



# GETTING SMART AS A NEW US AGENCY LEADER

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*This article is the first in a three-part series providing insight on how new government leaders can hit the ground running. The second article will explore how leaders can get organized by preparing a plan for the first 100 days, and the third will cover how they can quickly get going, putting their plan into action with a proven change management approach.*

**C**HANGE IS COMING. IN the next several months, thousands of new leaders will take the helm at agencies and departments throughout the US federal government. Taking over any organization can be difficult, but the size and complexity of many federal agencies, as well as the critical role they play for citizens, magnifies the task at hand.

In order to create momentum early in their tenure, incoming appointees must quickly get smart about the organizations they are leading. This exercise should kick off with a study of the broad, foundational information about their agency or department, including its mission, personnel, and budget.

But while such information is a critical starting point, incoming leaders should push to gain a deeper understanding of the DNA of their organization—one that illuminates its culture and capabilities and illustrates how those elements drive its performance. On the basis of extensive experience in transitions at the presidential, agency, state, and local government levels, as well as at leading companies, BCG has developed a diagnostic approach—think Meyers-Briggs for organizations—that will enable incoming leaders to gain the appropriate level of insight. This diagnostic has four dimensions:

- **Talent:** the distinguishing factors of an organization’s workforce, including any prevalent specialized skills and the geographic distribution of the staff, that impact how a leader engages and motivates the workforce to support change
- **Autonomy:** the various external stakeholders (such as Congress, the White House, or the citizen groups the

agency serves) and relevant federal laws that may guide or constrain agency operations and the degree of change permissible within an agency

- **Execution:** the ways of working in various offices, bureaus, and other subunits throughout the agency that will be tasked with executing different aspects of the administration's and new leaders' agendas
- **Management:** the leadership styles of the management teams in the offices, bureaus, and other subunits that will be charged with advancing priorities and potential reforms

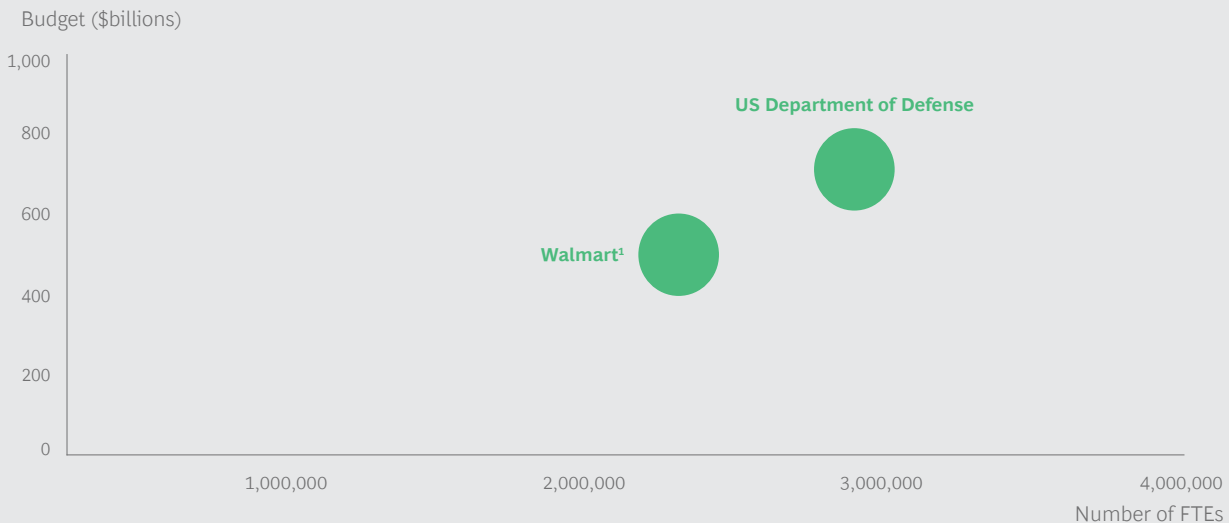
This initial work to get smart about the organization is critical for several reasons. First, in the near term, such insight will allow an incoming leader to understand the risks or issues that they will have to address immediately, including those related to national security, economic recovery, and the pandemic response. Second, appointees need a solid comprehension of the agency to get organized and craft an effective 100-day plan. Third, deep insight into the agency will allow appointees to

tailor their engagement and change management strategies to the organization's unique practices, behaviors, people, and culture.

## A Challenge of Scale and Complexity

Even appointees that have led other large organizations may not fully appreciate the scale and complexity of the federal agency or department they are tasked with leading. Consider, for example, that the fiscal year 2020 budget of \$712.6 billion for the US Department of Defense (DoD) dwarfs the \$503.4 billion in total costs and expenses for Walmart—the largest company in the world. (See Exhibit 1.) Similarly, the DoD's workforce of civil and military personnel in 2020 was more than 33% greater than Walmart's global workforce. Meanwhile, the US Commerce Department, the US Department of Veterans Affairs, and the US Department of Homeland Security have a combined workforce topping 1 million. And even agencies that are relatively small by federal government standards can be quite large compared with many private-sector or nonfederal public institutions.

EXHIBIT 1 | The Budget for the US Department of Defense Dwarfs That of Walmart, the World's Largest Company



Sources: Walmart; BCG analysis.

Note: FTE = full-time equivalent.

<sup>1</sup>Budget amount represents Walmart's FY2020 total costs and expenses.

Certainly, well-established mechanisms—most notably, the formal agency transition process—can provide incoming government leaders with detailed, foundational information about their organizations. (See the sidebar “The Ins and Outs of the Agency Transition Process.”) Through briefing materials and meetings with career transition officials, new leaders can get the lay of the land at the agency and

gain insights into the actions they can take to advance their budgetary, policy, and other priorities. The formal transition will also help new leaders identify important stakeholders, including decision makers within the organization, individuals who lead critical programs or processes, and those who will be impacted by the change efforts, such as the citizens the organization serves. And it will give incoming lead-

## THE INS AND OUTS OF THE AGENCY TRANSITION PROCESS

The formal transition process lays the groundwork for new agency leaders. Every four years, by law, more than 140 federal agencies must each select a career civil servant to lead transition-planning efforts. Beginning in May of a presidential election year, these agency transition directors, backed up by teams of civil servants, work quietly behind the scenes to prepare for the potential arrival of new political appointees.

These transition teams must develop briefing materials for incoming leaders by November 1 of the same year. These briefing materials, essentially a type of owner’s manual for the agency, contain such information as:

- An organizational chart, including biographies of career or political staff in key leadership positions
- The top issues currently facing the agency, whether they be managerial, technological, legal, media-related, or congressional matters
- A recent budget history and the current budget proposal, highlighting areas of flexibility and cost-cutting opportunities
- An overview of congressional relations, including the relevant House and Senate oversight committees and any current inquiries from them

Historically, the transition teams in some agencies—such as the US Environmental Protection Agency, the Federal Bureau of Investigation, and the US Department of Defense—have additionally prepared brief, issue-specific papers that described the backgrounds of major issues at the agency and any upcoming milestones or decisions needed concerning the matters.

Of course, there is often a lag between when an appointee is selected and when they have access to official briefing material. In that period, the appointee can do some homework on their own, including through public research or in conversations with former leaders of the agency. An incoming leader who does that sort of legwork—for example, learning the acronyms for the various offices, programs, and policies within an agency—can establish immediate credibility with career staff and begin building enhanced engagement among them.

ers insight into the current state of an agency and the policies and issues that should be integrated into plans for the first 100 days and beyond. But while such information is invaluable, new appointees must complement that material with a deeper analysis of the organization if they want to generate early momentum and get lasting results during their tenure.

## Understanding the Organization's DNA

In reality, the task of gaining that deeper understanding, in order to fully develop their plans and create change management strategies tailored to the organization's culture and capacity for change, is rarely clear or intuitive. Incoming leaders can be overwhelmed with data, briefings, and policy backgrounders; how can they assess that information to better understand how things really get done? What's more, the work, culture, and practices within different areas of the organization also vary significantly. How does a new leader factor those differences into their approach?

The diagnostic tool we've developed can help leaders quickly gain the deeper understanding of their organization that they need. It identifies four critical dimensions that should be assessed for the agency as a whole, as well as the factors that should be evaluated for specific offices or bureaus that are particularly impacted by, and will have responsibility for, executing elements of the new administration's agenda.

Each of the dimensions can be assessed by answering a series of questions (see Exhibit 2):

- **Talent.** A leader should start at an agency-wide level and learn about the nature of their organization's talent base. Career transition officials will likely provide information on the size and demographic breakdown of the workforce. But it's also critical for leaders to gain insight into any niche complexities within the workforce—factors that may impact, among other things, how a leader chooses to communicate with their staff. The workforce at the National Oceanic and Atmospheric

### EXHIBIT 2 | New Leaders Can Assess an Agency's DNA By Asking Questions in Four Areas

#### Assessed at the agency-wide level



#### TALENT

Complexities imposed by the nature of the workforce

- To what degree do most staff have a specific, specialized skill vs. general experience in the organization's mission area?
- To what degree does the staff include labor unions, specialized career tracks, or contracted groups vs. standard GS schedules?
- To what degree are staff physically centralized in one location vs. geographically distributed?



#### AUTONOMY

Factors and stakeholders that reform must account for

- To what degree are the White House, Congress, and other government stakeholders involved in the organization's affairs?
- To what degree is the organization subject to significant statutory or legal authorities vs. free of controls and constraints?
- To what degree does the organization's work entail direct interface with citizens vs. indirect interactions?

#### Assessed at the office, bureau, and component level



#### EXECUTION

Ways of working, how things get done in an organization

- To what degree are processes specifically defined and strictly followed vs. loosely defined and flexible in practice?
- To what degree is work generally completed via a teamwork approach vs. being driven by specific individuals?
- To what degree does the office use detailed upfront plans vs. taking a learn-as-you-go, quick-execution approach?



#### MANAGEMENT

Factors influencing governance practices at an organization

- To what degree is decision-making authority concentrated at the top vs. evenly distributed among lower levels?
- To what degree does leadership tolerate risk in day-to-day operations?
- To what degree does leadership provide detailed direction vs. broad parameters that empower teams to drive work?

Source: BCG.

Note: GS = general schedule, which is the predominant pay scale for career federal civil servants, covering more than 70% of government employees.

Administration, for example, has a highly technical culture with employees from unique and diverse backgrounds. Digital engineers, climate scientists, and satellite operators all collaborate to deliver accurate, well-researched information on the climate, weather, oceans, and coasts. A new leader for the organization would want to understand the makeup of that workforce in order to get a handle on the mindset and culture of the agency and determine the best ways to engage employees. In some instances, such as where the workforce contains clusters of distinct talent, leaders may want to appoint liaisons to lead communication efforts with each group.

- **Autonomy.** A new leader should also evaluate the independence of the organization at an agency-wide level. Federal agencies are subject to a variety of constraints imposed by Congress, the White House, federal laws and regulations, and the citizens they serve. New leaders must be acutely aware of the limitations that these constraints impose on the organization and calibrate their agendas accordingly. At the United States Patent and Trademark Office, for example, examiners must follow extensive rules and statutes when reviewing applications for patents or trademarks. A new director of the organization who seeks to expedite the patent and trademark review process would thus need to ensure that any new approach or reform does not run afoul of these rules.
- **Execution.** At the office, bureau, and other subunit level, new leaders should start by assessing how things get done. Doing so can help leaders understand which parts of the organization are best suited to handle different initiatives. If a time of crisis were to arise, for example, a leader would want to know which offices in their organization are particularly agile—able to act quickly and take a learn-as-you-go approach. The Centers for Disease Control and Prevention, for instance, has a global rapid response

team (RRT) that is deployed to address critical global health concerns both in the US and around the world. With more than 350 staffers available for mobilization in times of crisis, the RRT has been activated some 1,200 times, including during outbreaks of coronavirus, Ebola, and cholera. The well-developed muscle memory for quick and effective action of such teams can potentially be leveraged for other important initiatives that require such skills.

- **Management.** Leaders should also assess the management style employed in offices that are likely to be affected by, or have a role in, the incoming administration's agenda. That insight can help the incoming team effectively frame and implement change initiatives within those offices. For example, a risk-averse management team of an office impacted by a new leader's priority may well be reluctant to pursue large degrees of change for fear of introducing risk into day-to-day operations. Consider a leader taking the helm at NASA, for instance. That individual will need to understand the management style of each of the mission control center leaders who set the tone for risk management in their respective programs—including manned spaceflights, where the stakes are exceptionally high.

Given their extensive work on agency briefing materials, career transition officials are the best resource for new leaders. Leaders should be prepared to ask these officials the questions about each of the four dimensions in their onboarding briefings. They should also speak with former agency leaders to get their input. And they should canvass the broad civil servant corps, conducting thoughtful conversations and listening carefully to gain perspectives that can further inform the agency assessment. Ultimately, the insight gleaned through this process can help incoming leaders get organized for the new term, including by building their teams and identifying a clear set of priorities, and then successfully drive

and execute on those priorities to deliver change in their agencies.

**A**S LEADERS FOR the incoming administration take their new positions throughout the US federal government, they will be hoping to hit the ground running with ambitious policy changes. Those

that push change without fully understanding the culture, roots, and unique characteristics of their organizations will face an uphill battle. But leaders who take the time and energy to understand the organization they will be leading are likely to have greater success at positioning and building support for their agenda from day one.

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