

# THE DIFFICULT DECISION TO PIVOT

*Posted on 20/01/2012 by Naider*



Surely it is one of the most delicate and risky strategic decisions that can be made in a company: do we continue with the same business model, introducing incremental innovations and product improvements **or do we pivot and vary our business model in some way?**

**Pivoting means carrying out a reorientation of our product, strategy or growth model to verify new hypotheses about our business model.** Pivoting does not require completely abandoning our orientation. When pivoting, we keep one foot fixed while with our heads we look for new combinations that make our product successful in the market. It means changing some of the strategic pillars on which we base our value proposition but maintaining others. A pivot is a structured change made to test, in the market, some fundamental aspect of our product or strategy.

Eric Rise (The lean startup, 2011) talks about various types of pivots: zoom-in, zoom-out, customer segment, customer need, platform, business architecture, value capture, growth engine, channel, and technology. In practice, all organizations **should hold regular meetings to discuss the opportunity to pivot.** Some of the questions that these meetings should try to answer would be:

- Would we add more value to our customers through a broader product or service that included our current product or service as a component? (zoom-out pivot)
- Would it be more valuable to focus on one part of our product or service and abandon other activities? (zoom-in pivot)
- Should we focus our product or service on other types of customers? Is it clear that our product or service has value but not for the current customer? (we would focus on the customer segment)
- Should we focus our product or service on a more pressing need of our customers? Do we know our client but have we detected a more pressing need to solve? (we would revolve around the needs of the clients)
- Could our product actually be more valuable as a platform on which to build more such products or services? (we would pivot to a platform)
- Would it make sense to change our business architecture? Transform our business from B2B to B2C or vice versa? (we would pivot our business architecture)
- Could we capture value with another model? That is, would we capture more value with another revenue model: subscription, advertising, sponsorships, package sales, etc. (we would pivot our value capture model)
- Can we try another growth model? How do we capture customers and how do we retain them? What do we base our growth on: customer captivity, viral diffusion, sales force or advertising? Could we change something in this regard? (we would pivot our growth engine)
- Can we use another sales channel? Could we reach our customers through distributors (or without them), the Internet, or other channels? (we would pivot our channel)
- Can we offer our product using a different technology? (we would pivot our technology)

With the current acceleration of change (social, technological, economic...) any organization that is not capable of facing these types of issues will be doomed to failure in the medium term. The decision is difficult and can ruin much of the work done up to a certain point, but it is necessary. If at a certain moment our product does not fit in the market, there is no such market-product fit, it is best that we pivot as soon as possible

**There are no comments yet.**