

# New CEOs and their collaborators: Divergence and convergence between the strategic leadership constellation and the top management team

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**Research Summary:** An important challenge that new CEOs face is establishing a group of immediate collaborators, which we call the “strategic leadership constellation.” Drawing on a comparative case study, we show that due to constraints on the CEO to change the top management team (TMT), the composition of the strategic leadership constellation initially tends to differ from that of the TMT: in some cases, it consists of a subgroup of the TMT; in others, it also comprises individuals outside the TMT such as staff members or lower-level managers. We show that the discrepancies between the strategic leadership constellation and the TMT lead to tensions that trigger a process of convergence between these two bodies, particularly as the constraints on TMT change decrease and the CEO’s needs evolve.

**Managerial Summary:** A major challenge that new CEOs face is establishing a group of close collaborators, which we call the “strategic leadership constellation.” Our study shows that due to different constraints on changing the executive team, the composition of the strategic leadership constellation initially tends to differ from that of the executive team: in some cases, it consists of a subgroup of the executive team; in others, it also comprises individuals outside the executive team, such as staff members or lower-level managers. We show that the discrepancies between the strategic leadership constellation and the executive team lead to tensions that trigger a process of convergence between these two bodies, particularly as the constraints on changing the executive team decrease and the CEO’s needs evolve.

**KEY WORDS**

CEO adviser, CEO succession, CEO–TMT interface, strategic leadership constellation, TMT formation, top management team

## 1 | INTRODUCTION

CEO succession is an important episode in the evolution of top management teams (TMTs) (Finkelstein, Hambrick, & Cannella, 2009; Helmich & Brown, 1972; Keck & Tushman, 1993). Numerous studies have shown that new CEOs typically make changes both in the members and in the positions of the TMT (for reviews, see Hutzschenreuter, Kleindienst, & Greger, 2012; Ma, Seidl, & Guérard, 2015). Through such changes, CEOs aim to bring in new perspectives, skills, and support that they feel necessary for realizing their strategic agenda (Friedman & Saul, 1991; Karaevli, 2007; Keck & Tushman, 1993; Shen & Cannella, 2002; Tushman & Rosenkopf, 1996). While TMT change as an outcome of CEO succession (Helmich & Brown, 1972; Keck & Tushman, 1993) or as a mediator or moderator of other succession outcomes (Karaevli, 2007; Shen & Cannella, 2002; Tushman & Rosenkopf, 1996) is well documented in the literature, we know very little about how the actual process of TMT change unfolds. In particular, there is hardly any research on how new CEOs deal with potential restrictions on TMT change, for example, when incumbent top managers are particularly powerful (Denis, Langley, & Pineault, 2000; Finkelstein, 1992). Similarly, few studies examine how new CEOs work with fragmented TMTs in the transition period (Hambrick, 1995). This lack of research on the actual process of TMT change is somewhat surprising, considering the impact of the TMT on the functioning of an organization and the repeated calls for more research on the dynamics that underlie the formation and evolution of the TMT (Hambrick, 2007, p. 338; Pettigrew, 1992, p. 176).

This article aims to fill this gap by systematically investigating the drivers, constraints, and dynamics of establishing a TMT, which we define in line with Jones and Cannella (2011, p. 15) as comprising “the CEO and some set of other top executives (i.e., vice-president and above) who report directly to the CEO.” For this purpose we draw on two emerging perspectives in the upper echelons literature: the CEO–TMT interface perspective and the CEO-adviser perspective. The advantage of these two perspectives, which have not yet been applied to CEO succession in particular, is that they examine explicitly how CEOs collaborate with other actors to shape the strategic direction of the organization. First, the CEO–TMT interface perspective highlights that CEOs influence strategic outcomes by configuring the TMT and managing TMT processes (Edmondson, Roberto, & Watkins, 2003; Kor & Mesko, 2013; Ling, Simsek, Lubatkin, & Veiga, 2008; Peterson, Smith, Martorana, & Owens, 2003; Simsek, Veiga, Lubatkin, & Dino, 2005). This can help explain how CEOs reconfigure a TMT with particular capabilities to fulfill their strategic goals (Kor & Mesko, 2013). Second, the CEO-adviser perspective draws attention to the fact that CEOs seek advice regarding strategic decisions selectively both from individuals within and outside the TMT (Arendt, Priem, & Ndofor, 2005; Jones & Cannella, 2011; Mooney & Amazon, 2011; Pearce, 1995; Roberto, 2003). Several studies following this line of research have shown that CEOs often consult only an “inner circle” of the TMT (Mooney & Amazon, 2011; Roberto, 2003), and others indicate

that CEOs often turn for advice in strategic decision making to the board of directors (Jones & Cannella, 2011; Pearce, 1995) or even to people outside the organization (Arendt, Priem, & Ndofor, 2005; McDonald & Westphal, 2003). This indicates that a CEO's group of advisers may not be identical to the TMT, which could help explain how new CEOs are able to work with a TMT in transition.

Against this backdrop, we ask the following exploratory research question: *How do new CEOs establish and develop their group of immediate collaborators?* To address this question we draw on data from a longitudinal qualitative study of eight firms, each of which had just appointed a new CEO when we started collecting our data. For each case, we tracked the CEO's activities over his first 2 years via regular interviews (every 4–8 weeks). We complemented these data with interviews with other organizational members, including other TMT members, members of the board of directors, and staff members, to capture different perspectives on the postsuccession process and to gain a more comprehensive understanding of each case. This process generated a dataset of 135 interviews in total.

Our analysis of the empirical data yielded the following results. First, in line with the CEO-adviser perspective we found that new CEOs establish a group of immediate collaborators who are selected from both the TMT and outside it. We refer to this group of collaborators as the “strategic leadership constellation” to acknowledge its importance in shaping the strategic direction of the organization and to distinguish it conceptually from the TMT. We identified two drivers in the establishment of the strategic leadership constellation: strategic orientation needs, which are concerned with orienting the organization according to the CEO's strategic agenda, and personal integration needs, which are about connecting the CEO with the organization. Second, we found that new CEOs are often constrained in their ability to reconfigure the TMT according to the two needs. As a consequence, CEOs are often forced to include individuals outside of the TMT in their strategic leadership constellation. This results in discrepancies in the composition between the strategic leadership constellation and the TMT, especially in the early stages of the new CEO's tenure. Third, we found that these discrepancies frequently result in increasing interpersonal tension. This tension, in turn, leads to the gradual convergence between the strategic leadership constellation and the TMT, particularly as the constraints on TMT change decrease and the CEO's needs evolve. Taken together, our findings contribute to the upper echelons research by revealing the detailed process of TMT formation and evolution during CEO succession. More generally, our study contributes a “strategic leadership constellation perspective” on upper echelons, which bridges and extends the CEO-TMT interface and the CEO-adviser perspectives.

## 2 | THEORETICAL BACKGROUND

### 2.1 | CEO succession and TMT change

A central assumption in the field of upper echelons research is that CEOs require a group of immediate collaborators in order to shape the strategic direction of their organization (Hambrick, 2007; Hambrick & Mason, 1984). Accordingly, researchers have taken a particular interest in the effect of CEO succession on the composition of the TMT (Hutzschenreuter, Kleindienst, & Greger, 2012; Ma, Seidl, & Guérard, 2015). Some scholars have found that one of the first actions many new CEOs take is to replace some of their top managers. For example, Kelly (1980) found that within their first 6 months in office, new CEOs tend to build a team with an equal number of new and old

executives. Similarly, Keck and Tushman (1993) found that new CEOs tend to reconfigure the TMT in a way that creates demographic heterogeneity among its members.

It has been argued that by changing the composition of the TMT, CEOs aim to create interpersonal relationships with their team members (Hayes, Oyer, and Schaefer, 2006) and to bring in new perspectives and competences that are necessary for directing the organization (Keck & Tushman, 1993). External successors tend to make more radical changes to the composition of their TMTs than internal ones, because they usually have few personal ties within the firm and typically bring in their own strategic agenda, which requires new perspectives and skills (Friedman & Saul, 1991; Helmich & Brown, 1972; Kesner & Dalton, 1994). Such changes to the TMT have been shown to help new CEOs accomplish strategic changes that are necessary to realign the organization to its environment (Barron, Chulkov, & Waddell, 2011; Tushman & Rosenkopf, 1996) and to improve organizational performance (Karaevli, 2007; Shen & Cannella, 2002). However, while replacing top managers can be an effective way of creating a team that meets the needs of a new CEO, it may not always be feasible, particularly when these managers are powerful (Finkelstein, 1992). Denis, Langley, and Pineault (2000) argued and found that new CEOs do not always have the power to change other top managers, especially in organizations where the authority is shared at the top level.

While this literature on TMT change during CEO succession has provided important insights into the reasons for and outcomes of TMT change, it says little about the concrete processes of how CEOs carry out these changes, particularly in face of various constraints on the replacement of top executives. For this purpose we turn to the CEO–TMT interface perspective and the CEO–adviser perspective as two emergent streams within upper echelons research that can help explain how CEOs shape their group of immediate collaborators.

## 2.2 | The CEO–TMT interface perspective and the CEO–adviser perspective

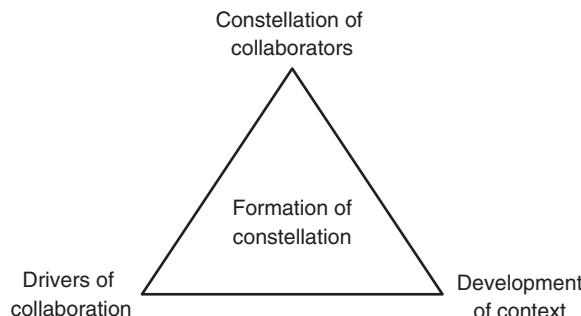
Both the CEO–TMT interface perspective and the CEO–adviser perspective focus on how CEOs interact with others as they shape the strategic direction of their organization, albeit from somewhat different angles. The CEO–TMT interface perspective highlights the unique role of the CEO in the TMT, which involves configuring the TMT and managing its processes (Edmondson, Roberto, & Watkins, 2003; Kor & Mesko, 2013; Ling, Simsek, Lubatkin, & Veiga, 2008). As Ling et al. (2008, p. 558) note, “CEOs are uniquely responsible for selecting, evaluating, rewarding, motivating, and coaching members for their TMTs.” Along this line, several studies have found that a CEO’s leadership style and personality influence important aspects of the TMT, such as behavioral integration, team conflict, and the propensity for risk-taking (Carmeli, Schaubroeck, & Tishler, 2011; Ling et al., 2008; Ou et al., 2014; Peterson, Smith, Martorana, & Owens, 2003; Simsek, Veiga, Lubatkin, & Dino, 2005). Moreover, Kor and Mesko (2013, p. 238) argue that configuring the TMT is a process of “recruiting, promoting, and combining various types of managerial capabilities” that enable the firm to pursue a specific strategy. In particular, CEOs may appoint TMT members whose experience and skills supplement theirs (Menz, 2012). For example, Hambrick and Cannella (2004, p. 959) found that “CEOs who lack experience in operational activities and in managing the focal firm” are likely to appoint a chief operating officer (COO) to their TMT. In summary, the CEO–TMT interface perspective suggests that a CEO deliberately recruits and promotes individuals to the TMT in order to form an assemblage of competences and skills that meets his or her needs of directing the organization (Kor & Mesko, 2013). This also suggests that as CEOs’ needs change due to the development of the organizational context, they are likely to reconfigure the TMT to meet their new needs.

The CEO-adviser perspective, in turn, highlights the tendency of CEOs to consult specific individuals informally for advice when they make strategic decisions (Arendt et al., 2005). Instead of focusing on the TMT as a collective, this perspective emphasizes the informal dyadic interaction between CEOs and their advisers (Arendt et al., 2005). Various empirical studies suggest that CEOs typically involve only a subgroup of the TMT—the “inner circle” of TMT members—in most of their strategic decisions (Mooney & Amazon, 2011; Pitcher & Smith, 2001; Roberto, 2003), while other TMT members are involved only in particular decisions (Roberto, 2003). Various scholars have shown that CEOs may also choose advisers from other hierarchical levels (Arendt et al., 2005; Jones & Cannella, 2011), such as members of the board of directors, lower-level managers, or even select advisers from outside the organization, such as executives in other firms (McDonald, Khanna, & Westphal, 2008; McDonald & Westphal, 2003). In their selection of advisers, CEOs typically favor individuals with whom they have strong ties (Arendt et al., 2005) and who share similar attitudes, values, and demographic characteristics (Mooney & Amazon, 2011). For example, Roberto (2003, p. 125) found that the CEO he studied “tended to rely on [particular] individuals because he trusted and respected them and enjoyed a strong personal relationship with them.” On that basis, we would expect that when new CEOs configure their TMT, they are likely to install someone that they have or can develop an interpersonal relationship with in order to facilitate their collaboration in the future. This perspective also suggests that the selection of advisers depends on the context, such as the CEO’s power and tenure, the strategy, and the environment (Arendt et al., 2005; Jones & Cannella, 2011; Mooney & Amazon, 2011). This also means that if the context changes over time, the selection of advisers is likely to change as well.

Taken together, the CEO-TMT interface perspective and the CEO-adviser perspective direct our attention to three major aspects when exploring our research question of how new CEOs establish and develop their group of immediate collaborators. First, the CEO’s group of immediate collaborators does not have to be identical to the composition of the TMT. This implies that we need to broaden our view regarding the types of individuals with whom the CEO closely collaborates. Second, there are different drivers of the selection of close collaborators, including interpersonal relationships and required managerial capabilities. Third, the constellation of a CEO’s immediate collaborators depends on the specific context in which that CEO works and may change as the context changes (e.g., if the power of the CEO increases during his or her tenure). Together, these three aspects form a basic framework that guided our study (see Figure 1).

### 3 | METHODS

This research is exploratory and is intended for theory building, as opposed to theory testing (Eisenhardt, 1989a). Given the particular nature of our research question, a longitudinal multiple-



**FIGURE 1** The formation of the CEO’s constellation of immediate collaborators

case study approach seemed most appropriate for three reasons: First, in-depth case studies are generally considered particularly suitable for research projects such as this one where the key concepts and dynamics are not well understood (Eisenhardt, 1989a; Patton, 2002; Strauss & Corbin, 1998; Yin, 1994). Second, a longitudinal approach can capture the temporal patterns of events (Langley, 1999; Van de ven, 1992). This makes it possible to track the process of how a CEO's group of immediate collaborators is established or modified over time. Third, the replication logic of multiple cases can generate a rich theoretical framework and simultaneously improve the generalizability of findings (Eisenhardt & Graebner, 2007; Yin, 1994). More generally, this methodological choice is a response to the increasing calls for longitudinal and qualitative approaches in upper echelons research (Carpenter, Geletkanycz, & Sanders, 2004; Nielsen, 2010).

In line with the aim of theory building, we selected eight firms by theoretical sampling (Eisenhardt & Graebner, 2007; Yin, 1994). As Table 1 shows, our selection was guided by two case criteria. First, prompted by previous research, we decided to select firms with internal successors as well as firms with external successors. Several studies suggest that a successor's origin influences how he or she changes the TMT, given that internal and external successors typically have different perspectives regarding strategic directions and have different interpersonal relationships in the organization (Cao, Maruping, & Takeuchi, 2006; Helmich & Brown, 1972; Karaevli & Zajac, 2013; Zhang & Rajagopalan, 2010). For example, some studies have shown that external successors are more likely than internal successors to change the TMT (Friedman & Saul, 1991; Helmich & Brown, 1972; Kesner & Dalton, 1994). Therefore, this design allows us to compare how insiders and outsiders form their TMT. Second, we decided to select firms with a divisional structure as well as firms with a functional structure in order to capture the potential influence of TMT structural interdependence on how new CEOs change their TMT (Hambrick, Humphrey, & Gupta, 2015). Different TMT structures imply different types of collaborative dynamics among TMT members: within a divisional structure, top managers are more likely to be independent of one another, whereas within a functional structure they tend to depend on one another (Hambrick, Humphrey, & Gupta, 2015). Including firms of both categories can help understand how structural differences affect the ways in which new CEOs change and work with their TMTs.

To identify our case companies, we searched on the Internet for news about new CEOs that had taken office within the last 3 months and were located within a reasonable distance for data collection. We grouped the identified companies according to our sampling frame and successively contacted different CEOs (by letter followed by a phone call) asking them for their participation in this research. We continued this process until we had two cases for each category in Table 1. In total, we approached 15 firms of which eight accepted to participate in our study. We reasoned that having two cases in each category would allow us to compare identified patterns in the TMT formation process both across cases that fall into the same and into different categories. The latter comparison was meant to enable us to explore whether there is any general pattern that holds across these two important contextual factors (i.e., successor origin and TMT structure). The former was meant to allow us to check for the robustness of potentially identified differences resulting from the two

**TABLE 1** Sampling frame

	Internal successor	External successor
Divisional structure	ComCo	ManuCo
	ServiCo	TraviCo
Functional structure	TechCo	SalesCo
	MechCo	CleanCo

contextual factors. Together, these two comparisons ensured richer theorization as well as robustness and generalizability of our findings (Eisenhardt & Graebner, 2007; Yin, 1994). Appendix 1 provides an overview of the variation of the eight cases, according to the reasons for the succession, pre-succession performance, or industry, among other characteristics. As the table shows, the eight cases are fairly equally distributed in each of these dimensions. The variation across these dimensions further adds to the generalizability of our findings. However, we should point out that due to pragmatic reasons (i.e., travel distance for data collection), there is no variation in the country of origin; all companies are located in the same European country.

### 3.1 | Data collection

In each case, we started our data collection immediately or shortly after gaining access to the respective company. The most intense period of data collection in each company covers the new CEO's first 24 months. We complemented these data with public data and informal interviews, which we conducted to follow up specific developments that we had identified in the main interviews. As Table 2 shows, in each company, we collected our data from the following sources: (a) interviews with the CEO and other informants, (b) internal and external documents, and (c) informal interviews and office tours. Using different sources allowed us to triangulate our data and thus improve the accuracy of our information and therefore the theory we derived from it (Eisenhardt & Graebner, 2007).

Interviews—our main source of data—enabled us to identify how, when, and why a new CEO changed specific members or positions in the TMT and to discover with whom CEOs worked on which issues and how they went about it. In the initial interviews, we tried to capture retrospectively the background of the succession and to document what each new CEO had undertaken thus far (e.g., Denis et al., 2000). Subsequent interviews with the CEOs generally took place every 4–8 weeks, which ensured that we followed closely the CEO's activities (Van de ven, 1992). During the data collection period, we conducted eight interviews with each CEO on average.

In addition to interviewing the CEO, we interviewed other organizational members to gain a comprehensive picture of the development in each case and to mitigate any bias that might arise

**TABLE 2** Summary of data sources

Data source	Firm							
	ComCo	ServiCo	TechCo	MechCo	ManuCo	TraviCo	SalesCo	CleanCo
<b>Interviews</b>								
CEO <sup>a</sup>	10	7	9	6	6	10	9	10
Top managers	2	6	3	5	2	5	3	5
Staff/others <sup>b</sup>	10	1	2	3	10	1	6	4
<b>In total (135)</b>	<b>22</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>18</b>	<b>16</b>	<b>18</b>	<b>19</b>
<b>Documents</b>								
Internal	36	3	10	2	11	8	14	2
External	26	12	5	2	76	4	19	3
<b>Other sources</b>								
Informal interviews	11	15	7	5	10	3	9	5
Office tours	2	1	1	1	1	1	1	1

<sup>a</sup> The total number of interviews with the same CEO.

<sup>b</sup> "Staff" refers to those who occupy supporting functions, such as project office, strategic office, organizational development, communication, etc. "Others" includes lower-level managers, the former CEO, and members of the board of directors.

from interviewing the CEO as a single informant (Eisenhardt & Graebner, 2007; Yin, 1994). For this purpose, we selected the other informants by three criteria. First, we tried to include both existing top managers and those who were appointed by the new CEO. Together, they could provide information regarding the TMT dynamics before and after the new CEO had taken office. Second, while interviewing each CEO, we identified and interviewed (in some cases repeatedly) those members who were close and important to the CEO. These included staff members as well as lower-level managers who were not part of the TMT. The purpose of interviewing these people was to reveal how and why the CEO worked closely with them. Third, whenever possible, we interviewed members who were critical of the CEO with regard to important issues or developments, in order to capture alternative perspectives.

Given the explorative nature of this research, semistructured but open-ended interviews were conducted with a set of main themes about the background of the CEO succession, key personnel changes, important decisions, organizational and strategic changes, and development of key events over time. Whereas early interviews were broad in scope, later interviews became increasingly more focused on the specific aspects that were relevant to our study. We paid particular attention to each change that concerned a position in the TMT, a TMT member, or any other direct report to the CEO. We also scrutinized how the CEO worked with different members, the inclusion and exclusion of certain members during important decisions, and how the TMT dynamics developed over time. We took several measures to mitigate potential informant bias in the interviews. First, our interviews followed the development of each company in real time, which minimized recall bias (Leonard-Barton, 1990). Second, because we interviewed the CEOs several times and also interviewed many different members of each firm, we had the opportunity to cross-check our information and clarify uncertain points. Third, to limit information bias we began each interview by identifying the timeline of actions, issues, and events and asked questions on the basis of this timeline (Eisenhardt, 1989a; Huber, 1985; Miller, Cardinal, & Glick, 1997).

The interviews lasted approximately 60–90 min each and were audiotaped, except for one interview with a staff member who only allowed us to take notes. Most interviews were conducted by two interviewers. This form of investigator triangulation allowed us to compare impressions and avoid blind spots (Patton, 2002). Within 24 hr after each interview, the interviewers reflected on interesting points and noted what questions should be asked the next time. The taped interview was sent to a professional firm for transcription and was subsequently analyzed to guide the follow-up interviews. In total, we conducted 135 interviews,<sup>1</sup> which resulted in a transcript of more than 2100 single-spaced pages.

The second data source includes archival data collected internally from the firm and also externally from public sources. Internal documents included the corporate agenda of main meetings and projects, the agenda and minutes of executive meetings, the CEO's personal agenda, the CEO's slides of presentations in important meetings, and internal communication related to the CEO. These documents helped us establish an accurate timeline of the key changes, decisions, and events after the new CEO took charge. We also used them to triangulate the information obtained in interviews, such as who participated in key meetings and which points on the agenda were addressed. External archives included annual reports, industry analyst reports, each company's news releases, interviews that the CEOs gave to the media, and any media news related to a CEO or to a firm during our data collection period. The external documents provided additional information about particular changes and developments in the organization, prompting relevant questions in the interviews.

<sup>1</sup>Interviews were conducted in English except for 17 interviews that were conducted in German. For the purpose of our analysis, we employed a professional agency to translate all German interviews into English.

We also conducted many informal interviews during and after the intense period of data collection. The informal interviews were often short, varying from five to 30 min. They took place in corridors, in cars, at social events, or on the telephone. The informal interviews helped us verify or add to the information we had collected in the formal interviews. After an intense period of data collection, which corresponded to the new CEO's first 2 years, we followed most cases by means of informal interviews to track particular developments. In addition, during data collection, we also took office tours in each firm to get a feel for the workplace—for example, we looked at the layout of various office rooms and departments.

### 3.2 | Data analysis

In the analysis of our data we adopted an inductive approach (Strauss & Corbin, 1998), while being informed by the existing literature. We first composed a rich description of each case by synthesizing the information we had collected from multiple sources (Eisenhardt, 1989a). Each of these case descriptions filled 25 to 30 single-spaced pages and contained details on the context of the CEO succession, followed by chronologically ordered key events, actions, decisions, and developments. It also listed the names of specific individuals, departments, and other essential facts that seemed necessary for further analysis. An important step of our analysis at this stage was identifying the TMT members. Following our chosen definition (Jones & Cannella, 2011), we identified as TMT members, apart from the CEO, all senior executives who reported directly to the CEO and had the title of vice president or above. In firms that did not use the title of vice president, we identified as TMT members the CEO and all individuals below him or her but at the highest managerial level on the organizational chart, who referred to themselves as part of the management team (Mooney & Amazon, 2011; Roberto, 2003). While composing the case descriptions, we were guided by the three aspects of our research framework. To identify the constellation of collaborators, we tracked each change in the CEO's direct reports in terms of positions or persons and noted how the CEO collaborated with others and who was involved in each major decision or project. As a result, we created a detailed timeline of key changes in personnel as well as a list of key issues the CEO dealt with and the people with whom he or she worked in each issue. In terms of the drivers of collaboration, we sought to understand the rationale behind collaborating with or replacing a person. Finally, to trace the development of context, we analyzed how over time various contextual factors facilitated or constrained the changes that the CEO attempted to make in the TMT as well as his or her collaboration with particular individuals.

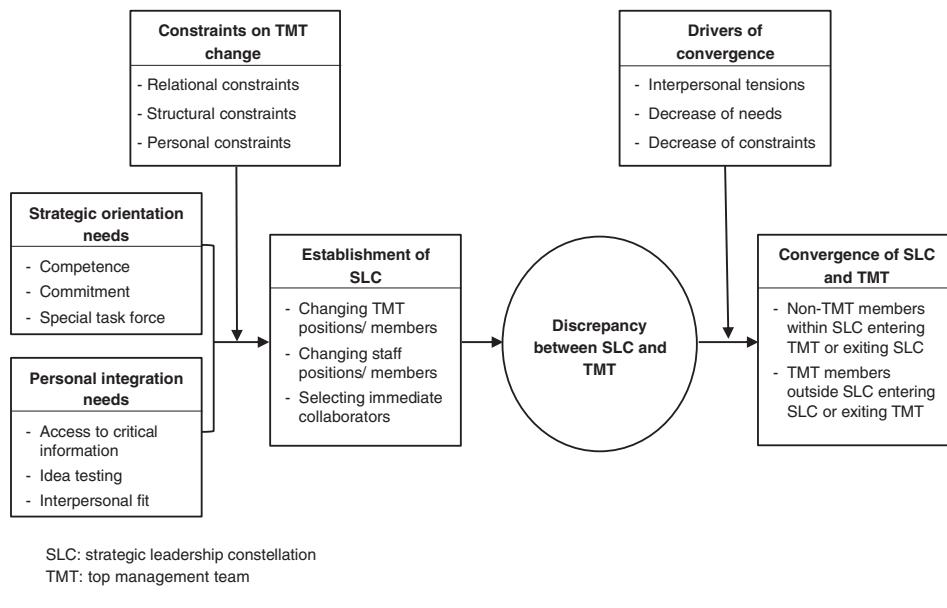
Once we completed the case descriptions, we started to look for general patterns by means of within- and cross-case analysis (Eisenhardt, 1989a). We drew diagrams to illustrate the evolution of the CEO's group of collaborators and make comparisons among the different companies. Several general patterns emerged. First, all the CEOs stressed the need to reconfigure their TMT and most TMTs underwent significant changes during the first 3 years. Second, all the new CEOs had a group of immediate collaborators who were (a) constantly involved in the discussion of strategic issues, and (b) were explicitly described by the CEOs as particularly important to them. This group often included members outside the TMT, such as staff members, lower-level managers, or even board members (note that in our case companies none of the TMT members were part of the board of directors). Sometimes, this created tensions between these "outsiders" and TMT members who had been excluded from important decisions. Third, we found that the group of immediate collaborators and the TMT converged over time, particularly in the second and third years following the change of CEO.

To explain these patterns, in the next stage of the data analysis we applied open coding. For this purpose we went back to the original interviews, which we coded using NVivo for Mac. In this process, we coded the reasons for changing direct reports in terms of persons or positions, the reasons for collaborating with a particular member of the organization, and the reasons for the convergence between the group of immediate collaborators and the TMT. To search for similarities between these codes within and across cases, we created an Excel spreadsheet for all the coded entries. The codes were then grouped into interpretive clusters according to their similarities and differences: similar codes were clustered together under a common interpretive umbrella, which formed the first-order categories (Miles & Huberman, 1994). We proceeded to identify the links among these categories, while circulating back and forth between the literature and the data. This process generated second-order themes in which the categories could be understood as the dimensions of the themes (Gioia, Price, Hamilton, & Thomas, 2010). For example, one of the themes generated from this process included the constraints on TMT change, which includes three categories: relational, structural, and personal. In this process, we followed a replication logic to check all the cases for the occurrence of each theme and category (Eisenhardt & Graebner, 2007). During the final stage of the analysis, we developed a process model by linking different theoretical themes to explain the patterns we observed. This involved a process of iteration between data and model to ensure that the model could explain the pattern in each case. To further validate the data and our interpretations, we presented our analyses to our key informants (Lincoln & Guba, 1985), which confirmed our overall model but led to some minor adjustments of the case descriptions. We now turn to presenting our findings. We begin by describing our empirically generated process model that will serve as a structure for elaborating our findings.

#### 4 | FINDINGS: THE FORMATION AND EVOLUTION OF THE STRATEGIC LEADERSHIP CONSTELLATION

As mentioned earlier, we found that soon after taking office, all new CEOs established a group of immediate collaborators who were involved in most of the strategic issues the CEOs dealt with and the decisions they took. Many of the CEOs we interviewed stressed the importance of such a group. For example, the CEO of CleanCo stressed that “[y]ou have to try to create a team of important people around you.” Similarly, the CEO of ComCo explained that an “inner circle of four to five people [...] is usually involved in almost all the thoughts I have.” At ServiCo, a colleague of the CEO observed that “there are three or four people who are just closer to [the CEO] and who [...] he would call an inner circle.” To describe this important group of immediate collaborators, we propose the term “strategic leadership constellation.” The component “strategic leadership,” as Finkelstein et al. (2009, p. 4) use it, captures the strategic nature of the group formed around the CEO. Together with the CEO, the members of this group shape strategic decisions and the overall course of the organization. The component “constellation,” in turn, alludes to the interpersonal relationships among different group members and the complex interrelations between the leadership roles they hold (Denis, Lamothe, & Langley, 2001; Denis et al., 2000; Denis, Langley, & Sergi, 2012; Hodgson, Levinson, & Zaleznik, 1965). The term we propose is different from “inner circle,” as Mooney and Amason (2011) define it, in that it is not restricted to members of the TMT but can potentially include individuals outside the TMT, such as staff members or lower-level managers.

As Figure 2 shows, the theoretical themes and categories that our data analysis generated are linked into a coherent model that explains how new CEOs establish their strategic leadership constellation over time. We found that two main drivers lead to the *establishment of the strategic*



**FIGURE 2** A process model of establishing and changing the SLC

*leadership constellation:* Strategic orientation needs involve aligning the team with the CEO's strategic agenda (Keck & Tushman, 1993; Tushman & Rosenkopf, 1996). Personal integration needs, in turn, involve connecting the new CEO with the organization (Denis et al., 2000). Whereas new CEOs frequently try to meet these needs by changing their TMT, they face different *constraints on TMT change*. Because of these constraints, new CEOs are often forced to include members from outside the TMT in their strategic leadership constellation while sidelining some existing TMT members. This results in *discrepancies between the strategic leadership constellation and the TMT*.

However, we found that over time there were emerging *drivers of convergence* between the strategic leadership constellation and the TMT. In particular, there tend to be gradually increasing tensions between members included in and excluded from the strategic leadership constellation. At the same time, some of the strategic orientation and personal integration needs become less important and some of the constraints on TMT change get alleviated over time as new CEOs accumulate both knowledge and authority and as the organizational context evolves. Consequently, we observed a gradual *convergence between the strategic leadership constellation and the TMT*, which manifested in different ways: some non-TMT members of the constellation were moved into the TMT or out of the constellation, while some TMT members who were not part of the constellation were moved into the constellation or out of the TMT. In the following, we present our detailed findings following the logic of the process model shown in Figure 2.

## 4.1 | Formation of the strategic leadership constellation

### 4.1.1 | Strategic orientation needs

In this study, we found that all the CEOs took efforts to establish a group of collaborators, which often led to significant changes in their direct reports within and outside of the TMT. One type of needs that drove these changes was related to the strategic orientation of the organization. Apart from one CEO who decided to retain the predecessor's strategies, all other new CEOs brought with them a new strategic agenda that varied from critical operational issues, to structural changes, to

strategic changes. For example, the CEO of ServiCo told us that when he was appointed, he developed “*a new strategy for the firm, [because] the way we were going to be operating our firm, one sense of purpose, was very different to how it had been.*” In that case, the CEO created 11 new initiatives. To realize their new strategic agenda, new CEOs needed to choose collaborators who possessed the necessary competences and commitment, and could also serve as a special task force.

“Competences” comprise the necessary experience, knowledge, skills, and access to resources for pursuing a particular strategic agenda. We found that creating or acquiring the necessary competences often involved adjusting positions and replacing TMT members in order to align the TMT with the new strategy or structure. When the new CEOs appointed new managers, they looked for people who had experience in leading similar projects, had networks with access to specific resources, and/or possessed market-specific knowledge or skills associated with the agenda. For example, the CEO of ServiCo created new positions and recruited someone new in the course of pursuing a growth strategy:

I created some new roles and I created what we call “head of strategic clients.” [...] I felt that the best person for that was a person called [T8<sup>2</sup>]. T8 is just a brilliant client person and he’s a great strategist, so who is better to drive our strategy than someone like him.

Another strategic orientation need is to ensure commitment; that is, the motivation and willingness to pursue the new agenda. We found that the new CEOs often had to dismiss managers who were too attached to the past or to the previous CEO because these people impeded—or were perceived to impede—the new course of action. For example, when the new CEO, an “outsider,” joined CleanCo, he deliberately tested the willingness of the existing team members to follow him in the direction he set:

I made very clear at the beginning [...] that we have to move into a new direction. [...] And then normally you wait and look what is the reaction. [...] Being on the move means the key people [...] have to be able and have the willingness [...] to move on together.

In addition, there was typically a need for setting up a special task force to coordinate new projects and take over the strategic work of top managers in transition. In our sample, we found that new CEOs frequently saw a need to create new positions staffed by people whose tasks were to develop and realize the CEO’s emergent strategic ideas, coordinate and lead strategic projects, and support other departments with strategic work whenever necessary. These positions involved dynamic, emergent, and interim work, and the respective areas of responsibility tended to be fluid. For example, the new CEO of ComCo created a COO position for this purpose: “*I nominated [T2] as a COO in the role of really being very close to me and often bringing things that I start [...] really to the end.*” In several cases, the CEO also created positions outside the TMT. In SaleCo, for example, the CEO created two staff positions, S3 and S4, mainly for the purpose of addressing emergent issues in other departments: “*They [i.e. S3 and S4] are like a little police of him [i.e. the CEO] or a firemen department. In one department, if something is wrong and they cannot perform and keep up with the pace of [the CEO], these two have to support*” (*S2<sub>SaleCo</sub>*).

<sup>2</sup>To preserve the anonymity of our informants, we refer to members of the TMT as T1, T2,...Tn, to staff members or lower-level managers as S1, S2,...Sn, and to members of the board as B1, B2,...Bn.

In the formation of the strategic leadership constellation, the strategic orientation needs were an important driver in all but two companies of our sample: the CEO of MechCo chose to maintain strategic continuity, while in TechCo the strategy of the new CEO did not involve any dramatic changes. Table 3 offers an overview of representative quotes and evidence for the strategic orientation needs across the eight cases.

#### 4.1.2 | Personal integration needs

The personal integration needs were the second factor that drove the new CEOs in the establishment of their strategic leadership constellation. These integration needs were gaining access to critical information, having colleagues for idea testing, and creating interpersonal fit. Gaining access to critical information was a serious challenge for the new CEOs in our sample. We found that formal information channels did not provide them with the information the CEOs needed about the general atmosphere at the company, the perceptions and expectations of key individuals, various historical issues, firm-specific details, and even critical operational details. The people with whom the new CEOs chose to work closely in order to access critical information typically had been working for a long time with the company and had good connections as well as a good grasp of what was going on within the company. For example, in the case of ManuCo, staff member S3, who was appointed to work on a major transformation project, had been working with the company in a global capacity for a long time, and was believed to “*know the Group pretty well in the context of processes, the businesses, the people, the cultures*” (S3<sub>ManuCo</sub>). Many of these people were ordinary staff members—such as the communication officer or the project management officer—who interacted with organizational members from lower levels and were thus able to give the new CEO information about the general atmosphere, how various people felt about certain things, or how he was perceived by important employees. The following comment by the CEO of SalesCo explains why it is important to have close ties to such people in order to gain critical information:

You also have to have people who are well networked within the enterprise so that you have an early warning system in place. [...] If you don't have a few people through the ranks with whom you share a strong bond of trust you, as a CEO, won't know what's going on. [...] For me it's definitely S4, who is a great people person, and also S1; she knows what's going on within the company.

Another personal integration need is idea testing. As we observed, most of the new CEOs felt that it was necessary to have “*sounding boards*” (CEO<sub>ManuCo</sub>) or “*sparring partners*” (T5<sub>TraViCo</sub>) for testing ideas. They thus sought close collaborators with whom to discuss their ideas, especially people who would provide counterpoints or novel perspectives. We found that the ability to test ideas was crucial for new CEOs because they are unfamiliar with people and operations and because taking charge generally involves considerable uncertainty and complexity. The collaborators the new CEOs chose often had “*an eagle's view*” (CEO<sub>SalesCo</sub>) of the organization, profound knowledge of the business or the organization, and could challenge the CEO on sensitive and critical issues. For example, in the case of TechCo, the CEO actively searched within the TMT for individuals who could serve such a role, because he needed “*to have one or two guys [...] where I could discuss, for example the CFO topic, what he believes I should do.*” This CEO felt that it was important to have people who could challenge him and discuss in critical situations “*how should I react, how should I present myself or TechCo in certain areas, in a meeting, in a conference, or whatever it will be.*” These individuals with whom the CEO chose to test ideas typically had strong views on the business or the market and were able to challenge the new CEO and provide alternative views on specific

TABLE 3 Representative quotes and evidence for strategic orientation needs

Firm		Representative quotes and evidence
ComCo	Competence	<i>"I had to implement a new structure, [for which] I had to find the right people within a couple of weeks. So it was like a restart, you know. I didn't take over the group executive board."</i> (CEO <sub>ComCo</sub> )
	Commitment	<i>"[Y]ou have to get the people [...] behind the new structure [...] [I] told them: 'Listen, I am thinking about this structure, [...] what do you think? Can you see – do you see your role in this structure?'"</i> (CEO <sub>ComCo</sub> )
	Special task force	The CEO points out that he needed somebody to carry out the projects that he started for which he appointed a new COO: <i>"I nominated [T2] as a COO in the role of really being very close to me and often bringing things that I start [...] really to the end."</i>
ServCo	Competence	<i>"[The] leadership team which he put together, was a different one than before, in order to mirror the strategy going forward which all of us have defined."</i> (T6 <sub>ServCo</sub> )
	Commitment	<i>"[My close collaborators] had to be ambitious, to me they had to be part of this journey that we are going to go on, which is to continue rapid growth of the business, so energy was important."</i> (CEO <sub>ServCo</sub> )
	Special task force	No indication of a need for a special task force that was not met by the existing TMT.
TechCo	Competence	No indication of a need for competences that was not met by the existing TMT.
	Commitment	<i>"T4 was quite close to [the former CEO] and everybody saw T4[as] the deputy of him [...]. So the good point was also to say okay, let us start in a new view, with a new culture, which is then also easier without T4, where everybody sees still [the former CEO] here."</i> (CEO <sub>TechCo</sub> )
	Special task force	No indication of a need for a special task force that was not met by the existing TMT.
MechCo	Competence	No indication of a need for competences that was not met by the existing TMT.
	Commitment	No indication of a need for commitment that was not met by the existing TMT.
	Special task force	<i>"The management board is the same, but of course in [my own] department I had to look for a person who would take over the function of [coordination] [...]. I proposed S2 this function so he's now my right hand [...]. But he has also a lot of function [related to other departments]. So I had to have such a man."</i> (CEO <sub>MechCo</sub> )
ManuCo	Competence	<i>"I've put within the responsibility of the current CFO what is more shared service, IT and procurement. Why? Because he is the best in the executive committee to make it happen. He already delivered that when he was CFO in South Asia. [...] Basically this organization [of the new TMT] was to get a better line on the whole [transformation] program."</i> (CEO <sub>ManuCo</sub> )
	Commitment	<i>"In fact T4 volunteered for the job in Americas. I was not one of the central [supporters] because he was more corporate guy. And he was surprised that I gave it to him [...] because I thought we'd better take a really motivated [person]."</i> (CEO <sub>ManuCo</sub> )
	Special task force	<i>"I think, we need somebody on the corporate level [...] to manage that [new strategic program]. It's not good enough just to announce it, but we need somebody to take it up and shape it and be there and be the face and whatever. And this is where I came into the game."</i> (S3 <sub>ManuCo</sub> )
TraviCo	Competence	As a result of setting up two new departments focusing on B2B and B2C respectively, the CEO needed department heads with distinctive knowledge and skills in the respective areas, which the existing TMT members lacked.
	Commitment	<i>"And the former finance person and [T3], they [...] didn't cause the whole mess or the whole thing, but they were a part of it and [...] they couldn't really move on because they were still in this whole thing. And by having new people in place [...] not knowing much about the past and they don't actually care much about the past, they just look at things the way they are and they just try to fix them, which gives a completely new culture somehow."</i> (CEO <sub>TraviCo</sub> )
	Special task force	No indication of a need for a special task force that was not met by the existing TMT.
SalesCo	Competence	<i>"I think S5 is a good choice. He has solid knowledge and is also a perfect fit who meets our future expectations. [...] Especially in the entire area of business information, [...], he can move us ahead effectively. That's an area where we will have to take a quantum leap."</i> (CEO <sub>SalesCo</sub> )
	Commitment	<i>"I paid extreme attention [...] that we would bring on board new colleagues who would really be supportive of this school of thought."</i> (CEO <sub>SalesCo</sub> )
	Special task force	<i>"Because of the huge change in the company, he decided to start a program office, like a strategic office. So he asked myself to lead this office because I've done these things before."</i> (S4 <sub>SalesCo</sub> )
CleanCo	Competence	<i>"[In that position [i.e. S2]] I need a person who can 100% back up me. It's too critical."</i> (CEO <sub>CleanCo</sub> )

TABLE 3 (Continued)

Firm	Representative quotes and evidence
Commitment	<i>"I made very clear at the beginning [...] that we have to move into a new direction. [...] And then normally you wait and look what is the reaction. [...] Being on the move means the key people [...] have to be able and have the willingness [...] to move on together." (CEO<sub>CleanCo</sub>)</i>
Special task force	The CEO points out that he needed a person who can carry out a variety of critical tasks that he initiates: " <i>S3, my assistant, has now got a lot of projects, prices and this and that, but now he will go into the day-to-day business and take over from T1. [...] He will do all these things I just mentioned [...]. I will educate him on how important it is and I think we have a common understanding about that already now.</i> "

issues. For example, in ServiCo the CEO worked closely with senior member T6 who had strong views on the markets. One top manager explained why the CEO appointed T6 to the TMT:

*T6 has got an important role [...]. I mean he's [the] counter pole to some of [the CEO]'s thinking, also of the others. He's got very specific views about the market. Not necessarily shared by everyone, [...] but he's got strong views.*

The final personal integration need is interpersonal fit, which refers to the match between the CEO and his or her colleagues in terms of personality, behavioral style, and trust. In our sample, when the CEOs appointed or chose a close collaborator, they were typically concerned about "chemistry" (CEO<sub>ServiCo</sub>) between them. For example, the CEO of ComCo wanted to have "hands-on" managers, which was very different from his predecessor's style. As he explained, "*I wanted to completely change. I wanted to have people who were hands-on.*" Ensuring interpersonal fit was a major reason why new CEOs often brought some of their former colleagues with them; the "insiders" from their previous department or division, the "outsiders" from their previous company.

We found that not only external, but also internally promoted successors concerned themselves with achieving personal integration. However, internal successors did not seem to need access to critical information to the same extent as external ones, as we observed in the cases of ServiCo, TechCo, and MechCo. Table 4 provides an overview of representative quotes and evidence of personal integration needs across the eight cases.

#### 4.1.3 | Constraints on TMT change

In contrast to what the literature typically implies (Kor & Mesko, 2013), we found that new CEOs were not always able to configure their TMT according to their needs. Frequently, the new CEOs faced various constraints in doing so. This was one of the main reasons why they kept some TMT members at a distance or collaborated closely with select individuals outside the TMT. We identified three types of constraints: relational, structural, and personal. Relational constraints refer to situations in which the CEO cannot change the status of a TMT member because of his or her particular relationship to powerful organizational members (e.g., members of the board of directors). For example, at TechCo, the CEO described how his attempt to replace one member of the TMT, T7, was blocked by a prominent member of the board of directors with the disarming assurance: "*no, no, everything is okay and also T7 and other people [...] are working well and great.*" In some cases, the relationship that constrained TMT change took a negative form, such as when the TMT or the board of directors would not accept the person the CEO wanted to appoint. For example, the new CEO of SalesCo wanted to appoint his former colleague S5 to the TMT but felt that this person would not be accepted by the board and by the other TMT members. As a result, the CEO recruited

**TABLE 4** Representative quotes and evidence for personal integration needs

Firm		Representative quotes and evidence
ComCo	Access to critical info	T2 points out that the CEO found in S3 a person he could rely on to gain crucial information: “[S3] is the main master brain of numbers in the company. [...] [The CEO] is using him as a source of information very much because he knows so much about all the history.”
	Idea testing	“And I feel that the circle of S3, S2 and me, we are people who can do this [i.e., to provide alternative views], where he’s saying I like to have it even: ‘I need that somebody is telling me if I’m going on the wrong side.’” (T2 <sub>ComCo</sub> )
	Interpersonal fit	“[T]here is a lot of people who have great knowledge out there, but maybe there is a little bit less people out there who have a good personality, who you can build trust, where you understand yourself well, where it makes fun to work with them.” (CEO <sub>ComCo</sub> )
ServCo	Access to critical info.	No indication of a need for access to critical information that was not met by the existing TMT.
	Idea testing	T6 points that the CEO works closely with him as “[w]e can be very critical with each other.”
	Interpersonal fit	“I want people who are going to be honest with me and are going to challenge me, and feel they can express themselves. I just do not want people who are always going to be negative. And we had some of those on the previous management committee.” (CEO <sub>ServCo</sub> )
TechCo	Access to critical info.	No indication of a need for access to critical information that was not met by the existing TMT.
	Idea testing	“Another topic which I started quite quickly to analyze [...] was my inner circle of the management team where I would like to discuss some topics. So to have one or two guys [...] where I could discuss, for example the CFO topic, what he believes I should do.” (CEO <sub>TechCo</sub> )
	Interpersonal fit	“[With T4], what I did not really like [that] he was not really caring about the people. [...]. And his behavior I did not really like to be honest. And this was really the change that T10, he has really a good link to the people which I really appreciate.” (CEO <sub>TechCo</sub> )
MechCo	Access to critical info.	No indication of a need for access to critical information that was not met by the existing TMT.
	Idea testing	No indication of a need for idea testing that was not met by the existing TMT.
	Interpersonal fit	“We have a good relationship before, and we continue to have a good relationship after, a very open relationship. [...]. [...] I think it does not happen so often that you get the chance like that, that your boss just gets CEO and you can just go up with him.” (S2 <sub>MechCo</sub> )
ManuCo	Access to critical info.	S3 explains why the CEO works closely with him: “obviously I know the Group pretty well in the context of processes, the businesses, the people, the cultures, and all that goes with it. [...] Because [the CEO] is also new to the group and, probably if you do transformation, it might help to understand a little bit the cultures and how you can get best along with it.”
	Idea testing	The CEO points out that he was looking for people to test ideas about his intended changes, which he found in B2, B3 and B4: “[B2, B3, and B4 served as] a kind of sounding board. So I started like that with them. [...] And so for testing the ideas.”
	Interpersonal fit	“[Y]ou need to see where you’re going with a new CEO: either you have a personality match [...] or there is no match and then you say, ‘Well, maybe it’s better to separate.’” (S5 <sub>ManuCo</sub> )
TraviCo	Access to critical info.	S3 points out that the CEO works closely with him because “[if] it’s something sensitive, [the CEO] asks me [...] or if it’s something [...] sensitive for the stakeholders, he asks me.”
	Idea testing	“[The CEO] was really looking forward [to] having some sparring partners with me and T4 [...]. And S3 at that time was already a sparring partner, but he wasn’t part of the [management] board and he wasn’t on that level yet.” (T5 <sub>TraviCo</sub> )
	Interpersonal fit	T4 recounts how the CEO in his job interview for a position in the management team emphasized that it was important to have colleagues that fitted “his way of working.”

**TABLE 4** (Continued)

Firm		Representative quotes and evidence
SalesCo	Access to critical info.	<i>"You also have to have people who are well networked within the enterprise so that you have an early warning system in place. [...] If you do not have a few people through the ranks with whom you share a strong bond of trust you, as a CEO, will not know what's going on." (CEO<sub>SalesCo</sub>)</i>
	Idea testing	S3 points out that the CEO works closely with him and S4 for discussing strategic ideas: <i>"actually, he discusses the ideas especially with S4 and myself [...]."</i>
	Interpersonal fit	<i>"S5 and I were already colleagues at [firm A]. [...] So if you have already worked together for many years, [...], it is relatively easy to let things take their course later." (CEO<sub>SalesCo</sub>)</i>
CleanCo	Access to critical info.	The CEO explains that he worked closely with S4 at the beginning because <i>"[S4] gave us a lot of [information] that [...] was very important for us. He had a lot of detailed information about business customers, about the past and that was good for us. We were able to learn from that. [...] Then we were able to find out why some things went wrong."</i>
	Idea testing	The CEO points out how he found in B2 a person he could discuss his ideas about refocusing the organization: <i>"So the first meetings, [...] were especially for B2, very difficult ones. [...] To analyze what is the actual situation in the company, what are the details that all the involved parties know, where we are and where we want to be." (CEO<sub>CleanCo</sub>)</i>
	Interpersonal fit	The CEO emphasizes the importance of having collaborators he can "count on" such as S2: <i>"S2 was the first person I was able to count on 100%, you know, when I have started, after a couple of months we had the common understanding and I knew [even if] I cannot talk to him for two, three, 4 weeks, he will follow – he fully understood what's going on." (CEO<sub>CleanCo</sub>)</i>

him as a lower-level manager (with the prospect of eventual promotion to the TMT). As S5 explained:

I think it was a bit political. [...] And it could well be that [the CEO] thought that [...] it's easier to have me in this interim function [...]. [...] I see it was an extremely intelligent way to get me introduced into the company, not only because we came from [the same firm] but also in the contact with [the board]. So, placing the wanted person, politically correct, and then seeing what is [the solution].

Some new CEOs also faced structural constraints, such as when the board of directors prohibited the creation of new TMT positions. In this study, the structural constraints were clear in MechCo and TechCo. For example, in MechCo, the CEO was required to combine his previous functional role as department head with his new role as CEO. As a result, he could not create a separate executive position representing that department in the TMT. As he explained, *"it is forbidden by the Group. I have to accumulate two functions, CEO and [head of one function], this is to reduce personnel costs."* In the end, he had to appoint a coordinator outside the TMT, S2, who actually took over most of the CEO's previous responsibilities.

Personal constraints arose when personal reasons prevented the CEO from retaining someone on the TMT or appointing a particular person to the TMT. For example, in ManuCo, the CEO could not retain S2 on the TMT, because he wanted to retire earlier. Nevertheless, the CEO kept him as an adviser outside the TMT. In some cases, lower-level managers did not want to be promoted to the top level. For example, in ComCo, S3 wanted to remain in his current position rather than be promoted to the TMT. As a TMT member, T2 explained, S3 had the chance to become a member of the TMT, but was always clear about his preferences: *"I like my job [...], I don't want to take more responsibility."* Personal constraints also include situations when there was a lack of good

candidates for particular positions or it took a long time for new recruits to start working for the firm. For example, in TraviCo, the CEO had to wait for 6 months before the newly hired TMT members could join the firm.

All new CEOs in our sample faced certain constraints when they attempted to make changes to the TMT. Interestingly, we found that in companies with a functional structure the new CEOs faced relational and structural constraints more frequently than their counterparts in companies with a divisional structure. The reason for this difference might be that, in contrast to personal constraints, both relational and structural constraints are directly related to relationships among different roles in the TMT. In companies with a functional structure, the members of the TMT are much more interdependent than in companies with a divisional structure (Hambrick et al., 2015). As a result, new CEOs tend to face more constraints when they attempt to modify the role relationships among TMT members. However, we did not find systematic evidence for this explanation. Table 5 offers an overview of representative quotes and evidence for the constraints on TMT change across the eight cases.

## 4.2 | Discrepancies in the establishment of strategic leadership constellations

As partly noted already above, the CEOs in our study took three types of actions in establishing their strategic leadership constellation: they changed TMT positions and members, they changed staff positions and members, and they selected immediate collaborators. More specifically, we found that six out of the eight new CEOs changed their TMT substantially within their first 6 months both in terms of members and positions. Two firms, TechCo and MechCo, experienced fewer TMT changes in the new CEO's first 6 months, with only one member change in the former and no change in the latter. In both cases the new CEOs were insiders resulting in fewer integration needs and they did not introduce any major strategic changes resulting in fewer strategic orientation needs. In all of the cases, the new CEOs faced various constraints on changing the TMT, as we discussed above. In such situations, they often changed staff positions and members close to them to be able to collaborate with certain individuals. When they could not remove particular TMT members, they often did not include them in their group of immediate collaborators. Together, this resulted in discrepancies between the strategic leadership constellation and the TMT. We observed two types of discrepancies: overlapping constellations and subgroup constellations. As Figure 3 shows, in six cases these two groups partly overlapped. In the other two cases, ServiCo and TechCo, the strategic leadership constellation consisted only of a subgroup of the TMT members.

In the six "overlapping" cases, the CEO's immediate collaborators included individuals outside the TMT, such as members of the board of directors, staff members, and even lower-level managers. For instance, in SalesCo (see Figure 3) the CEO worked closely with B2 to test ideas during the process of strategic development. The same CEO was also in close collaboration with staff members S1, S2, S3, and S4 to whom "*he said, 'You are the team. You are my team. You are really close to me. I need you. You are important for the company,' at the beginning*" ( $S1_{SalesCo}$ ). He even created new staff positions for S3 and S4, because he needed people who were able to "*really think integrally, which is something most of the members of the executive board can't do to the same extent*" ( $CEO_{SalesCo}$ ). This CEO also worked closely with a lower-level manager, S5, a former colleague that the CEO had brought to the company. Because he was not sure whether S5 would be accepted as a member of the TMT, he gave S5 a position outside the TMT and began working with him on strategic issues right away. At the same time, he excluded from his group of immediate collaborators three TMT members, T1, T3, and T4. The CEO was not satisfied with T1 but could not remove him from the TMT because he was protected by close ties to an important member of the board of directors. As for T3 and T4, they were both only interim managers, but it was taking some time to find

**TABLE 5** Representative quotes and evidence for the constraints on TMT change

Firm		Representative quotes and evidence
ComCo	Relational	No indication of relational constraints.
	Structural	No indication of structural constraints.
	Personal	"S3 would have, let's say, had the chance to get also the CFO job if he liked to do it, but he was always a very clear person saying I like my job, I'm a controlling person, I don't want to take more responsibility." (T2 <sub>ComCo</sub> )
ServiCo	Relational	No indication of relational constraints.
	Structural	No indication of structural constraints.
	Personal	The CEO initially created two positions in the TMT for T8 and T9 but due to personal reasons the two people could only join the firm several months later.
TechCo	Relational	The CEO describes how his attempt to replace T7 was blocked by a prominent member of the board: "[With T7], I already planned end last year, beginning this year, to make some changes and I learned, I gave almost up that this is not possible because [...] the boss said oh no, no, everything is okay and also T7 and other people [...] are working well and great." (CEO <sub>TechCo</sub> )
	Structural	"This was a little bit of a frustration point, [...] because we agreed already last year that [...] T6 would take over the lead of the key account. And then my boss said, 'No, you have to do both in the next few months, minimum, and then we make a decision if we split it or not.'" (CEO <sub>TechCo</sub> )
	Personal	No indication of personal constraints.
MechCo	Relational	No indication of relational constraints.
	Structural	"No, it is forbidden by the Group [to have a separate sales head in TMT]. I have to accumulate two functions, CEO and sales, this is to reduce personnel costs." (CEO <sub>MechCo</sub> )
	Personal	No indication of personal constraints.
ManuCo	Relational	No indication of relational constraints.
	Structural	No indication of structural constraints.
	Personal	"And again, it was difficult to find successors, obviously, because the people that were selected were not the ones that will stay in this position for a while. They are all close to retirement age as well. So you have T6, you have T4. [...] And as such, you end up with more of maybe an interim solution, which again will bring a lot of changes in the company." (S5 <sub>ManuCo</sub> )
TraviCo	Relational	No indication of relational constraints.
	Structural	No indication of structural constraints.
	Personal	The CEO recruited two TMT members T4 and T5 within the first 3 months, but due to personal reasons the two people could only join several months later. So the CEO complained: "I do not have enough managerial staff at the moment. So I have a good amount of people reporting directly to me, which keeps me quite busy which is day-to-day things. [...] There are not so many people here to talk to. I mean certain topics like reducing staff is not a topic you want to discuss with everybody in a corridor."
SalesCo	Relational	S1 points out that the CEO was unhappy with T1 but could not replace him as he was protected by a powerful board member: "[If the CEO could, he would [replace T1], but he can't. [...] I mean, on my level [...] everybody knows that, or thinks. Some of the reactions of the CEO also tell us that the first thing he would do is [to make this change]."
	Structural	No indication of structural constraints.
	Personal	S4 describes how he rejected the CEO's proposal to promote him to the TMT level: "I said, let's talk openly about that, [I do not want to] have the position [in the TMT]. And – but [the CEO said, okay, but I want to have you more closely to myself that he can work still closely together with me.]"
CleanCo	Relational	The CEO describes how he had difficulties sacking T1 due to his strong personal relationships within the company: "And that was, for me, at that time, very hard [to sack T1]. [...] T1 was a key person, you have to know. His reputation in the company is very good because he's got a nice character."
	Structural	No indication of structural constraints.
	Personal	No indication of personal constraints.

suitable replacements. In sum, in the case of SalesCo, because the new CEO did not have the freedom to make changes to the TMT that he considered necessary, he sought solutions that resulted in the discrepancy between the strategic leadership constellation and the TMT. A similar discrepancy was also observed in the remaining five “overlapping” cases, as Figure 3 shows. In this context, it is worth noting the specific role of board members in the strategic leadership constellation. Given that they are not subordinate to the CEO and have no operational responsibilities, it might not be surprising that they only served the function of idea testing—at least in our cases. Interestingly, board members were more often included in firms with external than internal successors, which might have something to do with the fact that external successors often lacked trusted contacts among their subordinates and might also feel a stronger need for testing the board’s approval of their strategic ideas.

In the other two companies in our sample, ServiCo and TechCo, the group of immediate collaborators diverged from the TMT in that it included only some of the TMT members. In both firms the management team had 7–9 members in addition to the CEO, so it was significantly larger than in the other firms. We found that in both firms, the new CEOs collaborated closely with only 2–3 people on the TMT. The other executive members were often marginalized and excluded from core

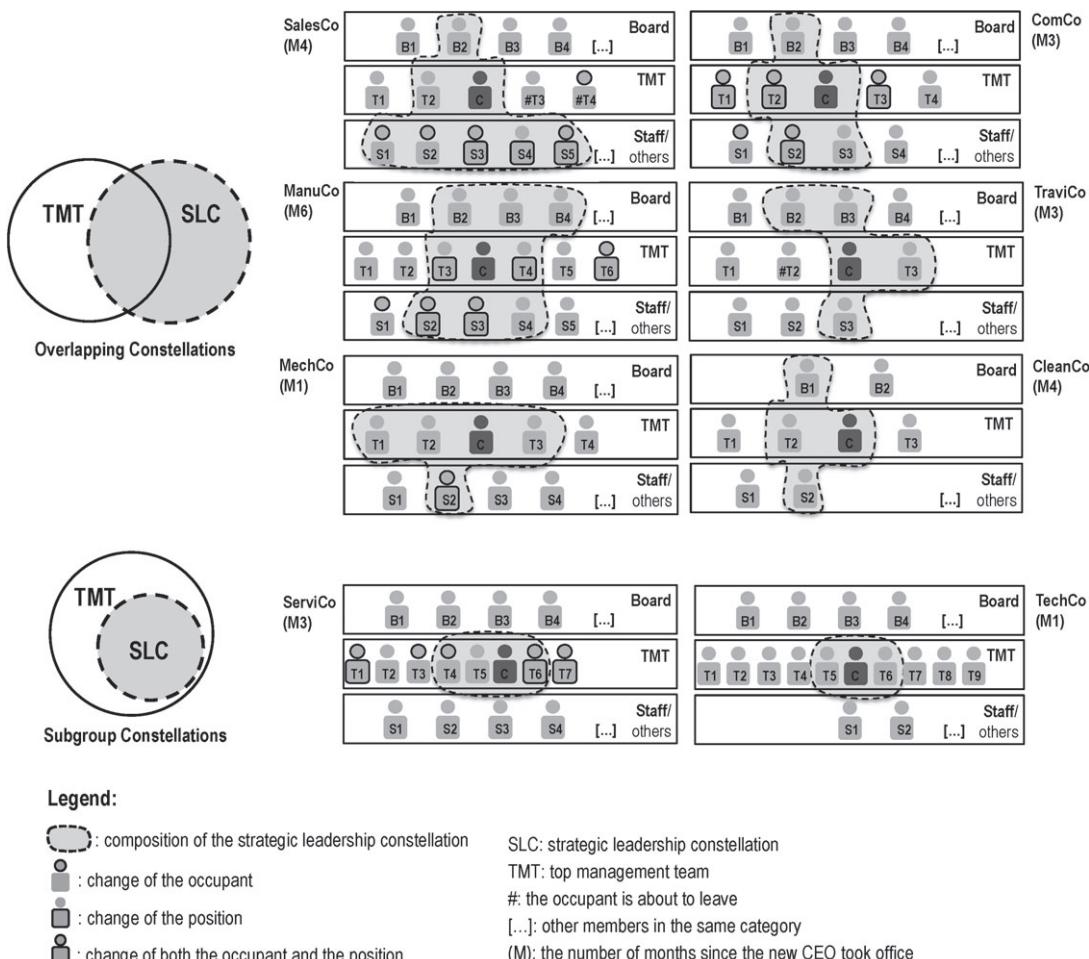


FIGURE 3 Two types of discrepancy between the SLC and the TMT

decisions. In contrast to the “overlapping” cases, in these two cases the strategic orientation needs and personal integration needs could be met within the TMT. However, for historical reasons the TMT included more members than the CEO needed in his strategic leadership constellation. Both for reasons of practicality in terms of number of collaborators and various personal limitations of the respective TMT members, such as lack of interpersonal fit with the CEO, some of the TMT members were sidelined when it came to strategic issues.

### 4.3 | Evolution of the strategic leadership constellation

While studying how the strategic leadership constellation evolved over time in each of the eight companies, we observed that it gradually converged with the TMT. In other words, the membership of the strategic leadership constellation and of the TMT became increasingly identical over time. This convergence process was driven by various contextual factors and often began within the first year and continued into the second and sometimes even third year.

#### 4.3.1 | Drivers of convergence

The gradual convergence of the strategic leadership constellation and the TMT was propelled by three drivers: the tension between members included in and excluded from the strategic leadership constellation, the decrease of needs met outside of the TMT, and the alleviation of constraints on changing the TMT. First, the tension between the strategic leadership constellation and the TMT grew over time. On the one hand, some TMT members outside the strategic leadership constellation realized that they were being left out of strategic decisions despite their formal strategic roles. On the other hand, certain non-TMT members of the strategic leadership constellation had and exerted considerable power in the strategy process, even though they did not occupy formal strategic roles. These dynamics of formal and informal roles often led to high levels of tension and personal conflicts. In TraviCo for example, top manager T1, who was left out of important decisions, explained that “*unfortunately, there are now camps, obviously, because I am not in [the CEO]’s camp. [...]. But I feel, more and more, [that] I’m not being taken serious.*” Staff members and lower-level managers who were part of the strategic leadership constellation also experienced this kind of tension when others questioned directly their involvement in important decisions, as this comment by project manager S2 in ComCo illustrates: “*I really feel it’s difficult because there is this stupid thing about who spends more time with the CEO, who knows more. [...] I have quite a high frustration rate.*” However, we found that the inclusion of board members in the strategic leadership constellation generally tended to cause fewer tensions than the inclusion of other non-TMT members. This might be explained with their higher hierarchical position. We also found more generally that tensions were typically stronger in the “overlapping” cases than in the “subgroup” cases.

Second and as noted above, a prominent reason for the discrepancy between the strategic leadership constellation and the TMT in the overlap cases was that particular needs of personal integration or strategic orientation could not be met within the TMT. Due to the development of the firm and of the CEO over time, however, some needs became less pressing. In particular, the need for a special task force that would tackle emergent strategic tasks typically decreased: strategic projects became more structured and better implemented, vacant TMT positions were filled, and the organization grew more stable. For example, the CEO of SalesCo explained that once the interim head of one department was finally replaced by a permanent head, T7, he was able to reassign to T7 the strategic tasks that had been previously delegated to staff members S3 and S4. The CEO explained,

And that's where we have certainly had the biggest gap for a year—in sales. [...] [Y]ou did, of course, have to build a parallel organization to bridge the gap you have there. [...] In fact, the true difficulty is that you do have to assign certain responsibilities, competencies to people who are working on the staff level [...] and now [T7] is coming on board and [...] he now has to take the lead, in those issues, those are his responsibilities. [...] [I]t means that they [i.e. S3 and S4] have to take a hierarchical step back when it comes to these issues.

Similarly, as new CEOs became better acquainted with their organization, gained more experience of its inner workings, and developed a better understanding of the protocols for assessing critical ideas, having access to critical information and testing ideas became less important. As a result, eventually the CEOs ceased to need some non-TMT members on whom they had initially relied for these tasks. For example, the CEO of ComCo initially relied on S3 to gain access to critical information, but the collaboration with S3 became less important as he got more familiar with the organization. About 1 year into the CEO's tenure, S3 observed that "*[the CEO] learned and he got everything. But sometimes, [...] I go up and I'd say, 'Okay, I see it this way and that way.' But it's not so often at the moment.*"

Third, the constraints that restricted the CEOs from changing the TMT gradually decreased as the organizational context changed and as the CEOs gained authority. This enabled the CEOs to further adjust their TMT. For example, restrictions on hiring new top managers due to their existing contractual obligations (a "personal constraint") typically disappeared over time. When the new top managers finally joined the TMT, they could take over the strategic work that had been delegated to other, non-TMT staff in the meantime. Once such constraints were lifted, the CEOs often managed to work more closely with their TMT. For example, the CEO of TraviCo described that after two TMT members he recruited eventually joined the firm, he could work with the TMT as he had initially wanted: "*I think [my collaboration with the TMT] has changed because I couldn't manage the team the way I wanted when I started. So it went from an exceptional situation to a normal situation now.*" The development of interpersonal relationships often also eased relational constraints. For instance, as we mentioned earlier, the CEO of SalesCo had initially recruited a former colleague, S5, as a lower-level manager, rather than as a top manager, fearing that S5 would not be accepted by the rest of the TMT. After about half a year, however, S5 had gained enough credibility to be accepted by other top managers and by the board of directors, so the CEO could eventually promote him to the TMT. Interestingly, unlike personal and relational constraints, the structural constraints we had identified earlier in our research did not appear to grow weaker during the period of our study. Table 6 provides an overview of representative quotes and evidence for the three drivers of convergence in the eight cases.

#### 4.3.2 | Convergence of the strategic leadership constellation and the TMT

As a result of the three drivers described above, the strategic leadership constellation tends to converge gradually with the TMT over time. Figure 4 provides an overview of how these convergences manifested in the eight cases. The convergence of the TMT and the strategic leadership constellation obviously involved mainly individuals who were members of only one of these two groups. Typically, as Figure 4 shows, non-TMT members of the strategic leadership constellation eventually either entered the TMT or exited the strategic leadership constellation. For example, S3, the project office manager of ManuCo, was promoted to the TMT in the third year of our research, whereas in the case of SalesCo, the CEO initially collaborated closely with a group of staff members but eventually moved away from them. Staff member S1 described this shift as follows:

**TABLE 6** Representative quotes and evidence for drivers of convergence

Firm		Representative quotes and evidence
ComCo	Interpersonal tensions	"To be honest, I'm in a really tricky situation [...]. On the one hand, I really like to work with the CEO [...]. On the other hand, I'm always in the background. [...] I'm not a member of the Group Executive Board. I don't have a salary [as they do]." (S2 <sub>ComCo</sub> )
	Decrease of needs	S3 points out a decreasing need for him provide the CEO with critical information as "[the CEO] learned and he got everything. But sometimes, [...] I go up and I'd say, 'Okay, I see it this way and that way.' But it's not so often at the moment."
	Decrease of constraints	No indication of decreasing constraints on TMT change.
ServCo	Interpersonal tensions	T3 complains about the CEO involving only a subgroup of the TMT in his decisions: "I openly shared that with [the CEO] [...] that [...] I think if he sometimes had more balanced, or different views, it would help the quality of the decision. [...]. It's not that I am kind of trying to be more involved in those discussions, but I think it would enhance the quality."
	Decrease of needs	No indication of decreasing needs.
	Decrease of constraints	Personal constraints regarding the hiring of T8 and T9 were alleviated and both eventually joined the firm.
TechCo	Interpersonal tensions	T10 points to tensions resulting from the fact that T7, not being a close collaborator of the CEO, became disengaged with the TMT work: "T7 has really a totally different standing in our board. He's not that much involved in all the [firm-level] topics [...]. He's only focused on his [department], and that's all."
	Decrease of needs	No indication of decreasing needs.
	Decrease of constraints	No indication of decreasing constraints on TMT change.
MechCo	Interpersonal tensions	"I have a little bit strange position in the company. Everyone feels as I am a part [of the TMT], but I am not [...]. [...] So maybe in some months or some years I will be forced to say to the CEO, you have to make a decision or to take a decision because my situation, it's not easy like this, I am in the middle and I am in the no man's land." (S2 <sub>MechCo</sub> )
ManuCo	Decrease of needs	No indication of decreasing needs.
	Decrease of constraints	No indication of decreasing constraints on TMT change.
	Interpersonal tensions	S3 hints at the fact that the other TMT members were not at ease with him to "sit on the executive committee as the only non-executive committee member", which was only possible because of a particular "back up" by the CEO.
TraviCo	Decrease of needs	S6 points out a decreasing need for access to critical information as "[the CEO] now has seen enough."
	Decrease of constraints	The personal constraints on finding younger candidates were alleviated after about 1 year.
	Interpersonal tensions	T1 complains about being sidelined by the CEO: "I said [to the CEO], 'Look, we are not talking. [...]. We do not [talk] over the phone, nothing. You know, I am here. I want to exchange ideas. You need to exchange ideas. With whom are you exchanging ideas?'"
SalesCo	Decrease of needs	The CEO points out that after 6–8 months T3 was no longer needed for gaining access to critical information: "So when I started, [T3] was pretty much to introduce me to the things I need to do. [...] [H]e is now not that important anymore."
	Decrease of constraints	Personal constraints regarding the hiring of T4 and T5 were alleviated and both eventually joined the firm.
	Interpersonal tensions	The CEO points out the tension between S3 and S4 and other TMT members: "After all, you hear that a lot 'He's not part of [the TMT].' And [S3 and S4] give others the constant message 'I am actually better than you. I should do your job.'"
	Decrease of needs	S3 points out a decreasing need of the CEO to gain access to critical information: "[The CEO] becomes more safe in all topics because he knows everything. He's very deep into the details."

**TABLE 6** (Continued)

Firm	Representative quotes and evidence
CleanCo	Decrease of constraints The relational constraint of appointing S5 was alleviated after about half a year as S5 gained credibility and was accepted by other top managers and the board of directors such that the CEO could eventually promote him to the TMT.
	Interpersonal tensions Being a close collaborator of the CEO, S5 started to behave like a top manager which created interpersonal tensions, as S2 points out: " <i>In the beginning everything was so nice and then [S5] wanted to play the role of boss. [...]. Somehow things escalated after that.</i> "
	Decrease of needs The CEO describes how he needed S4 to provide him with important information but as he has learned all about the organization he has no use for him any longer: " <i>S4 helped me a lot at the beginning [by providing information]. [...] But I recognized I can only work with him until it comes to a certain stage or level.</i> " ( <i>CEO<sub>CleanCo</sub></i> )
	Decrease of constraints The relational constraint of sacking T1 was alleviated after about 2 years as the CEO gained more authority and credibility.

Before, it was really the circle. It was me, S3, S4 and, well, maybe S2. [...] And now you see that he has the [executive] team together and this is the second row now. [...] Unbelievable. We would have done everything for him at the beginning, and this got lost. [...] The more power he got and the more focused he is on his sports team, [...] and now the circle is clearly defined.

In some cases, the non-TMT members in the strategic leadership constellation even left the firm altogether as a result of the drivers of convergence. For example, staff member S2 left ComCo as a result of increasing tensions.

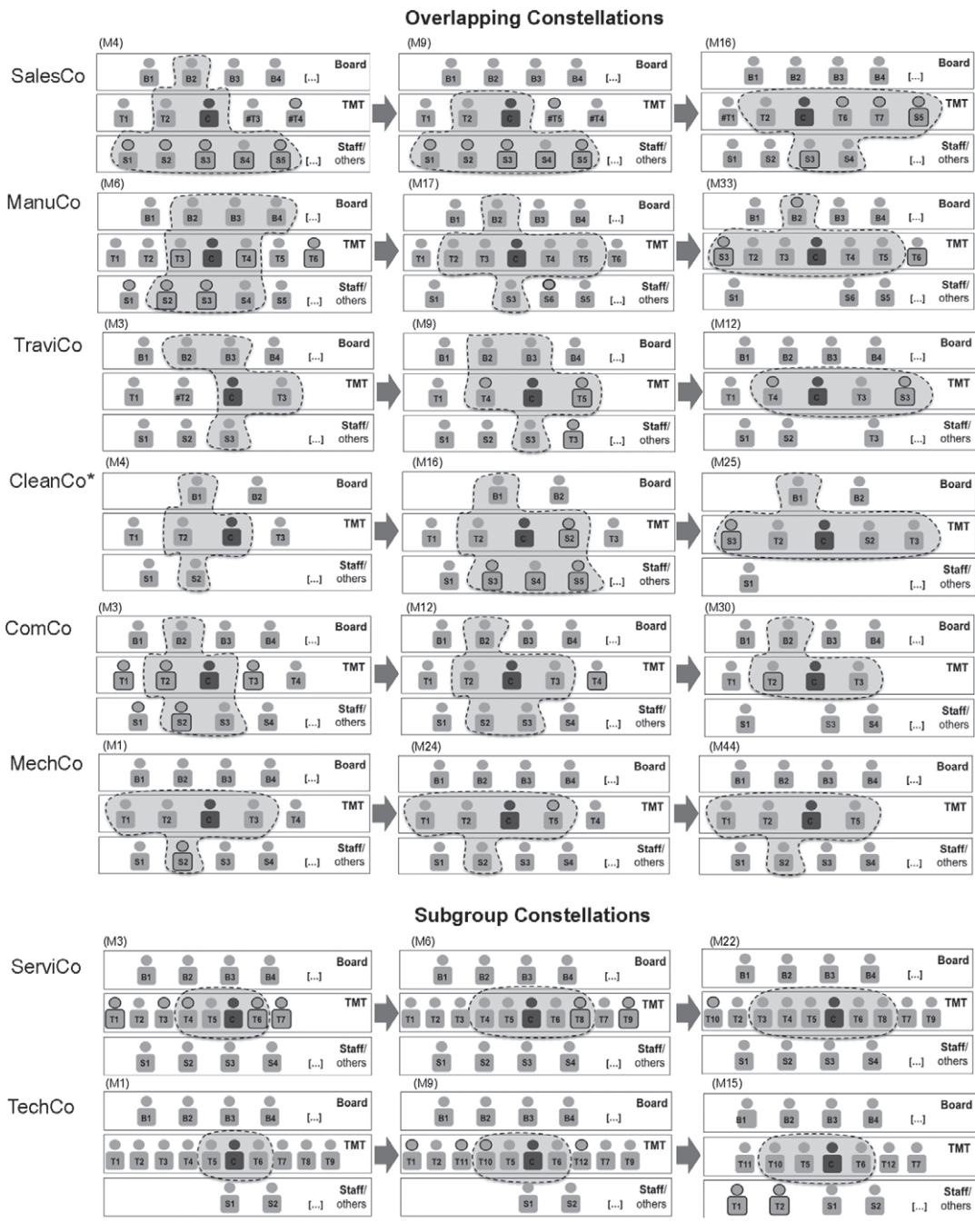
Similarly, for those TMT members who were not part of the strategic leadership constellation, there was a tendency that they either entered the strategic leadership constellation or exited the TMT, as Figure 4 shows. Some of these TMT members gradually developed a close working relationship with the CEO, while others left the firm and were replaced by new top managers. For example, in ComCo, neither T3 nor T4 worked closely with the CEO in the beginning. While T3 managed to build a close working relationship with the CEO, T4 never became part of the strategic leadership constellation and finally left the firm.

## 5 | DISCUSSION AND CONCLUSION

### 5.1 | Central aspects of the general process model

In this article, we set out to examine how new CEOs establish their group of immediate collaborators, which we termed the "strategic leadership constellation." Drawing on the analysis of eight in-depth case studies, we identified a set of different factors that influence how this group is formed and how it evolves. In the following we will discuss the core insights of this study and show how they contribute to the existing upper echelons literature.

A first insight of our study relates to the core drivers in the initial establishment of the strategic leadership constellation. We found that new CEOs have two types of needs that guide them in the configuration of their team of immediate collaborators. On the one hand, there is a need to find collaborators who possess the required competences and commitment regarding the CEO's strategic initiatives and can also serve as a special task force. We termed these strategic orientation needs. On the other hand there is the need to find collaborators who can provide access to critical information,

**Legend:**

- [ ]: composition of the strategic leadership constellation
- [ ]: change of the occupant
- [ ]: change of the position
- [ ]: change of both the occupant and the position

- SLC: strategic leadership constellation
- TMT: top management team
- #: the occupant is about to leave
- [...]: other members in the same category
- (M): the number of months since the new CEO took office
- \*: In CleanCo at the 2<sup>nd</sup> stage, there was an expansion of staff members included in the SLC because of the acquisition of another organization.

**FIGURE 4** An overview of the convergence between the SLC and the TMT

allow the CEO to test ideas, and satisfy the CEO in terms of personal fit. We termed these personal integration needs. Given that CEOs are expected to collaborate first and foremost with their TMT colleagues, the same two needs also drive the reconfiguration of their TMT. These findings lead to the following proposition:

**Proposition 1** *When configuring their strategic leadership constellation and their TMT, CEOs are driven by their needs of strategic orientation and personal integration.*

Some of the needs identified in our study resonate with the findings of previous studies. In particular, studies from the CEO–TMT interface perspective found that CEOs tend to include in their TMTs individuals who possess the capabilities they need for achieving their strategic goals (Kor & Mesko, 2013; Menz, 2012). Similarly, other studies have shown that CEOs shape the TMT according to their personality and leadership style (Carmeli, Schaubroeck, & Tishler, 2011; Ling et al., 2008; Peterson et al., 2003). The latter finding has been confirmed also by studies that build on the CEO-adviser perspective, which emphasizes that CEOs select collaborators who are similar to them in terms of attitudes, values, and demographic characteristics (Mooney & Amazon, 2011) and whom they can trust (Roberto, 2003). Also, the need to test ideas echoes the concept of advice that Arendt et al. (2005) discussed, as well as the idea of “a sounding board for the CEO’s ideas” that Eisenhardt (1989b, p. 559) mentioned. Importantly, our study extends this literature by pointing out needs that previous studies have not discussed and that might be particularly important for new CEOs: access to critical information, commitment, and having a special task force. Our more comprehensive and systematic overview of various needs can help us gain a better understanding of the different functions that the different members of a specific strategic leadership constellation fulfill. Moreover, the classification of these needs into two categories reflects the degree of influence that new CEOs can exert: while CEOs can largely influence the strategic orientation needs directly by choosing specific strategic initiatives, for example, the competences required depend on the strategic initiatives chosen, they cannot influence to the same extent the personal integration needs because they largely depend on the CEOs’ given characteristics or the very fact that they are at an early stage of their tenure.

The second insight of our findings relates to the constraints that limit the efforts of new CEOs to reconfigure the TMT according to their needs. Specifically, we found that various relational, structural, and personal factors may force new CEOs to give up certain changes they wished to make or to find roundabout ways of effecting them. As a consequence, new CEOs are often forced to include in their strategic leadership constellation non-TMT members and at the same time sideline members of their TMT, which causes the composition of these two bodies to diverge. This finding can be summarized as follows:

**Proposition 2** *The constraints that new CEOs may face when they attempt to change the composition of the TMT force them to create a strategic leadership constellation whose composition differs from that of the TMT in that it includes non-TMT members or excludes some TMT members.*

This finding resonates with earlier studies reported in the CEO-adviser literature that found that CEOs selectively work with their TMT members (Mooney & Amazon, 2011; Pitcher & Smith, 2001; Roberto, 2003) while collaborating also with people from other hierarchical levels (Arendt et al., 2005; Jones & Cannella, 2011). We extend this literature by identifying different types of constraints on TMT change as a main reason why they do so. Our finding also contributes to the

literature on the CEO–TMT interface, which emphasizes that CEOs are responsible for configuring a functional TMT (Kor & Mesko, 2013; Ling et al., 2008), by highlighting that CEOs face restrictions in doing so. This helps explain why CEOs in spite of their best intentions often end up with a TMT that does not meet their needs. Moreover, our finding that the strategic leadership constellation can differ from the TMT explains how CEOs can direct their organization with a fragmented and disintegrated TMT (Li & Hambrick, 2005), as TMTs in transition often are (Hambrick, 1995; Simsek et al., 2005). This finding is partly reflected in the literature on the power dynamics of TMTs (Finkelstein, 1992), which suggests that restrictions on a CEO's power limit his or her influence on the strategic direction of the organization (Bigley & Wiersema, 2002; Quigley & Hambrick, 2012). However, while the relational and structural constraints identified in our study are associated with the power that the CEO has over other TMT members and the board of directors, personal constraints are not. Therefore, it is important to understand the different sources of these constraints and their influence on the process of TMT formation.

The third insight we derived from our process model relates to the interpersonal tensions that arise from the discrepancy in the composition of the strategic leadership constellation and the TMT. These tensions arise because (a) the top managers excluded from the strategic leadership constellation occupy a formal strategic role but in reality are left out of key strategic decisions, and (b) the non-TMT members included in the strategic leadership constellation actually become strategic leaders, although they do not have a formal strategic role. The misalignment of the formal and informal roles of these people leads to conflicting expectations about their involvement in strategic decisions and thus to dissatisfaction, friction, and sometimes explicit personal disputes. This finding can be summarized as follows:

**Proposition 3** *The discrepancy in the composition of the strategic leadership constellation and the TMT creates interpersonal tensions.*

While the CEO-adviser perspective suggests that CEOs may collaborate selectively with TMT members (Mooney & Amason, 2011; Pitcher & Smith, 2001; Roberto, 2003) and with non-TMT members (Arendt et al., 2005; Jones & Cannella, 2011; McDonald & Westphal, 2003), existing studies have not examined the consequence on interpersonal dynamics when CEOs do so. Our finding echoes the findings of Li and Hambrick (2005) that the existence of subgroups within the TMT typically leads to team conflict. Understanding the interpersonal tensions and conflicts as a consequence of the discrepancy is important because there is evidence that tensions and conflicts between TMT members can lead to behavioral disintegration (Li & Hambrick, 2005) and negative firm performance (de Jong, Song, and Song, 2013; Li & Hambrick, 2005).

The fourth insight concerns the evolution of the strategic leadership constellation. We found three factors that lead to further changes in the established TMT and strategic leadership constellation, which results in a gradual convergence between the two groups. This finding can be summarized as follows:

**Proposition 4** *The strategic leadership constellation and the TMT gradually converge over time due to (a) interpersonal tensions resulting from the discrepancy in the composition of the strategic leadership constellation and the TMT, (b) decreasing needs of strategic orientation and personal integration that cannot be met by the existing TMT, and (c) decreasing constraints that new CEOs face when they attempt to change the TMT.*

Our finding echoes the notion in the literature that the CEO's group of collaborators may change over time as the organizational context changes (Arendt et al., 2005; Beckman & Burton, 2011; Jones & Cannella, 2011; Kor & Mesko, 2013). The CEO-TMT interface perspective suggests that depending on their anticipation of changes to the strategic direction of their firm, CEOs configure their TMT accordingly (Kor & Mesko, 2013). The CEO-adviser perspective argues that the selection of collaborators can change due to the development of the context related to the CEO (e.g., tenure), the strategy, and the organization (Arendt et al., 2005; Jones & Cannella, 2011). However, the existing literature on this point is merely conceptual. Our study is the first to document empirically how a new CEO's group of immediate collaborators evolves and to identify the specific mechanisms underlying this process.

We combined these four empirically generated insights into a comprehensive process model that shows how the strategic leadership constellation is formed (Figure 2). Compared to the simple framework that we started out with (Figure 1), which was derived from the existing literature, our model offers a much more differentiated and dynamic picture of this process. In terms of the *drivers* of the formation process, our model does not only identify a much wider range of factors but it also highlights how these drivers are distributed and play out across time. In terms of the *context*, the model extends the original framework by identifying the specific mechanisms through which the context influences the formation process. In terms of the *constellation of collaborators*, our model highlights the relation between the TMT and the strategic leadership constellation, which is central to the dynamics of this formation process. Finally, in terms of the *formation process* itself, our process model does not only emphasize the fact that the strategic leadership constellation evolves but also identifies a particular trajectory of this evolution. Overall, with the development of this model we respond to repeated calls for more research into the dynamics of TMTs (Pettigrew, 1992) by identifying "the factors that cause the profiles of TMTs to change" (Hambrick, 2007, p. 338) and how these factors play out over time (Beckman & Burton, 2011).

Because the comprehensive process model (Figure 2) describes general patterns and mechanisms in the formation and evolution of the strategic leadership constellation, it should be applicable to most firms. However, as our cases have shown, there might be some differences in how the different elements of our model play out in different firms. For example, firms are likely to vary in the degree of the discrepancy between the strategic leadership constellation and the TMT depending on the CEOs' concrete needs and their specific constraints. Apart from that, the speed and degree of convergence between the strategic leadership constellation and the TMT is likely to vary depending on the concrete development of the three drivers for convergence. Our cases also indicate that TMT structure and successor origin might have an influence on the specific way in which the general process manifests itself. For example, as mentioned earlier, in the firms with functional TMT structure CEOs tended to face comparatively more relational and structural constraints on TMT change, and internal successors appeared to face less need for access to critical information.

## 5.2 | The strategic leadership constellation as the basis of a new perspective

Our study contributes to the literature also by advancing a new perspective based on the concept of the strategic leadership constellation. It thus offers a new take on the fundamental question of upper echelons research on how strategic decisions are made at the apex of an organization and who is involved in them (Finkelstein et al., 2009; Hambrick & Mason, 1984; Jones & Cannella, 2011). First, in line with the CEO-adviser perspective, our perspective directs attention to the people—both TMT and non-TMT members—who are actually involved in strategic decision making as the CEO's close collaborators, rather than on people who occupy merely formal strategic roles. However,

beyond the CEO-adviser perspective our perspective highlights the particular constellation of advisers. While the former perspective, with the exception of the works concerned with TMT subgroups (Mooney & Amazon, 2011; Roberto, 2003), tends to focus on advisers in individual decision-making situations, our perspective emphasizes that the advisers form a group, which might be temporarily stable across decision-making situations even if not all members are involved in all decisions all the time. Related to that, our perspective highlights the specific form of collaboration between the CEO and specific individuals who may play different strategic roles related to the CEO's different needs. It suggests that the members of the strategic leadership constellation may serve different functions in shaping the strategic direction of their organization, which is not appreciated by the CEO-adviser perspective because it typically focuses on the dyadic advisory relationship between the CEO and individual people (Arendt et al., 2005; Jones & Cannella, 2011), rather than on how the individuals work as a group.

Second, a strategic leadership constellation perspective directs our attention particularly to the relationship between the CEO's group of immediate collaborators and the TMT. Because TMT members occupy formal strategic roles, it is important to understand their role in relation to the strategic leadership constellation, which can be seen as the actual body of strategic decision making. In that respect, our perspective incorporates insights from the CEO-TMT interface perspective (Edmondson et al., 2003; Kor & Mesko, 2013; Ling et al., 2008) in acknowledging the deliberate efforts of CEOs in configuring the TMT, but it also draws attention to the constraints that CEOs may face when doing so. Therefore, this perspective allows us to discuss why certain individuals are included or excluded in the actual strategic decision making. Moreover, it directs attention to the interactive dynamics between the CEO's group of collaborators and the TMT over time. In sum, our perspective combines and extends the CEO-TMT interface perspective and the CEO-adviser perspective to shed new light on how CEOs collaborate with other actors in shaping the strategic direction of their organizations.

### 5.3 | Limitations and opportunities for future research

Like all research, ours has limitations, which, however, provide opportunities for future research. First, the aim of our study was to identify general patterns and mechanisms in the formation and evolution of the strategic leadership constellation. Accordingly, we focused more on the commonalities rather than the differences between the cases we examined. Even though we observed that some aspects of our process model were more pronounced in some cases than in others, we did not systematically investigate these variations. Nevertheless, examining in depth such variations and how they relate to the characteristics of particular cases would be a fruitful avenue for future research. For example, as mentioned above our findings indicate that some of the integration needs are more acute for insiders than outsiders and that some of the constraints on TMT change are more frequent in functional than in divisional structures.

Second, we have shown how members of the strategic leadership constellation help CEOs meet their different needs, but we have not systematically examined how the different functions in the strategic leadership constellation relate to the respective members' formal positions in the organization. As we mentioned, in our cases board members in the strategic leadership constellation tended to serve the function of idea testing and staff members were more likely than others to serve the function of gaining critical information and acting as special task force. Future research could follow up on this and examine in detail what kind of functions tend to be served by what kind of members in the strategic leadership constellation.

Third, although some of the firms we investigated are multinationals, they are all headquartered in the same European country. As a result, we do not know how the cultural and institutional contexts influence the patterns we identified. For example, in our case firms none of the TMT members was part of the board of directors. As a result, we do not know how our findings may vary in contexts where the board typically includes the CEO or other executives. This might change the likelihood for board members to become part of the strategic leadership constellation. Some research also suggests that new CEOs from different cultures may exhibit somewhat different behavioral patterns (Nakauchi & Wiersema, 2015; Sakano & Lewin, 1999). For example, Sakano and Lewin (1999) found that in Japanese companies there are no observable strategic or structural changes in the first 2 years after a new CEO takes over. In contrast, in U.S. firms such changes are often observed in the first year of a new CEO's tenure. This suggests that there may be culturally induced differences in the patterns of divergence and convergence between the strategic leadership constellation and the TMT. In view of this possibility, future research might explore how different cultural and institutional contexts affect the way in which new CEOs establish their TMT and the constraints they may face when they take charge.

Fourth, in this study we focused on the formation and evolution of the CEO's group of close collaborators, but did not examine their effect on outcomes in any detail. Future research might examine how the identified dynamics influence organizational outcomes, such as the likelihood of strategic change or its impact on financial performance, or more intermediate outcomes, such as the new CEO's legitimacy within the organization (Denis et al., 2000).

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**Appendix 1: Additional characteristics of eight cases**

<b>Properties</b>		<b>Number of cases*</b>
<b>Predecessor</b>	Retired	3
	Resigned	3
	Dismissed	2
<b>Prior performance</b>	Growing	2
	Stable	3
	Declining	3
<b>Industry</b>	Manufacturing	4
	Service	4
<b>Diversification**</b>	High	2
	Medium-High	1
	Medium	2
	Low-Medium	1
	Low	2
<b>Scope of operation</b>	Multinational	4
	National	4
<b>Age (years)</b>	>100	3
	50-100	3
	<50	2
<b>Number of employees</b>	>5,000	2
	500-5,000	4
	<500	2

\*To preserve the anonymity of the case companies, the characteristics are not grouped according to company.

\*\* by the number of and differences between products/services.