Executive Analysis

**US NGO Executive Thoughts on the Future**

2019 Edition

72 executives responded to the NGO Futures December 2018-January 2019 annual survey, representing the full spectrum of size and diversity across international development, humanitarian response, and advocacy InterAction member organizations.

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| Top Insights:   1. The ecosystem is changing faster -- though the tension is somewhat easing. 2. The vast majority have yet to change as fast as the external environment demands. 3. Ecosystem shifts are challenging but by and large not seen as unsurmountable. 4. Significant organizational change is ongoing and upcoming. 5. Six trends will have a significant or fundamental impact on over half of responding organizations. 6. Executives are unsure of board knowledge of the changing realities of the sector or of board understanding its role in helping the organization to thrive.   7. Advocacy and efforts to shape public sentiment are on the rise.   1. Top-desired funder changes are more core or unrestricted support and better real-costs coverage. 2. Top-desired support from InterAction is more peer engagement – though conduit depends on the focus area. 3. Many executives want InterAction to increase enabling collaboratively influencing the world around us. |

1. **Consensus is that the ecosystem within which we all operate is rapidly changing over the next ten years, though the tension surrounding it is somewhat easing.**

Source: Question two

Last year and again this year 97% of responding executives see the ecosystem within which their organization operates changing at least somewhat faster than witnessed before. Even so, a small yet noteworthy percentage have shifted their perception towards lighter rates of ecosystem change.

* Speed of ecosystem change (2017🡪2019)
  + Such that it requires unprecedented interventions dropped 25  17%
  + Significantly faster than witnessed before dropped 5047%
  + Somewhat faster than witnessed before grew 2233%
  + Not significantly stable 3 🡪 3%

1. **More executives believe they are matching the rate of external environment change and complexity, though the vast majority have yet to change as fast as the external environment demands.**

Source: Question three

There is a concerted attempt to match the pace of ecosystem change. In fact, over the past year a quarter of organizations shifted to feeling assured about meeting the pace of external change – tripling the number of organizations who believe they are matching the rate of change and complexity.

* Matching external environment change with proactive mobilization (2018 🡪 2019)
  + Matching or exceeding grew 13 38%

The proportion of responding executives who believe their organization is not changing as fast as the external environment demands dropped by a third.

* Matching external environment change with proactive mobilization (2018 🡪 2019)
  + Not as fast as the external environment demands dropped 8060%

This is promising, though last year and again this year the vast majority of executives do not believe their organization is changing as fast as the external environment demands.

1. **When asked about business model stability, it seems ecosystem shifts are challenging but by and large not seen as unsurmountable.**

Source: Question four

18% of executives believe their business model to be *stable*. 61% anticipate that their business model is *somewhat unstable but manageable*.

An additional 18% believe their business model to be *increasingly* at risk, and 3% believe their business model to be *at risk*.

1. **What are organizations adjusting to meet the shifting ecosystem?**

Source: Question five

We asked executives about significant organizational change. We named ten major change areas, seeking to understand where organizations are regarding each area - no significant change intention, assessing if warranted, formulating solutions, or executing and tracking progress.

Of ten major change areas,

* *Significant organizational change is ongoing and upcoming*. In most named areas, over half of the responding organizations are formulating solutions or executing and tracking progress.
* *Innovative and new models to finance programs* is the top change area – under consideration or enactment by 96% of organizations. More specifically,
  + 18% are assessing if innovative and new models to finance programs are warranted,
  + 57% are formulating such solutions, and
  + 21% are executing and tracking progress.
* *M&A* considerations are noteworthy given the deep business implications of such a change, with 48% considering or enacting mergers and acquisitions.
  + 28% are assessing if significant M&A change is warranted,
  + 14% are formulating M&A solutions, and
  + 6% are executing and tracking M&A progress.
* Only 4% of executives report no overall significant organizational change in their future. Stepping back to look at overall significant organizational change, almost half are formulating solutions and an additional quarter are executing and tracking progress. Efforts are reported to be solidly under way. 19% are still assessing if significant change is warranted.

1. **Six trends will have a significant or fundamental impact on over half of responding organizations.**

Source: Question seven

When asked of fifteen major ongoing trends, six were identified by the majority of executives as having a significant or fundamental impact on their organizations.

* *Tech / digital transformation 58%*

The next three trends of significant or fundamental organization impact were disproportionately rated alike and often commented on together. In fact, 25 executives rated each of these three trends as having significant impact or fundamentally changing their organizations.

* *Increased migration flows 56%; Rising inequality 56%; Climate change 54%*
* *New and nontraditional mechanisms to finance programs 53%*
* *Increasing focus on gender 53%*

1. **Though executives have general confidence in their board’s commitment to organization success, they are much less sure of board knowledge of the changing realities of the sector or of their board understanding its role in helping the organization to thrive.**

Source: Question nine

In open-ended comments, the top-named ways to help strengthen boards were to provide networking where boards or board chairs could meet and learn from each other, and to provide boards with knowledge on key trends and challenges.

1. **Advocacy and efforts to shape public sentiment are on the rise.**

Source: Question six

Regarding both advocacy and public engagement *increases*, a noteworthy number of organizations indicate they are assessing if significant growth is warranted, are formulating efforts, or are executing and tracking progress.

Regarding both advocacy and public engagement *decreases*, most organizations that said they are assessing decreases also said that they are assessing increases.

1. **The top two changes funders could make to positively impact organizations: more core or unrestricted support and better real-costs coverage.**

Source: Question eight

The top two organization-impact adjustments funders could make that would *fundamentally change* member organizations are believed to be more core or unrestricted support and better real-costs coverage including overhead.

Longer impact timelines rose to the top for making a *significant* difference.

The least impactful of seven given options was to co-create.

1. **The top desired support from InterAction is more peer engagement – though conduit depends on the topic area.**

The top way executives want InterAction to support their organizations’ agility is through more peer engagement, followed by a library of peer-recommended consultants and resources.

**10. Many executives want InterAction to increase enabling collaboratively influencing the world around us.**

We asked for open-ended commentary regarding how to best help the sector evolve. Most frequent comments surrounded enhanced collaboration within the community and / or with like-minded institutions. Additional repeat-mention areas are leadership and organizational development, macrotrends, business models, and influencing governments and structures surrounding our missions.