

# WHY THE US PRESIDENTIAL-TRANSITION PROCESS SHOULD START NOW

By Sharon Marcil and Meldon Wolfgang

**T**HROUGHOUT MOST OF THE spring of 2001, while the US economy was spiraling into the post-dot-com recession, President George W. Bush had to make do with a leadership team in the Department of the Treasury that was missing many key players, including assistant secretaries, under secretaries, and the chief legal counsel. In early May 2009, when the Obama administration was battling to halt a financial meltdown in the US and trying to disburse \$787 billion in economic stimulus funds, that department was still operating with a skeleton staff led by Bush appointees; Secretary of the Treasury Timothy Geithner was the only new appointee to have taken office.

As these cases powerfully illustrate, managing a leadership transition for the world's largest enterprise—the US federal government—remains perilously ineffective. However, getting the right people in place quickly is only part of the challenge. Incoming administrations historically have underestimated the demands of transition, from creating a roadmap for policy imple-

mentation to planning the operations and administration of the White House. Failure to begin a transition early and to establish a robust management plan can not only hinder a new president's ability to accomplish his or her policy objectives but also have serious economic and national-security consequences.

The good news is that this is no longer inevitable. Both party nominees can take steps now to ensure success if they win the White House in November. Notably, they can learn from past US presidential transitions and employ insights gained from commercial mergers and acquisitions. While a number of principles and approaches apply across sectors, the nominees must acknowledge that a presidential transition is more rapid, politically fraught, and complex than even the largest private-sector mergers. For example, while management in a private-sector merger usually chooses between two incumbent candidates (one from each company) to fill a position, a new administration must start from scratch, choosing from among a multitude to fill thousands of posts.

Our review of a number of public- and private-sector case studies, including previous presidential transitions in the US, underscores the need for nominees to act in four critical areas. First, start transition planning early—ideally, a core transition team should be in place by the time party conventions are held. Second, establish clear, ambitious goals and create a transition plan to achieve them. Third, develop a pipeline of talented people to fill critical positions, working with a solid understanding of what is needed in those positions to ensure that the leaders selected for important posts are picked on the basis of the skills and expertise required for the job. Fourth, design a sound strategy for managing change and forming the right culture.

## A Massive Takeover

What makes the US presidential transition so challenging? Fundamentally, the culprit is a system that is unique in both complexity and scale. The US federal government consists of hundreds of agencies that spend some \$4 trillion annually. Of the top 4,000 positions filled by an incoming administration, around one-quarter must be approved by the US Senate—a task that involves months of hearings by more than a dozen committees. Except for a tiny handful of elite posts, the nomination and confirmation process essentially begins on Inauguration Day.

And despite the enormous economic and security challenges at stake during the handoff of power, the confirmation process has grown even more cumbersome over the past 30 years. It takes seven months, on average, to confirm each first-time nominee. What's more, Senate rules compound the challenge: most nominations not confirmed by the start of the Senate's month-long recess in August must be submitted anew.

The process is so difficult that the Bush and Obama administrations were able to fill less than 30% of the more than 1,100 leadership positions requiring Senate confirmation in the first seven months of their terms. The first four-year term of every other president since the Reagan administra-

tion ended with an average of only about 80% of positions filled.

As a result, the world's leading superpower suffers from a leadership void during most of a new president's first year in office—reducing the administration's effectiveness in implementing top policy priorities during the critical first 200 days of his or her term. This is a tremendous missed opportunity because a president's political capital is typically at its maximum during that first year.

## Four Steps to an Effective Transition

It is possible to avoid such pitfalls. If the transition teams of the current presidential nominees begin to work immediately after their party's conventions—and if they follow a systematic plan—the transition process can be accelerated dramatically.

On the basis of our extensive expertise in transition planning, including our ongoing work with the nonprofit organization Partnership for Public Service, as well as our experience with large private-sector merger integrations, we have identified four initial actions that can significantly improve the handoff of power.

**Start the process early.** For most presidential candidates, the concept of preelection planning pales in comparison with private-sector benchmarks. The process has improved recently, thanks in part to the passage of legislation, including a 2010 law that allocates federal resources, such as office space and technical assistance, to the nominees' transition teams. But there is still a reluctance on the part of those nominees to appear presumptuous by focusing too early on transition planning.

As a result, the new president's transition team is typically ready to seek confirmation of only a small number of candidates by Inauguration Day. Exacerbating the personnel challenge is the fact that many candidates for top jobs in a new administration are themselves slow to pull together the vetting material and financial disclosures that will be required for confirma-

tion. All this results in a ripple effect of delayed appointments and confirmations for other important posts as the Senate calendar loads up and politics intensify through the spring and summer.

The nominees' transition teams should begin research into available talent after the conclusion of the parties' conventions in July, and they should assemble shortlists of candidates for priority positions by Election Day. This will allow the formal process of vetting the financial, security, and personal backgrounds of candidates to begin immediately after the election. The more candidates vetted and ready for nomination, the more quickly the new administration will be able to fill key positions and staff federal agencies after the inauguration.

We believe that the transition teams for both candidates should aim to submit at least 100 nominations by Inauguration Day, with the top 30 to be acted upon immediately. In addition, the new administration should strive to have up to 500 appointments—including cabinet secretaries, agency heads, and key ambassadors—approved by the Senate within the first seven months of the new president's term. It should also have a plan to quickly build out the team—assistant secretary, CFO, general counsel—in agencies that are central to achieving strategic priorities or in which other important operational risks exist if critical personnel are not in place.

Finally, transition staff should plan for the fact that Senate approval takes more time and energy to secure for some positions than for others. Nominations considered by the US Senate Select Committee on Intelligence and the US Senate Committees on Foreign Relations, Armed Services, and Small Business and Entrepreneurship are generally approved in about 70 days. Those considered by the US Senate Committees on Health, Education, Labor, and Pensions; Rules and Administration; and Homeland Security and Governmental Affairs require at least 100 days on average.

As the work of filling critical posts unfolds, the transition team and the president-elect

and his or her advisors should develop a productive way of interacting and collaborating with each other. This relationship between the transition organization and the president-elect's team is akin to the interplay between the integration team in a large merger and the executive management team. The transition team brings critical issues into focus and frames the choices, and then the president-elect and his or her advisors make the decisions.

**Drive the transition on the basis of clear goals.** In any major transition, whether a private-sector merger or a presidential handoff, it is important to clearly define the goals and to understand the roadblocks and enablers that affect them. In a private-sector merger, this is essentially completed in the due diligence phase. In a presidential transition, the goals should be defined before Election Day.

The transition team should understand how the major policy objectives of the incoming administration connect to the various federal agencies under the executive branch. The team should perform deep analysis of the relevant agencies, including their strengths and weaknesses and their roles with regard to specific policy objectives. It is also critical for the transition team to clearly communicate to agency teams the primary policy goals of the new administration and the roles that those agencies will play in achieving the objectives. This will ensure that the new administration and the agencies focus on translating the right campaign promises into action.

**Identify talent on the basis of qualifications.** Traditionally, transition teams turn to external stakeholders, such as policy advisors and trade and professional associations that support their campaign, for initial guidance on individuals for key agency positions. As a result, different groups of supporters generate long lists of potential job candidates who represent their views—but who also may not be well suited to the critical roles required of them.

We assert that the transition team should begin the talent search by first identifying

and describing the technical, policy, and leadership requirements for all appointed positions. The team should then use these detailed position descriptions to guide their talent decisions and recruitment strategies. Guidance and specific recommendations for these roles by external stakeholders and campaign supporters should be considered secondary. This approach will result in appointees who are better qualified, more effective, and potentially more easily confirmed.

**Focus on managing the change.** The task of presidential transition is not simply an intense staffing drive. Rather, it is the process of rapidly building a cohesive organization that can execute on an ambitious set of objectives in a very short amount of time. As a result, transition leaders need to think about how they will embed the values, vision, and ways of working that will be the foundation for the administration over the next four or eight years. (See *Changing Change Management: A Blueprint Takes Hold*, BCG report, December 2012.)

This involves a wide spectrum of activities. Leaders must clearly communicate—as one

voice—the objectives of the transition and how the team will accomplish those objectives. They should establish clear governance structures and processes. They should also develop roadmaps for achieving key priorities and solid milestones for measuring progress. Finally, desired behaviors and attitudes must be clarified from the outset and reinforced throughout the transition. This will help establish the right mindset and culture for the entire transition.

**V**ALUABLE LESSONS CAN be learned from both the public and the private sectors when it comes to managing a successful presidential transition. In the months ahead, we will publish additional articles on these insights as the handoff approaches.

In the meantime, it is imperative that both presidential candidates learn from the best practices employed in previous large-scale transitions. After all, in a period of major global challenges and uncertainty, the stakes could not be higher.

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