



# Navigating Enterprise Transformation

Government Contracting Webinar Series  
August 28, 2019

# TODAY'S AGENDA

- ▶ Enterprise Transformation – What is it?
- ▶ GOVCON Market M&A and Transformation Trends
- ▶ Navigating Challenges & Pitfalls
- ▶ Best Practices
- ▶ Q&A

## PRESENTER



Kim Clark Pakstys

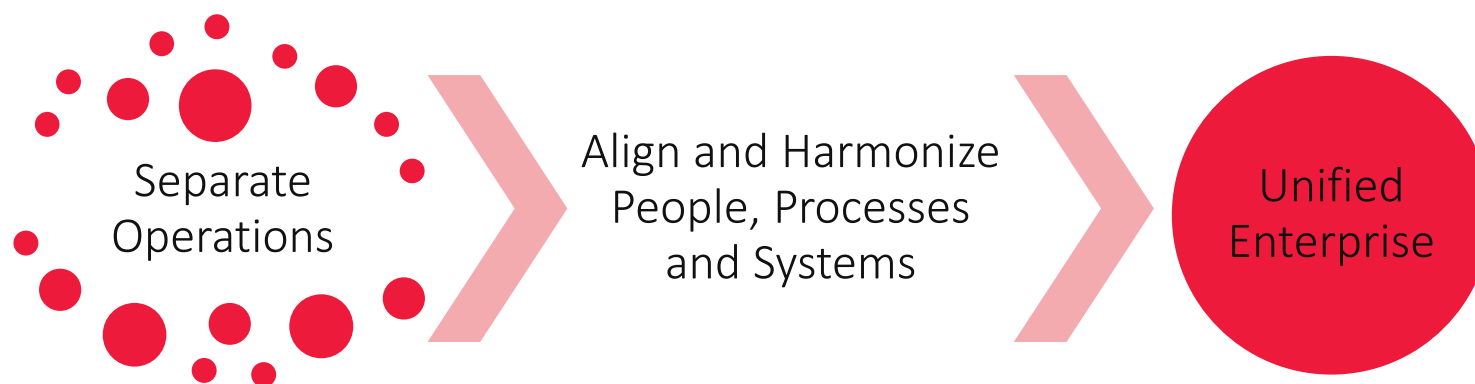


# LEARNING OBJECTIVE

- ▶ Review trends that Government Contractors are employing to survive and thrive in this everchanging and increasingly competitive environment.
- ▶ Identify common pitfalls of integration.
- ▶ Discover strategies to help navigate change and harmonize people, processes and cultures.
- ▶ Understand the implications of organization capacity and culture on transformation initiatives.

# WHAT IS ENTERPRISE TRANSFORMATION?

- ▶ Fundamental change that impacts the way an organization operates - realigns resources - people, processes and systems with a new strategy and/or business model
- ▶ Intentional leadership effort to drive synergies and efficiencies between and across the business - creating a unified enterprise approach



# MARKET TRENDS

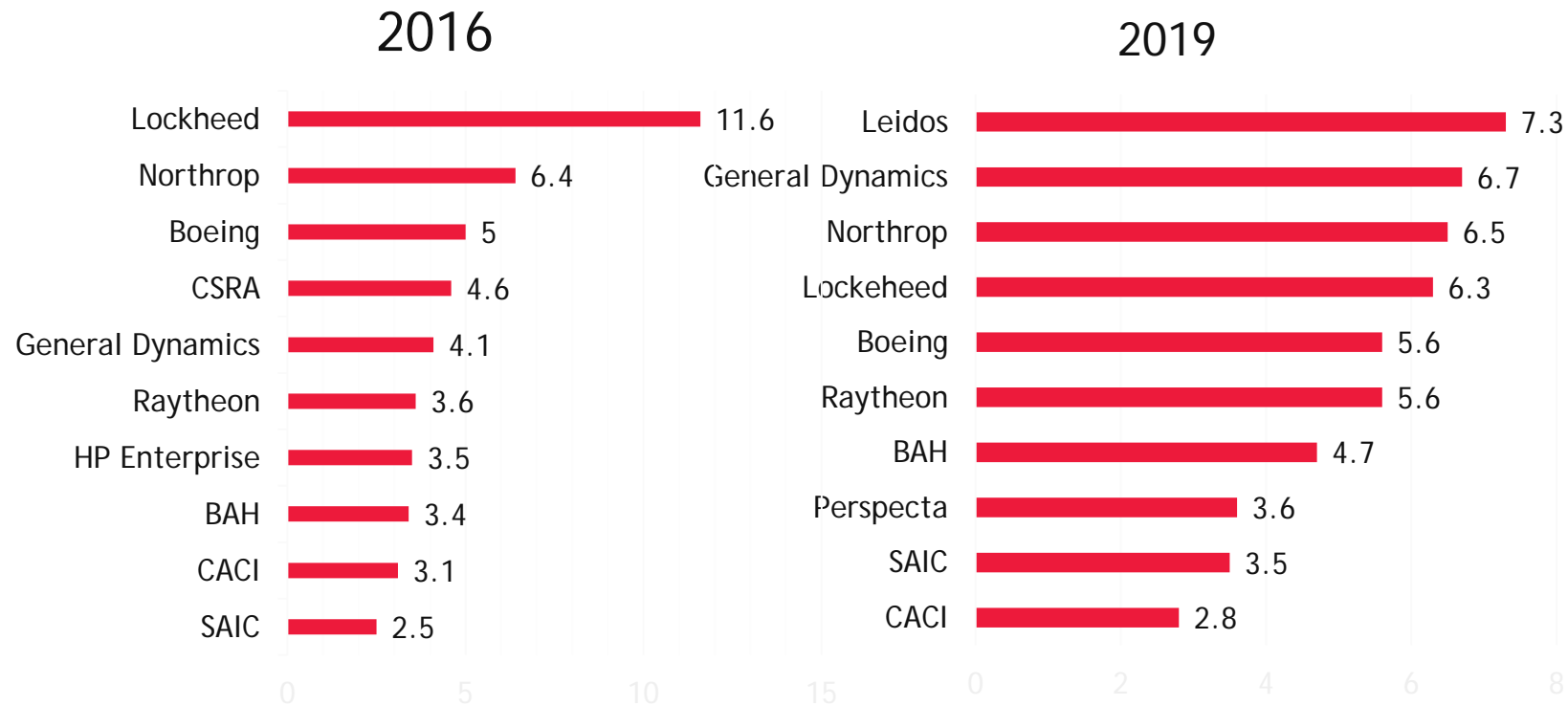
#1 not in Top 10 3 Years Ago

#4 & 8 do not exist

#58/yr deals on avg since 2015

\$6.5B/yr total value

#25 publicly traded A&D / GovCon

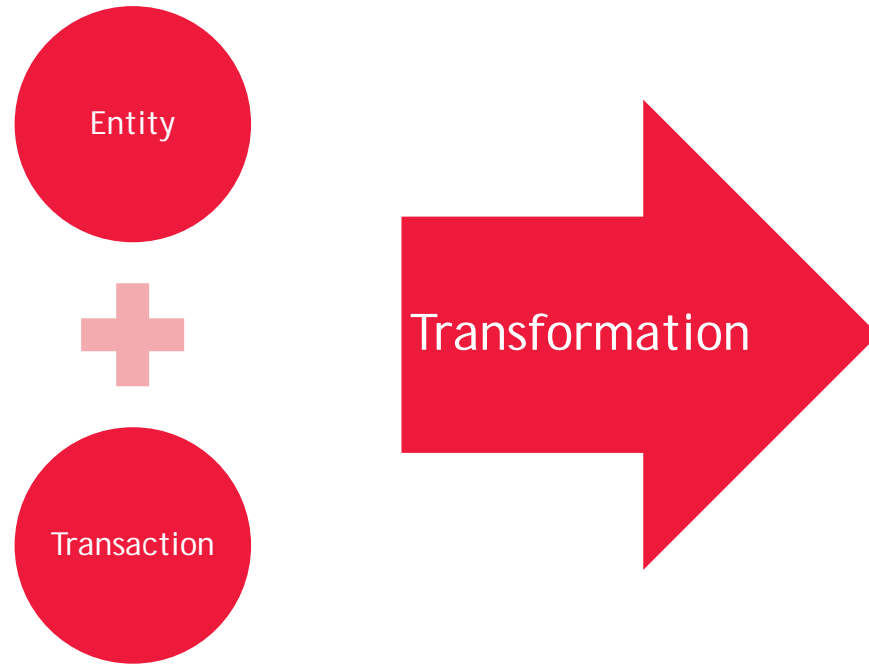


Source: Washington Technology Top 100

# INDUSTRY EVOLUTION THROUGH CONSOLIDATION

- ▶ Merger: the combination of two companies into a single legal entity
  - Raytheon-UTC merger (2019)
  - L-3-Harris (2019)
- ▶ Acquisition: corporation transaction where one company purchases a portion or all of another company's shares or assets
  - IBM acquisition of Red Hat (2019)
  - Leidos acquires Lockheed Martin IT unit (2019)
- ▶ Consolidation/Realignment: the combination of several business units or several different companies into a larger organization
  - Leonardo DRS
- ▶ Divestiture/Spin-off: selling of, or disposal of, a firm's assets to achieve a desired objective, such as greater liquidity or reduced debt burden
  - United Technologies splitting into 3 companies (2018)
  - CSC PS + SRA = CSRA (2018)
- ▶ Reverse Morris Trust: reorganization that allows an entity to combine a subsidiary that was spun off with a strategic merger or combination with another company free of taxes, provided that all legal requirements for spin-off are met
  - Perspecta (2018)

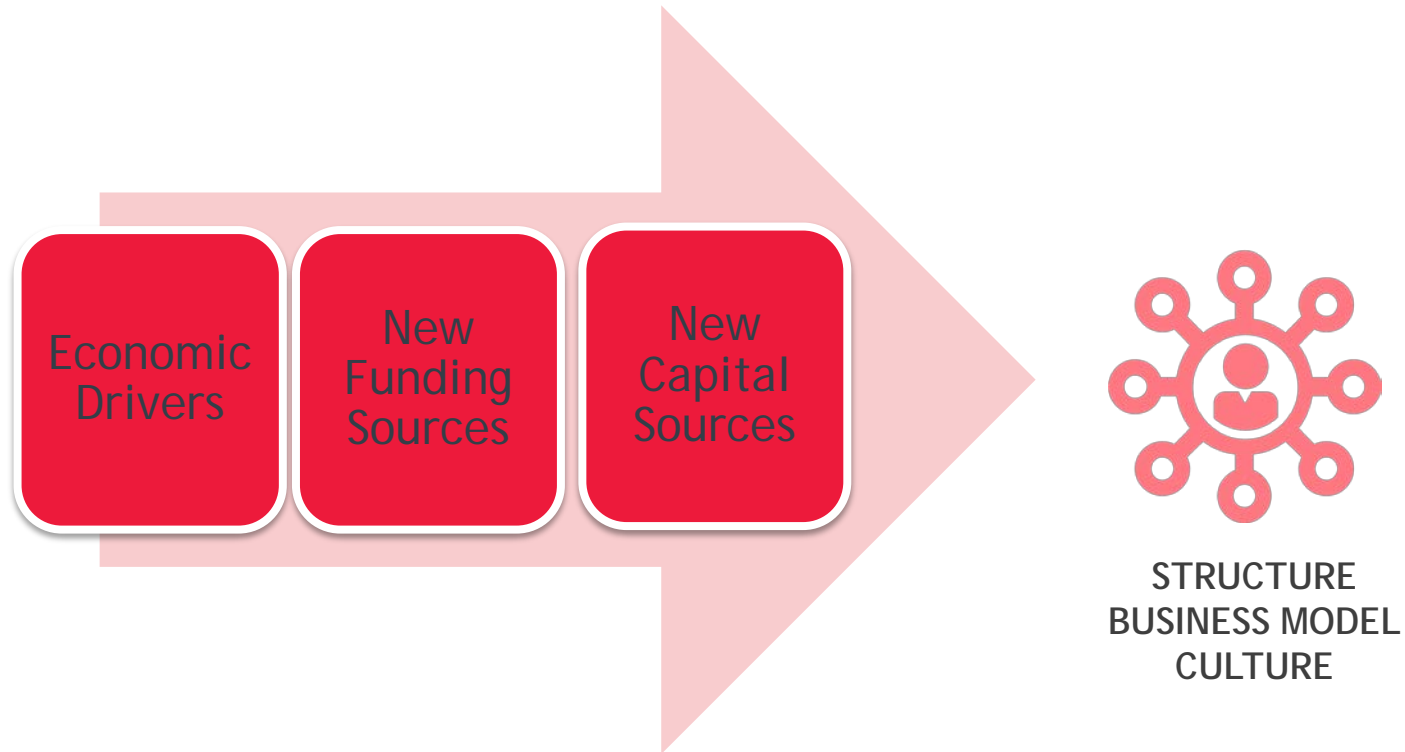
# WHAT IS DRIVING TRANSFORMATION?



- Capabilities
- Margin & Revenue
- Customers
- Market Access
- Technology
- Talent
- Valuation

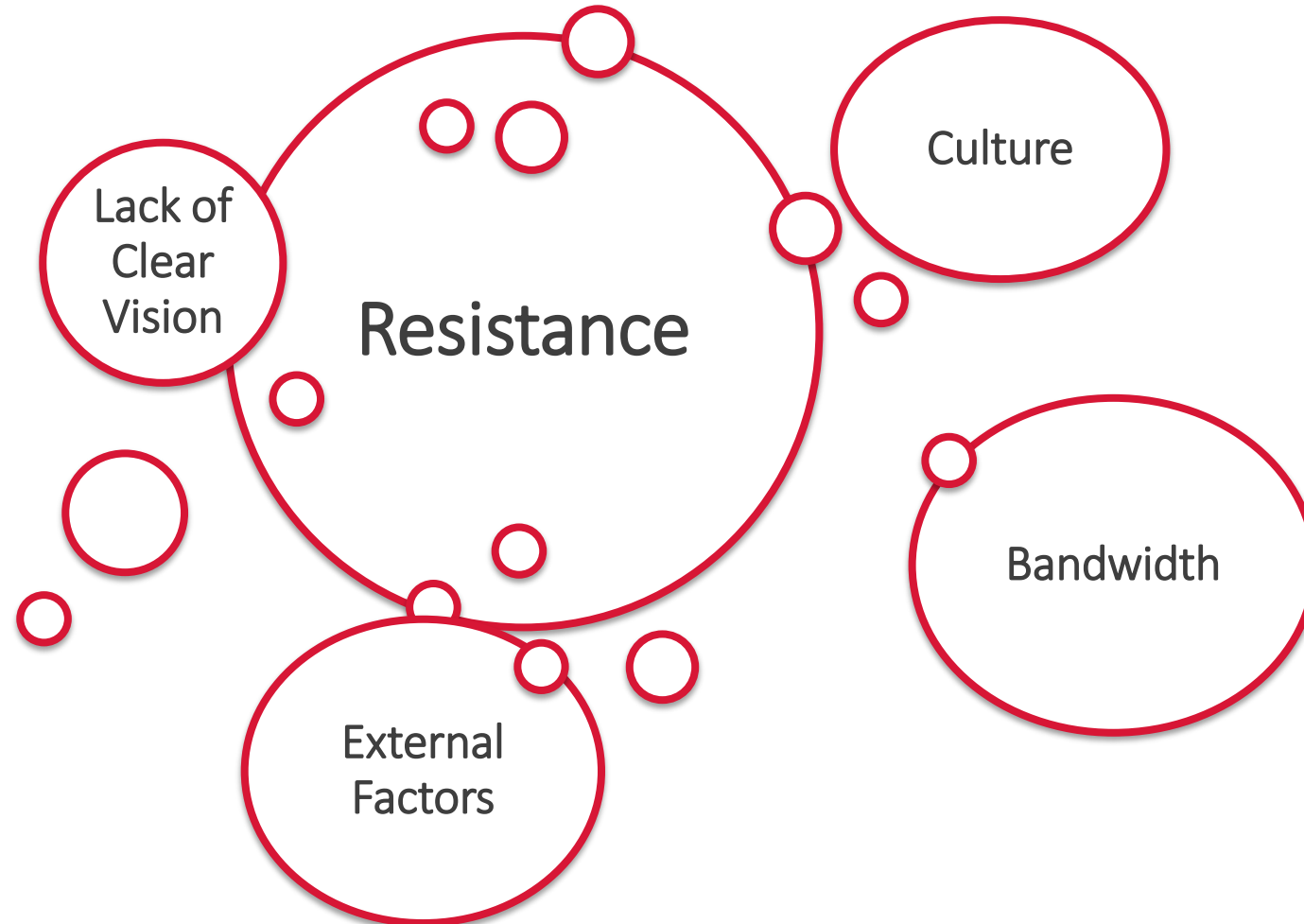
# LESSONS FROM THE FIELD

The GovCon landscape has evolved in the past 3 years and continues to both consolidate and provide opportunity for new contractors changing the driver and culture of many traditional contractors.

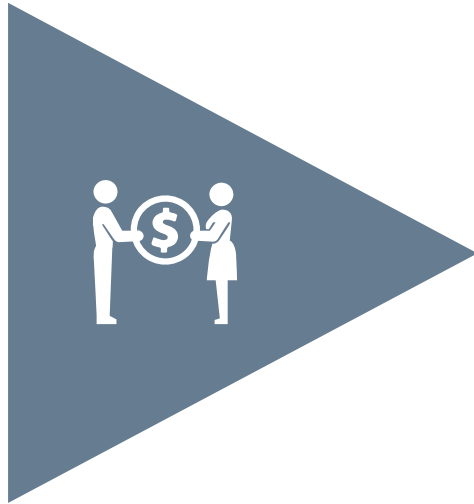




# IDENTIFYING AND NAVIGATING COMMON PITFALLS

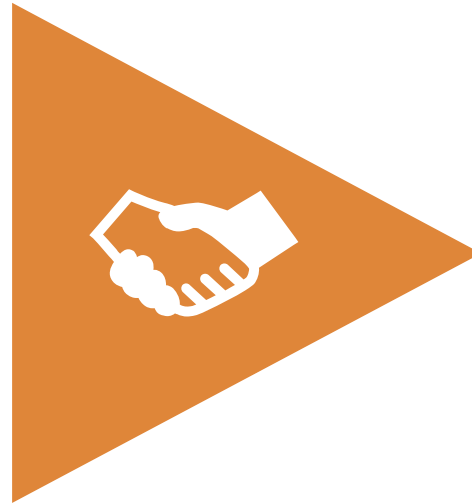


# STRATEGIES FOR SUCCESSFUL ENTERPRISE TRANSFORMATION



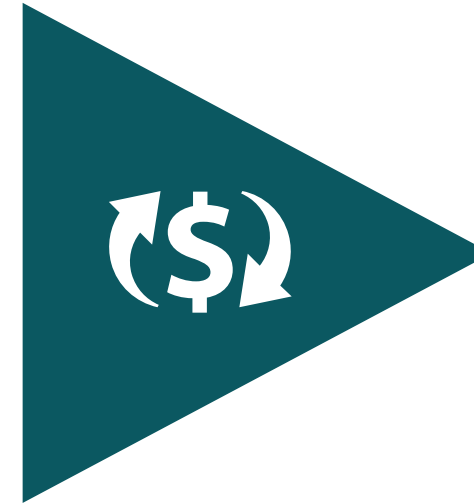
## M&A/PMI

Leadership  
Team Selection  
Communication  
Alignment



## CONSOLIDATION

Clarity of Purpose  
Mission Focus  
Decision Making  
Communication  
Culture



## TRANSFORMATION

Leadership  
Clear Driver of Change  
Consistent Message  
Team Selection  
Change Management



# BEST PRACTICES FOR THRIVING DURING CHANGE

Recent research findings state, and our experience confirms, mergers and acquisitions and large scale change initiatives fail when organization alignment, culture and human capital are not given proper attention.

Winners in the change game, pay special attention to the following integration factors .

- ▶ Pace / Cadence
- ▶ Culture
- ▶ Tailored Approach
- ▶ Value Creation - Short and Long Term
- ▶ Planning, Resourcing and Monitoring
- ▶ Execution



# SUMMARY

- ▶ Government Contractors are acquiring and implementing transformative initiatives to thrive in this everchanging and increasingly competitive environment.
- ▶ Identifying leadership, pace and culture differences are key strategies for aligning and harmonizing people, processes and cultures.
- ▶ Understanding the scope of the changes required, involving stakeholders, engaging champions and deploying sufficient resources are critical to the success of any transformation initiative.

QUESTIONS?

