






## Capacity to Serve as Exemplary Leaders & Stewards



Don Trone, GFS  
CEO  
Behavioral Governance Institute



-  Our training is based on a universal decision-making framework...it can be applied to any industry, sector, or domain...and can be used to lead a team, division, department, C-suite, board, or investment committee.
-  We incorporate AI, neuroscience, heuristics, and algorithms to help accelerate adult learning and improve retention.
-  We recognize that successful trustees today have taken on more responsibilities than just managing investment decisions.

# BEHAVIORAL GOVERNANCE DEFINED

*Behavioral Governance is a new body of research that studies the interrelationships between Leadership, Stewardship, and Governance*



- **Leadership** is your capacity to inspire and engage others.
- **Stewardship** is your passion and discipline to protect the long-term interests of those you serve.
- **Governance** is your ability to manage the details of a prudent decision-making process.

# ORIGINS OF BEHAVIORAL GOVERNANCE

The quest to understand how we can be better leaders, stewards, and decision-makers for our clan and tribe is as old as the written and spoken language.



Don Trone

U.S. Coast Guard Academy



Sean Hannah, Ph.D.

U.S. Military Academy

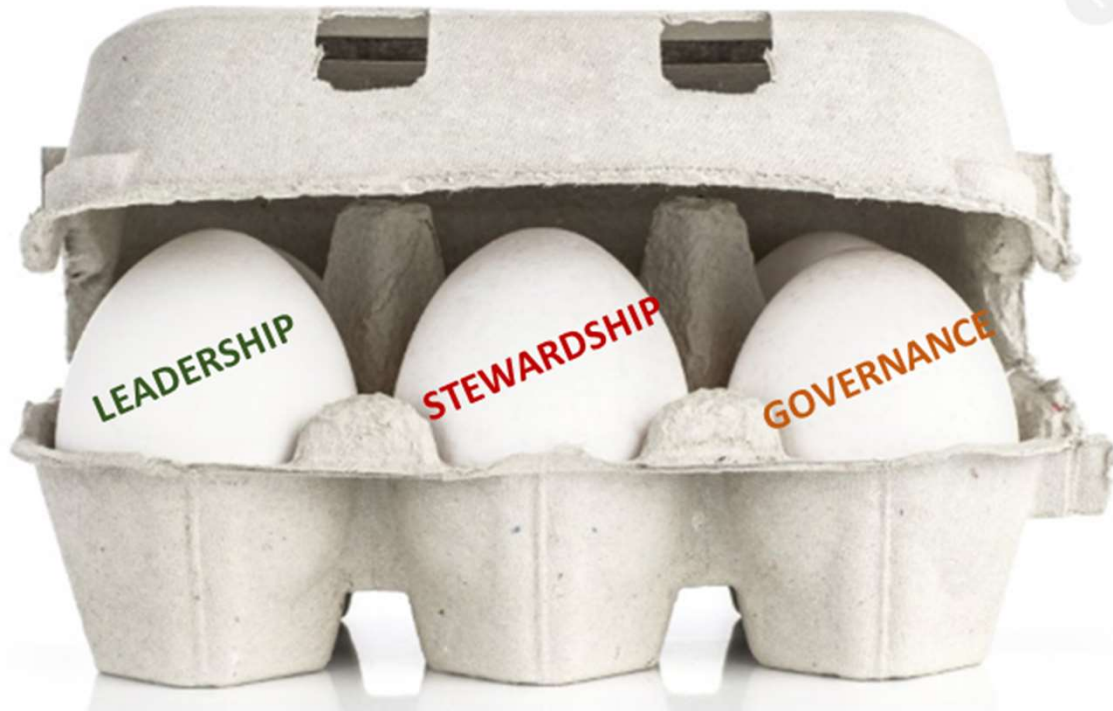




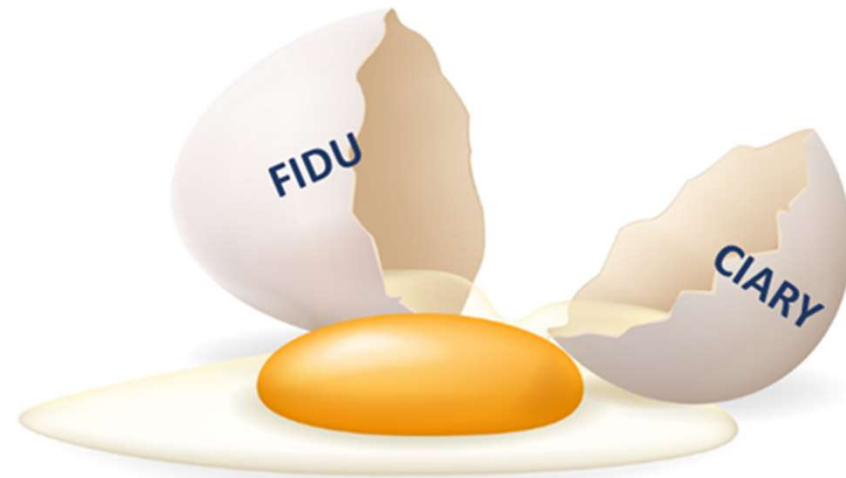
*“The Coast Guard faced many of the same challenges as other government agencies in responding swiftly to Hurricane Katrina -- and yet it was able to outperform all of them... Its service in the hours after Katrina descended on New Orleans has been the one bright spot to an otherwise dismal early government response.”*

*The Washington Times,  
September 8, 2005*



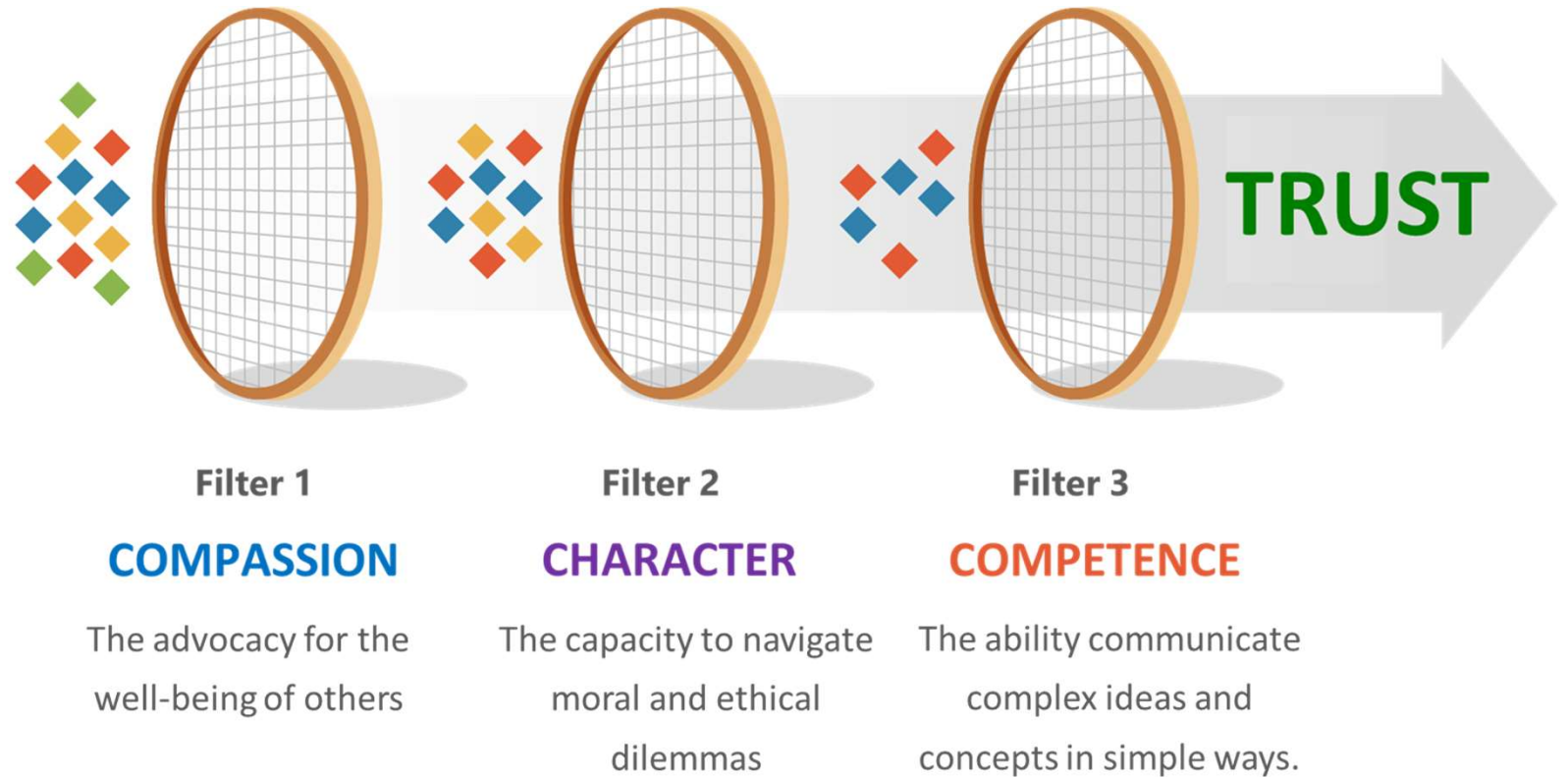
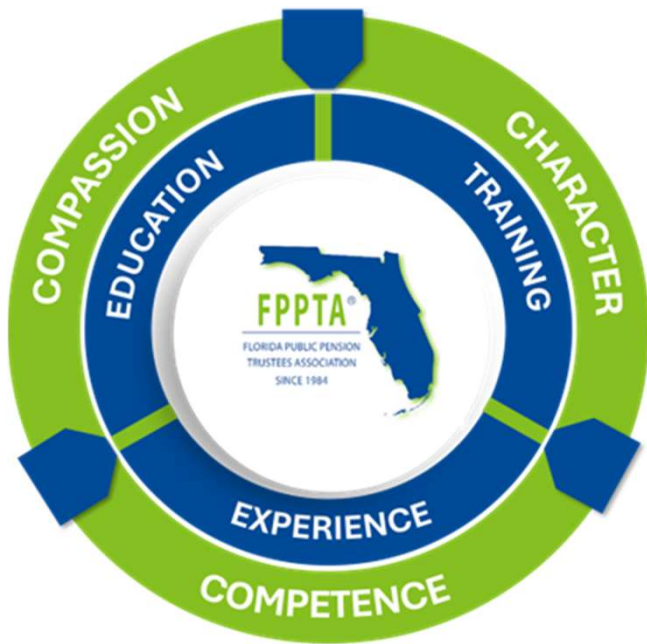


**This is your brain when there's a continuum between your Leadership, Stewardship, and Governance**



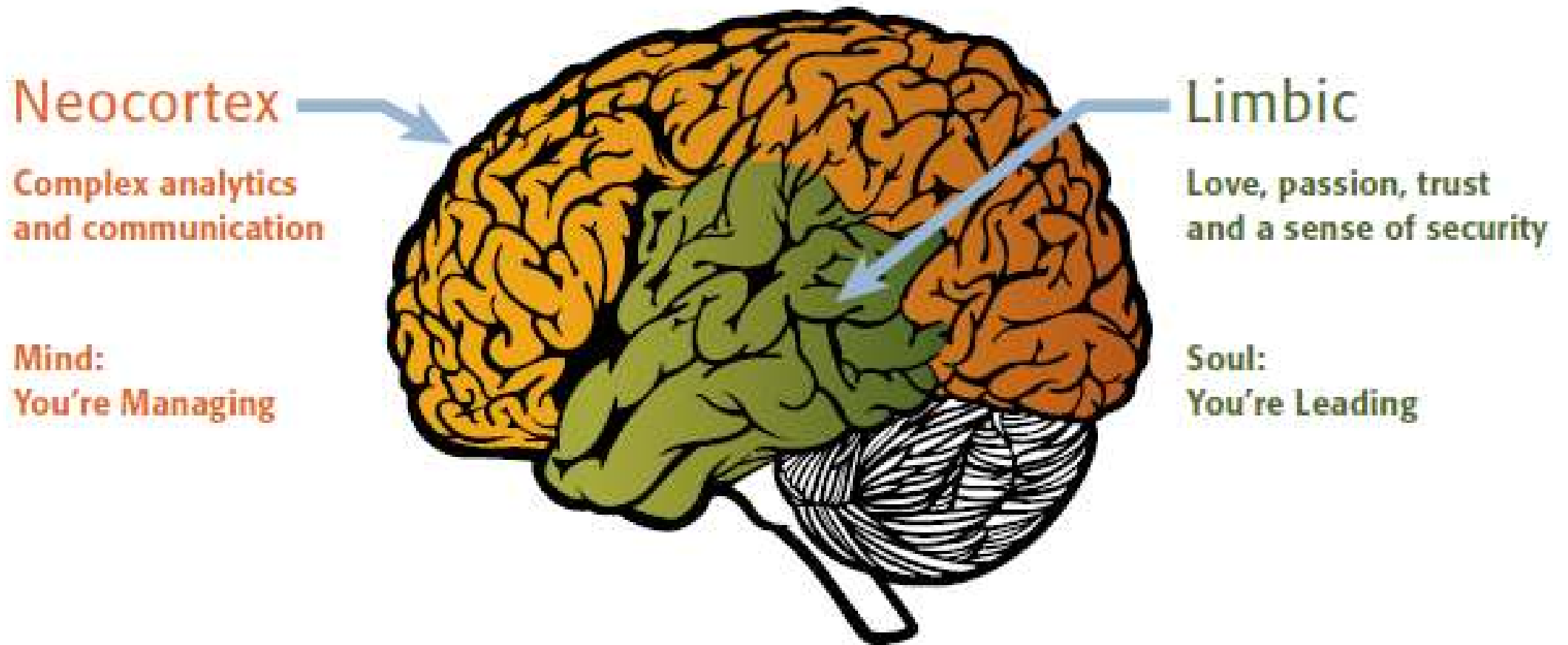
**This is your brain when you don't have a framework for managing your fiduciary responsibilities**

# HOW TO BUILD TRUST



# LEADERSHIP IS EXHILARATING – REGULATIONS ARE EXHAUSTING!

*Complexity often is an inhibitor to the formation of trust!*





# MANAGEMENT, LEADERSHIP, AND BEHAVIORAL GOVERNANCE

Management is about influencing processes, systems, and resources.

Leadership is about influencing the people that drive those processes and systems.

Behavioral Governance is understanding how to synchronize both functions.





*Leadership is your capacity to inspire and engage others.*

# BEHAVIORAL GOVERNANCE FRAMEWORK

## LEADERSHIP BEHAVIORS



### COMPETENT

Do key decision-makers:

- 1. Maintain knowledge of the latest best practices?
- 2. Provide insight/expertise for others?
- 3. Exhibit proficiency and expertise?
- 4. Explore multiple alternatives when dealing with complex decisions?
- 5. Continually develop and learn new skills and abilities?



# BEHAVIORAL GOVERNANCE FRAMEWORK

## LEADERSHIP BEHAVIORS



### COLLABORATIVE

Do key decision-makers:

- 1. Foster excellence in others?
- 2. Encourage others with different viewpoints to voice ideas/opinions?
- 3. Create a shared commitment to achieve objectives?
- 4. Build a sense of community and ownership?
- 5. Energize others to pursue a higher purpose/calling?

# BEHAVIORAL GOVERNANCE FRAMEWORK

## LEADERSHIP BEHAVIORS



**COURAGEOUS**

**Do key decision-makers:**

- 1. Take a stand on issues when needed?
- 2. Remain resilient despite setbacks?
- 3. Maintain composure when faced with adversity?
- 4. Overcome unfavorable situations?
- 5. Take action to achieve goals and objectives despite fears/risks?



"Bummer of a birthmark, Hal."

## COMPASSIONATE

**Do key decision-makers:**

- 1. Place the interests of others first?
- 2. Show empathy when dealing with others?
- 3. Demonstrate that others can count on them for support?
- 4. Make people feel valued and respected?
- 5. Advocate for the well-being of others?



# BEHAVIORAL GOVERNANCE FRAMEWORK

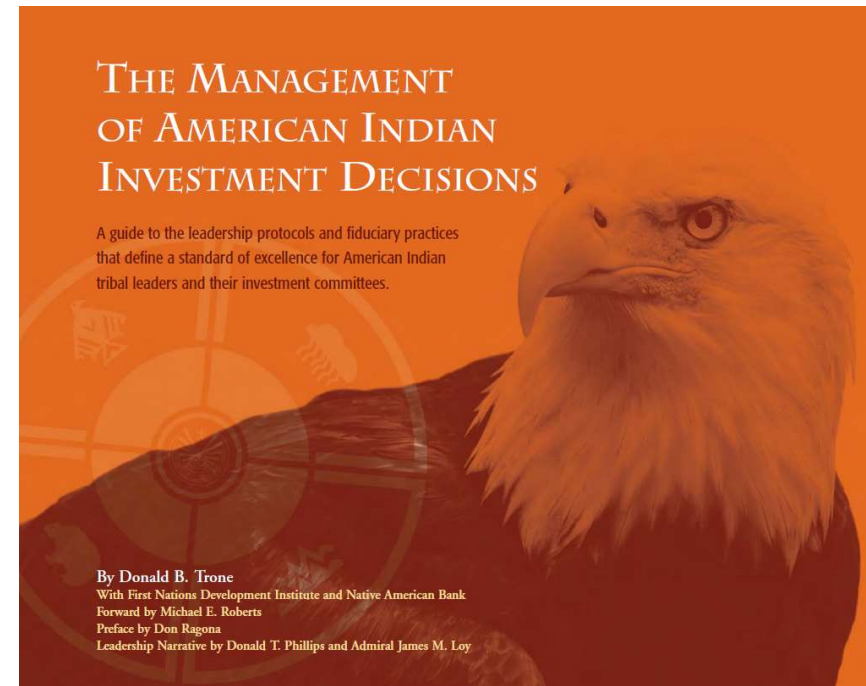
## LEADERSHIP BEHAVIORS



**CHARACTER-FULL**

**Do key decision-makers:**

- 1. Inspire others to do the right thing ethically?
- 2. Act in moral and ethical ways?
- 3. Emphasize values/principles during decision-making?
- 4. Act in ways that earn the trust of others?
- 5. Contribute to an ethical work climate?



*To serve others, to be of some use to family, community, nation, and the world, is one of the main purposes for which human beings have been created.*

*Do not fill yourself with your own affairs and forget your most important talks.*

*True happiness comes only to those who dedicate their lives to the service of others.*

*— The Sacred Tree*





***Stewardship is the passion and discipline to protect the long-term interests of others.***



# BEHAVIORAL GOVERNANCE FRAMEWORK

## STEWARDSHIP BEHAVIORS



### ALIGNED

**Do key decision-makers:**

- 1. Ensure decisions are consistent with standards, procedures, policies, or regulations?
- 2. Manage competing demands to achieve objectives?
- 3. Confirm all tasks are consistent with stated goals and objectives?
- 4. Seek all relevant data/information before making decisions?
- 5. Communicate a compelling vision for the future?

# BEHAVIORAL GOVERNANCE FRAMEWORK

## STEWARDSHIP BEHAVIORS



**ACCOUNTABLE**

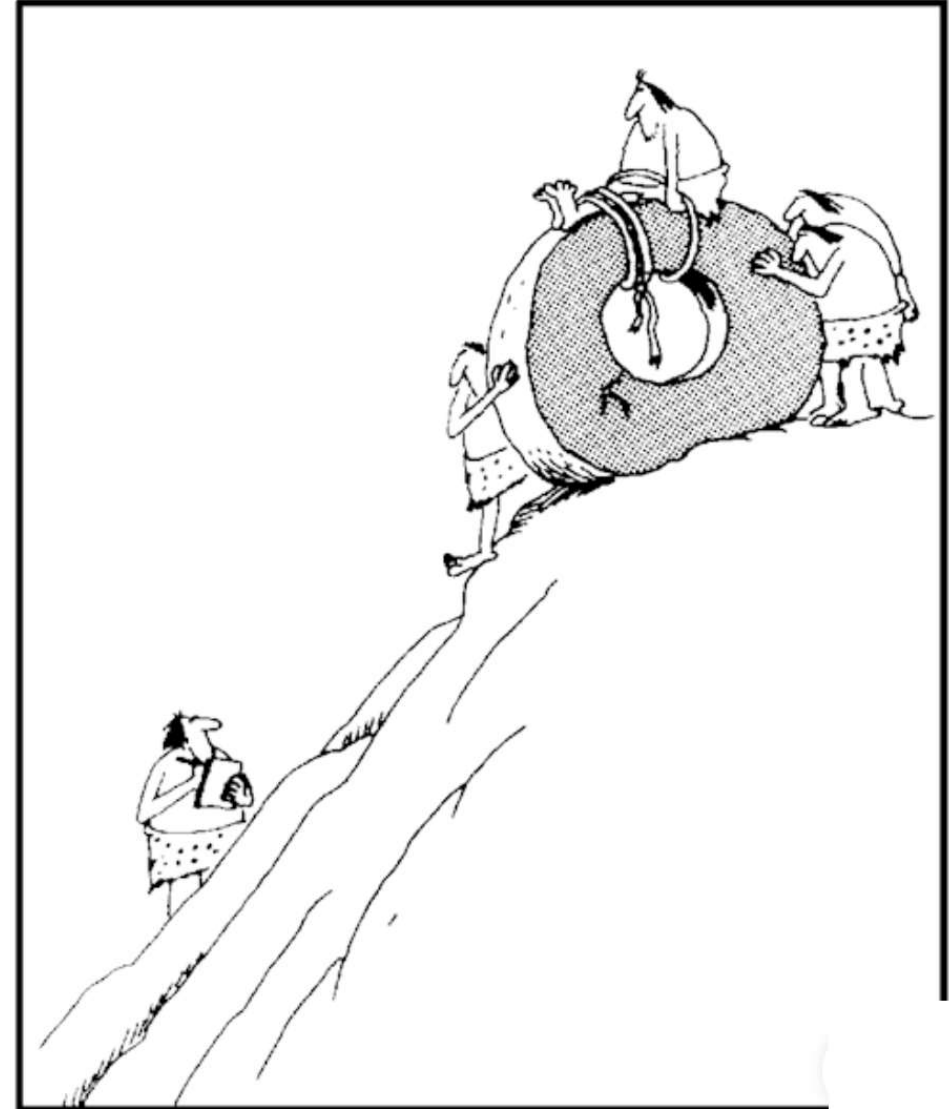
**Do key decision-makers:**

- 1. Assume personal responsibility for outcomes?
- 2. Provide responsible stewardship for the resources of others?
- 3. Control their thoughts and behaviors?
- 4. Make themselves available/accessible when needed by those served?
- 5. Fulfill commitments to others?

## ADAPTIVE

### Do key decision-makers:

- 1. Balance risks and rewards when making decisions?
- 2. Reallocate resources as the situation requires?
- 3. Adapt behaviors to enact responses to ill-defined, changing, and evolving situations?
- 4. Demonstrate a willingness to change in response to criticism/feedback?
- 5. Adjust priorities as information changes?



Early experiments in transportation

# BEHAVIORAL GOVERNANCE FRAMEWORK

## STEWARDSHIP BEHAVIORS



**AUTHENTIC**

**Do key decision-makers:**

- 1. Ensure words and deeds are consistent with stated core values?
- 2. Tell people the true intentions and motives behind decisions/actions?
- 3. Demonstrate that they are genuine and free from pretense?
- 4. Admit mistakes and shortcomings?
- 5. Demonstrate that work is driven by their sense of purpose?



# BEHAVIORAL GOVERNANCE FRAMEWORK

## STEWARDSHIP BEHAVIORS



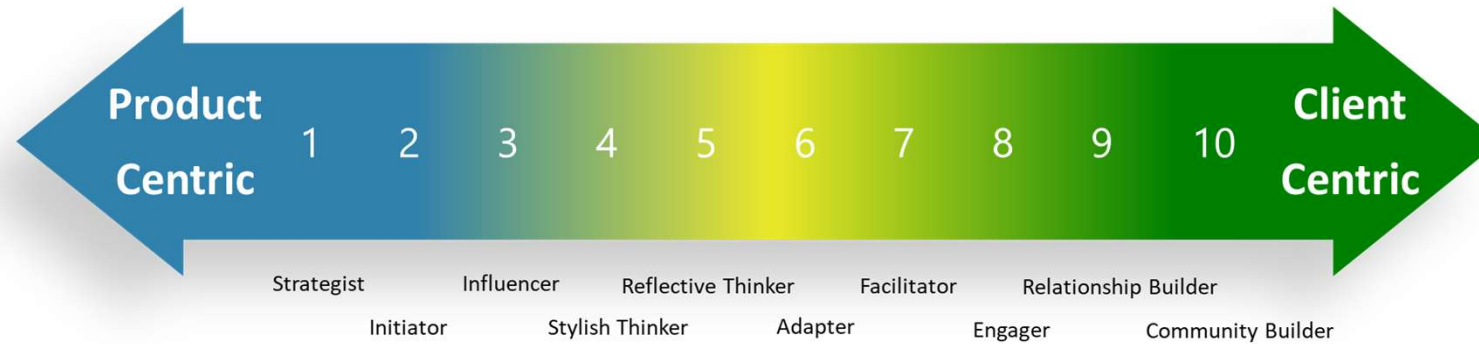
### ATTENTIVE

**Do key decision-makers:**

- 1. Seek all relevant information before making decisions?
- 2. Recognize changing circumstances that may impact goals and objectives?
- 3. Identify future trends/events that could create opportunities?
- 4. Pick up social cues to know how their behavior may impact others?
- 5. Detect threats or opportunities that may impact stated goals and objectives?



FPPTA Training



FPPTA BOT

<https://bit.ly/FPPTA-BOT>

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# We Need Trustees Who Are...

*Compassionate, character-full, collaborative, competent, and courageous...who are passionate and disciplined about protecting the long-term interests of those they serve.*

*Active listeners and observant...who can promote inclusiveness and gather information about a particular situation and use it to engage others and to foster shared reflections.*

*Genuine in both their written and spoken word, and who can adapt and customize their communications to their audience...who can be inclusive of contentious points, yet also be affable and capable of demonstrating a sense of humor.*

*Not afraid to be vulnerable and recognize that they don't have to win every argument to be in control... who can absorb more risk and be more resilient.*



*Have the capacity to evolve...who can pivot as new ideas and challenges are presented.*

*Can generate a greater ROI because they are able to do more with less and collaborate with team members who have diverse talents and ideas...who will focus on issues that can be controlled and won't get hung up on missed opportunities.*

*Able to keep a sense of perspective in the face of adversity...who can see optimistic outcomes despite known risks.*

*Comfortable being a champion of others' initiatives...who may be the smartest person in the room but won't have to prove it...who have a sense of vision and feel confident to move forward when others want to gather more facts.*

***Perhaps most important, we need trustees who connect with their sense of purpose, who are passionate about their life's work, and who have a well-defined process for managing key decisions.***



## Lead to Serve

Make your work and life meaningful.  
Lead so that you can be of service to others.

Be the point of inspiration for moral, ethical,  
and prudent decision-making.

Don Trone, GFS  
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