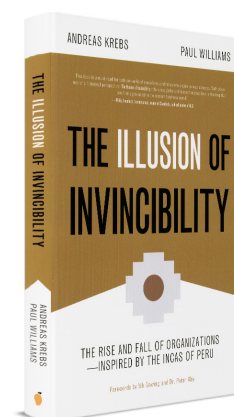


# The Illusion of Invincibility

The Rise and Fall of Organizations  
Inspired by the Incas of Peru

by **Andreas Krebs and Paul Williams**



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## THE SUMMARY IN BRIEF

Must everything that goes up eventually come down? If global empires can collapse and advanced civilizations like the Incas can become irrelevant in a matter of a few years, how on earth can our current business leaders and managers have any confidence that today's success can be sustained into the future? One of the maxims of the business world is "the only thing that is certain is uncertainty," with past performance being no guarantee of future performance. Unfortunately, this almost always seems to be forgotten during prosperous times, leading to some reckless decision making. How can you stay on the right side of the fine dividing line between ambition and egomania, or between visionary drive and megalomania?

In *The Illusion of Invincibility*, authors Paul Williams and Andreas Krebs take a close look at the factors that impact business success. Using the Incan Empire as an example, they reveal how businesses today can avoid the kinds of power struggles that bring about destruction and make objective decisions when faced with challenges.

## IN THIS SUMMARY, YOU WILL LEARN:

- How to create and live by an inspiring and compelling company vision.
- What key considerations should be made when hiring and promoting people.
- How to get the best out of the team and drive the organization forward.
- Three "best of" practices to help a company avoid failure in mergers and acquisitions.
- Common challenges to exercising good judgement and how to overcome

### A Compelling Vision

In the real world, is a vision statement always useful for motivation? For many decades, this certainly was the case for the Incas. That is, until the point when their ambition led to a dramatic downturn in fortune. For an extended period of time, the bold core vision of the Incas to bring order to the world held a magnetic appeal. Many large organizations are launched with such a vision, which guides and inspires strategic decision-making and everyday actions. This sort of vision can inspire, cajole, and motivate. It is no surprise, then, that visions are sometimes hailed as the ideal route to business success. As the demise of the Incan Empire shows, however, this is dangerous thinking.

A proper company vision is the setting of an ambitious but nevertheless realistic goal, which serves to inspire both existing and future employees and other stakeholders. For visions to really inspire and motivate, they must provoke a positive emotional response from all involved and be plausible. They have to be “lived” everyday by all levels of the company. They have to be intuitive, be consistent, and reflect the firm’s DNA; otherwise they will just provoke cynicism and ridicule.

#### A Stress Test for Your Vision:

A vision statement can only be effective if the leadership team is fully on board and everyone in the business buys into it. Regular reflection on the question “Where are we actually going?” generally leads to greater success and satisfaction, provided that the vision properly embodies the concept of a motivating and meaningful way forward.

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### Human Resources Policy

The success of a business depends on the skills of its people. An incompetent employee can harm their employer and a dishonest one can ruin them. Considering the risk, it is remarkable how carefree some businesses are when hiring new people. A successful business that wants to stay that way is well advised to take great care in the way it goes about recruitment and selection. Those who recruit carelessly and surround themselves with the mediocre, only then to complain about their lack of inspiration and good ideas, are to blame. Talent should be valued over seniority.

Company loyalty and good performance over an extended period of time in a specific position is often rewarded, rather than what a person can do best and whether this is what is actually needed in the future role. The Incas chose to

elevate people who proved themselves in a relevant setting and had a positive prognosis for future success, without nepotism or favors. When it comes to choosing new employees, don’t compromise! When you consider how much negative impact and collateral damage can be caused by hiring or promoting the wrong person for a key position, then such laxity in personnel decisions is extremely short-sighted.

#### A Stress Test for Your Human Resources Policy

The prerequisite for good people selection and development is that you give it the attention and time it deserves and invest the necessary care and financial resources. Top management, not outsiders, should be closely involved with the selection and recruitment of managers. When it comes to promotions, what matters is who is best qualified for the job, not who has been there the longest.

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### Leadership

Not every business can be rescued by good leaders, but poor leadership can take any company under if given the chance. How can a leader get the best out of the team and drive the organization forward? The Inca elite was highly successful in managing this over several decades with sophisticated divisions of power that were very well organized. Inca leadership drew its legitimacy from providing structure and prosperity across the empire. This is directly transferable to leadership in the modern age. How do you provide value to your colleagues and company? How does your team benefit from having you as their boss?

The level of motivation in a team is directly linked to the personality of the manager and how they view their people. Anyone who wants engaged and enthusiastic employees has to allow them to experience success, take a genuine interest in what they do, and reward them with real, personalized recognition. That’s it! Easily said, but unfortunately, not quite so easily done. People crave recognition. Appreciation is something that is expressed on equal footing, is credible, and is concrete. Make it clear to your team that you trust them, give them the freedom to organize things the way it suits them best, give them responsibility, and actively support and encourage them. Most people feel motivated by such an environment.

#### A Stress Test for Leadership

Management ensures there are clear targets and good working conditions for people at all levels. The company encourages a culture of personal responsibility and employ-

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ee development. Those who are suited to leadership rise to the top, not those who have the right contacts. Creativity, initiative, and commitment are rewarded.

## Company Values

The Incan Empire was built on strong values. The question of whether something was right or wrong in Incan society was rarely asked, as a more significant code of values was the major factor holding the widespread empire together. Tragically, a civil war undermined these values and accelerated the decline of the empire. The business world jumped into the topic of “values” decades ago. There is an enormous amount of activity from companies regarding their corporate values and yet, at the same time, we hear of one new corporate scandal after another. What is going on here?

Where values such as personal responsibility, integrity, or mutual respect are not found and not lived by management, then moral standards run wild. Why should employees play by the rules if top management doesn't do likewise? Values help you make decisions when faced with a dilemma, and shared values help a large group of individuals find orientation and commit to a common goal. There is nothing wrong with a written statement of values, and, if it is the result of a cooperative effort by a cross-section of employees, all the better. It is vital that it is clearly communicated by senior executives, and it is also helpful if the information is handed out to every new recruit. Most important of all is that actions and not words are allowed to communicate and demonstrate what the values really mean in terms of behavior, both inside the organization and in interactions with external stakeholders.

### A Stress Test for Company Values

You know what your company stands for and the values of your company are in tune with your own values. These values are lived out to the full every day, including by top management. Apparent or perceived disregard of values or value conflicts are openly addressed in the course of everyday work. Serious breaches of values bring serious consequences for those concerned, at all levels of the organization.

## Mergers and Acquisitions Strategy

Company takeovers and mergers have become routine in the continuous quest for corporate growth. And yet, experts say that between half to two-thirds of them fail. If we think of the Incan Empire as a multinational business, it acquired the knowledge and skills of a large number of regions and people, integrated them successfully, and consolidated into an ever more powerful entity. Their success provides plenty of food for thought for the leaders of today.

The majority of the M&A transactions which were completed globally in 2018 involved small and midsize businesses. Some were initiated because there was no successor from within the family, some to help grow and/or internationalize the business and to avoid becoming a takeover target, others to broaden their product portfolio or to take advantage of real or assumed synergies. But size does matter. Large companies can usually weather the fallout if a merger goes badly wrong, but for smaller companies, it can be a question of life or death. A “best of” merger positions the acquiring company as a partner, not a colonist.

1. The merger offers the opportunity to select the best brains, the best concepts, the most successful products, and the most efficient processes from a bigger pool, and so increase the profitability of the new business.
2. The merger reduces emotional resistance from smaller or weaker partners and speeds up the integration process. You can buy a business, but this does not automatically mean that its employees will cooperate willingly, and you can't buy their commitment or trust. All this must be earned or won over, and this has a direct impact on productivity.
3. The merger meets the needs of the many employees who are looking for the familiar, something to cling to early on, something in the new setup that still feels a bit like home. When employees see that some of their old managers, existing working methods, and/or products have been carried over, on merit, into the new business, then it is much easier for them to identify with the new organization.

The prerequisite for a “best of” strategy is to be able to, early in the process, clearly identify people, departments, processes, and products with a positive prognosis. The key point is to demonstrate, very quickly, that the promised cooperation among equals is more than just a short-term sedative.

### Your Judgment

In early Incan chronicles, they justify their subjugation of other indigenous peoples with the claim that they brought the blessings of their culture to the neighbors who, up to then, had been living “like wild animals.” We human beings are extremely adept at presenting facts in a way that suits our standpoint, attitude, and intentions. How often do you think you hear the “whole truth” from your employees, direct reports, peers, bosses, or the organization itself?

There are three aspects to the challenge of ensuring you are receiving sound information upon which you can exercise balanced judgment. First, leaders rarely receive unfiltered information. Instead, they receive carefully crafted packets of flattery being fed in by the people around them.

Secondly, if the senior manager also has a domineering or authoritative leadership style, with the tendency to shoot the bearer of bad news, then any information will be cleansed still further before it reaches them.

The third danger involves a self-centeredness and overly self-confident attitude in the manager that results in them distancing themselves even further from reality. If things don't work out as they thought they should, the manager is at a complete loss to understand why.

The advantage goes to those executives who maintain some direct contact with customers and the competitive environ-

ment. Leave the management circle and go listen to the views and experiences of employees, customers, and other stakeholders. Regularly carry out reality checks on issues that normally land on your desk in the significantly more abstract form of a status report, presentation, or spreadsheet. This only works when you do this on an ongoing basis, you show that you are genuinely interested in the concerns and issues people raise, and you speak with people directly, openly, and honestly.

### A Stress Test for Your Judgment

Do you really have a full 360-degree view of do you have, at best, only partial knowledge of the true facts? You can never know exactly, but there are always things you can do to sharpen up your powers of judgment.

The Incas succeeded in uniting “the best of all worlds.” In looking at the story of the Incas we see that in their know-how and social and economic system they were, in many ways, smarter than we are today. Even their dramatic decline shows striking parallels with some of the crash landings of today's leaders. The lessons in this book are designed to encourage you to reflect on your own strengths and weaknesses and to reconsider positively some of the key elements of leadership that impact an organization.



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