

Mastering the Art of Pivoting

Introduction

1. When your business is affected by significant events external to or internal to your company, how do you respond?
2. Most businesses either do nothing or do more of what they're currently doing (or do more of what they're _____ doing ... just faster). None of these options really moves the needle.
3. As you know, the definition of insanity is doing more of what you're currently doing and expecting a _____ outcome (i.e. "If you always do what you've always done, you'll always get what you've always got").
4. What do you think the costs have been for you and your company because you haven't pivoted?
5. The reality is that if you want to get a different result, you have to do something different. And if you want to get a significantly different result, you have to do things _____ (i.e. you have to change the input if you want a change in output)
6. In the world of business, we call this a "pivot." And whenever something significant happens, either internally or externally to your company, it's time to consider whether it's time for a pivot.
7. Dictionary definition = "To turn on or as on a pivot"
8. Eric Ries in "The Lean Startup," defines a pivot as follows

"A pivot is making a change in strategy, without a change in vision." Eric Ries
9. Pivot = a _____ change to your current business strategy in order to achieve a significant _____ outcome
10. As you'll see in this course, there's a lot of similarity to the Business Model course. Why? Because a pivot is a business model change (i.e. it's NOT just a growth _____)
11. Misconceptions about pivots and pivoting
 - a. A pivot means you're _____ or you failed
 - b. Pivoting is the magic _____ (or a magic pill) for what ails your company
 - c. Pivoting is an _____-or-nothing solution (i.e. you have to kill everything when you pivot)
 - d. Pivoting is something you only do when you're losing money or when you're forced to
 - e. Pivoting is all about speed. You have to do it fast!!!!

"A pivot is a significant change in your current business strategy in order to achieve a significant growth outcome."

I. When Should You Pivot?

1. When your _____ has changed
2. When growth has _____
3. When you're not getting enough _____ in your market space
4. When your customers' _____ have changed (or when their priority ranking has changed)
5. When a major competitor has moved into your market
6. When one part of what you're offering is getting a lot of attention and interest over the other parts of what you're offering
7. When your market is _____ with too many competitors
8. When the _____ has gone (especially if you're losing talent over it)
9. When your _____ are showing a negative trend line
10. When you're getting more _____ from customers
11. When you see an early _____ that you think might become big (i.e. it's always better to be early to the party than late :-)
12. When you see an opportunity to create a competitive advantage over your competitors
13. So, what's your why? Why is now the time for you to consider making a pivot in your business?

II. What Kinds of Pivots Should You Consider

Option 1: Zoom In Pivot

1. Marketing an _____ - _____ - _____ solution is difficult
2. In general, customers want to solve a specific problem, not _____ problem
3. The "zoom in" pivot is when you take a feature that your customers really love and you go all in on that smaller feature set
4. The classic example here would be Instagram (which started as Burbn), but it could be any company (a law firm that does traditional business law that zooms in and now focuses on trademarks)
5. So, what do your customers really love about what you do?

Option 2: Zoom Out Pivot

1. The opposite of the zoom in, the zoom out pivot occurs when you realize that your customers want _____ from your offering than you (or your competitors) are currently offering
2. A classic example would be Zoho (which started as Adventnet in network management). They pivoted to a CRM product in 2005 and now they have 33 different apps under the management of Zoho One.
3. So, what are your customers asking for that you don't currently offer? Note: you don't need to add anything to make them happy. This is a strategy/business model question.

Option 3: Customer Segment Change Pivot

1. If you're not getting the traction you want, one of the first places to check is, "Are we targeting the _____ market/niche?"
2. Or, if your pivot is to add something new, you might want to add a new customer segment. So, what would be an _____ customer segment to go after?
3. A classic customer segment pivot would be to go _____ and sell a more premium product to a more premium market (with better margins) in your market space.
4. Another option would be to add a new segment (i.e. you were marketing to manufacturing companies, now you're going after healthcare companies) or going bigger (FB > college > all > biz)
5. So, is there a new customer segment you should go after?

Option 4: Problem Change Pivot

1. If you're not getting the traction you want (or you're not getting the same traction you used to get), a problem change pivot may be what you're looking for
2. In other words, the problem you're currently solving either isn't an _____ problem to solve or the priority of needs has changed
3. For example, in this time of COVID, what was urgent in February hasn't been since mid-March. The priority of what to spend money on has changed dramatically
4. A classic example here would be a dine in restaurant that became a grocery store that found a supply chain for toilet paper
5. So, do you need to change the problem you're solving?

Option 5: Product to Service Pivot

1. This pivot typically occurs when you think that the financial model justifies a greater _____ by servicing your customers
2. A classic example of this would be a software product that pivots to a services model (monthly or annual subscription)
3. This pivot could also be an add on option. A classic example of this would be a home improvement store that decides to not just sell products (carpet or wood flooring or roofing materials etc.) and starts installing as well. Or a pool company that now sells maintenance of the pool.
4. So, if you're a product company, do you need to add a service option (or change completely to a services company)?

Option 6: Service to Product Pivot

1. This pivot would obviously be the opposite of the previous one. In this case, you'd take your service and transform it into a "product."
2. Note: a product can be a standardized non-_____ service. For example, if you were an accounting firm and went from customizing every project to offering a tax package that you did the same every time.
3. Products, in general, have fixed pricing. So, in this pivot, you would be creating, fixed pricing for your productized service.
4. So, do you need to transition a customized service into a "product?"

Option 7: The Byproduct to Your Service Pivot

1. In your work with your clients/customers you create byproducts (like _____, systems, frameworks, relationships, etc.)
2. Frequently, there are other people/companies that will pay to gain access to those byproducts
3. A classic example would be taking the data from your work and selling that data to others
4. Or maybe you've created a system or software solution to solve a problem for you and your company that other companies would want (ex. Praxio with Digital Marketer)
5. So, is there a byproduct that you could monetize for significant growth

Option 8: A Delivery System Pivot

1. Frequently, we get so attached to our delivery models that we never (or rarely) _____ any other option
2. A classic example during this time of COVID-19 would be any business that normally delivers its services in-person or at a physical location (especially at a specific time)
3. Moving to a virtual delivery system or an online delivery system or a group program vs. a 1:1 or an in-person delivery model or ...
4. So, do you need to consider making a change to the way you deliver your product or service (in a way that would drive significant revenue growth)?

Option 9: A Pricing Pivot

1. Once, most companies come up with a pricing plan, they rarely go back and consider a significant change
2. For example, if you're using a low margin, high volume pricing strategy it's rare to consider a pivot to a high-margin, low volume pricing strategy
3. Or, if you use a time-based billing strategy, it's rare to consider moving to a fixed-price or value-based pricing strategy
4. Or, another pricing pivot could be from customized pricing strategy to a fixed price or a packaged price strategy
5. So, could a pricing pivot drive significant growth for your business?

Option 10: A Marketing Channel Pivot

1. What channels are you currently using to get your message out?
2. How have those channels changed in the past two years?
3. Chances are, they haven't changed significantly
4. But what if you changed your marketing strategy significantly moving forward? What difference would that make?
5. For example, moving from referrals mainly (historic) to paid online ads mainly (which is far more scalable)
6. Or moving from direct mail (historic) to trade shows or from content marketing (historic) to social media marketing

7. So, do you need to make a marketing channel pivot?

Option 11: A Geographical Pivot

1. If geography is irrelevant to your current business model, this pivot doesn't really matter. However, if geography does matter to your business, then this could be a significant pivot.
2. Most geography-based businesses tend to have a smaller footprint (think accounting firm) of X number of miles (5, 10, 15 ...)
3. The geographical pivot is traditionally an expansion of that limitation (town > metro region (MSA) > additional cities > state > region > US > certain countries > world)
4. This may or not mean additional offices/locations (or distributors)
5. Note: the geographical pivot can also be used to reduce distance
6. So, do you need to consider a geographical pivot?

Option 13: A Revenue Model Pivot

1. What's your current revenue model?
2. Note: the difference between the pricing and revenue model pivot is that the price pivot is related to the price (vs. the model)
3. For example, if you've sold a la cart (one at a time), what if you sold via subscription?
4. Or what if your model was charging customers for a product/service but you moved to free (with the revenue being generated by selling the data or ads)?
5. Or your revenue model was company related (one license for all) and you moved to a per user model?
6. Or your revenue model was driven by profit always and you changed to breakeven/loss and made money on the backend?

Option 14: A New Business Pivot

1. Sometimes the business you've been in isn't the one you want to be in moving forward (either by choice or by conditions)
2. Instead of selling or closing down, you can pivot into an entirely new business
3. For example, Kimberly Clarke pivoting from paper to disposable diapers
4. Nintendo pivoting from playing cards to taxis to rice cookers to electronics (and especially games)

5. QED Hospitality pivoted in March from hospitality to healthcare and setting up Telehealth appointments
6. So, do you need to consider getting out of one business and into another one (or possibly adding a new business line)

Quick Review: The 14 Major Types of Pivots to Consider

1. Zoom In Pivot
2. Zoom Out Pivot
3. Customer Segment Change Pivot
4. Problem Change Pivot
5. Product to Service Pivot
6. Service to Product Pivot
7. Byproduct of Your Service Pivot
8. Delivery System Pivot
9. Pricing Pivot
10. Marketing Channel Pivot
11. Geographical Pivot
12. Sales Strategy/Channel Pivot
13. Revenue Model Pivot
14. New Business Pivot

III. Deciding On Your Pivot

1. Now that you know the when and the kinds of pivots you could make, it's time to figure out, "Which kind of pivot should _____ make?" And then "What pivot should we make (based on the kind)?"
2. Let's start with, what's your _____ for wanting to make a pivot? Review the options in point one (i.e. is this because the environment has changed or a new competitor has come into town or growth has stalled or you're not getting the traction you want or your customers' needs have changed or?). Your why should influence which kind of pivot you're going to select.
3. Once you know you're why, don't immediately jump into solution mode. Start with _____ (related to your why).
 - a. For example, if growth has stalled, "What's contributing to the stall?" Or, "What new trends could we latch on to?" Etc.
 - b. If it's a new major competitor, it might be, "How have other companies pivoted when [Big Box Store] came to town and won (or lost)?"
 - c. If you're not getting traction, it might be time to do some customer development work
 - d. If you're thinking of moving upscale, "What urgent needs does this customer segment have that we could fill?" Etc.
4. Based on what you've discovered, go back and review your mission and vision statements. Do you need to make a change at that level (i.e. in light of your current situation, do you need to make a change to your mission and/or vision)?
 - a. For example, let's say that Kimberly Clarke's vision was "to be the preeminent paper company in the world." In the 1970's when they saw the margins on paper were declining, their mission and vision had to change as part of their pivot.

- b. Do you need to make a strategic level change to your mission and/or vision?
5. Next, pull out your business model _____. This is the perfect place to play out your pivot because any kind of pivot you make will affect your business model.
 6. Once you've played around with your business model canvas, it's time to choose which pivot you think you should make. And for that, you need to decide on your _____. So, here are a few sample criteria you might use.
 - a. Will this pivot drive significant revenue growth (best case, worst case, most probable case)?
 - b. Will this increase our _____ margin (unless you simply care about growth)?
 - c. Will it _____ us and position us better in our market space?
 - d. Will this attract more of our _____ customers?
 - e. Is this something related to an _____ want or need (i.e. will they think, "Yes! This is what I've been looking for!" Or not)?
 - f. Is this something we can deliver on (or is this something we have the capacity for)? For example, do we have the talent for this?
 - g. Do we have the cash (or the access to cash) to pull this off?
 - h. Is this in _____ with our mission and vision (or do we need to change one or both of them)?
 - i. Will this be easy for our market to understand and implement?
 - j. Will I be _____ if we do this?
 7. So, what are your criteria?
 8. Given all of the above, what's your best pivot?
 - a. Note: Your pivot an (most likely will) be a _____ of the above)
 - b. For example, you might conclude, "We need to go upscale, targeting a different need, with a different offering, priced at 5X our current top offering, with these differentiators. We'll market it this way and sell it through a different channel with a net operating profit of 30% (vs. our current 15%). Growth rate = 75% in 12 months.
 9. Map out your final version on a business model canvas to confirm your pivot

10. Test it with some ideal prospects

IV. Executing Your Pivot

1. Ideas are great. You need lots of great ideas to build a great company. However, those ideas (like your pivot) mean nothing if they're not executed (and executed well).

"An idea without execution is _____."

2. If you haven't taken the course on "Execution: The Art and Science of Getting Stuff Done," make sure you do so soon. The following is a brief summary of one part of that program.

3. Once you've decided on your pivot and have _____ that your pivot is something your ideal prospects and customers would love, then walk through the following process.

- a. Clarify your _____/outcomes for your pivot
 - i. Make sure the goals you select are SMART goals (Specific, Measurable, Achievable, Reaching and Timed)
 - ii. Bad: Pivot and grow sales
 - iii. Better: Expand our geographical sales region from Charleston, SC to Columbia, Myrtle Beach and Hilton Head, SC in order to grow gross revenues by 75% within the next 12 months.
- b. Create a _____ (tactics, assignments, schedule/timeline (with milestones), resource requirements (people, tech, money, etc.), communication plan, metrics, quality level and any training needs)
- c. _____ the plan
- d. _____ the results

"No plan survives the first encounter with the enemy"

- e. Keep _____ your plan until you get the results you want.

"The problem with execution isn't that it's hard. It's that people don't follow through."
Doug Davis