



Next-Gen Governance: What Directors Need to Know for 2026

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Over the past 18 months, I've had the privilege of being coached, mentored and taught by some of the governance industry's leading board directors, C-suite executives, consulting firm thought leaders, technology visionaries and academics, and associations (NACD, PDA, Athena Alliance, DCRO Institute and many others). It is with gratitude, and recognition of the responsibility to execute and share their guidance, that this article was written.

As we approach 2026, boards face an environment defined by volatility, rapid technological transformation, rising stakeholder expectations, and unprecedented geopolitical complexity. The governance landscape is not merely shifting—it is accelerating. Directors who once relied primarily on independence, financial acumen, and traditional oversight now need deeper technical fluency, wider geopolitical awareness, and the ability to engage management with forward-looking strategic insight.

This article—adapted from my remarks for the NACD webinar *Next-Gen Governance: What Directors Need to Know for 2026*—offers a comprehensive look at the most important board-level developments emerging for the year ahead. It provides a strategic road map anchored in research, expert commentary, and practical recommendations for high-performing boards. For further detail on topics, see the Bibliography and Endnotes.

The 2026 Outlook: Three Trends and Knowledge Areas Boards must Prioritize

When directors ask what's critical to assess heading into 2026, three domains are critical, each with profound implications for strategy, risk oversight, talent, and long-term value creation.

1. Geopolitical and Regulatory Volatility

Global disruptions (wars, sanctions, tariff escalations, reshoring policies) continue to reshape supply chains and capital flowsⁱ. Regulatory developments across ESG, AI, cybersecurity, data governance, energy policy and M&A are also accelerating. Recent Spencer Stuart and Diligent research pieces reinforce these concernsⁱⁱ.

Boards must monitor risks from: i) geopolitical realignment affecting trade flows, procurement, and commodity costs; ii) rising exposure to AI, cyber, physical and quantum security threats; and iii) the intersection of government and industry through sovereign development and national industrial policy. This aligns with recent research from Spencer Stuart and Diligent, both of which highlight geopolitics, regulation, and board-skills gaps as top concerns heading into 2026.

2. Digital Transformation: AI, Blockchain, Quantum, and the Future of the Business Model

The enterprise is being rewired from the inside out. Artificial intelligence is driving a fundamental revaluation of cost structures, competitive dynamics, and productivity. Blockchain adoption is accelerating in supply chains and fintech. Quantum computing, while still early, is advancing and will reshape cybersecurity, materials science, and optimizationⁱⁱⁱ. Tom Petro describes AI as “the most profound transformation since the Industrial Revolution”^{iv}.

In this environment, boards must move beyond surface-level updates and cultivate deeper technical conversance. Tom Petro calls this the *most profound business transformation since the Industrial Revolution*, highlighting structural shifts such as: i) “Learn before doing” replacing traditional planning cycles; ii) scale potentially becoming a liability if it prevents speed and agility; iii) autonomous agents altering workforce and workflow design; and iv) learning velocity emerging as the new competitive moat.

3. Climate Risk and Stakeholder Governance

Climate risk impacts insurance, financing, housing, infrastructure reliability, and supply chains. These risks are converging with heightened societal expectations around diversity, resilience, and long-term sustainability^v. Harvard Law School research documents a surge in activism themes relating to climate, governance, and human capital.

Boards must expand oversight in: i) Climate-related financial exposures; ii) infrastructure resilience (especially for energy, water, and utilities); iii) community and social license dynamics (data centers,

wind farms, transmission corridors); and iv) shareholder activism on climate, governance, and human capital. Harvard Law School's Corporate Governance Forum has already documented a rise in activism themes tied to technology, climate, and identity^{vi}.

The Strategic Advisory Role of the Board: How Directors Must Evolve

The expanding complexity of the 2026 environment requires directors to play a more strategic—not just supervisory—role in partnering with management. In 2025, directors averaged **250+ hours** of board work—driven by geopolitics, regulation, technology, and talent.

1. Boards Are Becoming More Engaged: The 250+ Hour Director

Directors logged approximately 250+ hours per year of board service in 2025, up significantly from prior norms. High-performing boards excel in: i) Geopolitical insight (tariffs, trade barriers, wars, sanctions); ii) relational engagement (DEI, ESG, M&A approvals, sovereign industrial policy); iii) experiential learning; iv) applied technology learning (AI, cybersecurity, quantum); and v) technical upskilling Talent and productivity challenges - Paul Halpin emphasizes shifting directors from “waiting to be updated” to actively envisioning AI-driven futures. More hours only help if boards are focusing on, and doing, the right things.

2. What High-Performing Boards Do Differently

Boards strengthening their strategic value tend to excel in five domains – i.e. they *implement*:

- a. **Geopolitical Insight:** Directors conduct daily analysis of macro events affecting company operations, asking questions: Which assumptions need to be challenged? Where are supply chain chokepoints emerging? How will elections and regulatory shifts affect the business?
- b. **Relational Engagement Among Directors:** High-quality relationships enable candid debate, faster decision-making, and fewer blind spots. Between-meeting discussions—within committees and as cross-board dialogues—accelerate understanding.
- c. **Experiential Learning:** Site visits, scenario-based tabletop exercises, and participatory meetings with regulators, customers, and shareholders deepen directors' contextual awareness.
- d. **Applied Learning on Technology:** Boards must advance AI and digital literacy—not through passive updates, but through: i) Self-directed training; ii) participation in management innovation briefings; iii) engaging external experts; and iv) using real AI tools in board portals and analytics. Paul Halpin notes: *Directors must stop waiting to be updated and instead actively envision the company in an AI-driven reality.*

- e. **Technical upskilling:** Finance, HR, cybersecurity, digital architecture, and climate risk require ongoing refreshers. NACD, HBS, CFA Institute, and PDA offer high-value programs.

3. Tools for the 2026 Boardroom: What Directors Can Implement Now

Boards ask: *What are practical tools we can deploy tomorrow to improve oversight?* Here are five:

- 1. Daily Geopolitical Risk Briefings** - A daily one-page summary—circulated by the board chair or chief risk officer—keeps directors aligned on macro events affecting operations.
- 2. Relational Cadence** - Committee chairs should engage directors between meetings to: share insights, align on big bets and surface concerns early.
- 3. Experiential Engagement** - Directors should join management for facility visits, customer engagements, and legislative meetings at least annually—ideally more.
- 4. Applied Learning and Scenario Exercises** - Annual board education should include: i) AI and cyber tabletop exercises; ii) stress-tests of strategy; iii) quantum-risk scenarios; and iv) market disruption simulations.
- 5. Technical Tools and Board Portal Utilization** - Boards should require: i) annual refresher training for finance, governance, and talent topics; ii) familiarity with analytics dashboards - Use of analytics and AI tools in board portals; and iii) use of AI summarization and document-comparison features.

Strengthening Processes and Practices: Board Evaluations as a Strategic Engine

NACD's 2025 survey found weak candid feedback, limited management input, overly subjective surveys and poor follow-through in board evaluations. NACD's research also notes the challenges of assessing and improving board dynamics and groupthink, insufficiently-trained committee members and chairs, and building psychological safety. Boards that treat evaluations as strategic engines—not compliance checkboxes—gain significant advantage.

Paul Halpin emphasizes that a high-performing evaluation model implements a Board Health Check with: i) digitized 360° feedback, anonymous and transparent—starting with the chair; ii) review of evaluation tools to ensure actionable insights; iii) assessment of boardroom dynamics, identifying who contributes, who dominates, and where groupthink emerges; iv) peer observation or “shadow boards” to introduce fresh perspectives; and v) reframing evaluation as innovation, not criticism.

Rani Doyle (KPMG) proposes an enhanced evaluation model: Performance-based Governance. This model enhances governance by aligning it to performance through: i) clear KPIs and KRIs; ii) dashboards with

real-time data; iii) clearly defined and appropriately/regularly updated roles and responsibilities; and iv) Agenda allocation tied to outcomes.

Paul Halpin also notes that Boards are significantly helped or hindered by excellent or passive/lagging Committee Chairs. He describes exceptional Committee Chairs: i) prepare members with training and context; ii) escalate risks early; iii) translate complexities into strategic implications; and iv) shape agendas to look ahead, not review the past.

Board 2.0 Composition: Ensuring the Board Is “Future-Fit” for 2026

The composition discussion has intensified due to rapid technological change, rising stakeholder expectations, and increased activist engagement. Years ago, Board Advisor coined the term Board 2.0^{vii}, which is particularly germane and needed in 2025+, as massive geopolitical, technology and demographic shifts emerge.

1. Agentic AI’s Impact on Strategy and Structure: AI is collapsing timeframes, transforming cost structures, and creating new governance risks. Boards must incorporate: AI literacy, digital operations understanding, cyber and quantum resilience, and data governance maturity. Policies need to be created/reviewed for each of these components.

2. Board Effectiveness Gaps: Paul Halpin highlights troubling data: Only 30% of the C-suite rates their boards as good/excellent, and fewer than 50% of directors believe psychological safety exists in the boardroom. Results from NACD, Russel Reynolds and Spencer Steward are similar. Boards must implement: annual effectiveness reviews, psychological safety assessments, skills matrix updates (to include AI, digital, cyber, climate, international and robust risk capabilities), structured onboarding and ongoing training, and time-allocation audits/enhancement.

3. Stakeholder and Shareholder Engagement: Boards must closely monitor social, environmental, and political dynamics. Activism is rising, targeting climate, governance, and tech gaps. Activists are winning more seats by focusing on themes such as: technology gaps, climate exposure, human capital and culture, and diversity and representation.

4. AI Governance and Data Integrity: Many industry experts and regulators (e.g. OECD, ISO, and NIST) emphasize the vulnerability and need to properly govern its use. Dominique Shelton Leipzig provides an actionable TRUST framework to guide data (particularly in the context of AI and cybersecurity) management and oversight: i) Triage risks; ii) Right data—secure and IP-protected; iii) Uninterrupted monitoring; iv) Supervision; and v) Technical documentation. Boards must request AI inventory reports, define harm thresholds, and ensure continuous monitoring.

5. Education and Upskilling Requirements: Boards are rapidly expanding training requirements in: data & analytics, digital ecosystems, global regulation, cybersecurity and quantum threats, sustainability and risk oversight. Programs include NACD CERT, CFA climate certifications, Harvard Business School AI courses, DCRO Institute risk courses, and NACD and PDA governance masterclasses.

Conclusion: The Board Director's Agenda for 2026

This past 18 months has been an adventure in growth, leadership and serving – driven by the example of so many governance professionals - board directors, C-suite executives, consulting firm thought leaders, technology visionaries, academics and associations' events and publications (NACD, PDA, Athena Alliance, DCRO Institute and many others). The clear message of these professionals is clear: *The complexity facing corporations is outpacing traditional governance structures. Directors who fail to adapt will constrain—not support—their organizations' strategic agility.*

As we enter a year that promises more volatility—and more opportunity—than any prior period, directors must lead with clarity, curiosity, and courage. The call to action is simple - to remain effective, boards must:

Adopt a learning mindset - Directors should pursue ongoing education—not as an obligation, but as a competitive advantage. *Be more informed* than the environment requires

Challenge legacy assumptions - Boards must probe deeper, question past models, and think creatively about emerging risks. *Be more engaged* than the job description suggests

Increase strategic time allocation - Top-performing boards allocate **60%+ of meeting time to strategy**. Those that spend most of their time reviewing historical reports fall behind.

Elevate psychological safety and candor - Boards must welcome dissent, encourage quieter voices, and create space for deeper thinking. *Be more adaptable* than the organization expects

Build future-fit composition and processes - Skills matrices must evolve; term limits, refreshment policies, and active succession planning are essential.

Boards that rise to this moment will not only strengthen oversight—they will enhance foresight, build resilience, and position their organizations for long-term success. This is what *Next-Gen Governance* demands.

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