



# The CEO as Barometer of Culture

Red flags of toxic leadership and the dynamics that keep it thriving

The success of a company often hinges not just on what it does, but on the culture that guides it. In turn, the culture is shaped in large part by those at the company's helm. [Research shows](#) that the CEO is the most important indicator of the culture in an organization: just as inspiring, empowering leaders can help an organization scale new heights, toxic leaders who display destructive behaviors can destroy it from the inside-out.

Toxic leaders not only damage organizations by decreasing performance, productivity and suppressing innovation, however. They also inflict significant personal damage to employees, causing exhaustion, anxiety, diminishing self-worth and sometimes even a full-blown burnout.

What should a company do if there are suspicions of toxic leadership at the top? Unfortunately, there have been a few reports of those in the media lately, most recently the allegations against the [Plopsaland CEO](#). Against this backdrop, an increasing number of companies are asking themselves: what are the signs that we're dealing with a toxic leader? What keeps such a leader in place? And most importantly: what can we do about it?

While toxic leadership may seem easy to spot, allegations of toxic behavior by leaders may come as a surprise to some in the organization, as was the case in the recent Plopsaland media storm. It is not always easy to spot a toxic leader, because not all are raging tyrants (and equally not all great leaders are mild-mannered and soft spoken). The organizational psychologist Theo Veldsman categorizes [5 types](#) of toxic leaders:

## **The Cold Fish**

The ends justify the means. So, any decision and action is justifiable in terms of the results desired.

## **The Snake**

The world serves me and endeavors to satisfy my personal needs like greed, status and power.

## **Glory Seeker**

Personal glory and public visibility at any cost, regardless of whether I have made any real and meaningful contribution.

## **Puppet Master**

Absolute, centralized control over everything and anyone, under all circumstances.

## **Monarch**

Ruling the organization as if it is my kingdom. All its assets are available for my personal use.

## Red flags of toxic leadership

There is an age-old saying that “power corrupts”. There is a reason the saying is so well known: because toxic leadership has been around for centuries, and many have fallen prey to it.

As humans, we can all lose our way and make wrong decisions at some point – often influenced by our environment. Toxic leaders are no different. They are not necessarily bad or evil people. A leader’s toxic potential – their self-interest, inflated sense of superiority or loss of moral compass – may just be triggered by their environment – the power of their position and their ability to deploy organizational resources at will and whim.

So, what are the red flags in leadership to watch out for?

### A “God-like” CEO figure

An individual with an inflated sense of self-importance and superiority is never a good choice as CEO. No leader should be deemed so brilliant or vital to a company that the board turns a blind eye to their toxic behaviour. If a CEO can’t be fired because it would hurt the company, then it’s not a company; it’s a cult.

### Always being right

Toxic leaders are focused on maintaining control and using their position to make sure things happen the way they want them to happen. They consider themselves to be (almost) always right. They don’t like being corrected and aren’t willing to listen to constructive criticism. Leaders who refuse to hear criticism choose not to learn. These leaders are also poor delegators – people and teams are seldomly trusted to make important decisions – and they often only delegate the tasks they dislike doing.

*“It’s important to understand that toxic leaders are not necessarily bad people. We’re all capable of displaying toxic behaviors under certain conditions. Organizations must address both the toxic behaviors and the environment that breeds them.”*

### Being overly protective of those who follow them blindly

Toxic leaders like to create political and/or functional alliances that serve their purposes, putting loyal followers into pivotal roles that can be controlled strategically. Under toxic leaders, power becomes consolidated in the

hands of a few ‘trustworthy people’ who report directly to them.

### Unpredictability and inconsistent expectations

Toxic leaders also tend to be inconsistent, drawing conclusions or making decisions without a rational explanation to anyone, or backtracking on what they said. Research shows that this unpredictability leads to insecurity and power struggles between people and teams, which unsurprisingly, lowers productivity, efficiency and damages the ability of an organization to innovate.

### Withholding information and/or exaggerating problems

Toxic leaders believe that “knowledge is power” and therefore seek to keep valuable knowledge to themselves, selectively providing access on a need-to-know basis that suits their purposes. Withholding information makes the leader and those favoured by him/her seem as if they have more power than they have because they are “in the know”.

### Blaming it on the team

Nothing screams toxic leadership like finger-pointing and blaming. When a leader is unable (or unwilling) to look in the mirror, and take responsibility, the easiest fix is to blame it on the team. Comments such as “People should remember how lucky they are to [fill the blank]” or “I’m sick of paying so much and getting this level of commitment” are sure-fire red flags of a culture horribly skewed.

### Being in denial about a broken company culture

Leaders have a pivotal role to play in cultivating a healthy culture. How the CEO values and demonstrates the desired culture should be a key performance indicator for the role. Toxic leaders who get wind of culture problems often pooh-pooh the cultural warning or shoot the messenger with statements such as “you’re exaggerating” and “that’s an isolated example and X is just not competent/committed”. Or they justify a harsh environment by labelling it a “high-performance culture”. Steve Van den Kerkhof’s [comments](#) in the media last week saying, “I don’t deny we’re a hard company” and “When it says ‘manager’ or ‘director’ on your business card, you must be able to handle a mini-bump” indicate that he doesn’t see a problem in the company’s current culture.

### The dynamics that allow toxic leaders to thrive

Toxic leadership is always clearly visible to those who work directly with the leader. These people often wonder: why doesn't anybody do anything about it? Why are these leaders allowed to stay – some for decades?

To answer this question, we first need to understand how individuals and groups in an organization influence each other to form the culture.

At FTI Consulting, we look at culture through two lenses: how it manifests in people (through personal values, upbringing, mindsets, characteristics, communication

and behavior), and in groups (through group dynamics, inter-dependencies and shared, unspoken norms [see Figure 1]).

Research shows that leadership mindsets and behaviors shape a culture but equally, that group dynamics and operational mechanics (structures, processes, information flows and reward mechanisms) help maintain it – either positively, or negatively.

So, what type of environment allows a toxic leader to thrive?

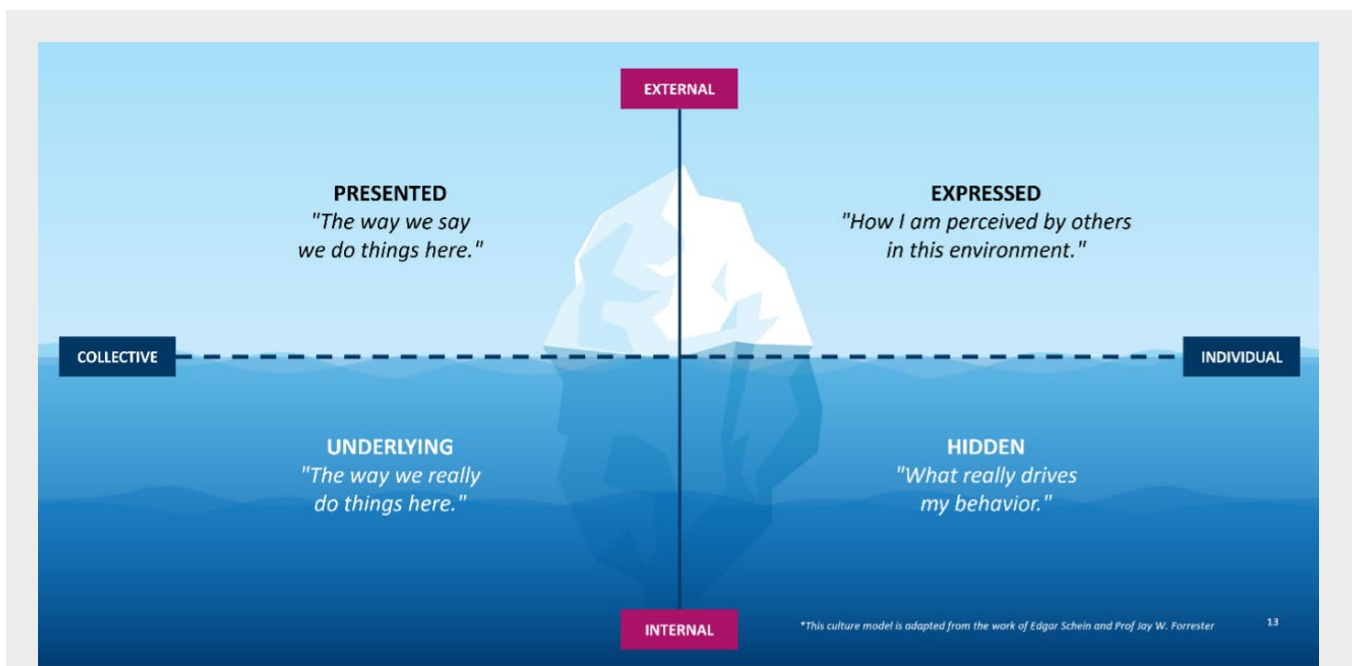


Figure 1 – The culture grid (FTI proprietary model)

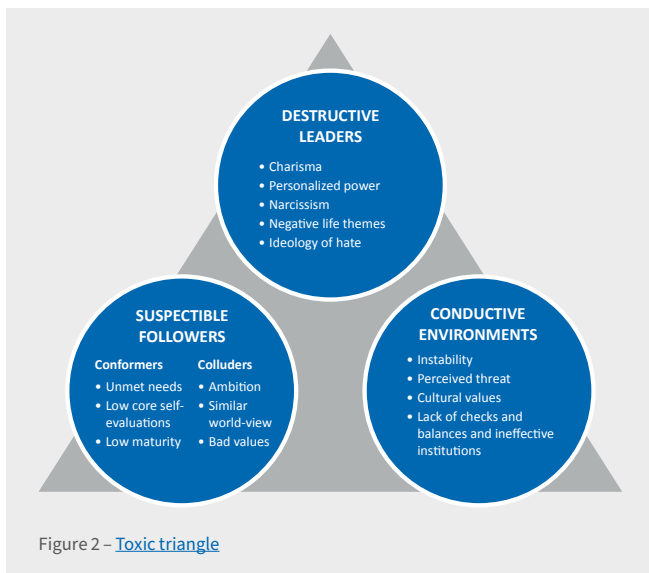


Figure 2 – Toxic triangle

### The toxic triangle

For destructive leaders to stay in power, psychologists have found that two contributing factors are needed: susceptible followers and a conducive environment. Together, these three elements — toxic leadership, unchallenging followers and a conducive environment form what is called the 'toxic triangle' (see Figure 2).

Does the toxic triangle mean to lay blame on employees? Absolutely not. But this broader, more holistic view is important to remind us that to combat toxic leadership we need to look beyond the individual leader's behavior and ensure that there are enough diverse, challenging voices around the table and sufficient checks on their power in the company.

## How to transform a toxic culture

After reading all of the above you would be forgiven for thinking that getting rid of toxic elements in leadership and culture is almost impossible. And while there are no ‘quick fixes’ and transforming culture does require a holistic approach, it is possible to do something about it. Here’s where to start:

### Leaders

- Hire leaders whose values and leadership style align with the mission of the company and the culture you want to create. Make sure recruiters understand the desired culture of the company and know how to recognize leaders that are a good fit.
- Perform regular 360-degree evaluations on C-suite leaders to be clear on their strengths and identify possible derailleurs. Have the assessments done by an external third party instead of HR, who may have a vested interest in how the leader is perceived.
- Vince Lombardi [famously said](#): ‘Leaders are not born; they are made.’ If you want great leaders, make sure they receive ongoing coaching and are put through self-development programs to help them positively evolve their leadership.

### Employees

- Train employees to identify toxic behaviors as well as when, where and how to speak up to address it. Teaching and supporting employees to set healthy boundaries helps prevent a toxic culture from developing.
- Ensure there are open communication channels and safe support structures that employees can use when they feel threatened by a leader.

### Culture

- Assess the current culture to clearly understand what individual and collective mindsets, behaviours and governance structures/processes are creating and maintaining it.

- Clearly define the desired culture and identify the key aspects that must be addressed as priority in order to work toward this culture.
- Make transparency part of the desired culture and make it normal and acceptable for people to call out destructive behavior.
- Regularly track and report progress toward the desired culture to hold leaders accountable for demonstrating the right mindsets and behaviors high.

Employees today are more vocal than ever before about what they will and will not tolerate in the workplace and in their leaders. Respectful leadership and a positive, empowering culture have become non-negotiables.

If there is suspicion of toxic leadership behavior, we must have the ethical fortitude and courage to draw a line in the sand and address it. What happens if we don’t? The reputational damage will spread like an oil stain, as a quick search on Glassdoor will tell you, as will the organization’s ability to be nimble, course-correct and thrive in difficult times. And what about the frayed, disillusioned employees who once loved working for the company and gladly contributed their brainpower and energy to help advance its goals? Our experience — which research confirms — shows that they’re mentally headed out the door. It’s just a question of time until they hand in their resignation.

Visit FTI Consulting’s [People & Transformation website](#) for more information.

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