

5 Governance Predictions for 2020

As we close the chapter on another year, the governance landscape of 2020 looks both promising and complex. What's on the road ahead for US boardrooms? BoardEffect weighs in...

1 Stewarding the Organization's Reputation in an Era of Scrutiny

For many years, the rise of social media and increased public scrutiny has heightened public reactions to governance missteps. In 2020, we foresee the board's role in stewarding organizational reputation taking a more prominent slice of the governance pie. The ways leaders respond to emergent risks – like the Covid-19 coronavirus outbreak – will be a key theme, underscoring how mission-focused organizations respond to unexpected, unpredictable, and unprecedented issues. Ensuring streamlined, secure communications will help determine success.

2 Conversations Around Board Diversity Will Evolve

In the nonprofit space, racial, ethnic and age diversity in the boardroom is **lacking**. Meanwhile, organizations provide needed services for diverse communities, and the people depending on and utilizing these services span across all ages, ethnic and racial groups. In 2020, we predict that boards will be held more accountable to better reflect the communities they serve. It will be imperative for organizations to bring voices and perspectives into their boardrooms to bridge the diversity gap, or else risk stunted growth and stagnant progress in fulfilling their missions.

3 Find a Sustainable Business Model— or Risk Closing Your Doors

College and university tuition prices are rising faster than the rate of **inflation**. Levels of public funding for nonprofits are changing. Rates of inflation in healthcare and critical services are increasing. All of these shifts beg the question of sustainability – can the fluctuation of business and funding models sustain organizations long-term? Which models make it harder to deliver services to the people who need them most? More importantly, what are boards doing to ensure optimal structures for the organizations they govern? Boards that anticipate changing trends will be better able to assess the short-term and long-term needs of the organization and approach sustainability more strategically.



4 Poor Organizational Culture Will Remain the Gateway to Crisis

Peel back the layers of any 2019 crisis, and you'll typically find flaws in the organizational culture. The root of poor culture can be many things: tone at the top, poorly designed incentives, lack of empathy for the communities being served, systemic discrimination, even criminal behavior that was tolerated by those in leadership. Unfortunately, we predict that this trend of culture-powered crises will continue in 2020. However, we also predict that boards will devote significant time and attention to the topic this year in response to stakeholder interest in organizational culture issues.

5 New Information Models Will Arrive in the Boardroom

Many board members feel that they can no longer rely on management-prepared materials as the sole source of information: "It's about getting alternate data points..." said board member Nora Denzel. "Having data from multiple sources—especially contrary, independent opinions from management—allows me to ask much better questions." Modern board members are becoming more engaged in seeking sources of intelligence about their organizations that give them new perspectives – from funders & donors, legislators, employees and other stakeholders. We predict more board members becoming highly engaged in research between meetings in the coming year.



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