

**MICHAEL BAYLER**

# **THE LIQUID ENTERPRISE**

How The Network is transforming value,  
what it means for business, and what  
leadership needs to do about it

**Michael Bayler** is a renowned business thinker, speaker, consultant and leadership mentor, inspiring strategic transformation across enterprise, technology and marketing.

He has ignited change programmes for many of the world's largest brands. His clients have included Coca-Cola, the BBC, Unilever, Diageo, Telefonica, Egg, FremantleMedia, PayPal, Bacardi Global Brands, Warner Bros., BSkyB, SABMiller, British Telecom, Sony Music, Robbie Williams and Simon Cowell.

Michael is the co-author of *Promiscuous Customers: Invisible Brands – Delivering Value in Digital Markets* (Capstone, Oxford, 2002).

# THE LIQUID ENTERPRISE

*The Liquid Enterprise is the first work to take an unflinching look at the unenviable job of transformation leadership, through the eyes of the leader. Taking us far beyond the usual digital platitudes, Michael Bayer once again challenges his readers to discard everything they know, in exchange for an entirely fresh view of strategy that, finally, is fit for today's and tomorrow's purpose.*

**Richard Mosley, Global Vice President of Strategy, Universum, author of Employer Brand Management**

*Everyone's talking about change and disruption, but no one seems to have the instructions. Until now. The Liquid Enterprise explains exactly what we've all been worrying about, why that is, and how to rethink business strategy for a future that demands we constantly transform – or die.*

**Brian Wong, Founder and CEO, Kiip**

*The Liquid Enterprise squares up to a Gordian Knot that is the single most important problem facing big businesses today – how to convert the chronic uncertainty that undermines our confidence in the future into our most powerful strategic weapon. Michael Bayler slices through that knot with simplicity, brevity and wit.*

**Tony Ageh, OBE, BBC Controller**

*We need a completely new set of rules to navigate such a turbulent world. This easily digested book shows the way. Read, ponder and decide for yourself just how much of our classical management theory is still relevant.*

**Dr William Webb, CEO Weightless SIG, President of the  
Institution of Engineering and Technology, 2014–2015**

# Introduction

What to think?

You will already have noted, I expect with relief, that this is not a large book.

Nobody who is responsible for leading a business of any size, or indeed for advising leadership, hungers greatly for yet more content.

We are looking for answers, for understanding, and above all for the ability to make confident, clear decisions, based on accessible accounts of what is happening now, what it means for the near future, and what we should do about it in order to defend and grow the enterprise.

This has, it's fair to say, never been more difficult.

Uncertainty about the dynamics of whatever market we may find ourselves in, the boundaries between this and other markets, from which it seems disruptive competition

can emerge at any time, the needs and wants of customers, and perhaps above all, the role and impacts of technologies that offer, in equal measure, threats to the way we think about value, and opportunities to define and capture it in entirely new ways, defines the mood in businesses everywhere.

*The Liquid Enterprise* aims to begin the urgent process of changing the way we think about these subjects, and in particular the way strategy itself needs now to fundamentally change, in order to usefully perform its role of interpreting the cultural and commercial context, to enable us to bring to market, and profitably exploit, compelling and competitive products and services.

It's worth immediately making a robust distinction between strategy, planning and execution.

I believe, very simply, that strategy is about how we think about what we need to think, planning is how we think about what we need to do, and in turn, execution, or delivery, is about how we do what we need to do.

In this sense, *The Liquid Enterprise* is entirely a book about strategy.

There is, in the flood of published business books, no shortage of generally good advice about what we can call

‘the how’. And yet leadership and its advisors find themselves in a genuine quandary about the context within which decisions about why things are the way they are now, and therefore what to do, are made.

Before we turn, with the necessary rationales in place, to getting on with doing what needs to be done, we urgently need to grasp ‘the why’ and ‘the what’.

### Crisis and opportunity

Some fifteen years ago, I began with my old friend and invaluable collaborator David Stoughton a project that emerged in early 2002 as the book *Promiscuous Customers: Invisible Brands – Delivering Value in Digital Markets*. At the time, the explosive promise of the Internet had faltered and thrown us into what was called ‘the dotcom crash’.

There’s no need to go over that well-covered ground again here, but with an eye to our current position, and especially the sharp contrast between the combination of rapid cultural change and profound commercial uncertainty that featured at the time, and that is now with us once again, the parallels are striking.

At that time, unlike today, few of the key pieces were as yet on the board. There were no smartphones, no Wi-Fi, broadband was embryonic, and the unforgettable squeal of the dial-up modem was everywhere.

As a result, the process of writing *Promiscuous Customers* was not dissimilar to doing a large load of laundry in public.

In order to produce a work that was fit for purpose, we were obliged to lay out a depth and range of theoretical thinking that, to say the least, taxed both writers and readers heavily. This was not a book for the beach.

However, and gratifyingly, given the size of the rock we had to push up that hill – not to mention our strong desire to never have to repeat this gruelling process – the book successfully articulated many of the key dynamics of the still-emerging forms of digital value that we take for granted today.

It also managed, with luck as much as insight, to anticipate some of today's foundational elements, such as the Internet of Things, information-enabled customer service as a core enterprise focus, and, more recently, a determined push back by customers wielding unprecedented power over media, against the over-aggressive targeting and tracking of advertising by publishers and brands.

There were, we also discovered, a number of strategic misconceptions that were compromising enterprise strategy. Chief among these was the natural assumption that information is, in and of itself, an entirely good thing for business.

Unfettered information, it turns out, can not only erode enterprise value, but also unpick and pull apart traditionally secure and predictable value chains, to expose entire industry sectors, along with a well-documented list of previously powerful incumbents, to the prospect of trying to trade in what have become chaotic, and often hostile, ecosystems.

This dynamic has since played out at a global scale, as the universal flow of communication across networks of all kinds, more recently extending to the physical, creates a constantly accelerating and more complex tsunami of bewildering disruption.

It has evolved, in fact, into what we can call The Network.

The Network both forms and informs the context in which enterprises must learn to act and react with a speed, intelligence and flexibility that, even looking back just a decade, feel utterly unfamiliar.

## Meeting the new challenges

We are now, painfully and slowly, emerging from the worst global financial crisis in close to a century.

Closely mirroring the mood of fifteen years ago, but with the stakes sharply raised by the increasingly disruptive force of The Network, we find ourselves at another crossroads.

On one hand, giant competitors such as Uber and Airbnb are emerging, leveraging market forces that, despite their disruptive presence and eye-watering growth and valuations, we have yet to come to grips with.

On the other, incumbent businesses, owners of the most powerful brands in the world, are suddenly on the back foot, with little or no confident vision of a viable way forward.

Making sense of the market – any market – equipped only with the traditional tools of business strategy, is our most urgent challenge.

This unenviable position demands nothing short of a radical reframing of the environment, an uncompromising look at the unfamiliar dynamics of unrelenting change, and above all, a transformative philosophy that will equip us to shape and constantly reshape the enterprise in ways that

reflect, rather than resist, the new dynamics of value and risk that define business on The Network.

While, unlike fifteen years ago, many of the pieces may now be on the board, the rules of the new game of business on The Network remain stubbornly resistant to understanding.

This is, from here on, an environment primarily defined by uncertainty.

## Making a start

*The Liquid Enterprise* will not provide us with everything we need to move forward. It is, as pointed out earlier, a 'why' and 'what' book.

The 'how' will be addressed in future publications that will focus initially on methodology, and subsequently on practical application.

Before we are able to make even the broadest of strategic decisions about, for example, where to invest, how to operationalize, and the corresponding allocation of resources, we need to challenge and replace many of the beliefs, models and behaviours that may have served us

well until recently, and prepare ourselves to think in a very different way.

As I also mentioned above, I believe that brevity is the *sine qua non* of a good and useful business book, as well as being a consequence of a fully considered argument.

While this book is, necessarily, by no means an easy read, I've tried to make it as logical and accessible as the complex and still-emerging territory allows.

You will find no case studies, charts or statistics in *The Liquid Enterprise*. There is no shortage of these available elsewhere, and, to be frank, in the absence of a fresh and comprehensive account of the environment, which is the intent here, they don't seem to have helped us a great deal to date. Evidence without hypothesis is worthless.

This is, above all, a story: as far as possible, a simple narrative framing of how we got here, what it means, and how we need to think about moving forward.

While offering a fresh and, I hope in the end, pragmatic view of how we need to think about strategy from now, this book is only the beginning of an important and wide-ranging conversation.

As well as, where you see fit, making your own notes, I invite to you send me thoughts and further questions by

email to [michael@bayler.com](mailto:michael@bayler.com). The resulting discussions will be published and regularly updated on my blog, *The Strategy Review*.

## **We know everything. And it tells us nothing.**

**The Liquid Enterprise** provides a radical rethink of how the new Network Dynamics drive markets, the implications for enterprise and brand, and how we must overturn the principles of traditional business strategy in order to survive and thrive in the unforgiving, chaotic environment that is the market.

*'Everyone's talking about change and disruption, but no one seems to have the instructions. Until now. The Liquid Enterprise explains exactly what we've all been worrying about, why that is, and how to rethink business strategy for a future that demands we constantly transform – or die.'*

**Brian Wong**, Founder and CEO, Kiip



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