



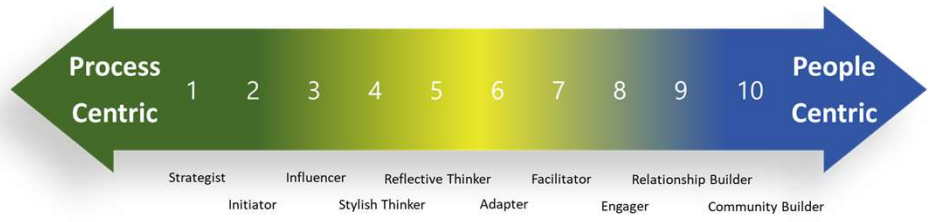
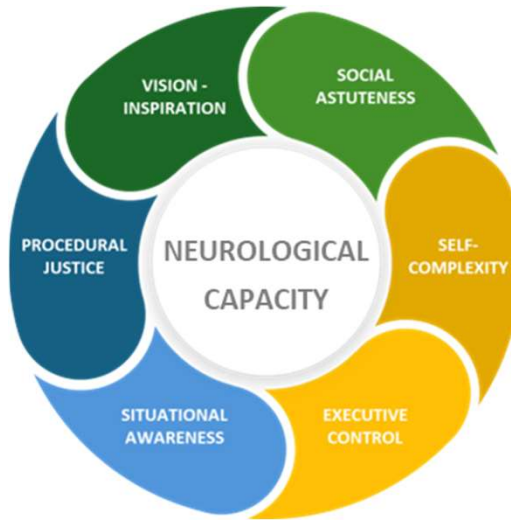
## Capacity to Serve as Exemplary Leaders & Stewards



Don Trone, GFS  
CEO



**C + I = B + E**  
**Pension Formula**



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

## STEP 1: ENGAGE

C, I, B, E

### Do key decision-makers:

- 1.1 Decide on who's going to lead?
- 1.2 Collaboratively develop goals and objectives?
- 1.3 Ensure goals and objectives align with regulations, policies, and procedures?
- 1.4 Centrally file documents associated with goals and objectives?



# Pension Formula

$$C + I = B + E$$

Contributions + Income = Benefits + Expenses

## STEP 2: EXPLORE

C, I

### Do key decision-makers determine:

R

A

T

E

- 2.1 Sources and levels of **RISK** that may prevent goals and objectives from being attained?
- 2.2 Sources and levels of the plan's **ASSETS** available for attaining goals and objectives?
- 2.3 The **TIME HORIZON** for each goal and objective?
- 2.4 The short-term **EXPECTED OUTCOMES** associated with each goal and objectives?
- 2.5 Liquidity requirements?

## STEP 3: ENVISION

C, I, B, E

### Do key decision-makers:

- 3.1 Develop a strategy that considers **RATE (RISKS, ASSETS, TIME HORIZONS, and EXPECTED OUTCOMES)**?
- 3.2 Verify that the strategy has the highest probability of achieving goals and objectives?
- 3.3 Ensure the strategy includes generally accepted best practices?
- 3.4 Ensure key decision-makers have the time, talent, temperament, tools, and technology to implement the strategy?
- 3.5 The strategy is approved and signed off?

R

A

T

E

## STEP 4: EXECUTE

I, B, E

### Do key decision-makers:

- 4.1 Determine the resources, people, and technology needed to implement the strategy?
- 4.2 Prudently delegate when lacking expertise?
- 4.3 Use a consistent due diligence process when selecting prudent experts?
- 4.4 Control and account for costs, fees, and expenses associated with the strategy?
- 4.5 Confirm the reasonableness and appropriateness of costs, fees, and expenses?




## STEP 5: EXAMINE

I, B, E

### Do key decision-makers:

- 5.1 Monitor the strategy to periodically determine whether goals and objectives can be met?
- 5.2 Reallocate resources, when necessary, in order to meet stated goals and objectives?
- 5.3 Monitor experts that were hired?
- 5.4 Monitor all service providers and other decision-makers for self-dealing and conflicts of interest?
- 5.5 Ensure their organization has a Code of Excellence, Code of Ethics, or Code of Conduct?



-  Our training is based on a universal decision-making framework.
-  We incorporate science to help accelerate adult learning and improve retention.
-  We recognize that successful trustees often take on multiple responsibilities.





***“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***



# 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

# 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.

# 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.



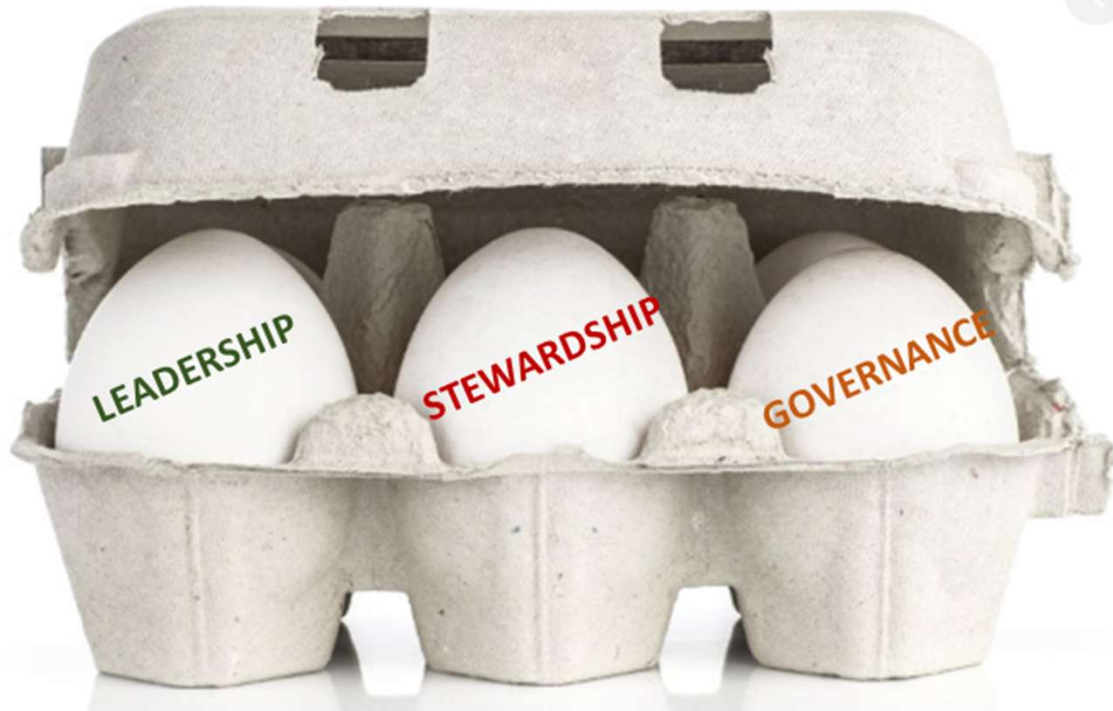


# FIDUCIARY DEFINED

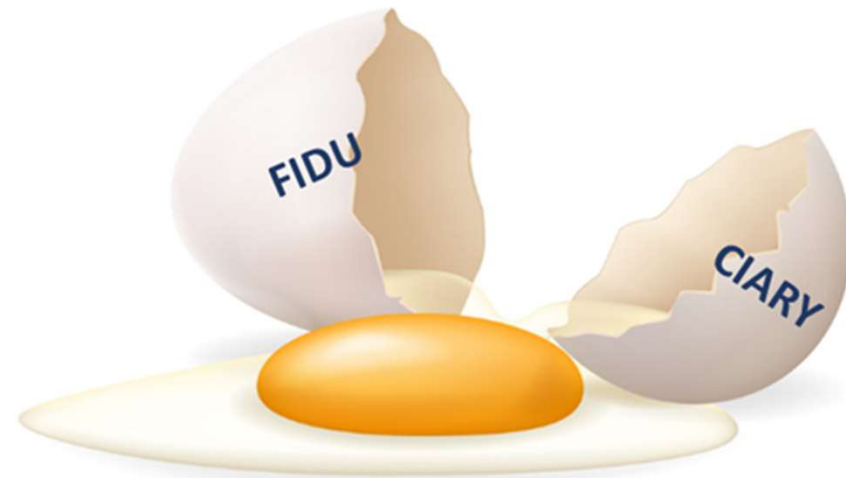
*A fiduciary is a steward cloaked in a legal shawl.*

*Fiduciary responsibility is a commitment to (1) judge wisely and objectively, and (2) ensure that all processes and procedures are congruent with stated goals and objectives.*

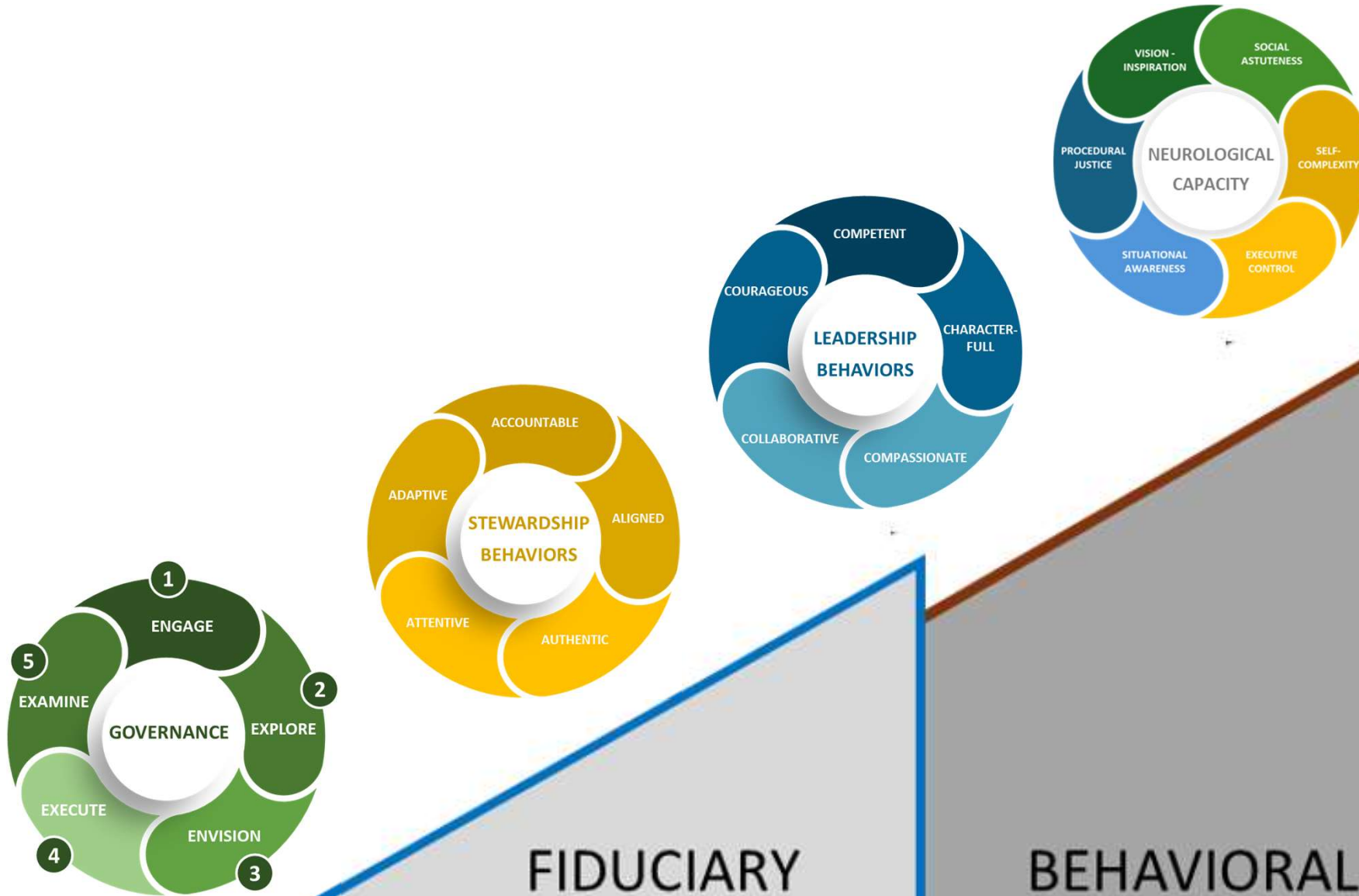
Don Trone



**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**



FIDUCIARY

BEHAVIORAL GOVERNANCE



# QUALITY OF DECISION-MAKING OUTCOMES

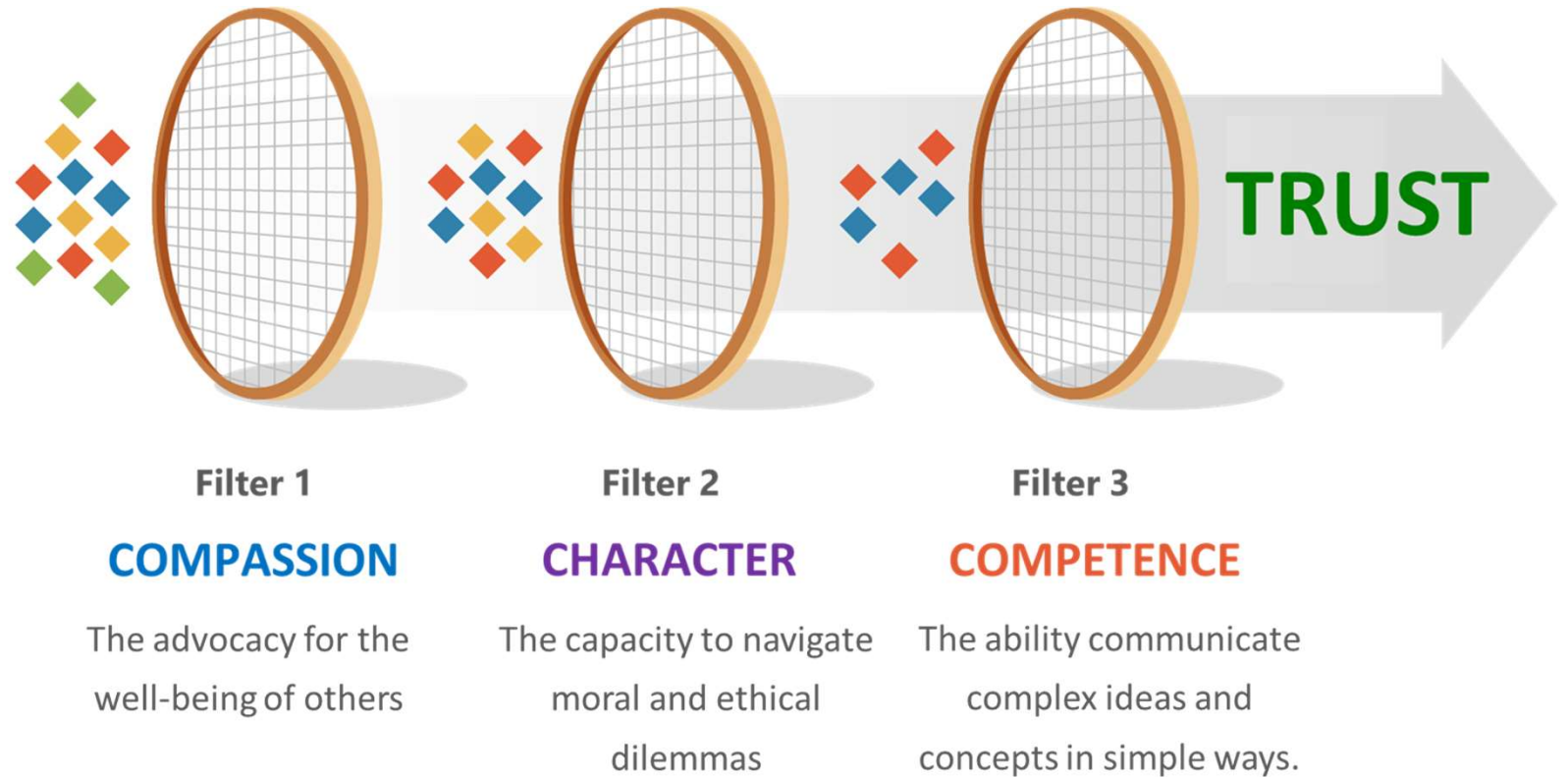
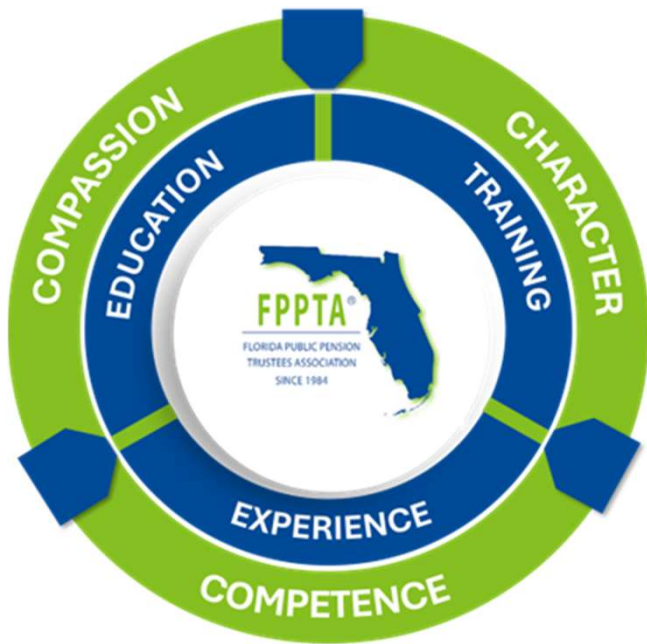
60% Determined by Governance



40% Determined by Behaviors



# HOW TO BUILD TRUST





Are great trustees born or made?

Research demonstrates that there are certain people who are better wired to lead and share similar neurological capacity.

Our Neurological Capacity oftentimes becomes the source of default behaviors when we're under stress or fatigued.





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



"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?



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



*Governance is your ability to manage the details of a prudent decision-making process.*



R  
A  
T  
E

## STEP 2: EXPLORE

Do key decision-makers determine:

- 2.1 Sources and levels of **RISK** that may prevent goals and objectives from being attained?
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# THE MANAGEMENT OF AMERICAN INDIAN INVESTMENT DECISIONS

A guide to the leadership protocols and fiduciary practices  
that define a standard of excellence for American Indian  
tribal leaders and their investment committees.

By Donald B. Trone  
With First Nations Development Institute and Native American Bank  
Forward by Michael E. Roberts  
Preface by Don Ragona  
Leadership Narrative by Donald T. Phillips and Admiral James M. Loy



*Out of the Indian approach to life there comes a great freedom—an intense and absorbing love for nature; a respect for life; enriching faith in a Supreme Power; and principles of truth, honesty, generosity, equity, and brotherhood as a guide to mundane relations.*

*— Luther Standing Bear, Oglala*



# 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.*