

2018 Governance Trends

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Governance trends particularly in the not-for-profit sector, aren't quickly embraced or acted upon. If you are in a leading edge organization you will be familiar with these trends found below – in fact, you may have even addressed them. If your organization is a follower, tends to lag behind others, these trends may be new to you or may be found on your lengthy “to-do” list.

There are many governance trends these days that it's difficult to narrow them down to the top three. In choosing the key trends, AMCES chief staff officers and consultants decided to select the top trends based on items that should be given priority based on governance processes and integration elements.

The trends were identified based on information gathered from the associations AMCES manages; and consults with; from governance training sessions; and from benchmarking and other sources.

1. **Attracting, developing and recognizing diverse competent talent**

In the last decade, the size of the average board shrunk. In this decade, the focus is on effective board recruiting. Boards are talking more about the need to prepare for future board and increase diversity in response to their changing communities.

As a result, organizations are looking at policies and practices necessary to attract individuals with relevant competencies; providing them with a solid orientation and training as required; providing meaningful engagement during their term; and recognizing their accomplishments. As well, they are looking to enhance diversity on the board and in committees.

Questions for Association Leaders

- a. Do you have clear competencies outlined for the talent required on the board and committees?
- b. How do you match up your nominations and election policies and practices to the competencies and diversity required for the organization?
- c. How do you provide initial and ongoing development for your board and committees?
- d. How do you provide and measure a meaningful engagement process for the board and committees?
- e. Do you need to improve how talent is recognized for their service?

2. **Increased frequency of strategic thinking before strategic planning**

The five year strategic plan is virtually dead. Many groups are using a three year plan, while some leading groups have moved to two years. Why a shorter term? They are trying to address a rapidly changing environment and address ongoing significant sustainability issues. This is resulting in more frequent strategy evaluation. Strategy evaluation involves consideration of the external and internal environment and provides information for strategic thinking. As more attention is paid to the plan there is a need to refresh it on a more regular basis.

Boards going through a strategic planning process often find they are quickly locked in to developing goals and supportive strategies before they have engaged in sufficient blue sky strategic thinking, or

before they have thought strategically about the completed internal and external environmental analysis. Boards are tiring of strategic planning that involves more crunching content and not enough time for strategic thinking about where the organization may be five years down the road. Blue sky thinking can often lead to optional scenarios which can lead to a study of risk and feasibility.

Questions for Association Leaders

- a. Is your board engaging in enough strategic thinking and looking at possible scenarios before developing final strategy?
- b. Does your organization have a policy for planning and strategic thinking?
- c. Does your board have a policy that calls for a feasibility review before making major decisions?
- d. Does your board agenda provide for time to evaluate the strategic plan results in relation to the current environment?
- e. Do your strategic planning sessions and timelines need to change to reflect a changing environment and sustainability issues

3. More agenda time on risks, performance indicators for outcomes, and sustainability

The way content at meetings is handled is changing with more focused agendas. Less time is spent on reading reports. The words risk, performance indicators and sustainability are being used more frequently as boards are performing their due diligence activities. While these conversations are increasing, boards are looking for policies and tools to ensure their efforts are efficient and effective. At each meeting, scorecards are being used to measure performance linked to strategy. This provides many benefits and addresses board complacency that can arise between the board and the chief staff officer. In effect, the scorecards help to keep a proper balance between the board and management. A certain degree of risk is necessary to make substantial changes. To ensure a safe balance, a risk policy and checklists are being used as part of feasibility consideration and decision-making.

Leaders must think beyond the current and next budget. Forecasts based on trends and scenarios are being used to take a longer-term view and to get a better handle on sustainability.

Questions for Association Leaders

- a. Do you have clear performance indicators in place to measure strategy progress and outcomes?
- b. Is the risk policy linked to the board decision-making process?
- c. What process is used to measure sustainability?

While technology and communications did not make the top three trends, they are embedded in strategic information gathering; converting information to knowledge; multiple communication processes and branding; member products and services; feasibility considerations; board and other organizational decisions. As a result, they need to be addressed on a continuing basis along with these three trends.