

How (childhood) trauma impairs leadership effectiveness

by Dragan Milicevic on February 12, 2025

“Until you make the unconscious conscious, it will direct your life and you will call it fate.”
-Carl Jung

Thomas (name changed for privacy) has been a CEO of a mid-size family-owned business for almost a decade. He has weathered the ups and downs of the industry remarkably well, transformed the organization’s complex and inefficient production to one which is streamlined, focused, and just-in-time. This also involved a huge cultural change from being a protective family-owned business to one which highlights performance and innovation. All of this required him to take tough decisions which he mastered well – until he was faced with this one.

The CFO he hired months ago turned out to be a miss-hire. It was not the CFO’s performance that became the issue. It was his disruptive, power-hungry behavior which caused huge commotion within the leadership team and entire organization escalating up to the advisory board. The leadership team became ineffective. It became clear that the CFO did not fit into the corporate culture. To make a long story short: The CEO decided to fire the CFO - easier said than done.



Being a family-owned business located in a village in the country side of Austria, the advisory board informed him that any dramatic developments within the company would spread like a fire across through the village. The company would become the talk of the town, thus firing a board member is unthinkable. Instead he received the task to integrate the CFO at all costs. The CEO decided not to fire the CFO, instead he decided to leave the company, right away.

What the heck happened here?

Very odd decision most of us would say. A CEO with such a track record runs away from such an apparently easy decision? It is much more complex than we would think. The CEO’s mother used to own a small business in a tiny town in Austria. The image of the business was of utmost importance. Nothing was allowed that would make the family the talk of the

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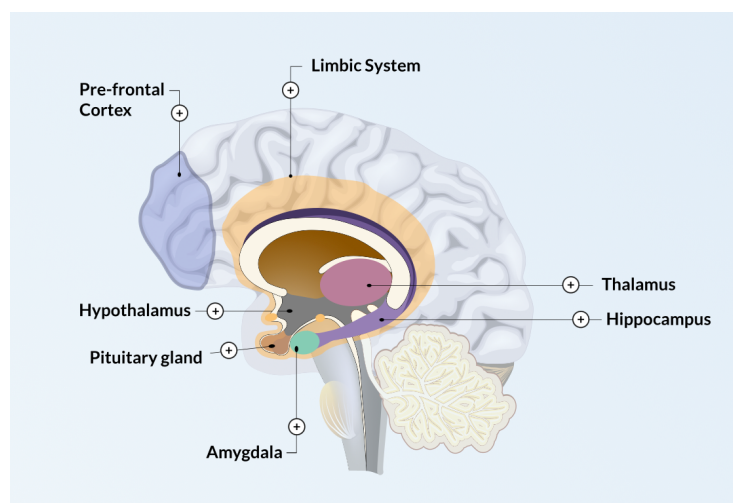
village and harm the image. One day, as a young boy, he learned the tough way that entering into a conflict with his mother (in front of customers) resulted thereafter in punishment, rejection, and emotional withdrawal. He created the core belief: “The business comes first, my needs are secondary if at all.” The punishment of rejection and emotional withdrawal on the part of the mother were so painful that he also learned that the only way to deal with conflict was to run away.

Subconsciously, his brain was making the connection between the current situation (potential negative response by the villagers) and the traumatic experience of being rejected by his mother in favor of the business’ image. This dynamic impaired his leadership effectiveness in such that he was not able to take this decision which intellectually he knew was the right one.

How past traumas direct today’s behavior – The importance of sleep

Even though he is a grown up and today’s situation has “nothing” to do with the past, it caught up with him. We all are guided and steered by these past experiences more than we like and often take decisions which intellectually make little sense – psychologically though, quiet a lot. Why does this happen? And why does the brain remember this situation particularly?

Any distressing experience we make in our day-to-day life can potentially be traumatic. Mother nature has, however, invented a mechanism which allows us to process distressing experiences: Sleep. According to Mathew Walker, a prominent British neuroscientist and a leading expert on sleep, one purpose of sleep is to process all the experiences we make during one day. What the dream phase particularly does is detach the emotion from the experience so that it loses its emotional load. In other words, if your boss yells at you and you experience distressing emotions in that moment (fear, anxiety, or shame), sleep at night will make sure that those uncomfortable emotions are detached from that experience. This allows you, next day, to remember what happened but not be emotionally charged.



Some experiences, however, are emotionally so distressing (rejection by CEO’s mother) that the brain is not capable of processing it during the sleep phase. In other words, it remains

stuck as a trauma. The location where it is stuck is the limbic system which is responsible for the stress response. That's why the CEO's mere thought of becoming the talk of the village caused a stress response. What happens now is a broken record: Any time the CEO enters in a situation that is similar to the childhood experience, his limbic system goes off in alarm mode telling him: "Don't do it, this will be a huge risk. You will be rejected and feel lonely again". The limbic system has no sense of time and does not know that it is connecting two unrelated events.

Are we doomed to be victims of our traumas*?

25 years ago, I would have said: Yes. People would spend years in therapy with mediocre success, if at all. Ever since the emergence of EMDR (Eye-Movement Desensitization and Reprocessing) and EFT (Emotional Freedom Technique) we have highly effective and by now scientifically proven ways to stop irrational fears once and for all from getting in the way – and with little effort. I personally, use FREE THE LIMBIC® in my counselling. It is an enhanced version of EFT Tapping (and includes elements of EMDR) because it has the capacity to identify the actual trauma.

The beauty of all these methods is that they address the limbic system where the stress response occurs and thus allow for a reprocessing of the traumatic experience which sleep back then was not able to do. Most other counseling, therapy, or coaching methods would target the rational part of the brain helping you understand that there is no reason to worry in a particular situation. This helps you live with the restriction, but hardly to get rid of it.

As for the CEO I, unfortunately, worked with him after the fact. Nonetheless, he was able to process his trauma. Next time he approaches a similar situation there won't be a need to run away anymore.

Check out how FREE THE LIMBIC® works:

<https://www.exceptional-performance.de/explore-the-brain/>

* Note, that traumas do not only play out negatively in a person's life. Traumas can actually cause individuals to acquire highly effective skills which then become reasons for their future success. That is worth exploring in another article. Likewise traumas can happen at any time in our lives (Car crash, divorce, toxic relationship). They don't have to be childhood-related necessarily.