

# **CEO Turnovers and Disruptions in Customer-Supplier Relationships**

## **Internet Appendix**

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**Table A1****CEO Turnovers and Supplier Sales to Customers – Dependent Variable is  $\ln(1+\text{PCT\_ASSETS})$** 

Table A1 reports results from OLS fixed effects regressions using public suppliers and customers identified from Compustat and ExecuComp over 1993–2011. The results are from cross-sectional analyses (from Tables 6 and 7) that correspond to the model specification in model 5 of Table 4. The dependent variable is the natural logarithm of 1 plus PCT\_ASSETS. PCT\_ASSETS is sales to a customer divided by the supplier's total assets (in percent). POST\_TURNOVER is an indicator variable set to 1 for the years after a customer replaces its CEO, and 0 otherwise. All interaction terms are defined in Tables 6 and 7. Supplier control variables include REL\_LENGTH, ROA, SALES\_GROWTH,  $\ln(\text{SALES})$ , VOLATILITY,  $\ln(\text{FIRM\_AGE})$ , SG&A, R&D, CAPEX, LEVERAGE, DIVIDEND\_PAYER, and BLOCKHOLDER. Customer control variables include  $\ln(\text{CUST\_SALES})$ , CUST\_ROA, CUST\_R&D, CUST\_LEVERAGE, CUST\_ΔASSETS, and CUST\_STOCK\_RETURN. Table 3 provides definitions of all other control variables. Continuous variables are winsorized at their 1st and 99th percentiles each year, and dollar values are expressed in 2009 dollars. Standard errors are corrected for heteroskedasticity and clustering at the supplier level (*t*-statistics are in parentheses). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

	Customer Switching Cost Measure				5	6	7
	PCT_ COGS	REL_ LENGTH	SUPPLIER _SIZE	MARKET _SHARE			
	1	2	3	4			
POST_TURNOVER	-0.062* (-1.89)	-0.471*** (-11.60)	-0.173*** (-3.65)	-0.167*** (-3.36)	0.020 (0.41)	0.034 (0.70)	0.078 (1.41)
POST_TURNOVER × HIGH_SWITCHING_COSTS	0.170*** (4.49)	0.618*** (12.06)	0.194*** (3.04)	0.162** (2.42)			
HIGH_SWITCHING_COSTS	2.001*** (67.13)	-0.453*** (-11.85)	-0.098 (-1.56)	-0.062 (-0.84)			
POST_TURNOVER × HIGH_SUPPLIER_R&D					-0.171*** (-2.69)		-0.129* (-1.95)
HIGH_SUPPLIER_R&D					0.236*** (3.14)		0.219*** (2.88)
POST_TURNOVER × HIGH_CUST_R&D						-0.194*** (-2.86)	-0.150** (-2.12)
HIGH_CUST_R&D						0.244** (2.45)	0.234** (2.33)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	22,797	22,797	22,797	21,527	22,797	22,797	22,797
Adjusted R <sup>2</sup>	0.730	0.480	0.470	0.467	0.470	0.470	0.471

**Table A1** *(Continued)**Panel B. The Effect of Outside Successions, Forced Turnovers, and Entrenchment*

	1	2	3	4	5	6
POST_TURNOVER	-0.002 (-0.06)	0.026 (0.64)	0.085** (1.96)	0.058 (1.26)	0.047 (0.96)	-0.005 (-0.09)
POST_TURNOVER × OUTSIDER	-0.295*** (-3.88)					
POST_TURNOVER × FORCED		-0.347*** (-5.15)				
POST_TURNOVER × INSIDER_FORCED			-0.435*** (-5.34)			
POST_TURNOVER × OUTSIDER_VOLUNTARY			-0.384*** (-3.80)			
POST_TURNOVER × OUTSIDER_FORCED			-0.364*** (-3.54)			
POST_TURNOVER × HIGH_POWER_INDEX				-0.276*** (-4.05)		
POST_TURNOVER × BUSY_BOARD					-0.344*** (-4.46)	
POST_TURNOVER × LOW_BOARD_OWN						-0.149** (-1.96)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	22,797	22,797	22,797	20,320	17,546	17,560
Adjusted R <sup>2</sup>	0.470	0.471	0.472	0.470	0.465	0.463

**Table A2****CEO Turnovers and Supplier Sales to Customers – Dependent Variable is SIGN\_CUST**

Table A2 reports results from OLS fixed effects regressions using public suppliers and customers identified from Compustat and ExecuComp over 1993–2011. The results are from cross-sectional analyses (from Tables 6 and 7) that correspond to the model specification in model 6 of Table 4. The dependent variable is an indicator variable set to 1 if a supplier reports positive sales to a customer, and 0 otherwise (SIGN\_CUST). POST\_TURNOVER is an indicator variable set to 1 for the years after a customer replaces its CEO, and 0 otherwise. All interaction terms are defined in Tables 6 and 7. Supplier control variables include REL\_LENGTH, ROA, SALES\_GROWTH, ln(SALES), VOLATILITY, ln(FIRM\_AGE), SG&A, R&D, CAPEX, LEVERAGE, DIVIDEND\_PAYER, and BLOCKHOLDER. Customer control variables include ln(CUST\_SALES), CUST\_ROA, CUST\_R&D, CUST\_LEVERAGE, CUST\_ΔASSETS, and CUST\_STOCK\_RETURN. Table 3 provides definitions of all other control variables. Continuous variables are winsorized at their 1st and 99th percentiles each year, and dollar values are expressed in 2009 dollars. Standard errors are corrected for heteroskedasticity and clustering at the supplier level (*t*-statistics are in parentheses). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

	Customer Switching Cost Measure				5	6	7
	PCT_ COGS	REL_ LENGTH	SUPPLIER _SIZE	MARKET _SHARE			
	1	2	3	4			
POST_TURNOVER	-0.053*** (-4.64)	-0.216*** (-13.98)	-0.095*** (-5.46)	-0.095*** (-5.21)	-0.006 (-0.39)	-0.009 (-0.52)	0.012 (0.66)
POST_TURNOVER × HIGH_SWITCHING_COSTS	0.085*** (6.61)	0.262*** (14.08)	0.094*** (4.14)	0.087*** (3.68)			
HIGH_SWITCHING_COSTS	0.727*** (75.28)	-0.179*** (-13.72)	-0.034 (-1.50)	-0.009 (-0.34)			
POST_TURNOVER × HIGH_SUPPLIER_R&D					-0.074*** (-3.41)		-0.061*** (-2.72)
HIGH_SUPPLIER_R&D					0.071*** (2.67)		0.066** (2.45)
POST_TURNOVER × HIGH_CUST_R&D						-0.068*** (-2.88)	-0.048** (-1.99)
HIGH_CUST_R&D						0.090*** (2.70)	0.084** (2.50)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	22,797	22,797	22,797	21,527	22,797	22,797	22,797
Adjusted R <sup>2</sup>	0.656	0.320	0.303	0.304	0.303	0.308	0.304

**Table A2** *(Continued)**Panel B. The Effect of Outside Successions, Forced Turnovers, and Entrenchment*

	1	2	3	4	5	6
POST_TURNOVER	-0.018 (-1.37)	-0.007 (-0.52)	0.015 (0.98)	-0.008 (-0.49)	0.008 (0.50)	-0.029 (-1.46)
POST_TURNOVER × OUTSIDER	-0.119*** (-4.35)					
POST_TURNOVER × FORCED		-0.137*** (-5.81)				
POST_TURNOVER × INSIDER_FORCED			-0.162*** (-5.78)			
POST_TURNOVER × OUTSIDER_VOLUNTARY			-0.143*** (-3.97)			
POST_TURNOVER × OUTSIDER_FORCED			-0.155*** (-4.16)			
POST_TURNOVER × HIGH_POWER_INDEX				-0.081*** (-3.45)		
POST_TURNOVER × BUSY_BOARD					-0.145*** (-5.42)	
POST_TURNOVER × LOW_BOARD_OWN						-0.035 (-1.32)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	22,797	22,797	22,797	20,320	17,546	17,560
Adjusted R <sup>2</sup>	0.303	0.304	0.305	0.306	0.305	0.302

**Table A3****CEO Turnovers and Supplier Sales to Customers – Adding 1 Year of 0 Sales to the End of Customer-Supplier Relationships**

Table A3 reports results from OLS fixed effects regressions using public suppliers and customers identified from Compustat and ExecuComp over 1993–2011. The results are from cross-sectional analyses (from Tables 6 and 7) that correspond to the model specification in model 1 of Table 5. We create this sample by matching each ExecuComp customer to its suppliers from the first year of the customer-supplier relationship to 1 year after the relationship ends. We set sales to 0 in this last year. The dependent variable is the natural logarithm of 1 plus PCT\_SALES. PCT\_SALES is sales to a customer divided by the supplier's total sales (in percent). POST\_TURNOVER is an indicator variable set to 1 for the years after a customer replaces its CEO, and 0 otherwise. All interaction terms are defined in Tables 6 and 7. Supplier control variables include REL\_LENGTH, ROA, SALES\_GROWTH, ln(SALES), VOLATILITY, ln(FIRM\_AGE), SG&A, R&D, CAPEX, LEVERAGE, DIVIDEND\_PAYER, and BLOCKHOLDER. Customer control variables include ln(CUST\_SALES), CUST\_ROA, CUST\_R&D, CUST\_LEVERAGE, CUST\_ΔASSETS, and CUST\_STOCK\_RETURN. Table 3 provides definitions of all other control variables. Continuous variables are winsorized at their 1st and 99th percentiles each year, and dollar values are expressed in 2009 dollars. Standard errors are corrected for heteroskedasticity and clustering at the supplier level (*t*-statistics are in parentheses). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

	Customer Switching Cost Measure				5	6	7
	PCT_ COGS	REL_ LENGTH	SUPPLIER _SIZE	MARKET _SHARE			
	1	2	3	4			
POST_TURNOVER	-0.091** (-2.52)	-0.511*** (-10.86)	-0.218*** (-4.23)	-0.218*** (-4.10)	0.064 (1.37)	0.057 (1.23)	0.131** (2.48)
POST_TURNOVER × HIGH_SWITCHING_COSTS	0.149*** (3.79)	0.664*** (11.94)	0.275*** (4.29)	0.232*** (3.48)			
HIGH_SWITCHING_COSTS	1.982*** (71.00)	-0.362*** (-9.46)	-0.061 (-0.94)	-0.055 (-0.71)			
POST_TURNOVER × HIGH_SUPPLIER_R&D					-0.261*** (-4.10)		-0.209*** (-3.25)
HIGH_SUPPLIER_R&D					0.163** (1.97)		0.141* (1.69)
POST_TURNOVER × HIGH_CUST_R&D						-0.250*** (-3.81)	-0.186*** (-2.79)
HIGH_CUST_R&D						0.351*** (3.50)	0.328*** (3.22)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	20,425	20,425	20,425	19,251	20,425	20,425	20,425
Adjusted R <sup>2</sup>	0.622	0.344	0.335	0.331	0.335	0.335	0.336

**Table A3** *(Continued)**Panel B. The Effect of Outside Successions, Forced Turnovers, and Entrenchment*

	1	2	3	4	5	6
POST_TURNOVER	-0.007 (-0.18)	0.028 (0.69)	0.081* (1.84)	0.022 (0.47)	0.036 (0.75)	0.003 (0.05)
POST_TURNOVER × OUTSIDER	-0.287*** (-3.56)					
POST_TURNOVER × FORCED		-0.360*** (-5.26)				
POST_TURNOVER × INSIDER_FORCED			-0.431*** (-5.44)			
POST_TURNOVER × OUTSIDER_VOLUNTARY			-0.353*** (-3.37)			
POST_TURNOVER × OUTSIDER_FORCED			-0.382*** (-3.41)			
POST_TURNOVER × HIGH_POWER_INDEX				-0.211*** (-3.07)		
POST_TURNOVER × BUSY_BOARD					-0.342*** (-4.46)	
POST_TURNOVER × LOW_BOARD_OWN						-0.176** (-2.35)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	20,425	20,425	20,425	18,258	15,840	15,852
Adjusted R <sup>2</sup>	0.335	0.336	0.335	0.338	0.339	0.337

**Table A4****CEO Turnovers and Supplier Sales to Customers – Adding 2 Years of 0 Sales to the Beginning of Customer-Supplier Relationships**

Table A4 reports results from OLS fixed effects regressions using public suppliers and customers identified from Compustat and ExecuComp over 1993–2011. The results are from cross-sectional analyses (from Tables 6 and 7) that correspond to the model specification in model 2 of Table 5. We create this sample by matching each ExecuComp customer to its suppliers from 2 years before the first year of the customer-supplier relationship to 2 years after the relationship ends. We set sales to 0 in the 2 years before and after the relationship. The dependent variable is the natural logarithm of 1 plus PCT\_SALES. PCT\_SALES is sales to a customer divided by the supplier's total sales (in percent). POST\_TURNOVER is an indicator variable set to 1 for the years after a customer replaces its CEO, and 0 otherwise. All interaction terms are defined in Tables 6 and 7. For the PCT\_COGS cross-sectional test, we use PCT\_COGS of the first year in a customer-supplier relationship and backfill for the 2 years before the relationship begins. Supplier control variables include REL\_LENGTH, ROA, SALES\_GROWTH, ln(SALES), VOLATILITY, ln(FIRM\_AGE), SG&A, R&D, CAPEX, LEVERAGE, DIVIDEND\_PAYER, and BLOCKHOLDER. Customer control variables include ln(CUST\_SALES), CUST\_ROA, CUST\_R&D, CUST\_LEVERAGE, CUST\_ΔASSETS, and CUST\_STOCK\_RETURN. Table 3 provides definitions of all other control variables. Continuous variables are winsorized at their 1st and 99th percentiles each year, and dollar values are expressed in 2009 dollars. Standard errors are corrected for heteroskedasticity and clustering at the supplier level (*t*-statistics are in parentheses). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

	Customer Switching Cost Measure				5	6	7
	PCT_ COGS	REL_ LENGTH	SUPPLIER _SIZE	MARKET _SHARE			
	1	2	3	4			
POST_TURNOVER	-0.259*** (-8.03)	-0.504*** (-11.90)	-0.306*** (-6.44)	-0.332*** (-6.73)	0.009 (0.22)	0.016 (0.39)	0.090** (1.96)
POST_TURNOVER × HIGH_SWITCHING_COSTS	0.498*** (13.42)	0.591*** (11.53)	0.312*** (5.27)	0.342*** (5.44)			
HIGH_SWITCHING_COSTS	1.781*** (75.26)	-0.401*** (-12.24)	-0.079* (-1.74)	-0.011 (-0.23)			
POST_TURNOVER × HIGH_SUPPLIER_R&D					-0.312*** (-5.37)		-0.240*** (-4.03)
HIGH_SUPPLIER_R&D						-0.311*** (-5.30)	-0.069* (-1.72)
POST_TURNOVER × HIGH_CUST_R&D							-0.243*** (-4.03)
HIGH_CUST_R&D							-0.028 (-0.62)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	31,261	31,261	31,261	29,598	31,261	31,261	31,261
Adjusted R <sup>2</sup>	0.685	0.515	0.509	0.507	0.509	0.509	0.510



**Table A4** *(Continued)**Panel B. The Effect of Outside Successions, Forced Turnovers, and Entrenchment*

	1	2	3	4	5	6
POST_TURNOVER	-0.030 (-0.80)	0.022 (0.55)	-0.030 (-0.80)	-0.038 (-0.88)	-0.255*** (-5.34)	-0.028 (-0.46)
POST_TURNOVER × OUTSIDER	-0.294*** (-4.32)					
POST_TURNOVER × FORCED		-0.359*** (-5.83)				
POST_TURNOVER × INSIDER_FORCED			-0.419*** (-5.56)			
POST_TURNOVER × OUTSIDER_VOLUNTARY			-0.347*** (-3.86)			
POST_TURNOVER × OUTSIDER_FORCED			-0.367*** (-4.22)			
POST_TURNOVER × HIGH_POWER_INDEX				-0.180*** (-2.63)		
POST_TURNOVER × BUSY_BOARD					0.303*** (3.83)	
POST_TURNOVER × LOW_BOARD_OWN						-0.174** (-2.32)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	31,261	31,261	31,261	25,050	21,264	21,272
Adjusted R <sup>2</sup>	0.508	0.509	0.509	0.508	0.504	0.503

**Table A5****CEO Turnovers and Supplier Sales to Customers – Exclude Observations if PCT\_SALES = 0%**

Table A5 reports results from OLS fixed effects regressions using public suppliers and customers identified from Compustat and ExecuComp over 1993–2011. The results are from cross-sectional analyses (from Tables 6 and 7) that correspond to the model specification in model 3 of Table 5. The dependent variable is the natural logarithm of 1 plus PCT\_SALES. PCT\_SALES is sales to a customer divided by the supplier's total sales (in percent). We exclude all observations between the first and last year of the customer-supplier relationship in which PCT\_SALES equals 0%. POST\_TURNOVER is an indicator variable set to 1 for the years after a customer replaces its CEO, and 0 otherwise. All interaction terms are defined in Tables 6 and 7. Supplier control variables include REL\_LENGTH, ROA, SALES\_GROWTH, ln(SALES), VOLATILITY, ln(FIRM\_AGE), SG&A, R&D, CAPEX, LEVERAGE, DIVIDEND\_PAYER, and BLOCKHOLDER. Customer control variables include ln(CUST\_SALES), CUST\_ROA, CUST\_R&D, CUST\_LEVERAGE, CUST\_ΔASSETS, and CUST\_STOCK\_RETURN. Table 3 provides definitions of all other control variables. Continuous variables are winsorized at their 1st and 99th percentiles each year, and dollar values are expressed in 2009 dollars. Standard errors are corrected for heteroskedasticity and clustering at the supplier level (*t*-statistics are in parentheses). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

	Customer Switching Cost Measure				5	6	7
	PCT_ COGS	REL_ LENGTH	SUPPLIER _SIZE	MARKET _SHARE			
	1	2	3	4			
POST_TURNOVER	-0.231*** (-6.93)	-0.392*** (-10.03)	-0.358*** (-7.78)	-0.381*** (-7.89)	0.118*** (2.75)	0.077* (1.76)	0.194*** (3.96)
POST_TURNOVER × HIGH_SWITCHING_COSTS	0.428*** (11.08)	0.498*** (10.52)	0.509*** (8.79)	0.534*** (8.65)			
HIGH_SWITCHING_COSTS	1.626*** (59.95)	-0.282*** (-8.44)	-0.207*** (-3.65)	-0.116* (-1.81)			
POST_TURNOVER × HIGH_SUPPLIER_R&D					-0.386*** (-6.48)		-0.331*** (-5.41)
HIGH_SUPPLIER_R&D					0.252*** (3.66)		0.231*** (3.35)
POST_TURNOVER × HIGH_CUST_R&D						-0.302*** (-4.75)	-0.201*** (-3.09)
HIGH_CUST_R&D						0.249*** (2.64)	0.230** (2.39)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	20,833	20,833	20,833	19,682	20,833	20,833	20,833
Adjusted R <sup>2</sup>	0.698	0.519	0.517	0.600	0.516	0.514	0.516

**Table A5** *(Continued)**Panel B. The Effect of Outside Successions, Forced Turnovers, and Entrenchment*

	1	2	3	4	5	6
POST_TURNOVER	-0.005 (-0.14)	0.020 (0.55)	0.077* (1.94)	-0.003 (-0.07)	0.009 (0.20)	-0.062* (-1.65)
POST_TURNOVER × OUTSIDER	-0.334*** (-4.66)					
POST_TURNOVER × FORCED		-0.355*** (-5.53)				
POST_TURNOVER × INSIDER_FORCED			-0.376*** (-4.79)			
POST_TURNOVER × OUTSIDER_VOLUNTARY			-0.359*** (-3.79)			
POST_TURNOVER × OUTSIDER_FORCED			-0.467*** (-4.73)			
POST_TURNOVER × HIGH_POWER_INDEX				-0.220*** (-3.47)		
POST_TURNOVER × BUSY_BOARD					-0.282*** (-4.04)	
POST_TURNOVER × LOW_BOARD_OWN						-0.271*** (-2.84)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	20,833	20,833	20,833	18,466	15,893	15,906
Adjusted R <sup>2</sup>	0.514	0.514	0.514	0.517	0.516	0.516

**Table A6****CEO Turnovers and Supplier Sales to Customers – Exclude Observations if PCT\_SALES = 0% and Add 1 Year of 0 Sales to the End of Customer-Supplier Relationships**

Table A6 reports results from OLS fixed effects regressions using public suppliers and customers identified from Compustat and ExecuComp over 1993–2011. The results are from cross-sectional analyses (from Tables 6 and 7) that correspond to the model specification in model 4 of Table 5. The dependent variable is the natural logarithm of 1 plus PCT\_SALES. PCT\_SALES is sales to a customer divided by the supplier's total sales (in percent). We exclude all observations between the first and last year of the customer-supplier relationship in which PCT\_SALES equals 0%. For this analysis, we create this sample by matching each ExecuComp customer to its suppliers from the first year of the customer-supplier relationship to 1 year after the relationship ends. POST\_TURNOVER is an indicator variable set to 1 for the years after a customer replaces its CEO, and 0 otherwise. All interaction terms are defined in Tables 6 and 7. Supplier control variables include REL\_LENGTH, ROA, SALES\_GROWTH, ln(SALES), VOLATILITY, ln(FIRM\_AGE), SG&A, R&D, CAPEX, LEVERAGE, DIVIDEND\_PAYER, and BLOCKHOLDER. Customer control variables include ln(CUST\_SALES), CUST\_ROA, CUST\_R&D, CUST\_LEVERAGE, CUST\_ΔASSETS, and CUST\_STOCK\_RETURN. Table 3 provides definitions of all other control variables. Continuous variables are winsorized at their 1st and 99th percentiles each year, and dollar values are expressed in 2009 dollars. Standard errors are corrected for heteroskedasticity and clustering at the supplier level (*t*-statistics are in parentheses). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

	Customer Switching Cost Measure						
	PCT_ COGS	REL_ LENGTH	SUPPLIER _SIZE	MARKET _SHARE			
	1	2	3	4	5	6	7
POST_TURNOVER	-0.187*** (-5.30)	-0.374*** (-8.81)	-0.324*** (-7.15)	-0.336*** (-7.04)	0.102*** (2.61)	0.050 (1.29)	0.157*** (3.58)
POST_TURNOVER × HIGH_SWITCHING_COSTS	0.301*** (7.78)	0.470*** (9.65)	0.452*** (8.33)	0.447*** (7.62)			
HIGH_SWITCHING_COSTS	1.532*** (53.27)	-0.167*** (-5.31)	-0.168*** (-2.86)	-0.046 (-0.71)			
POST_TURNOVER × HIGH_SUPPLIER_R&D					-0.339*** (-6.26)		-0.298*** (-5.40)
HIGH_SUPPLIER_R&D					0.204*** (2.88)		0.186*** (2.62)
POST_TURNOVER × HIGH_CUST_R&D						-0.240*** (-4.20)	-0.152*** (-2.63)
HIGH_CUST_R&D						0.309*** (3.26)	0.284*** (2.96)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	18,461	18,461	18,461	17,406	18,461	18,461	18,461
Adjusted R <sup>2</sup>	0.582	0.403	0.403	0.402	0.401	0.400	0.402

**Table A6** *(Continued)**Panel B. The Effect of Outside Successions, Forced Turnovers, and Entrenchment*

	1	2	3	4	5	6
POST_TURNOVER	-0.004 (-0.13)	0.021 (0.61)	0.069* (1.88)	-0.017 (-0.43)	-0.010 (-0.24)	-0.058 (-1.60)
POST_TURNOVER × OUTSIDER	-0.312*** (-4.45)					
POST_TURNOVER × FORCED		-0.331*** (-5.41)				
POST_TURNOVER × INSIDER_FORCED			-0.334*** (-4.64)			
POST_TURNOVER × OUTSIDER_VOLUNTARY			-0.317*** (-3.44)			
POST_TURNOVER × OUTSIDER_FORCED			-0.452*** (-4.52)			
POST_TURNOVER × HIGH_POWER_INDEX				-0.163*** (-2.78)		
POST_TURNOVER × BUSY_BOARD					-0.212*** (-3.32)	
POST_TURNOVER × LOW_BOARD_OWN						-0.185** (-2.10)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	18,461	18,461	18,461	16,404	14,187	14,198
Adjusted R <sup>2</sup>	0.400	0.400	0.401	0.404	0.408	0.407

**Table A7****CEO Turnovers and Supplier Sales to Customers – Set PCT\_SALES = 10% if PCT\_SALES = 0%**

Table A7 reports results from OLS fixed effects regressions using public suppliers and customers identified from Compustat and ExecuComp over 1993–2011. The results are from cross-sectional analyses (from Tables 6 and 7) that correspond to the model specification in model 5 of Table 5. The dependent variable is the natural logarithm of 1 plus PCT\_SALES. PCT\_SALES is sales to a customer divided by the supplier's total sales (in percent). If PCT\_SALES equals 0% between the first and last year of the customer-supplier relationship, PCT\_SALES is set to 10%. POST\_TURNOVER is an indicator variable set to 1 for the years after a customer replaces its CEO, and 0 otherwise. All interaction terms are defined in Tables 6 and 7. Supplier control variables include REL\_LENGTH, ROA, SALES\_GROWTH, ln(SALES), VOLATILITY, ln(FIRM\_AGE), SG&A, R&D, CAPEX, LEVERAGE, DIVIDEND\_PAYER, and BLOCKHOLDER. Customer control variables include ln(CUST\_SALES), CUST\_ROA, CUST\_R&D, CUST\_LEVERAGE, CUST\_ΔASSETS, and CUST\_STOCK\_RETURN. Table 3 provides definitions of all other control variables. Continuous variables are winsorized at their 1st and 99th percentiles each year, and dollar values are expressed in 2009 dollars. Standard errors are corrected for heteroskedasticity and clustering at the supplier level (*t*-statistics are in parentheses). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

	Customer Switching Cost Measure				5	6	7
	PCT_ COGS	REL_ LENGTH	SUPPLIER _SIZE	MARKET _SHARE			
	1	2	3	4			
POST_TURNOVER	-0.121*** (-3.91)	-0.407*** (-10.98)	-0.315*** (-7.39)	-0.312*** (-6.83)	0.100** (2.57)	0.076* (1.89)	0.174*** (3.89)
POST_TURNOVER × HIGH_SWITCHING_COSTS	0.229*** (6.28)	0.510*** (11.60)	0.447*** (8.28)	0.429*** (7.38)			
HIGH_SWITCHING_COSTS	1.439*** (56.92)	-0.312*** (-10.11)	-0.169*** (-3.21)	-0.103* (-1.69)			
POST_TURNOVER × HIGH_SUPPLIER_R&D					-0.337*** (-6.10)		-0.282*** (-4.98)
HIGH_SUPPLIER_R&D					0.256*** (4.08)		0.233*** (3.70)
POST_TURNOVER × HIGH_CUST_R&D						-0.283*** (-4.85)	-0.195*** (-3.25)
HIGH_CUST_R&D						0.275*** (3.11)	0.248*** (2.76)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	22,797	22,797	22,797	22,527	22,797	22,797	22,797
Adjusted R <sup>2</sup>	0.679	0.507	0.504	0.505	0.502	0.502	0.503

**Table A7** *(Continued)**Panel B. The Effect of Outside Successions, Forced Turnovers, and Entrenchment*

	1	2	3	4	5	6
POST_TURNOVER	-0.009 (-0.28)	0.019 (0.57)	0.068* (1.92)	0.021 (0.53)	0.015 (0.37)	-0.060* (-1.71)
POST_TURNOVER × OUTSIDER	-0.281*** (-4.19)					
POST_TURNOVER × FORCED		-0.333*** (-5.46)				
POST_TURNOVER × INSIDER_FORCED			-0.377*** (-5.10)			
POST_TURNOVER × OUTSIDER_VOLUNTARY			-0.319*** (-3.63)			
POST_TURNOVER × OUTSIDER_FORCED			-0.390*** (-4.19)			
POST_TURNOVER × HIGH_POWER_INDEX				-0.240*** (-4.13)		
POST_TURNOVER × BUSY_BOARD					-0.269*** (-4.20)	
POST_TURNOVER × LOW_BOARD_OWN						-0.186** (-2.12)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	22,797	22,797	22,797	20,320	17,546	17,560
Adjusted R <sup>2</sup>	0.501	0.501	0.502	0.506	0.505	0.504

**Table A8****CEO Turnovers and Supplier Sales to Customers – Set PCT\_SALES = 10% if PCT\_SALES = 0% and Add 1 Year of 0 Sales to the End of Customer-Supplier Relationships**

Table A8 reports results from OLS fixed effects regressions using public suppliers and customers identified from Compustat and ExecuComp over 1993–2011. The results are from cross-sectional analyses (from Tables 6 and 7) that correspond to the model specification in Model 6 of Table 5. The dependent variable is the natural logarithm of 1 plus PCT\_SALES. PCT\_SALES is sales to a customer divided by the supplier's total sales (in percent). If PCT\_SALES equals 0% between the first and last year of the customer-supplier relationship, PCT\_SALES is set to 10%. For this analysis, we create the sample by matching each ExecuComp customer to its suppliers from the first year of the customer-supplier relationship to 1 year after the relationship ends. POST\_TURNOVER is an indicator variable set to 1 for the years after a customer replaces its CEO, and 0 otherwise. All interaction terms are defined in Tables 6 and 7. Supplier control variables include REL\_LENGTH, ROA, SALES\_GROWTH, ln(SALES), VOLATILITY, ln(FIRM\_AGE), SG&A, R&D, CAPEX, LEVERAGE, DIVIDEND\_PAYER, and BLOCKHOLDER. Customer control variables include ln(CUST\_SALES), CUST\_ROA, CUST\_R&D, CUST\_LEVERAGE, CUST\_ΔASSETS, and CUST\_STOCK\_RETURN. Table 3 provides definitions of all other control variables. Continuous variables are winsorized at their 1st and 99th percentiles each year, and dollar values are expressed in 2009 dollars. Standard errors are corrected for heteroskedasticity and clustering at the supplier level (*t*-statistics are in parentheses). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

	Customer Switching Cost Measure						
	PCT_ COGS	REL_ LENGTH	SUPPLIER _SIZE	MARKET _SHARE			
	1	2	3	4	5	6	7
POST_TURNOVER	-0.099*** (-3.14)	-0.384*** (-9.68)	-0.265*** (-6.55)	-0.267*** (-6.22)	0.082** (2.38)	0.055 (1.59)	0.140*** (3.59)
POST_TURNOVER × HIGH_SWITCHING_COSTS	0.141*** (4.00)	0.476*** (10.67)	0.364*** (7.50)	0.346*** (6.60)			
HIGH_SWITCHING_COSTS	1.290*** (48.51)	-0.198*** (-7.02)	-0.123** (-2.41)	-0.075 (-1.30)			
POST_TURNOVER × HIGH_SUPPLIER_R&D					-0.284*** (-5.79)		-0.240*** (-4.80)
HIGH_SUPPLIER_R&D					0.176*** (2.81)		0.157** (2.49)
POST_TURNOVER × HIGH_CUST_R&D						-0.233*** (-4.60)	-0.161*** (-3.12)
HIGH_CUST_R&D						0.312*** (3.76)	0.286*** (3.40)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	20,425	20,425	20,425	19,251	20,425	20,425	20,425
Adjusted R <sup>2</sup>	0.562	0.397	0.394	0.393	0.393	0.393	0.394



**Table A8** *(Continued)**Panel B. The Effect of Outside Successions, Forced Turnovers, and Entrenchment*

	1	2	3	4	5	6
POST_TURNOVER	-0.009 (-0.30)	0.018 (0.58)	0.058* (1.82)	0.006 (0.17)	-0.000 (-0.01)	-0.039 (-1.19)
POST_TURNOVER × OUTSIDER	-0.252*** (-3.98)					
POST_TURNOVER × FORCED		-0.299*** (-5.29)				
POST_TURNOVER × INSIDER_FORCED			-0.326*** (-4.91)			
POST_TURNOVER × OUTSIDER_VOLUNTARY			-0.272*** (-3.29)			
POST_TURNOVER × OUTSIDER_FORCED			-0.360*** (-3.98)			
POST_TURNOVER × HIGH_POWER_INDEX				-0.180*** (-3.45)		
POST_TURNOVER × BUSY_BOARD					-0.202*** (-3.55)	
POST_TURNOVER × LOW_BOARD_OWN						-0.194*** (-2.70)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	20,425	20,425	20,425	18,258	15,840	15,852
Adjusted R <sup>2</sup>	0.392	0.392	0.393	0.398	0.401	0.400

**Table A9****CEO Turnovers and the Probability of Relationships Ending**

Table A9 reports results from OLS fixed effects regressions using public suppliers and customers identified from Compustat and ExecuComp over 1993–2011. The results are from cross-sectional analyses (from Tables 6 and 7) that correspond to the model specification in model 7 of Table 5. The dependent variable is an indicator variable set to 1 in the last year of a customer-supplier relationship, and 0 otherwise. For this analysis, we restrict the sample to observations between the first and last year of a customer-supplier relationship. POST\_TURNOVER is an indicator variable set to 1 for the years after a customer replaces its CEO, and 0 otherwise. All interaction terms are defined in Tables 6 and 7. Supplier control variables include REL\_LENGTH, ROA, SALES\_GROWTH, ln(SALES), VOLATILITY, ln(FIRM\_AGE), SG&A, R&D, CAPEX, LEVERAGE, DIVIDEND\_PAYER, and BLOCKHOLDER. Customer control variables include ln(CUST\_SALES), CUST\_ROA, CUST\_R&D, CUST\_LEVERAGE, CUST\_ΔASSETS, and CUST\_STOCK\_RETURN. Table 3 provides definitions of all other control variables. Continuous variables are winsorized at their 1st and 99th percentiles each year, and dollar values are expressed in 2009 dollars. Standard errors are corrected for heteroskedasticity and clustering at the supplier level (*t*-statistics are in parentheses). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

<i>Panel A. The Effect of Customer Switching Costs and Relationship-Specific Investments</i>							
	Customer Switching Cost Measure				5	6	7
	PCT_ COGS	REL_ LENGTH	SUPPLIER _SIZE	MARKET _SHARE			
	1	2	3	4			
POST_TURNOVER	0.029** (2.13)	0.132*** (7.67)	0.077*** (4.62)	0.080*** (4.47)	0.017 (1.19)	0.010 (0.68)	0.003 (0.16)
POST_TURNOVER × HIGH_SWITCHING_COSTS	0.007 (0.41)	-0.142*** (-7.60)	-0.079*** (-4.01)	-0.081*** (-3.79)			
HIGH_SWITCHING_COSTS	0.047*** (3.69)	0.094*** (8.49)	0.015 (0.73)	0.002 (0.11)			
POST_TURNOVER × HIGH_SUPPLIER_R&D					0.030 (1.50)		0.020 (0.99)
HIGH_SUPPLIER_R&D					-0.028 (-1.12)		-0.023 (-0.92)
POST_TURNOVER × HIGH_CUST_R&D						0.045** (2.16)	0.039* (1.84)
HIGH_CUST_R&D						-0.139*** (-3.24)	-0.136*** (-3.17)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	17,620	17,620	17,620	16,550	17,620	17,620	17,620
Adjusted R <sup>2</sup>	0.422	0.426	0.422	0.422	0.421	0.422	0.422

**Table A9** *(Continued)**Panel B. The Effect of Outside Successions, Forced Turnovers, and Entrenchment*

	1	2	3	4	5	6
POST_TURNOVER	0.020* (1.70)	0.002 (0.17)	-0.007 (-0.55)	0.020 (1.37)	0.010 (0.69)	0.021 (1.50)
POST_TURNOVER × OUTSIDER	0.062** (2.40)					
POST_TURNOVER × FORCED		0.119*** (4.96)				
POST_TURNOVER × INSIDER_FORCED			0.139*** (4.93)			
POST_TURNOVER × OUTSIDER_VOLUNTARY			0.067** (1.96)			
POST_TURNOVER × OUTSIDER_FORCED			0.111*** (2.98)			
POST_TURNOVER × HIGH_POWER_INDEX				0.045** (2.04)		
POST_TURNOVER × BUSY_BOARD					0.060*** (2.58)	
POST_TURNOVER × LOW_BOARD_OWN						0.051* (1.69)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	17,620	17,620	17,620	15,846	13,858	13,870
Adjusted R <sup>2</sup>	0.421	0.422	0.423	0.430	0.451	0.450

**Table A10****CEO Turnovers and the Probability of Relationships Ending – Exclude Observations if PCT\_SALES = 0%**

Table A10 reports results from OLS fixed effects regressions using public suppliers and customers identified from Compustat and ExecuComp over 1993–2011. The results are from cross-sectional analyses (from Tables 6 and 7) that correspond to the model specification in model 8 of Table 5. The dependent variable is an indicator variable set to 1 in the last year of a customer-supplier relationship, and 0 otherwise. For this analysis, we restrict the sample to observations between the first and last year of a customer-supplier relationship and also exclude all observations between the first and last year of the customer-supplier relationship when PCT\_SALES equals 0%. POST\_TURNOVER is an indicator variable set to 1 for the years after a customer replaces its CEO, and 0 otherwise. All interaction terms are defined in Tables 6 and 7. Supplier control variables include REL\_LENGTH, ROA, SALES\_GROWTH, ln(SALES), VOLATILITY, ln(FIRM\_AGE), SG&A, R&D, CAPEX, LEVERAGE, DIVIDEND\_PAYER, and BLOCKHOLDER. Customer control variables include ln(CUST\_SALES), CUST\_ROA, CUST\_R&D, CUST\_LEVERAGE, CUST\_ΔASSETS, and CUST\_STOCK\_RETURN. Table 3 provides definitions of all other control variables. Continuous variables are winsorized at their 1st and 99th percentiles each year, and dollar values are expressed in 2009 dollars. Standard errors are corrected for heteroskedasticity and clustering at the supplier level (*t*-statistics are in parentheses). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

	Customer Switching Cost Measure				5	6	7
	PCT_	REL_	SUPPLIER	MARKET			
	COGS	LENGTH	_SIZE	_SHARE			
	1	2	3	4			
POST_TURNOVER	0.067*** (3.95)	0.142*** (7.53)	0.096*** (4.89)	0.104*** (4.86)	0.012 (0.71)	0.012 (0.73)	-0.004 (-0.18)
POST_TURNOVER × HIGH_SWITCHING_COSTS	-0.057*** (-2.92)	-0.156*** (-7.50)	-0.102*** (-4.50)	-0.112*** (-4.44)			
HIGH_SWITCHING_COSTS	-0.047*** (-2.81)	0.100*** (7.88)	0.032 (1.28)	-0.004 (-0.18)			
POST_TURNOVER × HIGH_SUPPLIER_R&D					0.051** (2.17)		0.042* (1.78)
HIGH_SUPPLIER_R&D					-0.018 (-0.58)		-0.014 (-0.44)
POST_TURNOVER × HIGH_CUST_R&D						0.049** (2.04)	0.038 (1.56)
HIGH_CUST_R&D						-0.207*** (-3.92)	-0.204*** (-3.83)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	15,656	15,656	15,656	14,705	15,656	15,656	15,656
Adjusted R <sup>2</sup>	0.415	0.419	0.415	0.416	0.414	0.415	0.415

**Table A10** *(Continued)**Panel B. The Effect of Outside Successions, Forced Turnovers, and Entrenchment*

	1	2	3	4	5	6
POST_TURNOVER	0.023* (1.67)	0.001 (0.06)	-0.008 (-0.56)	0.033** (1.98)	0.010 (0.61)	0.030* (1.86)
POST_TURNOVER $\times$ OUTSIDER	0.077** (2.57)					
POST_TURNOVER $\times$ FORCED		0.140*** (5.24)				
POST_TURNOVER $\times$ INSIDER_FORCED			0.148*** (4.83)			
POST_TURNOVER $\times$ OUTSIDER_VOLUNTARY			0.068* (1.78)			
POST_TURNOVER $\times$ OUTSIDER_FORCED			0.152*** (3.47)			
POST_TURNOVER $\times$ HIGH_POWER_INDEX				0.037 (1.45)		
POST_TURNOVER $\times$ BUSY_BOARD					0.090*** (3.36)	
POST_TURNOVER $\times$ LOW_BOARD_OWN						0.039 (1.53)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	15,656	15,656	15,656	13,992	12,205	12,216
Adjusted R <sup>2</sup>	0.414	0.415	0.416	0.423	0.445	0.444

**Table A11****CEO Turnovers and Supplier Sales to Customers – Dependent Variable is  $\ln(1+\text{AVG\_PCT\_SALES})$** 

Table A11 reports results from OLS fixed effects regressions using public suppliers and customers identified from Compustat and ExecuComp over 1993–2011. The results are from cross-sectional analyses (from Tables 6 and 7) that correspond to the additional robustness test described in footnote 15. The dependent variable is the natural logarithm of 1 plus AVG\_PCT\_SALES, which is the same as PCT\_SALES except that, when PCT\_SALES equals 0, AVG\_PCT\_SALES is set to the average of the previous year, current year, and next year's values of PCT\_SALES. PCT\_SALES is sales to a customer divided by the supplier's total sales (in percent). POST\_TURNOVER is an indicator variable set to 1 for the years after a customer replaces its CEO, and 0 otherwise. All interaction terms are defined in Tables 6 and 7. Supplier control variables include REL\_LENGTH, ROA, SALES\_GROWTH,  $\ln(\text{SALES})$ , VOLATILITY,  $\ln(\text{FIRM\_AGE})$ , SG&A, R&D, CAPEX, LEVERAGE, DIVIDEND\_PAYER, and BLOCKHOLDER. Customer control variables include  $\ln(\text{CUST\_SALES})$ , CUST\_ROA, CUST\_R&D, CUST\_LEVERAGE, CUST\_ΔASSETS, and CUST\_STOCK\_RETURN. Table 3 provides definitions of all other control variables. Continuous variables are winsorized at their 1st and 99th percentiles each year, and dollar values are expressed in 2009 dollars. Standard errors are corrected for heteroskedasticity and clustering at the supplier level (*t*-statistics are in parentheses). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

	1	Customer Switching Cost Measure				6	7	8
		PCT_ COGS	REL_ LENGTH	SUPPLIER _SIZE	MARKET _SHARE			
POST_TURNOVER	-0.048* (-1.68)	-0.114*** (-3.82)	-0.344*** (-10.56)	-0.221*** (-5.18)	-0.218*** (-4.90)	0.093** (2.31)	0.096** (2.31)	0.174*** (3.72)
POST_TURNOVER × HIGH_SWITCHING_COSTS		0.257*** (8.20)	0.457*** (11.03)	0.312*** (5.58)	0.294*** (5.04)			
HIGH_SWITCHING_COSTS		1.195*** (54.80)	-0.433*** (-13.80)	-0.093* (-1.80)	-0.093 (-1.59)			
POST_TURNOVER × HIGH_SUPPLIER_R&D						-0.282*** (-5.05)		-0.223*** (-3.93)
HIGH_SUPPLIER_R&D						0.211*** (3.66)		0.186*** (3.20)
POST_TURNOVER × HIGH_CUST_R&D							-0.282*** (-4.84)	-0.212*** (-3.56)
HIGH_CUST_R&D							0.327*** (4.08)	0.306*** (3.75)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	22,797	22,797	22,797	22,797	21,527	22,797	22,797	22,797
Adjusted R <sup>2</sup>	0.511	0.662	0.523	0.513	0.512	0.513	0.513	0.514

**Table A11** *(Continued)**Panel B. The Effect of Outside Successions, Forced Turnovers, and Entrenchment*

	1	2	3	4	5	6
POST_TURNOVER	0.016 (0.49)	0.040 (1.14)	0.098** (2.59)	0.055 (1.39)	0.049 (1.15)	0.010 (0.20)
POST_TURNOVER × OUTSIDER	-0.301*** (-4.63)					
POST_TURNOVER × FORCED		-0.335*** (-5.75)				
POST_TURNOVER × INSIDER_FORCED			-0.408*** (-5.88)			
POST_TURNOVER × OUTSIDER_VOLUNTARY			-0.379*** (-4.44)			
POST_TURNOVER × OUTSIDER_FORCED			-0.372*** (-4.16)			
POST_TURNOVER × HIGH_POWER_INDEX				-0.268*** (-4.56)		
POST_TURNOVER × BUSY_BOARD					-0.306*** (-4.55)	
POST_TURNOVER × LOW_BOARD_OWN						-0.148** (-2.24)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	22,797	22,797	22,797	20,320	17,546	17,560
Adjusted R <sup>2</sup>	0.512	0.512	0.514	0.511	0.506	0.499

**Table A12****CEO Turnovers and Supplier Sales to Customers – Dependent Variable is  $\ln(1+\text{ADJ\_PCT\_SALES})$** 

Table A12 reports results from OLS fixed effects regressions using public suppliers and customers identified from Compustat and ExecuComp over 1993–2011. The results are from cross-sectional analyses (from Tables 6 and 7) that correspond to the additional robustness test described in footnote 15. The dependent variable is the natural logarithm of 1 plus ADJ\_PCT\_SALES, which is the same as PCT\_SALES except that, when PCT\_SALES equals 0, ADJ\_PCT\_SALES is set to next year's value of PCT\_SALES. PCT\_SALES is sales to a customer divided by the supplier's total sales (in percent). POST\_TURNOVER is an indicator variable set to 1 for the years after a customer replaces its CEO, and 0 otherwise. All interaction terms are defined in Tables 6 and 7. Supplier control variables include REL\_LENGTH, ROA, SALES\_GROWTH,  $\ln(\text{SALES})$ , VOLATILITY,  $\ln(\text{FIRM\_AGE})$ , SG&A, R&D, CAPEX, LEVERAGE, DIVIDEND\_PAYER, and BLOCKHOLDER. Customer control variables include  $\ln(\text{CUST\_SALES})$ , CUST\_ROA, CUST\_R&D, CUST\_LEVERAGE, CUST\_ΔASSETS, and CUST\_STOCK\_RETURN. Table 3 provides definitions of all other control variables. Continuous variables are winsorized at their 1st and 99th percentiles each year, and dollar values are expressed in 2009 dollars. Standard errors are corrected for heteroskedasticity and clustering at the supplier level (*t*-statistics are in parentheses). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

<i>Panel A. The Effect of Customer Switching Costs and Relationship-Specific Investments</i>								
	1	Customer Switching Cost Measure				6	7	8
		PCT_ COGS	REL_ LENGTH	SUPPLIER _SIZE	MARKET _SHARE			
POST_TURNOVER	-0.075** (-2.20)	-0.069** (-1.97)	-0.460*** (-11.17)	-0.278*** (-5.55)	-0.272*** (-5.08)	0.083* (1.78)	0.101** (2.08)	0.185*** (-3.64)
POST_TURNOVER × HIGH_SWITCHING_COSTS		0.139*** (3.72)	0.586*** (11.73)	0.366*** (5.60)	0.328*** (4.74)			
HIGH_SWITCHING_COSTS		1.742*** (64.60)	-0.439*** (-12.16)	-0.136** (-2.23)	-0.116* (-1.67)			
POST_TURNOVER × HIGH_SUPPLIER_R&D						-0.317*** (-3.65)		-0.242*** (-3.64)
HIGH_SUPPLIER_R&D						0.259*** (3.65)		0.228*** (3.18)
POST_TURNOVER × HIGH_CUST_R&D							-0.344*** (-4.98)	-0.267*** (-3.77)
HIGH_CUST_R&D							0.342*** (3.41)	0.319*** (3.13)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	22,797	22,797	22,797	22,797	21,527	22,797	22,797	22,797
Adjusted R <sup>2</sup>	0.439	0.661	0.450	0.441	0.440	0.441	0.441	0.442



**Table A12** *(Continued)**Panel B. The Effect of Outside Successions, Forced Turnovers, and Entrenchment*

	1	2	3	4	5	6
POST_TURNOVER	-0.000 (-0.00)	0.034 (0.81)	0.102** (2.26)	0.036 (0.78)	0.050 (1.01)	0.008 (0.14)
POST_TURNOVER × OUTSIDER	-0.352*** (-4.59)					
POST_TURNOVER × FORCED		-0.415*** (-6.05)				
POST_TURNOVER × INSIDER_FORCED			-0.503*** (-6.18)			
POST_TURNOVER × OUTSIDER_VOLUNTARY			-0.440*** (-4.39)			
POST_TURNOVER × OUTSIDER_FORCED			-0.451*** (-4.26)			
POST_TURNOVER × HIGH_POWER_INDEX				-0.275*** (-3.98)		
POST_TURNOVER × BUSY_BOARD					-0.367*** (-4.64)	
POST_TURNOVER × LOW_BOARD_OWN						-0.185** (-2.38)
Supplier and Customer Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year and Customer-Supplier Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	22,797	22,797	22,797	20,320	17,546	17,560
Adjusted R <sup>2</sup>	0.440	0.441	0.442	0.444	0.443	0.441

**Table A13****Supplier Stock Price Reactions to CEO Turnover Announcements – Create Mean Announcement Return Portfolios by Customer CEO Turnover Event**

Table A13 reports supplier stock price reactions to the announcement that a customer is replacing its CEO using public suppliers and customers identified from Compustat and ExecuComp over 1993–2011. Panels A and B present univariate results, and Panel C presents multivariate results. We require positive sales from suppliers to customers in the year of a CEO turnover announcement, which results in 425 CEO turnover announcements. Cumulative abnormal returns (CARs) are in percentages and are calculated over the event window  $(-2,+2)$ , in which  $t = 0$  is the announcement date. Abnormal returns are calculated using: i) a market model (MKT\_MODEL\_CAR) using CRSP equal-weighted market returns, ii) the Fama-French 3-factor model (3-FACTOR\_CAR), and iii) size and book-to-market characteristic adjusted returns (CHAR\_ADJ\_CAR). The parameters for the market and 3-factor models are estimated over the window  $(-280, -61)$  relative to the announcement date. The returns on the benchmark size and book-to-market portfolio are based on matching in the prior quarter. CARs are winsorized at their 1st and 99th percentiles. We calculate the mean supplier CAR across all suppliers for each customer turnover event, resulting in a sample that consists of only one average supplier CAR per turnover event. Panel A reports mean CARs for all CEO turnover announcements. P-values indicate the results of tests for whether mean (Student's  $t$ -Test) CARs are different than 0. Panel B compares CARs across different types of CEO turnovers and measures of incumbent entrenchment. Results of tests for whether mean (Student's  $t$ -Test) CARs are different across CEO turnover types and entrenchment measures are reported next to the mean values for the left-hand side turnover or entrenchment group. \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively. CEO turnover types and measures of entrenchment are defined in Table 7. In Panel C, supplier control variables include REL\_LENGTH, ROA, SALES\_GROWTH,  $\ln(\text{SALES})$ , VOLATILITY,  $\ln(\text{FIRM\_AGE})$ , SG&A, R&D, CAPEX, LEVERAGE, DIVIDEND\_PAYER, and BLOCKHOLDER. Customer control variables include  $\ln(\text{CUST\_SALES})$ , CUST\_ROA, CUST\_R&D, CUST\_LEVERAGE, CUST\_ΔASSETS, and CUST\_STOCK\_RETURN. Table 3 provides definitions of control variables. Continuous variables are winsorized at their 1st and 99th percentiles each year, and dollar values are expressed in 2009 dollars. Standard errors in Panel C are corrected for heteroskedasticity ( $t$ -statistics are in parentheses). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

*Panel A. Supplier Stock Price Reactions for All Turnovers*

	Obs.	Mean	P-Value
MKT_MODEL_CAR	425	-0.49	(0.182)
3-FACTOR_CAR	425	-0.70**	(0.043)
CHAR_ADJ_CAR	425	-0.66*	(0.050)

*Panel B. Supplier Stock Price Reactions by Type of Turnover and Measures of Entrenchment*

	Outside Successions		Inside Successions	
	Obs.	Mean	Obs.	Mean
MKT_MODEL_CAR	114	-1.58*	311	-0.09
3-FACTOR_CAR	114	-1.68	311	-0.34
CHAR_ADJ_CAR	114	-1.83**	311	-0.23
	Forced Turnovers		Voluntary Turnovers	
	Obs.	Mean	Obs.	Mean
MKT_MODEL_CAR	120	-2.01***	305	0.10
3-FACTOR_CAR	120	-2.10**	305	-0.14
CHAR_ADJ_CAR	120	-2.06***	305	-0.11
	Outside Successions and Forced Turnovers		Inside Successions and Voluntary Turnovers	
	Obs.	Mean	Obs.	Mean
MKT_MODEL_CAR	50	-2.47**	241	0.37
3-FACTOR_CAR	50	-2.58**	241	0.07
CHAR_ADJ_CAR	50	-2.83***	241	0.14

**Table A13** *(Continued)*

	Above Median Power Index		Below Median Power Index	
	Obs.	Mean	Obs.	Mean
MKT_MODEL_CAR	48	-3.18**	297	-0.42
3-FACTOR_CAR	48	-3.33**	297	-0.67
CHAR_ADJ_CAR	48	-3.40***	297	-0.61
	Busy Board of Directors		Not Busy Board of Directors	
	Obs.	Mean	Obs.	Mean
MKT_MODEL_CAR	116	-1.15	178	-0.70
3-FACTOR_CAR	116	-1.36	178	-1.02
CHAR_ADJ_CAR	116	-1.25	178	-1.02
	Below Median Board Ownership		Above Median Board Ownership	
	Obs.	Mean	Obs.	Mean
MKT_MODEL_CAR	147	-1.05	147	-0.70
3-FACTOR_CAR	147	-1.25	147	-1.06
CHAR_ADJ_CAR	147	-1.32	147	-0.91

**Table A13** *(Continued)**Panel C. Multivariate Analysis - Supplier Stock Price Reactions to CEO Turnover Announcements*

	MKT_ MODEL_ CAR	3- FACTOR_ CAR	CHAR_ ADJ_CAR	MKT_ MODEL_ CAR	3- FACTOR_ CAR	CHAR_ ADJ_CAR	MKT_ MODEL_ CAR	3- FACTOR_ CAR	CHAR_ ADJ_CAR
	1	2	3	4	5	6	7	8	9
INSIDER_FORCED	-1.708*	-1.557*	-1.362				-1.188	-1.722	-1.744
	(-1.78)	(-1.70)	(-1.39)				(-1.60)	(-1.59)	(-1.49)
OUTSIDER_VOLUNTARY	-0.829	-0.607	-0.676				-0.082	0.188	0.383
	(-0.73)	(-0.54)	(-0.62)				(-0.06)	(0.14)	(0.28)
OUTSIDER_FORCED	-2.947**	-2.859**	-3.074***				-1.853	-1.994	-2.438*
	(-2.44)	(-2.34)	(-2.77)				(-1.19)	(-1.35)	(-1.76)
POWER_INDEX				-1.325*	-1.333**	-1.394**	-1.296*	-1.300**	-1.348**
				(-1.91)	(-2.08)	(-2.13)	(-1.88)	(-2.06)	(-2.12)
BUSY_BOARD				-0.443	-0.078	-0.332	-0.513	-0.167	-0.445
				(-0.44)	(-0.09)	(-0.36)	(-0.50)	(-0.19)	(-0.48)
BOARD_OWN				-9.349*	-10.243**	-4.758	-8.477*	-9.356**	-3.761
				(-1.93)	(-2.23)	(-0.94)	(-1.76)	(-2.08)	(-0.73)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	425	425	425	294	294	294	294	294	294
Adjusted R <sup>2</sup>	0.012	0.018	0.004	-0.011	0.003	-0.028	-0.012	0.004	-0.024

**Table A14****Supplier Stock Price Reactions to CEO Turnover Announcements – Create Median Announcement Return Portfolios by Customer CEO Turnover Event**

Table A14 reports supplier stock price reactions to the announcement that a customer is replacing its CEO using public suppliers and customers identified from Compustat and ExecuComp over 1993–2011. Panels A and B present univariate results, and Panel C presents multivariate results. We require positive sales from suppliers to customers in the year of a CEO turnover announcement, which results in 425 CEO turnover announcements. Cumulative abnormal returns (CARs) are in percentages and are calculated over the event window  $(-2,+2)$ , in which  $t = 0$  is the announcement date. Abnormal returns are calculated using: i) a market model (MKT\_MODEL\_CAR) using CRSP equal-weighted market returns, ii) the Fama-French 3-factor model (3-FACTOR\_CAR), and iii) size and book-to-market characteristic adjusted returns (CHAR\_ADJ\_CAR). The parameters for the market and 3-factor models are estimated over the window  $(-280, -61)$  relative to the announcement date. The returns on the benchmark size and book-to-market portfolio are based on matching in the prior quarter. CARs are winsorized at their 1st and 99th percentiles. We calculate the median supplier CAR across all suppliers for each customer turnover event, resulting in a sample that consists of only one average supplier CAR per turnover event. Panel A reports mean CARs for all CEO turnover announcements. P-values indicate the results of tests for whether mean (Student's  $t$ -Test) CARs are different than 0. Panel B compares CARs across different types of CEO turnovers and measures of incumbent entrenchment. Results of tests for whether mean (Student's  $t$ -Test) CARs are different across CEO turnover types and entrenchment measures are reported next to the mean values for the left-hand side turnover or entrenchment group. \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively. CEO turnover types and measures of entrenchment are defined in Table 7. In Panel C, supplier control variables include REL\_LENGTH, ROA, SALES\_GROWTH,  $\ln(\text{SALES})$ , VOLATILITY,  $\ln(\text{FIRM\_AGE})$ , SG&A, R&D, CAPEX, LEVERAGE, DIVIDEND\_PAYER, and BLOCKHOLDER. Customer control variables include  $\ln(\text{CUST\_SALES})$ , CUST\_ROA, CUST\_R&D, CUST\_LEVERAGE, CUST\_ΔASSETS, and CUST\_STOCK\_RETURN. Table 3 provides definitions of control variables. Continuous variables are winsorized at their 1st and 99th percentiles each year, and dollar values are expressed in 2009 dollars. Standard errors in Panel C are corrected for heteroskedasticity ( $t$ -statistics are in parentheses). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

*Panel A. Supplier Stock Price Reactions for All Turnovers*

	Obs.	Mean	P-Value
MKT_MODEL_CAR	425	-0.69*	(0.054)
3-FACTOR_CAR	425	-0.88**	(0.011)
CHAR_ADJ_CAR	425	-0.78*	(0.018)

*Panel B. Supplier Stock Price Reactions by Type of Turnover and Measures of Entrenchment*

	Outside Successions		Inside Successions	
	Obs.	Mean	Obs.	Mean
MKT_MODEL_CAR	114	-1.74*	311	-0.31
3-FACTOR_CAR	114	-1.83	311	-0.53
CHAR_ADJ_CAR	114	-1.89**	311	-0.37
	Forced Turnovers		Voluntary Turnovers	
	Obs.	Mean	Obs.	Mean
MKT_MODEL_CAR	120	-1.95**	305	-0.20
3-FACTOR_CAR	120	-2.17**	305	-0.37
CHAR_ADJ_CAR	120	-1.93**	305	-0.33
	Outside Successions and Forced Turnovers		Inside Successions and Voluntary Turnovers	
	Obs.	Mean	Obs.	Mean
MKT_MODEL_CAR	50	-2.56**	241	0.04
3-FACTOR_CAR	50	-2.78**	241	-0.17
CHAR_ADJ_CAR	50	-2.76**	241	-0.09

**Table A14** *(Continued)*

	Above Median Power Index		Below Median Power Index	
	Obs.	Mean	Obs.	Mean
MKT_MODEL_CAR	48	-3.52**	297	-0.53
3-FACTOR_CAR	48	-3.75***	297	-0.73
CHAR_ADJ_CAR	48	-3.62***	297	-0.62
	Busy Board of Directors		Not Busy Board of Directors	
	Obs.	Mean	Obs.	Mean
MKT_MODEL_CAR	116	-1.49	178	-0.74
3-FACTOR_CAR	116	-1.52	178	-1.13
CHAR_ADJ_CAR	116	-1.38	178	-0.99
	Below Median Board Ownership		Above Median Board Ownership	
	Obs.	Mean	Obs.	Mean
MKT_MODEL_CAR	147	-1.09	147	-0.98
3-FACTOR_CAR	147	-1.29	147	-1.28
CHAR_ADJ_CAR	147	-1.29	147	-1.00

**Table A14** *(Continued)**Panel C. Multivariate Analysis - Supplier Stock Price Reactions to CEO Turnover Announcements*

	MKT_ MODEL_ CAR	3- FACTOR_ CAR	CHAR_ ADJ_CAR	MKT_ MODEL_ CAR	3- FACTOR_ CAR	CHAR_ ADJ_CAR	MKT_ MODEL_ CAR	3- FACTOR_ CAR	CHAR_ ADJ_CAR
	1	2	3	4	5	6	7	8	9
INSIDER_FORCED	-1.224 (-1.29)	-1.233 (-1.36)	-0.928 (-0.96)				-1.288 (-1.13)	-1.261 (-1.18)	-1.200 (-1.05)
OUTSIDER_VOLUNTARY	-0.820 (-0.80)	-0.591 (-0.54)	-0.757 (-0.72)				-0.216 (-0.15)	0.152 (0.11)	0.238 (0.18)
OUTSIDER_FORCED	-2.499** (-2.03)	-2.618** (-2.05)	-2.614** (-2.34)				-1.737 (-1.11)	-2.010 (-1.30)	-2.143 (-1.58)
POWER_INDEX				-1.254* (-1.83)	-1.441** (-2.18)	-1.447** (-2.19)	-1.207* (-1.77)	-1.392** (-2.14)	-1.393** (-2.17)
BUSY_BOARD				-0.565 (-0.56)	-0.034 (-0.04)	-0.479 (-0.52)	-0.618 (-0.61)	-0.118 (-0.13)	-0.570 (-0.62)
BOARD_OWN				-9.898** (-2.03)	-11.200** (-2.29)	-4.614 (-0.92)	-9.243* (-1.90)	-10.454** (-2.17)	-3.852 (-1.08)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	425	425	425	294	294	294	294	294	294
Adjusted R <sup>2</sup>	0.007	0.020	-0.007	-0.011	0.016	-0.031	-0.016	0.013	-0.033

**Table A15****First-Stage Regression for Propensity Score Matched Sample Analysis**

Table A15 reports results from OLS regressions using public suppliers and customers identified from Compustat and ExecuComp over 1993–2011. The results are from the first-stage regression of the propensity score matched sample analysis that corresponds to the analysis in Table 11. The dependent variable in model 1 is an indicator variable set to 1 if a customer-supplier relationship is in the treatment group (i.e., the customer replaces its CEO at some point during the relationship). Industries are defined at the 2-digit SIC level. Table 3 provides definitions of all other control variables. Continuous variables are winsorized at their 1st and 99th percentiles each year, and dollar values are expressed in 2009 dollars. Standard errors are corrected for heteroskedasticity and clustering at the supplier level (*t*-statistics are in parentheses). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

	Treatment Group = 1
	1
REL_LENGTH	0.020*** (13.21)
ROA	0.104*** (3.13)
SALES_GROWTH	-0.020*** (-3.29)
ln(SALES)	0.010** (2.02)
VOLATILITY	-0.045** (-2.44)
ln(FIRM_AGE)	0.000 (0.02)
SG&A	-0.004 (-0.16)
R&D	0.065 (1.03)
CAPEX	-0.023 (-0.22)
LEVERAGE	0.007 (0.26)
DIVIDEND_PAYER	0.004 (0.23)
BLOCKHOLDER	0.004 (0.26)
ln(CUST_SALES)	0.034*** (7.30)
CUST_ROA	0.198** (2.19)
CUST_R&D	0.493*** (2.96)
CUST_LEVERAGE	0.102** (2.18)
CUST_ΔASSETS	-0.053*** (-4.49)
CUST_STOCK_RETURN	-0.024*** (-5.28)
Industry-Year Fixed Effects	Yes
Observations	22,797
Adjusted R <sup>2</sup>	0.148