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The Presidential Transition

Translating lessons from mergers and acquisitions

Deloitte Center *for* Government Insights

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About the Deloitte Center for Government Insights

The Deloitte Center for Government Insights shares inspiring stories of government innovation, looking at what's behind the adoption of new technologies and management practices. We produce cutting-edge research that guides public officials without burying them in jargon and minutiae, crystalizing essential insights in an easy-to-absorb format. Through research, forums, and immersive workshops, our goal is to provide public officials, policy professionals, and members of the media with fresh insights that advance an understanding of what is possible in government transformation.

Building on our experience

As leaders in Deloitte Consulting LLP's federal practice, we hope that you enjoy this article and find its insights useful. The two of us have over 50 combined years of experience advising companies and federal agencies through significant leadership transitions and organizational transformations (including mergers and acquisitions and presidential transitions). We are also each currently responsible for our organization's relationships advising a major US Department. The convergence of our experience is a microcosm of the experience of Deloitte – experience that the article's authors, with inputs from ourselves and others, have used to explore insights from the commercial world that may relate to the transition process and the months following.

For an incoming administration, new political appointees, and career civil servants, a presidential transition is full of challenges, as well as real opportunities for lasting, effective improvements. The transition launches participants and the country on what is hoped will be a positive, efficient, and productive journey. The activities and considerations highlighted here may supplement the traditional briefing book and bring a more strategic and integrated perspective that rises above the tactical bumps along the way. We do not believe that translating insights from the discipline of mergers and acquisitions will solve all the problems that will be encountered, but we do believe it will raise important questions and hope it serves as a starting point for productive conversations and action. If we can be of assistance in that conversation or on your journey, please reach out to us or our Deloitte colleagues.

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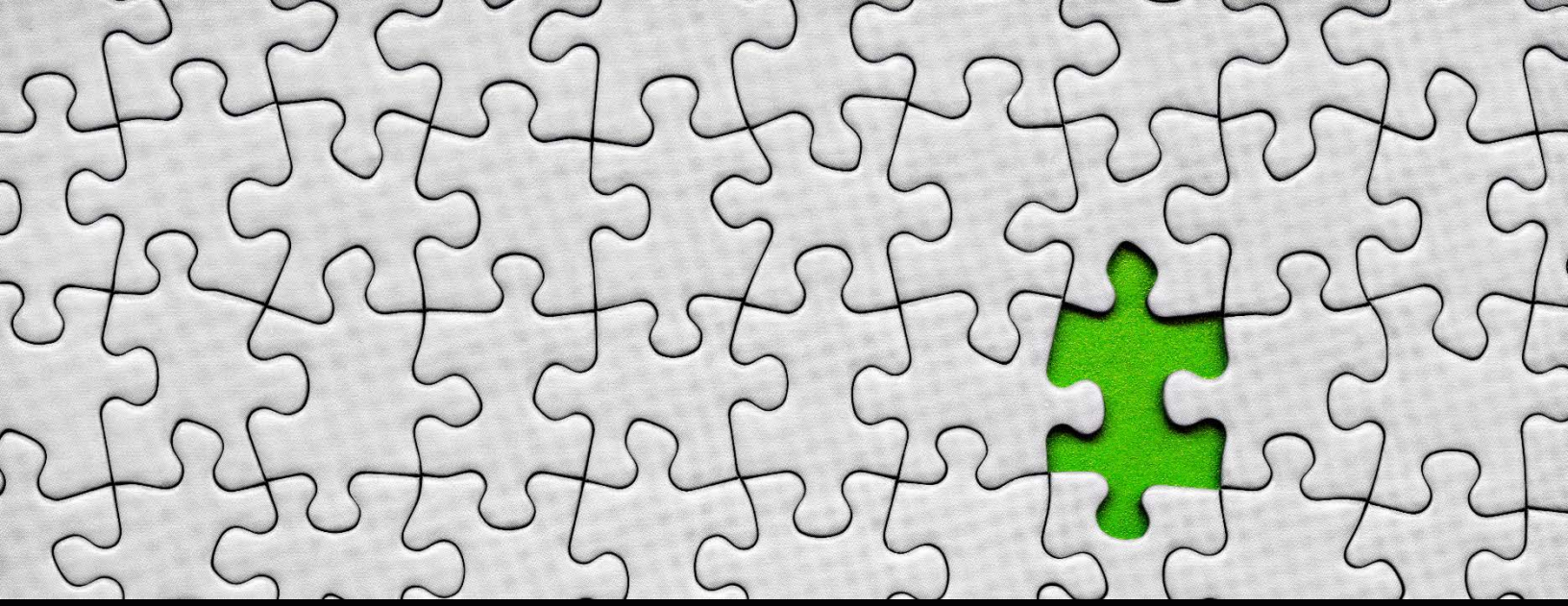


Business meets government

The notion that business practices have useful application to government is not new. Translating lessons from the business world for the benefit of government can be beneficial – especially in any situation where leaders new to government service come with a business background. Identifying and deploying commercial insights successfully often requires a degree of "bilingualism": the ability to translate business to government and vice versa. This translation capability is built on experience and understanding of the context, mechanics, issues, language, and perspective of both sectors.

The translation of business insights to government application can begin immediately with the presidential transition. The transition to a new administration is unique. Up to 4,000 new political appointees will assume leadership of a $4 trillion annual enterprise comprising hundreds of agencies, including seven that, in terms of budget, would rank among the 50 largest companies in the Fortune 500. Imagine the senior leadership of dozens of companies being replaced at the same time. The complexities involved would be tremendous, posing potentially serious risks to the companies as well as the economy as a whole. And further imagine that many of the new corporate leaders have never handled such responsibilities before. Now you have a sense what a presidential transition typically involves.

For those leading a transition, whether for the government as a whole or within a particular agency, the tasks can seem daunting. For many, it may be their first such experience; we've had only two new presidents since 2001.

In the private sector, by contrast, CEO transitions occur much more often and companies are frequently undergoing drastic changes through merger and acquisition (M&A) activity. The scale of individual M&A transactions is not as great, but their greater frequency has offered a greater opportunity for learning. And this begs the question: What can those involved in a presidential transition learn from mergers and acquisitions, both the successful and the not-so-successful? A lot.

Our interviews with experts who advise, facilitate, and manage M&A transactions and post-merger integration (i.e., activities in the months following the merger), as well as with those who have advised or experienced government transitions, suggest some striking similarities. Civil servants, transition team participants, and incoming political appointees may benefit from the translation of important lessons from the hundreds of M&A transactions that have occurred.

Similar challenges, similar patterns

Consider, for instance, the 2016 merger of Dell and EMC, the largest tech merger in history.[1] At first glance, it may seem to have little to do with a new presidential administration, but in both cases, leaders must cope with a similar set of fundamental challenges.

They both have to set a new course while maintaining day-to-day operations on a massive scale. They need to move quickly to identify critical focus areas while coming up to speed on organizations entirely new to them. They need to innovate while respecting past successes, and recognize that many in the organization would likely have mixed feelings about change. They also must bridge different organizational cultures combining new and incumbent leaders. And all of this has to be accomplished under outside scrutiny.

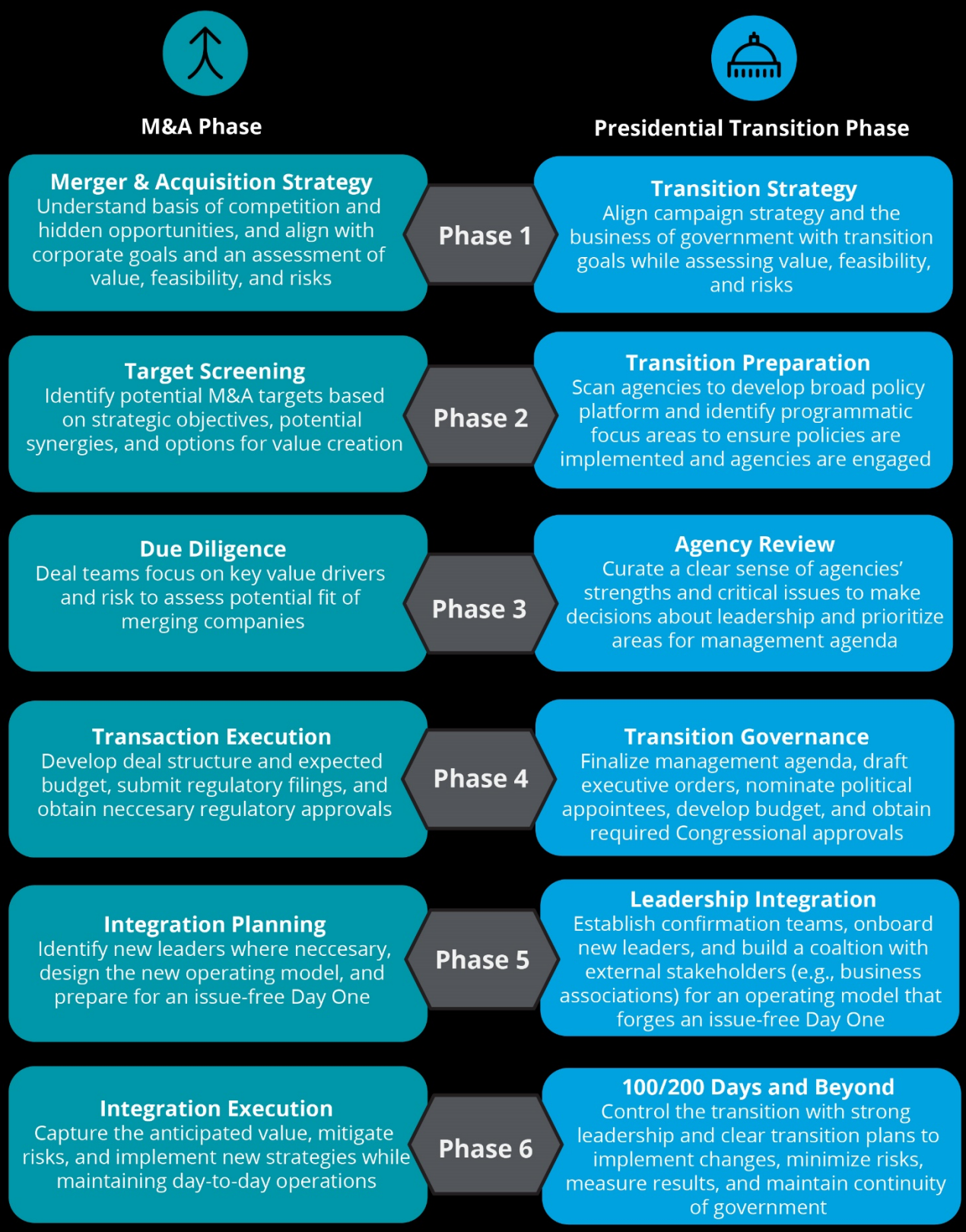
The similarities between a typical M&A deal and a presidential transition begin with the processes involved. Six common phases of an M&A transaction and the parallel phases in a typical presidential transition are illustrated in Figure 1 (see page 7). Note the strong similarities in terms of strategy, critical focus areas, effective due diligence, approvals, planning, and the pursuit of quick benefits. There are also similarities between the typical roles played during the course of M&A and a presidential transition; incoming and incumbent leaders, external "approvers", and funding sources all play a role (Table 1).

Given these similarities, it seems reasonable to consider learning from the discipline of M&A when placing the federal government under new management.

Table 1: Typical stakeholders in M&A and presidential transitions

Corporate M&A Stakeholder	Presidential Transition Stakeholder
CEO and leadership team identify and acquire a company or companies offering new opportunities for value creation.	**President-elect and incoming administration** establish new leadership and, for selected agencies within the federal government, set a new course.
Target organization prepares information, materials, and data for the acquirer.	**Federal agencies** prepare information, materials, and data for the incoming administration.
Deal team researches and screens acquisition targets and performs due diligence on target companies.	**Transition team** researches federal agencies and deploys "landing teams" to conduct in-person due diligence.
Integration team and in-place managers conduct activities to integrate target company in a seamless, effective way and establish a new operating model.	**Landing teams, career civil servants, and incoming appointees** conduct activities to establish new leadership and, where appropriate, a new operating model.
Board of directors approve the CEO's strategy and overall transaction. The deal is then subject to approval from various regulatory bodies.	**Congress** passes a budget and approves political appointments.
Major investors contribute to and influence strategic direction.	**Donors and fundraisers** contribute to and take interest in the strategic direction of transition efforts.

Figure 1: The parallel structure of typical M&A and presidential transition programs



Identifying and translating lessons from M&A

Mergers and acquisitions have been scrutinized and studied at least since the "Trust" wave of horizontal mergers in the late 19th century. In 2006, the business scholars Susan Cartwright and Richard Schoenberg published a review of 30 years of M&A research, and identified three primary streams of enquiry: strategy, culture, and process. It is the "process" research that may apply most closely to presidential transitions, and there "scholars highlight that inappropriate decision making, negotiation, and integration processes can lead to inferior acquisitions outcomes."[2]

The "process" insights provided by such academic studies can be accompanied by practical, experience-based advice from firms that support clients throughout the M&A process. But thus far, there's little evidence that the lessons of M&A have been brought to bear on the infrequent but complex challenge of presidential transition.

To facilitate the application of M&A insights, Figure 2 (see page 9) gives nine lessons for the presidential transition drawn from M&A research and experience. The lessons are then translated into the context of the presidential transition and their application is discussed below for each of the parties involved. First the lessons are explored from the point of view of the career civil servant. Their agency is analogous to the "acquiree". Then, the lessons' implications for the "acquirer", the new administration, are examined.

So your agency is being "acquired" by a new administration

"Acquirees" typically pass through a number of phases en route to completing either an M&A transaction or a presidential transition. Managing through these phases while maintaining day-to-day operations can be a formidable challenge. Tips drawn from commercial experience for each phase are shown in Table 2. More broadly, the nine M&A lessons can be translated into four themes for "acquirees": clarify your agency's portfolio; build collaboration and trust ASAP; tell your story; and communicate, communicate, communicate.

Table 2: Tips for acquirees

Phase	Tip
Phases 1 & 2 M&A Strategy / Transition Strategy Target Screening / Transition Preparation	The "acquiree" actively contributes to the transaction/transition by sharing with the "acquirer" suggestions for improved performance and increased impact, which may result in better and more informed decisions and action.
Phase 3 Due Diligence / Agency Review	Being transparent, having an open mind, and communicating effectively enables productive interactions between the acquirer's representatives and incumbent leaders, which may result in positive momentum and newly discovered opportunities.
Phase 4 Transaction Execution / Transition Governance	Proactively combat the postponement of decisions, falling morale and lower productivity that can accompany delays in the arrival of new leaders – especially in government situations characterized by an often contentious and drawn-out appointee confirmation process.
Phase 5 Integration Planning / Leadership Integration	Incumbent leaders may successfully enlist key stakeholders' support for new leadership by modeling the behaviors they want staff to follow, and by engaging in regular communication with internal and external groups.
Phase 6 Integration Execution / 100/200 Days and Beyond	Openly acknowledge that the work is not done once the transaction/transition has taken place, and allocate sufficient attention and resources to the ongoing execution of integration and change plans.

Figure 2: Nine key lessons from mergers & acquisitions

While there are many lessons from mergers and acquisitions that might benefit the presidential transition, our interviews with professionals who advise corporations in M&A transactions suggest nine key lessons that may benefit incoming government leaders, political appointees, and career civil servants.

Start with the End in Mind

Knowing what you hope to achieve allows each party to focus on what matters most. This clarity can provide strategic principles and guardrails to guide discussions and actions, discouraging the urge to catalogue or communicate everything in an attempt to be comprehensive. Not every organization and situation is the same, so be prepared to tailor interactions and triage the scope of inquiry.

Assess Yourself from the "Outside In"

Honestly and objectively assess the performance and alignment of existing priorities, programs, and initiatives from the perspective of the other participants. Link your story of the path forward to leadership's future vision to shape your message. Highlight points of agreement while clarifying and refining points of disagreement.

Establish Leadership and Accountability

Identify ways to ensure continuity from due diligence to post-merger integration with executive and functional leadership. Establish clear roles, responsibilities, and accountability when it comes to integrating new personnel and new strategic priorities. Early interactions can be critical in establishing credibility and trust.

Control the Integration

Dedicate a full-time transition leader and integration process owners with clear authority and accountability. Launch small, rapid, iterative transition teams – quick wins matter. Ensure you maintain the implementation discipline over time.

Plan for an Issue-Free Day One

The highly scrutinized first days of new leadership are critical in establishing relationships, trust, and credibility. Avoid "flashpoints", the issues or events that carry disproportionate risk, and develop a mitigation plan. This avoids wasting time, energy, social capital, and focus to get back on track.

Expand and Front Load Benefit Capture

Develop detailed top-down benefits estimates and establish baselines for each Department / Functional team and constituent benefits. To do so requires clear identification of the most important programs and initiatives as well as the character and sources of efficiency gains and new value creation. Establish milestones and commitments against defined value drivers.

Provide Clear and Consistent Communications

Identify key messages and stakeholders and use well-defined touchpoints to deliver a consistent communication campaign. The more clarity on the strategic agenda and priorities, the better. Don't feel that everything needs to be in place before sharing information that will help employees build confidence and trust. Emphasize two-way communication.

Stabilize Workforce and Retain Critical Talent

Workforce support will be essential to the successful execution of change. Identify and retain key talent early. Motivation and engagement will often benefit from identifying and tapping into the intrinsic values that drive employees' commitment. Build morale and avoid the exodus of essential institutional knowledge.

Coordinate Complexity without Disruption

Set timeline for actions, and define governance (decision rights) for integration and ongoing operations. Set a weekly cadence for tracking and monitoring with synchronized integration plans, but be prepared to adjust – implementation needs to be a highly adaptive process.

Clarify your agency's portfolio

"What's going to happen now?" is often the top-of-mind question for everyone in an organization facing a leadership change. In the absence of hard facts, anxiety may rise, critical decisions and actions may be postponed, and planning may be compromised.

Ideally, the campaign and subsequent announcements should provide an agency with answers to questions such as:

- How important are my agency's specific programs and initiatives to the new administration?
- What changes in my current programs, initiatives, and practices will be needed to align with the new administration's priorities?
- How well do future plans fit with our past philosophy and culture?

The answers to such questions give career leaders within an agency a sense of the challenges on the road ahead. They can provide a basis for a game plan to guide expectations and actions regarding the expansion or reduction of programs; the transformation initiatives needed; changes that may be more trouble than they're worth; and areas needing the most urgent action. This facilitates the early wins that the M&A lesson Expand and Front Load Benefit Capture pursues (see Figure 2 on page 9). But as noted, that pursuit requires clarity.

In practice, many agencies may not have drawn the new administration's attention in the first two phases, so the answers could be unclear. Thus obtaining answers concerning priority programs and initiatives should be an important goal of agency leaders' early preparation and conversations with the new administration. Early inferences will need to be validated in later discussions and adjusted as warranted.

At times of leadership change, some career civil servants, like some technical experts in the commercial world, fear being perceived as "too political." As a result, they may shy away from assessing the alignment of their programs with a new administration's goals and priorities. But they should be prepared to offer informed opinions as to key focus areas for incoming leadership. Many in the new administration will recognize the value of career expertise and experience, and will look to career agency leaders for their perspectives on what they should care about.

This perspective should reflect a realistic view of the agency's past performance, both real and perceived. To be helpful and credible, agencies may benefit from acting on the M&A lesson Assess Yourself from the "Outside In."

Acquired companies trying to communicate their value to new management sometimes conduct a "Red Team" review that uses externally available information to examine their organization's strengths and, especially, weaknesses as seen from the outside. Agencies can do the same for their own organizations to better understand the mindset of and starting point for the incoming landing team or political appointees.

An agency's career leaders should be prepared to provide an honest assessment of its programs and initiatives, particularly those aligned with the new administration's objectives. The potential magnitude of changes coming can likely only be assessed by understanding both the new administration's goals and the agency's current performance.

Build collaboration and trust ASAP

The due diligence/agency review phase often requires an in-depth exchange of information against a tight deadline. Later, we'll discuss lessons for the "acquirer" on this phase. For career civil servants, the M&A lesson Establish Leadership and Accountability is as much about critical relationships as it is about critical tasks.

It's important to begin by establishing good working relationships, and to avoid cat-and-mouse games between incoming leaders and agency staff. Both sides may have their own agendas regarding what they want to highlight or shield, especially at the early stage when trust hasn't been well-established. Yet understandable self-interest and mistrust in early conversations can lead to wasted effort and counterproductive rumors.

Building these working relationships can be both critical and challenging. The speed of the transition almost ensures that some landing teams may be hastily assembled and still coming together as a group. Meanwhile, the career civil servants are expected to cope with day-to-day operations while trying to be responsive to the new administration's inquiries, demands, and interests.

M&A leading practice suggests the appointment of an integration manager to act as an informed control point and right hand to the agency's acting leader. The integration manager should assemble an internal team that can respond immediately to landing team needs. These individuals should possess experience, information, and strong communication skills; they may be the agency's frontline representatives to the new administration.

Many transition responsibilities can be delegated in this way, but the acting leadership's involvement with and attitude toward the landing team will likely set the tone for the entire organization. In many cases, landing team members might either become agency appointees themselves, or advise the appointees on how to navigate the agency. Civil servants would be wise, therefore, not to underestimate their potential influence. In conducting interviews for this research, one former landing team member and political appointee said, "It is important for career civil servants to get in front of landing teams and the first wave of political appointees, regardless of their seniority level. For example, building a relationship with the scheduler can be very helpful for anyone. Ignore seniority and any sort of hierarchy for the first few months (of the new administration)."

During a recent panel discussion jointly hosted by Deloitte and the Partnership for Public Service, which featured panelists with experience navigating a presidential transition as career civil servants, landing team members, and new appointees, panelists emphasized that career civil servants can play a critical role by helping landing teams and political appointees identify important issues and needs as soon as possible. Doing so is a big part of building trust between both audiences as they try to sort through long lists of competing priorities.

One former appointee commented that "the most successful career civil servants were those who had real conversations and brought data points, instead of those who drowned political appointees in paper." Another interviewee who served previously as a landing team member and political appointee stated, "The career civil servants who become true allies explain why something may not work, but then also guide appointees in exploring alternative options based on the levers available. They identify the landmines, but do so with a helpful attitude."

Tell your story

A great deal of time and effort can be spent bringing new leaders up to speed. But too often, such efforts amount to a demand that appointees drink from a fire hose; there's simply too much to learn so quickly. The Office of Management and Budget and the Partnership for Public Service provide templates and guidance for the creation of agency briefing books, but these books, while rich in data, tend to run to hundreds of pages. What can incumbents do to supplement the briefing book to help newcomers gain a better understanding of their organizations?

In M&A transactions, many acquirees create a blueprint to make the deluge of data more digestible. The blueprint provides a detailed, visual map of the organization and its activities (people, process, and technology). It illuminates what an agency does, how and where, what organizational structure supports it, and which systems or tools are needed throughout the process. Once incoming leaders understand the current-state blueprint, they can work with existing staff members to develop a future-state blueprint and a roadmap to get there.

But what may be missing is how all the pieces fit together, reinforcing one another in critical and often non-obvious ways. One federal agency (that prefers anonymity) had a particular program dialed down under each of the last two new presidents, only to see it expanded again when its absence illuminated the critical role the program played in the larger mission. For the new president-elect, this agency is developing a concise story to convey the value of this program, hoping to avoid a repeat of past mistakes.

The concise "story" is distinct from the briefing book. Complex dynamic information is more memorable and more compelling when conveyed as a story. Think of the briefing book as a basis for reference, but the story as the basis for conversation. The transition conversations will likely go more smoothly if the landing team finds your story engaging. They will also be more effective in carrying your message back to the White House and to appointees. It is easier to craft a compelling and engaging story if it is built from an understanding of the audience's priorities and preconceptions (see the M&A lesson Assess Yourself from the "Outside In").

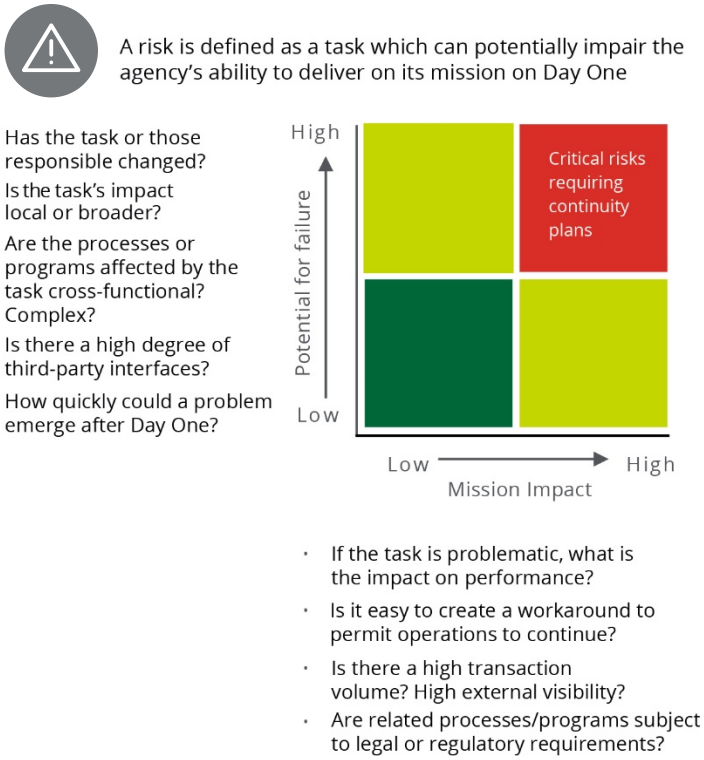
As discussions progress and information is requested and exchanged, career leaders can revise and refine their story. The story is more adaptable than the briefing book. Over time, the story can reflect the language and interests of the new administration. Communication and acceptance can be enhanced by presenting agency programs and initiatives in a way that aligns them with new priorities. Ultimately, the language and presentation of information can be further tailored to the learning preferences of appointees.

Think of the briefing book as a basis for reference, but the story as the basis for conversation.

In addition to answering the information requests of landing teams and/or incoming appointees, agencies should provide a concise story of the agency's mission, illustrating the value of key programs and initiatives (based on real data and budget awareness, where possible).

The agency's story should honestly reflect positive and negative aspects as well as potential risks. There are only 73 days between election and inauguration, and leadership will certainly be mindful of the lesson Plan for an Issue-Free Day One. Rather than making detailed plans for every aspect of the transition, it may be important to prioritize early actions. A useful M&A approach is to prioritize actions based upon the risk of disruption during transition and the extent to which these disruptions would affect ongoing operations (Figure 3). High-likelihood and high-impact risks receive the highest priority; low-likelihood and low-impact risks receive the lowest.

Figure 3: Risk assessment matrix



Communicate, communicate, communicate!

Underpinning the transition plan is your communication plan (see the M&A lesson Provide Clear and Consistent Communication). Poor communications can cause a lot of collateral damage at this critical and highly scrutinized time, whether it's due to over-communicating, under-communicating or simply communicating at the wrong time or through the wrong person. When answers are limited, your gut instinct may be to say nothing, but this can lead to suspicion, unfounded or not, on the part of employees and external stakeholders, including Congress, other agencies, the media, industry associations, think tanks, and social-media activists.

Communication with employees is particularly important when new agency leaders' appointments are delayed. In the past, some political appointments made shortly after the inauguration weren't confirmed and filled until nearly one year later. Long periods of uncertainty can be damaging to morale and productivity. This combination of leadership delay and uncertainty can be particularly damaging to the momentum of any change initiatives underway.

Uncertainty can't be eliminated but it can be managed. Even if you can't provide answers, you can tell staff when they can expect answers to be available. Proactive communication may ameliorate negative effects and avoid the potential loss of critical employees. Employee retention is typically not as big an issue in government as in the commercial sector, but prudent acting leaders should still identify and engage with the employees they know are critical to operations. The M&A lesson Stabilize Workforce and Retain Critical Talent is relevant in any arena and can be helpful to career civil servants preparing for the new administration. This may be especially true for those organizations whose employees, rightly or wrongly, believe they will be facing a great deal of change.

The early communication and signals delivered by new leaders upon arrival can be critical. The participation and reaction of influential individuals within the organization can be equally critical. The communication strategy for new political appointees is beyond the scope of this discussion, but there is also a need for a communication strategy prior to his or her arrival. For some agencies, the wait between inauguration and the arrival of their agency's new leader(s) may be months.

In the interim, some communication can be delivered by the landing team or the White House, but much will come from career civil servant leaders already in place. When planning communications, acting leaders should think of important internal and external stakeholders and the questions, concerns, expectations, and involvement each will have during transition and the months following. Doing so may help leaders identify what to focus on, whom to focus on, and how and when to communicate important information.

In M&A transactions early messages for stakeholders focus on instilling confidence, preparing everyone for the integration, quieting rumors, and sharing facts. This seems appropriate for the early days of a presidential transition, as well.

To facilitate this communication, it may help to develop materials and resources for transition-related communications at every level of the agency. For example, many companies involved in M&A transactions develop a "meeting in a box" toolkit for managers that provides everything they need (such as invitations, talking points, and FAQs) to convene meetings with their employees about the state of the transition and integration. This promotes a consistent message reaching throughout the organization in a timely manner. The importance of ongoing communication is heightened for government, as compared to many M&A transactions, because of the potentially longer period before new leadership is appointed and/or confirmed. The need for effective communication throughout the organization continues during integration, the months following the arrival of the new leader. Again, this may be especially true for those organizations whose employees, rightly or wrongly, believe they will be facing a great deal of change.

So your new administration is "acquiring" an agency

"Acquirers" also face phase-specific challenges that can be addressed utilizing the tips from M&A professionals (Table 3). For those leading the new administration's presidential transition — some for the first time — advice based on experience may prove timely and valuable. Key M&A lessons and their possible implications translated into four themes, identified with input from M&A practitioners, career civil servants, and political appointees, are provided below. Those themes are: provide clarity on strategic priorities and guiding principles; focus on what matters most; anticipate analyze, and act on approvals; and plan and execute on change.

Provide clarity on strategic priorities and guiding principles

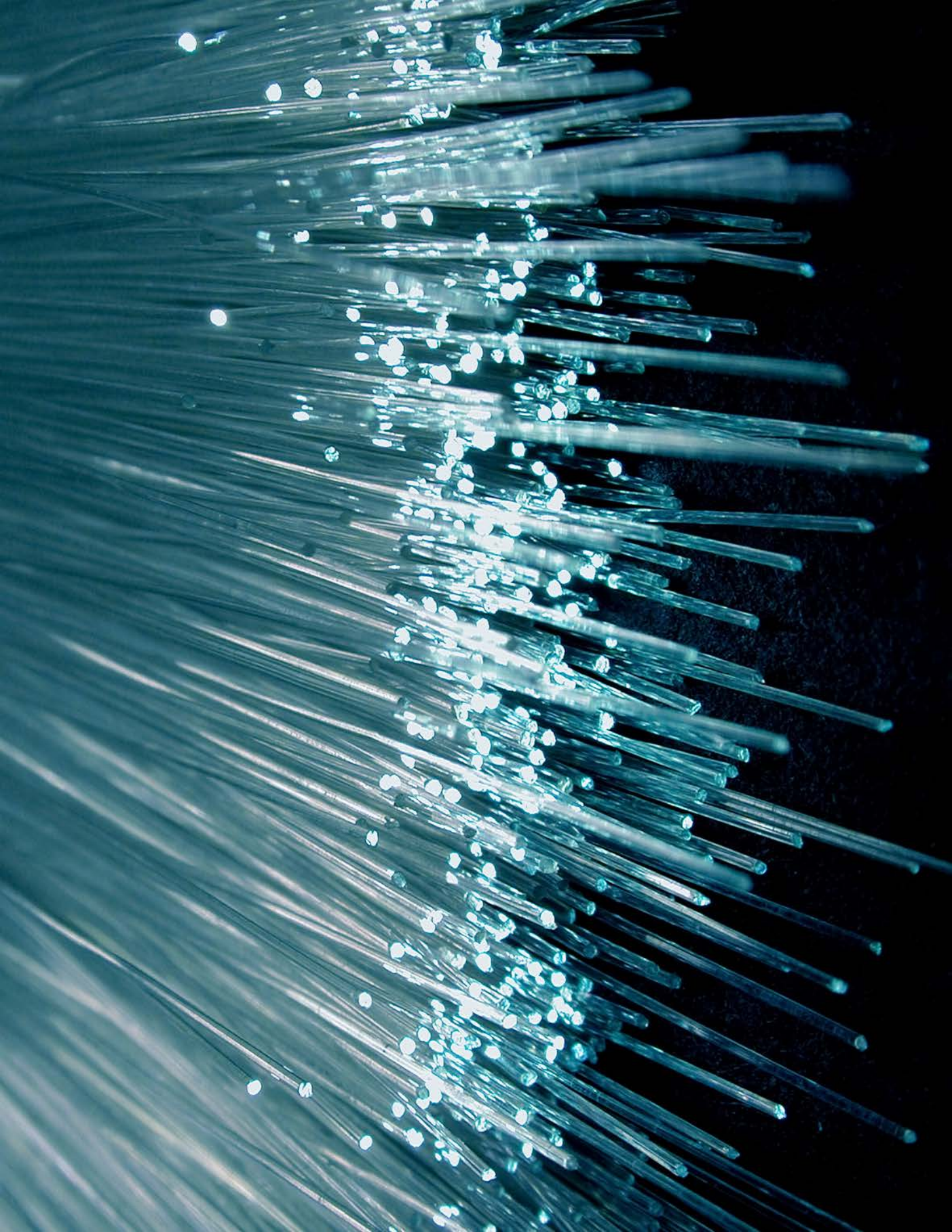
Clear strategies and principles to guide and focus attention and action can be developed if one adopts the M&A lesson to Start with the End in Mind. The application of these principles begins with Phases 1 and 2. In the corporate world, an M&A strategy should explain the rationale behind a merger or acquisition, and what leadership hopes to achieve by doing so; this, in turn, should inform the selection of targets and subsequent action. Some companies make acquisitions to cross-sell complementary goods or services (such as the acquisition of Beats by Apple Inc., which paired its products with high-quality headphones); others hope to increase efficiencies by scaling their presence in a particular industry or geography (CKE Restaurants, which owns Carl's Jr. restaurants, acquired Hardee's to expand the regions it serves).

Similarly, presidents-elect should develop a transition strategy that reflects the rationale for their assumption of leadership and what they hope to achieve. This strategy can then be more concretely expressed in terms of goals, principles, etc. that guide the decisions and actions taken with agencies. Deal-making in M&A and campaigning in government serve as a starting point in articulating these aspirations, but more clarity may be needed to guide the activities of those involved in the transition.

Table 3: Tips for acquirers

Phase	Tip
Phase 1 M&A Strategy / Transition Strategy	A clear strategic rationale for the transaction/transition and new leadership goals may enable an effective and productive start by reducing the risk for miscommunication, unaligned actions and delays.
Phase 2 Target Screening / Transition Preparation	Maintaining a focus on strategic objectives and guiding principles can prevent the organization from revisiting decisions unnecessarily and wasting time, attention, and money.
Phase 3 Due Diligence / Agency Review	The due diligence or agency review team may be more effective if it sees its role as investigating issue/topic areas that matter most and will provide real value to the new administration instead of seeking to "catalogue" everything.
Phase 4 Transaction Execution / Transition Governance	Proactively anticipating and acting on the challenges of the approval process can mitigate the risk of unforeseen delays and lost value opportunities.
Phase 5 Integration Planning / Leadership Integration	In pursuit of an issue-free Day One, the team should avoid the temptation to produce detailed integration plans for every activity, which can overcomplicate planning, launch too many change initiatives, and distract the team from focusing on key decisions and timelines.
Phase 6 Integration Execution / 100/200 Days and Beyond	Openly acknowledge that the work is not done once the transaction/transition has taken place, and allocate sufficient attention and resources to the ongoing execution of integration and change plans.

Developing a clear, specific, and prioritized set of goals can help transition personnel minimize any confusion, delays, or misaligned actions that might impede leaders' ability to achieve both short- and long-term strategic objectives. In corporate M&A, having clear direction has helped commercial leaders focus on getting the *right* deal rather than being distracted by a seemingly *good* deal. Our conversations with veterans of past



presidential transitions suggest that applying the same principles to the transition keeps personnel focused on the president-elect's strategic priorities and avoiding becoming caught up in the potentially distracting myriad of less-crucial, smaller opportunities for improvement. Additional potential distractions include the media and, at times, agency leaders who may be eager to promote the importance and challenges of their own current programs.

The president-elect's team should issue explicit directions to transition personnel on the principles guiding their efforts and any specific "guardrails" (i.e., non-negotiable dos and don'ts). Such principles might include what landing teams should examine, or how transition personnel and agencies should interact. These principles should also articulate actions not to be taken in the near term, either because the new administration approves of an existing process or program, or because it's simply not a high enough priority to be addressed in the first 100 days.

A new administration should also pick its shots carefully if it hopes to make demonstrable progress in just a few years. The massive scale of a presidential transition often requires focused effort throughout agency reviews. In conducting these reviews, consider routinely stepping back and asking yourself why your areas of focus are important to the transition and the incoming administration's goals.

Some groups find it helpful to develop mechanisms to keep strategic priorities and guiding principles at the top of mind throughout the process. This can take various forms, such as a weekly morning meeting that identifies everyone's tasks for the week, or a checklist that tests agency missions and activities against known elements of critical importance to the new administration. Tools and procedures such as these can promote consistency across the team and serve as a refocusing device to fight distractions.

Focus on what matters most

One member of a landing team during a previous presidential transition described the team's efforts as being focused on three broad areas: personnel and talent; the translation of campaign policies into reality; and programs and processes. This may be a helpful way of organizing data, but it provides little guidance on what data not to collect. Due diligence teams without clear direction can easily adopt a "let's catalogue everything" mentality in the interest of thoroughness. Yet this mentality and its endless questions require time and resources from both sides, while decreasing the likelihood the process will yield meaningful insights.

In short, it can yield some information about everything, but not enough information about the things that are most important.

To avoid this trap, consider not treating every agency the same. Given the astounding variety of federal agency missions and programs, don't assume each should be reviewed in the same way. Develop a few important and specific questions, linked to the new administration's priorities, which address each agency's unique mission, programs, and problems.

And while there is likely a need for common baseline information about each agency, much of it is easily obtained. In commercial due diligence, a large portion of the necessary information is publicly available and accessible online. Create a plan to obtain this basic information, but focus conversations and information requests on issues of real value. Following the lessons to Start with the End in Mind and Expand and Front Load Benefit Capture provides both a frame and a discipline to identify and address those issues of real value.

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It may also be useful to perform a sort of "triage" to place programs and departments into one of three categories: what's in play, what can't change, and what's uncertain. Doing this explicitly and sharing this information with agency staff can facilitate both the investigation and trust. As time goes by, the "uncertain" category may shrink and, in the end, far more might stay the same than will change.

The consequences of succumbing to the "cataloguing" mindset can be destructive for both civil servants and landing teams. They may include hundreds of wasted hours on the agency side to prepare information and materials the landing team may not need or use. For landing teams, the consequences can include spending hundreds of their own hours digging through the data for key insights. The ultimate cost can be a bogged-down and ineffective transition. This mutual waste of time and effort, moreover, delays the building of real trust between the new administration and the career civil servants who possess critical knowledge of their organizations and their challenges, and hold the keys to broad employee support for change.

Anticipate, analyze, and act on approvals

Phase 4 focuses on approvals. M&A deals must be approved by the necessary Boards and appropriate regulatory bodies. Similarly, the president-elect must submit political appointments and a proposed budget for Congressional consideration. In both cases, key steps on the path to success can't be taken without approval from others.

There are, of course, significant differences between M&A regulatory filings and the hurdles facing a new president's appointments or budget. When compared to M&A regulatory approval, for example, there are more high-visibility influencers without direct voting authority involved in the political appointment process. There may also be greater disagreement on definitions of success between approvers from different sides of the aisle. The appointment process in a presidential transition is inevitably lengthy, much more so than in a typical M&A transaction. These differences all suggest a need for careful preparation and rigor in this critical phase to avoid drawing it out more than necessary.

In the past, companies involved in M&A transactions often waited until relatively late in the process to consider approval requirements, and many mergers and acquisitions were rejected as a result. Today, M&A experts anticipate approval challenges early in the process and shape the proposed deal and its structure with those challenges in mind. They often discuss the deal and its structure with regulators early on to solicit feedback and build support before the filings are actually submitted. A key is to maintain tight control while allowing a highly adaptive process in order to Coordinate Complexity without Disruption, another key M&A lesson.

A new administration can encounter a similar challenge if it moves forward with appointments without considering approval challenges early on. Failure to do so could greatly increase the likelihood of failed approvals late in the game, with a significant potential loss in momentum, morale, and credibility.

Companies have made real strides in overcoming this challenge, and while their techniques are not entirely new, transition teams should consider emulating their disciplined approach. This would mean sharing potential nominations and budget proposals with key Congressional stakeholders in advance, to establish trust and solicit input or guidance. Those tasked with vetting and recommending nominees should be well acquainted with the issues and past behaviors of key Congressional and influential non-Congressional stakeholders to ensure they choose candidates with the best mix of skills and risks. This is easier to focus on in the first weeks when the appointments process is top of mind, a focus of media attention, and the most critical slots are being filled. But the less high-profile roles and later decisions warrant the same degree of rigorous analysis to ensure the timely placement of strong leaders.

"Think of the deal as a whole" is a mantra for the M&A approval process with potential relevance to political appointments. Ultimately, the administration's success will likely depend more on the team of leaders in place than on any one slot. Congress and the relevant Senate committees ultimately control the process and timing for each individual nomination's consideration, but submitting nominees in a particular order or group may help shape opportunities for the political "horse trading" that may occur in attempting to confirm candidates that are particularly key to the president-elect's agenda, while balancing issues deemed highly important by Congressional decision-makers.

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With the "deal as a whole" in mind, the new administration should also think strategically about lower-ranking appointments that may be particularly important to maintaining continuity of operations or implementing the president-elect's policies. The deployment of strong new appointees that don't require Congressional approval can be particularly important, as they can arrive more quickly to represent the new administration's views and, with guidance, open conversations within high-priority agencies.

Plan and execute for change

One wants to Plan for an Issue-Free Day One. "Day One" — the day on which new leaders officially take charge and integration begins — is never quite as clear in practice as it is in principle. In some M&A transactions, the legal or financial Day One differs from the operational Day One, and in transactions involving international companies, a staggered series of Day Ones may result from differing approval dates in different nations.

The presidential transition is an even more extreme case. The president takes office on January 20, but cabinet members and agency heads assume their positions over a period of months. Regardless of what Day One looks like, however, it should require a game plan for how integration-related decisions will be discussed, made, communicated, and executed. This drawn-out process makes ensuring continuity even more important when implementing the lesson Establish Leadership and Accountability.

An issue-free Day One can accelerate performance gains and counter negative perceptions inside and outside the organization, but it doesn't mean all detailed planning must be completed before Day One arrives. An understandable desire for control can lead to over-planning. Overly detailed integration plans are likely to overcomplicate the process, launch too many change initiatives at once, and distract the team from communicating critical decisions and timelines effectively.

It's typically better to have strong, well-communicated plans for a few areas most important to integration than to build weak plans for everything. Initial planning should focus on a few key near-term issues and strong governance, devoting resources to track short-term performance against focused, detailed plans while developing and modifying further plans over time. This closely managed, "rolling" approach is usually more effective in the changing and uncertain environment of a new administration.

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Planning alone will likely not suffice to control an effort of the magnitude of a presidential transition. Thought must be given to governance in order to Control the Integration, another key M&A lesson. A number of critical governance functions should be addressed, though the specific organizational solutions may vary. The administration should consider putting a mechanism in place to ensure ongoing attention to integration execution across agencies, whether or not they have yet received new leaders.

The president-elect might consider creating a centralized, government-wide integration management office that continues to oversee integration efforts across agencies and identify common obstacles. This office can also direct a controlled, coordinated communications strategy ensuring clear, on-point, and synchronous messaging.

Incoming agency leaders and career civil servants also may choose to establish agency-specific integration management offices, reporting to the central office, to oversee the effort within their agencies. These agency-specific groups should recognize that pre-transition due diligence was accomplished quickly, with limited information and limited resources. Continued discovery, performance tracking, and plan development will likely be needed.

Agencies facing significant change likely need particularly close attention. Change management teams should focus on efforts involving new challenges and potential resistance. The change management function should ideally be put in place before inauguration day to ensure integration plans are achievable and kept in place beyond the final appointee's confirmation. Career civil service leaders should also be brought into the circle of trusted advisors as soon as possible. The resulting dialogue often enriches planning and quickly identifies differences in how leaders from both sides are approaching the transition.

A strong change management function may help the organization execute with a game plan, but remain open-minded and adaptable. Planning is essential, but plans should adapt to new information and changes in the environment. This is another application of the lesson Coordinate Complexity without Disruption. A few agencies may see a new operating model on or near Day One, reflecting high-priority changes for high-priority agencies. Others may consider changes in their operating models over 100 or 200 days of new leadership to better accommodate new directions, priorities, and events.

Those in the change management function should continually ask key practical questions related to policies, strategy, plans, technology, and people. When managed well, they prioritize those questions to reflect urgency. Which questions do you need to answer in the first week? Which can be addressed in six months? These priorities can help ensure major decisions are fully informed and avoid forcing too much change on the organization at once.

The change management function should have a continuing role after Day One and into the first 100 to 200 days of the new administration's term. Whether during an M&A transaction or presidential transition, it's relatively easy to get senior leaders' attention in the run-up to Day One. Corporate leaders often shift their focus and attention once the M&A deal has been completed and the entity launched under new leadership. The new leaders, however, may have had only limited involvement in the formulation of the policies, plans, and initiatives they're expected to execute. This is often the case in presidential transitions as well; the transition and landing teams are disbanded and the White House becomes focused on its own issues, while the hard work for incoming appointees and career civil servants is just beginning.

The governance functions we've described can help to provide continuity and keep management attention focused on the ongoing challenges of execution, to ensure that the anticipated benefits and value creation are realized.

Differing backgrounds, differing cultures

Throughout this article, we've emphasized the similarities between the phases, challenges, and leading practices seen in M&A and presidential transitions. There are many differences, of course. We call out some of the more significant here.

A typical commercial acquisition, for instance, devotes significant time and attention to aligning and rationalizing financial, human resources, and IT systems as quickly as possible after the merger. While technology is constantly evolving and it may be worthwhile for incoming government leaders to evaluate and upgrade or enhance existing technologies and systems, the urgent need to do so in the middle of the transition does not necessarily exist.

On the other hand, government transitions are more complicated than their M&A analog with regard to the installation of new leaders. The presidential transition process imposes significant constraints on how, when, and from where appointees can be recruited; in key roles, Congress has its own say concerning specific appointees. The resulting delays may result in the application of M&A lessons to a presidential transition taking a modified form. For example, the change management function may remain intact beyond the first 200 days, and there may be an increased emphasis on the communication role of the acting leader(s).

Leadership challenges are often compounded by cultural differences between incoming appointees and career civil servants – especially if appointees do not have a primary background in government (as was the case for 55 percent of appointees in the George W. Bush administration).[3] Cultural fit is an important consideration in M&A as well. The Wall Street Journal has noted, "Fights over everything from management style to company picnics can foul up corporate marriages. So, some executives weigh a company's corporate culture as well as its finances before clinching a deal." The article goes on to note that the importance of addressing cultural differences had even gained some legal recognition: "A Delaware court has recognized culture as a valid criterion for deciding a deal's merit and ignoring it could bring shareholder law suits."[4]

Yet the cultural divide between the commercial world and the government sector is far greater than the differences between typical companies. Appointees from the business world may find it difficult to adjust to what they perceive as bureaucratic constraints. Similarly, career civil servants may become alienated by what they perceive as outsiders' attempts to make sweeping changes in agency practices, norms, and culture. It is this difference in culture as well as in context that makes it so important for all parties to strive to become business-government bilingual. It is not that either side has the all the answers, but that both could learn a great deal from the other if translation skills could be enhanced.

In his book The Federal Management Handbook, Ira Goldstein provides some ideas and practices that can help to bridge that cultural divide. Perhaps most encouragingly, he suggests that both parties share "the common desire to 'be on the team,' which is of critical importance in achieving common purpose and mutual respect as well as developing an understanding of each other's hot buttons and sensitivities."[5] Perhaps it is that shared desire to be a part of a moment in history and make the most of this hallmark of our democracy that is the greatest key to a successful transition and beyond.

Endnotes

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