

# *Ignite* **CULTURE**

**Empowering and Leading a Healthy,  
High-Performance Organization  
from the Inside Out**

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# CHAPTER 1

## Dysfunction Is Destroying Lives and Companies

*“Corporate culture matters. How management chooses to treat its people impacts everything—for better or worse.”*

— SIMON SINEK —

**E**xcept for the woman in the third row clearing her throat, the crowd gathered on that cold January day was completely still and silent. The group’s tired, skeptical eyes were fixated on the auditorium’s giant stage, where COO Sam Smith stood in the spotlight looking like a small child wearing an expensive suit. He had been speaking for about twenty minutes, shifting uncomfortably with each revelation.

“I am sorry . . . really sorry . . . for *all* of it.” His head dropped, and he stared at the floor. “I have let you all down, and I apologize for that . . . I . . .” His voice cracked. “I . . . didn’t know what a jerk I was being. I didn’t realize how awful I was treating all of you.” Smith took a long, deep breath as the tears began to flow. “I see it now. I know I was making everyone’s life miserable. I see what I did to you, and I promise I will do better. We will all do better. This

company will do better by all of you. Things are going to be very different from here on out . . .”

The people of C-Corp collectively blinked. Was this really their COO on stage? Could this be the same tough, driven, rude, insensitive boss they'd all kowtowed to for so many years? The man on the stage looked like him, but the words coming out of his mouth were completely foreign. Sam's boss was having a different reaction. His fists and jaw were clenched. His whole body was saying, *What the hell is Sam doing in front of C-Corp's people? Why is he being so damn weak? This is not a company where grown men cry!*

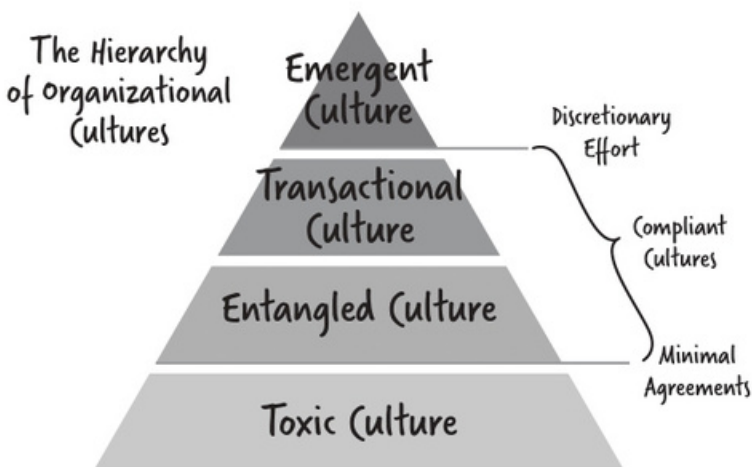
A single person at the back of the auditorium tentatively began clapping, then a few more people. In a matter of a few seconds, hundreds of C-Corp employees were clapping and rising up out of their seats. A muffled “Yeah!” could be heard scattered throughout the crowd of three hundred. Others said, “It's about time!” Such statements grew louder as people patted each other on the back or even hugged. Some were crying. A sense of joy and hope electrified the room. Sam Smith nodded, stroked his hand through his gray hair, and gave a sad smile. “I promise,” he whispered with conviction into the microphone. These were the last words he said as he walked off the stage.

The next Monday at C-Corp headquarters, the mood was upbeat and energetic. Sam's speech was the culmination of more than eighteen months of work with C-Corp's team to fix its culture, and the fruits of that labor were finally paying off. Numerous past and future meetings to fix the company's broken, toxic culture were on the calendar. Sensitivity training for the executive team was well underway. A buzz of conversation about change, growth, and a new way of doing things filled the halls. Instead of being tense and stressed, as they had been for years, employees were smiling and showing renewed enthusiasm for their work. A new era was being ushered in at C-Corp.

Employee life began to change. The next two years were creative and productive for the entire company. Sales were up. Profits were up. Retention was at an all-time high. All the key performance

gauges indicated something new and positive was happening at C-Corp. The future looked bright. Then, after two years of clear validation of the benefits of a healthy culture, an email from CEO Lance Woodruff hit everyone's inbox: "Due to unforeseen circumstances, COO Sam Smith will be leaving C-Corp, effective April 15. He will be replaced by industry veteran Burt Finch, who brings thirty years of experience to the COO position. Mr. Finch will begin his new role on May 1. Please give him a warm welcome to C-Corp."

Within six months of Sam Smith leaving C-Corp and new COO Finch reinstating the old way of doing things, morale had sunk to an all-time low. Rumors swirled through the halls of C-Corp headquarters about how CEO Woodruff had pushed back when Smith asked him to make important changes. Smith had encouraged Woodruff to do some tough self-assessment and examine whether he was ready to undertake transformative cultural change as the company's leader. Clearly, Woodruff's answer was an emphatic "No!" As a result, Smith was forced out as leader of the change movement. By the end of the first year under new COO Finch, half of C-Corp's executive team had left. Employee engagement had plummeted—and performance along with it. C-Corp would struggle for the next three years.





It's this type of dysfunctional behavior that has driven many valuable companies into the ground. Moreover, the problem is so prevalent in corporate America that people are resigning en masse. It has been a key contributor to the Great Resignation. In November 2021, an estimated 4.5 million US workers quit their jobs—an all-time record for a single month, topping other records set earlier in the year. As people reassessed their lives in the middle of a global pandemic—and often handled more work in more stressful conditions—a floodgate of burnout and professional frustration opened. A shocking and widely cited *Harvard Business Review* survey found that “fifty-eight percent of people say they trust strangers more than their own boss”—and this was *before* COVID-19 hit. In the middle of the pandemic, a 2021 survey by Joblist.com of twenty-five thousand job seekers across the US found that “the ‘Great Resignation’ trend is here to stay. Twenty-two percent of all job seekers report quitting their previous job, and 73 percent of currently employed workers say that they are actively thinking about quitting their jobs.” Additionally, the survey found that “workers are unhappy. The Great Resignation reflects a deep dissatisfaction with previous employment situations. Some of the top reasons for workers quitting their jobs this year are unhappiness with how their employer treated them during the pandemic (19 percent), low pay or lack of benefits (17 percent), and lack of work-life balance (13 percent).”

We are living in one of the most volatile, uncertain, complex, and ambiguous times in human history. The world is more connected and moving faster than ever. This means organizations not leading their markets can also fall behind faster than ever. Perhaps this is the wake-up call corporate America needs. Burdened with heavy responsibilities, leaders sometimes fail to recognize that businesses are *human* systems. The revenue, the innovation, the growth—it is all generated by human beings. As President Abraham Lincoln once famously said, “Labor is prior to, and independent of, capital. Capital is only the fruit of the labor and could never have existed if labor had not first existed. Labor is the superior of capital and

deserves much the higher consideration.” Somewhere along the way, we have forgotten this fundamental truth.

What do busy leaders typically do when things go wrong in the corporate world? Put out the fires. Look for quick fixes. Bring in consultants with fancy new charts, whiteboards, and workflows to “manage” the problem. There are typically some great ideas presented by these consultants. People seem genuinely encouraged afterward. As a leader, you’re hopeful that the problem is finally fixed. Often, things do change for a while, but the changes almost never stick. Why is that? Why doesn’t anything seem to fix the problem for good? Because this approach addresses the symptoms, not the underlying issue, which is a broken culture. *Companies are human systems that need to be fixed from the inside out.* You can’t change a human system without understanding what’s driving and shaping the behaviors at every level in that system. You can’t put a bandage on a broken culture. You have to find out why people feel broken. It’s only after the human system has been healed from within that strategies and tactics can move that human system forward. What I’m proposing is a fundamentally different approach to creating a sustainable, high-performance organizational culture. It starts by igniting the human spirit at work, from the inside out, one human at a time.

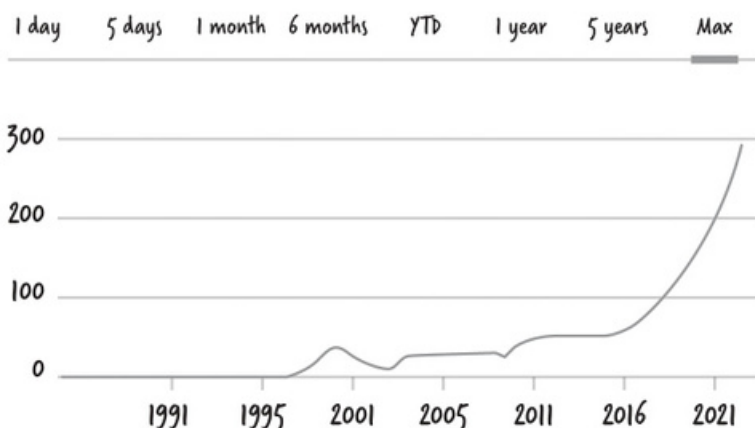
The massive dysfunction exhibited daily in companies across America is something few leaders are brave enough to address. The important work that is necessary to create a healthy, sustainable, people-centric, high-performance culture can be daunting. If you are the person in charge of fixing the mess at your company, the road ahead is tough—but don’t give up. As someone who has spent the last twenty years working with hundreds of CEOs and leadership teams, I’ve helped facilitate real cultural transformation—so I know it’s possible. In reality, you don’t really have a choice. This work *must* be done. A healthy, human-centric culture is no longer a luxury; it’s an absolute requirement for any company seeking high-growth or breakthrough performance. It is the key to unlocking the potential of your people, who are the foundation of your company’s success.

Still skeptical? Take a look at this chart.

## Microsoft Corporation

NASDAQ: MSFT

308.68 USD + 308.43 (3,084,300.00%)↑ all time



What force of nature was able to push Microsoft's stock price from \$50 to over \$300 in only five years? What kickass leader grew Microsoft from \$88.08 billion in revenue in 2014 to \$198.27 billion in 2021? His name is Satya Nadella, the third CEO of Microsoft, and his secret weapon is cultural transformation. His top tools? Empathy, collaboration, and a growth mindset. He has masterfully shaped Microsoft into a powerful ecosystem of continual growth and learning. Microsoft is a stellar example of what a high-performance organizational culture can achieve when a CEO and leadership team commit to cultural transformation. Let's not forget Nadella stepped into his role when Microsoft was described as stagnant, cutthroat, aggressive, bureaucratic, and in decline. Today, Microsoft is cited as one of the most impressive comeback stories on the planet—and its secret weapon is its amazing organizational culture.

You don't have to be running a company the size of Microsoft to benefit from the roadmap Nadella has created. At my company, we work with leadership teams at growing and midsize companies to turn things around or take growth to the next level. And what we've found by working with hundreds of companies across the country is this: transforming an organization's culture sparks a 35 percent increase in employee performance and a 200 percent increase in revenue growth. In other words, mastering the so-called "soft" skills of cultural transformation can translate into a key competitive differentiator and growth engine. Businesses that build healthy, human-centric organizational cultures outperform businesses that don't by a whopping 202 percent. And, when an organization's people treat one another and their customers in alignment with a clearly defined set of core values and a compelling purpose, they perform 146 times better than their counterparts in organizations without stated values or a compelling purpose. It's the secret sauce of a high-performance organization.

Of course, none of this is achieved by paying lip service to culture or if the leadership team is content with slapping a bandage on a status quo that is clearly holding your company back. If the CEO or leadership team refuses to address the dysfunction and toxic behaviors stifling human potential, then the future is bleak indeed—that was true before the pandemic and has become crystal clear since. Buy-in from the *entire* leadership team is required. There must be commitment to the challenging personal and organizational introspection and tough, often emotional, work required to bring about intentional change. If that can't happen at your company, read no further. This book isn't for you.

But what's at stake if you don't start transforming your organization's unhealthy culture? You're gambling, and the stakes are *very* high. Companies with unhealthy or toxic cultures have:

- Declining customer satisfaction
- Higher employee turnover



- Lower growth rates
- Stymied innovation
- Higher absentee rates
- Botched projects and trouble hitting basic KPIs
- Often disastrous decision making
- Bad public reputations
- Trouble finding top talent

Let's look at a real-life example. In 2015, the resignation of CEO Martin Winterkorn of the Volkswagen Group was a very public, international event. It happened just five days after American regulators charged Volkswagen with deliberately falsifying emissions tests for their diesel cars. The company's stocks plummeted, and it took about five years for the company's reputation and stock prices to recover. One might say, "Well, this bad behavior isn't the CEO's fault. It was just poor judgement by some department head." And there you would be wrong. In June of 2021, news broke that Winterkorn would reimburse Volkswagen for \$13.7 million. As the *New York Times* reported at the time, "The announcement came the same day that prosecutors in Berlin charged Mr. Winterkorn with lying to the German parliament about his knowledge of the carmaker's emissions scandal, raising fresh questions about his role in a cover-up. . . . The scandal has cost Volkswagen tens of billions of euros in fines, settlements and legal fees."

Cultural dysfunction always starts or ends with the leadership team. Volkswagen is one of many precautionary tales. As discussed in a January 2020 article in *Forbes* called "Crippling Cultures Can Kill Companies," there is a new culture war at hand, and it's not societal; it's corporate:

When there is a conflict between strategy and culture, culture wins. Just look at Kraft Heinz or Boeing. . . .

Uber is an organization with a need to right a crippling culture Axios.com explains that regardless of the Herculean efforts of CEO Dara Khosrowshahi, there is a lot of the Travis-Kalanick-culture remaining. McDonald's default CEO is also focusing on culture change. *Business Insider* reports that he is engaged in a push to jettison the McDonald's bro-party culture.

Some new CEOs attend to culture change by claiming the Phoenix-syndrome: Although little may have really changed, the claim is that the company is "new" even though the majority of executives are the same, functioning in their same roles. General Motors made this claim, as did the burned-out shell of Sears.

The corporate battlefield is strewn with bodies of unhealthy and toxic cultures. If you don't want your company to become a statistic, it's time to wake up and start healing your broken human systems from the inside out. I'm never going to lie to you about the road ahead. There are no quick, easy fixes in this book. But committing to deep, transformational change will be worth the effort. Once you ignite your culture from the inside out, there are no limits to what the amazing humans in your company can achieve.

Are you in?