Navigate the 2016 Presidential Transition with Confidence

5 Tips for Every Federal CFO

By Gregory Pellegrino and Saagar Thakkar
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Presidential campaigns and elections are complex, chaotic processes often characterized by uncertainty and unpredictability. This year's contest for the White House is no exception.

One certainty looms for federal CFOs and their teams as the candidates continue to go through their campaign milestones - the inevitability of disruptive change. Regardless of which candidate eventually wins the White House, senior financial managers across federal agencies face formidable challenges.

The numbers tell part of the story. The transfer of power and responsibility post-election is massive, with an anticipated turnover of 4,000 federal executives in 2017. For perspective, that would be equivalent of half of the Fortune 100 senior executives leaving their positions at the same time. Take a look back to 2008 - the last time we had a new occupant in the Oval Office - and one that emerged from a different party than his predecessor. Transition was slow and complicated. Nearly half of the critical positions, for example, went unfilled for at least one month after the election.

The appointment process can mean a wave of new leaders inexperienced in public service and puts the spotlight on political appointees and their interaction with career government officials. It's estimated that 50 percent of appointees taking office during presidential transitions don't have Federal government backgrounds, potentially resulting in a significant number of senior leaders entering an agency and finding themselves overwhelmed. For CFOs and their financial teams, engaging effectively with appointed leadership is essential.

During the first 100 days, that critical first phase of any new administration, CFOs should focus on crafting a strategy, developing new relationships, finding the money needed to support existing FY17 priorities and the FY18 priorities of the President-elect.

During a recent Deloitte conference with the Senior Executives Association (SEA), the prominent group of government agency leaders, Deloitte learned that even having some experience in navigating complex transitions doesn't make the transition process any easier.

Of the 30 senior executives we surveyed, 77 percent reported having been through a presidential transition. Yet those with such experience cited a range of challenging issues associated with the changeover.

Key areas of consideration for many SEA members included, learning how decisions would be made in a new administration, getting clarity on priorities and initiatives, and identifying and building relationships with key stakeholders. These insights are particularly instructive. The faster an executive can adapt and adopt, get priorities straight, and determine who the important stakeholders are, the better the prospects for a smooth transition.

Using that as a baseline approach, we at Deloitte advocate the following:

- Live by the Platinum Rule. While the Golden Rule -- treating others as you would have them treat you -- is an admirable way to conduct personal relationships, it has no place in constructing a management team. CFOs need to ‘go platinum’ during presidential transition. That means interacting with personnel in the way they want and need. Not everyone builds relationships the same way, and senior leadership should be mindful in navigating transition.
- Prepare the team for transition. Employees respond to disruptive change in different ways. Some are open to new opportunities and enthusiastically fall in line. Others may be more reluctant but react positively to strong leadership, while a percentage always view change as threatening. There’s a high level of stress for this third group in particular, and managing employee anxiety effectively goes a long way toward easing a potentially difficult work environment.
- Develop an incisive talent strategy. With any transition, waves of new arrivals land on the CFO’s doorstep. Turnover is always high, and some of those coming on board have little governmental experience, which can require longer onboarding. Identifying players early in the process who possess the requisite skills and potential to do the job, goes a long way toward building a successful team.
- Tackle the tension. How do CFOs balance projects and spending priorities already in place with the promises of a new administration? Achieving balance between projects and spending priorities that are often competing interests is critical. A conversation needs to be had about underlying programs, authorized budgets, practical options, and purposeful tradeoffs.
- Take the new administration’s risk temperature. It’s important to provide risk scenarios to the incoming team. In short order, a CFO should to be as transparent as possible on current and emerging risks such as potential cyber threats, financial challenges, and any existing or expected compliance issues, among other matters that are fundamental to the CFO’s management portfolio.

The assets of any agency are the men and women whose roles contribute to organizational efficiency and productivity. The players may change, given the national political mood of the moment, but the game plan for federal CFOs shouldn’t.

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