it big and fast. In this circumstance, it’s important to be watchful if you are not good at setting boundaries or working under pressure.

Private Board directors have more latitude with regards to their involvement with the CEO and the management team while working to grow the business. In addition, joining a Private Board potentially has a great financial upside, as compensation isn’t necessarily limited to cash, and might/more likely include (or exclusively be) stock options or shares. Private Boards are great launch pads for corporate board service.

Private Boards don’t have the same legal liabilities and risks that are inherent with serving on a Public Board. This can be a good progression to gain experience about governance for landing a board seat for a public company (or to end-up on a public company’s board if the company’s exit strategy is an Initial Public Offering (IPO) during the time you serve on the board). You can also be exposed to an M&A from either side.

If you enjoy working with investors, venture capitalists and/or having exposure to them, this is a great type of board to join, as one of your roles might be to help an entrepreneurial CEO raise money.

[**Public Boards**](http://www.johannebouchard.com/board-composition-ebook/)

Public Boards are by far the most regulated boards. Serving on these boards is time intensive. Since the [Sarbanes-Oxley act](http://en.wikipedia.org/wiki/Sarbanes%E2%80%93Oxley_Act), directors of Public/Corporate Boards’ roles are more serious than ever, and there is a great focus on independence. While attractive compensation is an upside to Public Board service, a director must commit to allocate time to prepare for meetings, to be part of committees that meet between regularly scheduled board meetings and to attending all meetings. While your experience and skills are very important when seeking a seat on this type of board, you’ll also need to get educated about governance and regulations. You must be prepared to address crises that require board diligence as they surface. Public Board directors have fiduciary responsibilities to shareholders, which carry with them risk of liability, especially if risk oversight by directors isn’t prioritized.

Public Boards are a great place to make a significant impact with an organization and its leaders.

*This article originally appeared in my eBook "Board Composition."*[*Click here for a complimentary download!*](http://www.johannebouchard.com/board-composition-ebook/)

**Biographies of the Speakers**

**Michèle D. McCarthy, ICD.D**  LLB/LLM, has significant experience in leading and implementing strategic change and restructuring in the financial services industry, mining and airports/ports.

Michele has served for over 20 years of experience on boards of TSX listed companies, not-for-profit companies/charities and governmental authorities. She is the Chair of the Boards of Lago Dourado Minerals (TSX-V), TD Split Inc., 5Banc Split Inc. and Big 8 Split Inc. as well as a director of Equity Financial Holdings Inc. and Equity Trust Company. Michele sits on five Independent Review Committees including Educators’ Financial Group, Timbercreek Asset Management, Picton-Mahoney Asset Management (chair of the foregoing), Aegon Capital and Integra Capital.  Michèle was the Chair of the Toronto Port Authority and a member of the Small Business Advisory Committee of the Ontario Securities Commission.   From 1997 to 2005, she was a Trustee of Trinity College (University of Toronto).   She is the Past President of Toronto’s oldest charity, the St. Georges Society of Toronto and a director of the Rekai Centres and Foundation, as well as a former director of the Canada’s National Ballet School (Chair of the H.R. Committee) and the Humber Memorial Hospital.  She is also a member of the Institute of Corporate Directors.

Since October 2003, she has run McCarthyLaw providing a Virtual General Counsel service to medium sized hedge funds, mutual funds, reporting issuers and Schedule I, II and III banks. Michele’s career began at Fraser & Beatty where she practiced civil litigation. Thereafter, she was the Chief Legal Officer, Director Compliance & Corporate Secretary for Deutsche Bank Canada and Deutsche Bank Securities and created its Schedule III bank branch. Michele completed the reorganization of UBS Bank (Canada) and established UBS AG Canada Branch. From 2007 to 2011, she was the Chief Legal Officer, Corporate Secretary, Chief Privacy Officer, Ombudsman and Head of Compliance for GMAC Residential Funding of Canada, ResMor Trust and Ally.  More recently, she has continued to lead projects to create de novo banks and to remediate significant regulatory issues for global and domestic banks as well as for a company in the payday lending industry.  Michèle has expertise in Canadian and U.S. bank and securities regulatory, compliance and corporate governance matters and is fluent in English and French.

**Tracy E. Houston, M.A.**



Tracy E. Houston, M.A. is the President of Board Resources Services, LLC. She is a refined specialist in board consulting and executive coaching with a heartfelt passion for rethinking performance, teams, and the boardroom. With a focus on leadership, strategy, and risk management, she consults primarily with directors, presidents, and senior officers to provide input on high level, sensitive, and complex issues. Sometimes called the Chief Potential Officer, Tracy has a background that includes sitting on a number of boards, board consulting, and coaching for potential. She develops unique insights into the vital role of human interaction and the inevitable fusion between barriers to growth and success.

Extensively published, Tracy has written hundreds of blogs that are featured on numerous award-winning websites and has a monthly board column hosted by [ColoradoBiz Magazine](http://www.cobizmag.com/author/tracy-houston). She is the creator of the [Board Guru™ eBooks](https://www.amazon.com/author/www.eboardguru.com)  and the[*Becoming a Public Company Director*](http://www.amazon.com/Becoming-Public-Company-Director-Handbook-ebook/dp/B0081KAIFS) trilogy. Her company, Board Resource Services, has a website at www.eboardmember.com and www.eboardguru.com. Follow Tracy on Twitter @BoardGuru. Headquartered in the Denver, Colorado area, Tracy is an avid hiker.

**Noel Hawerth**

Ms. E. Noël Harwerth is a non-executive director of **Standard Life plc** (Chairman, Risk Committee; member, Audit committee), **Alent (**Chairman, Remuneration committee)**,** and **The London Metals Exchange**(member, Audit committee).

She is Chairman of **GE Capital Bank Europe** and also serves as Chairman of **Sumitomo Mitsui Bank** (Europe Middle East and Africa). In 2006 she was appointed by the U.K.Government to the Board of the Tote, and served on the board until its privatization. She has served on the boards of Corus, Logica, Impellam Group, RSA Insurance Group and Dominion Diamond Corporation.

Mrs. Harwerth served as Partnership Director of London Underground from 2003-2008, having previously served on the Board of Transport for London, where she chaired the Audit Committee. She also served on the board of Anglo Irish Bank in 2007-8.

From 1998 to 2003 Mrs. Harwerth was Chief Operating Officer of **Citibank** **International PLC** in London. She was responsible for Infrastructure and Governance of Europe’s first truly pan European bank, with branches in 18 countries.

Prior to joining Citicorp in 1988, Mrs. Harwerth held senior positions in **Dun &** **Bradstreet** and **Kennecott Copper Corporation**, where she worked on large, complex international mining transactions.

Mrs. Harwerth was educated at the University of Texas in Austin and holds a Jurisdoctor degree from the University of Texas Law School. She holds both U.S. and British citizenship.

Mrs. Harwerth is a liveryman of the Worshipful Company of International Bankers, board member of The Committee of 200, and member of the International Women’s Forum. She is Chairman of the UK Chapter of Women Corporate Directors. She served on the U.S./U.K.Fulbright Commission, the Campaign Board of Historic Royal Palaces, and was a member of the Women’s Leadership Board of Harvard’s Kennedy School of Government.



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Experience

Rebecca has built a leading reputation over the past 20 years' experience advising on acquisitions, disposals, projects and project finance transactions for the mining and energy industries throughout the world, with a particular focus on the emerging markets. She has developed an in-depth knowledge of the African environment in particular, having advised on natural resource and energy projects and transactions in at least 37 African countries.

Rebecca is a British national who is qualified to advise on both English and French law and is fluent in French. She has been a Herbert Smith Freehills lawyer for 18 years (13 years in Paris, 5 years in Tokyo, where she ran our Tokyo energy and mining team) and a partner for 10 years.

Rebecca is consistently ranked as a leading lawyer for Energy and Natural Resources, Projects and Project Finance in the leading legal directories. Clients describe her as 'a knowledgeable, diligent and user-friendly advisor' " (Who's Who Legal 2015).

Rebecca's global experience includes advising Sumitomo Corporation on its investment and ongoing involvement in the Ambatovy nickel mining project in Madagascar; Mitsui on the negotiation of the acquisition from Vale of an interest in the Moatize coal mine in Mozambique and in the related Nacala rail and port; Auplata SA on a joint venture with Newmont LaSource SAS governing gold mining prospecting licenses in French Guiana; a potential Japanese bidder on its bid for interests in the major coal mining subsidiaries of PT Bumi Resources, including PT Kaltim Prima Coal and PT Arutmin Indonesia; and a consortium of Japanese companies on its potential participation in the Tavan Tolgoi coal project, Mongolia.