

How to Successfully Pivot to a New Business Venture

8 min read



You've likely heard the phrase, "No man is an island." In much the same way, no business is an island, either.

In other words, businesses exist in communities, in marketplaces, and within the greater economy, and all of these elements are constantly in flux. This is true for startups and well-established companies.

Key Takeaways

- **What Is Pivoting in Business?:** In business, the word pivot is a metaphor for any kind of strategic change...
- **Common Types of Business Pivots:** Just because you've identified the need to pivot your business, that does not mean you must start from scratch and completely redesign your company. Business pivots...
- **Maintain Compliance and Financial Management Through Flux:** To ensure you stay on top of your finances and up-to-date with regulations and reporting requirements, you'll want to have a...

As a startup tests its products, services, and business model, it must pay close attention to the response of its customers and competitors, and the new business must respond in kind, making adjustments to maximize demand and grow. Likewise, as an established company's customers, employees, and market change, the business must respond, as well.

Any type of business that is unresponsive to its environment and remains unchanged will grow stagnate and eventually fail. Hence, the need for the business to pivot.

What Is Pivoting in Business?

In sports, a pivot is a physical move made by an athlete when the athlete keeps one foot in position, as a center point of their body's rotational axis, while swiveling the other around.

In business, the word pivot is a metaphor for any kind of strategic change. The company is represented by the stationary foot, and the rotating foot represents the business's strategy. So, while the company remains operational, its strategy or course of action can change in order to strengthen the business's position. ^[1]

6 Signs a Business Pivot Might Be Necessary

Speaking generally, the primary reason a business should pivot is that it has not been as successful as it should or could be. Signs your business needs to pivot include:

1. Lack of Progress

Your business has not made significant progress, even though it has used up a significant amount of money and resources.

2. Your Business Can't Compete

If your company simply has too much competition or too many large, well-established competitors, then there simply is no space for you in the market.

3. You've Hit a Plateau

Plateaus are normal parts of every business's growth cycle. However, if you're struggling to get through a [plateau](#), a pivot could jump-start your next growth stage.

[The 5 Stages Of Business Growth.](#)

[Knowing your business's growth stage can help you execute all of your company's strategic processes. What stage is your organization in?](#)

4. Not All of Your Products or Services Are Generating Profits

If you're only experiencing success, generating healthy margins, and gaining traction with a single product or service, then it might be time to pivot and stop wasting resources.

5. Customers Aren't Interested

If your customers simply aren't interested in what you're offering, then, with pivoting in mind, it is time to take a close look at your target market, their pain points, and the solutions you are offering.

Read More: [Cultivate Your Competitive Advantage with Better Business Acumen](#)

6. Your Industry Has Changed

With technology constantly improving, it's also changing the wants and needs of people all around the world. For example, smartphones appeared and suddenly made several industries obsolete or nearly obsolete (address books, calendars, watches, calculators, cameras, landlines, pocket videogames, and more). They also changed the way people

want to interact with businesses. If your industry is changing, you need to identify ways to keep up with modern market demands while also staying relevant.\

Common Types of Business Pivots

Just because you've identified the need to pivot your business, that does not mean you must start from scratch and completely redesign your company. Business pivots come in all shapes and sizes. They can be minor tweaks or major overhauls of a business's existing strategy, model, products, or services. Some of the most common types of business pivots include:

Product, Service, or Key Feature Pivot

A product or service pivot involves changing your company's key offerings while maintaining your customer base. This might look like shifting from one type of produce or service to another or focusing on your most profitable products, services, or features and eliminating those that aren't performing.

Business Model Pivot

Is your current business model serving you? Is it drawing in or driving away clients? The answers to these questions might point to the need to change your business model. For example, if you are currently operating with a direct-to-customer business model, but offering a product or service that better serves businesses, then pivoting to a B2B business model could ramp up your success.

Other models you might consider include subscription packages, giveaways (razor-blade business model)^[2], thought leadership, and even generating profits through paid advertising.

Read More: [Want To Increase Your Profit Margins? Use This Sales Commission Model.](#)

Target Market Pivot

Similar to adjusting your business model, you might be focusing your efforts on the wrong target market. Take a close look at your current target demographic and the needs of others to determine whether shifting the focus of your marketing and solutions to a different demographic might be beneficial.

Marketing or Messaging Pivot

If you're focused on the right demographic but still not gaining enough traction in the marketplace, then you might need to change your marketing strategy or messaging to create clearer communication or to focus on more effective marketing channels.

Social Enterprise Pivot

You might find that tweaking your business strategy to turn your business into a more socially-minded enterprise, using a [give-back business model](#), could help you get the attention of a bigger piece of the market, draw in better customers, improve internal marketing to improve employee retention, and also improve your triple bottom line.

Pricing and Competitive Positioning Pivot

Another way to pivot your business is to take a look at your competition and adjust your pricing strategy to place yourself in a more competitive position within the industry.

Internal Operation Pivot

Not all business pivots are defined by outward-facing changes. Some pivots might only affect the internal operations of your company. Perhaps, you need to pivot to a more successful operating framework, hiring strategy, meeting structure, or office structure to cut costs and improve efficiencies, workplace culture, employee retention, and productivity.

How to Pivot Your Business: 8 Best Practices When Changing the Course of Your Business Venture

Just like with other strategic business decisions, decisions made around pivots should not be based on your gut instincts. Consider the following best practices to help you pivot toward success, rather than failure.

1. Identify the Need and Reason for Pivoting

The first step in a business pivot is to realize that you need to pivot and then determine what is actually holding your business back. Understanding the reason why you need to

pivot will help you address the right problems in your business in order to find a proper solution that can put you on the road to success.

2. Know Your Target Market and Its Pain Points

Before making any decisions about how to pivot, be sure you are intimately acquainted with your target market, that you understand their true pain points, and that your solution is actually going to solve them in an efficient manner that is also easy to communicate and market.

3. Analyze Competitors and Differentiate

Pay close attention to your competition. What are they doing that works? What are they doing that doesn't work? How do your business model, client base, marketing, prices, packages, and solutions compare to theirs?

Once you have observed and analyzed your competition, find a useful way to differentiate your business. Determining a way to pivot into a unique value proposition will help you create your own niche within the industry. As a result, you'll become more competitive.

Read More: [US Markets Are Recovering: Is Your Business Ready for the Competition?](#)

4. Learn and Adapt

In business, you can never stop learning and adapting (pivoting). Join industry organizations, read industry publications, keep up with the latest advancements, and do not be afraid to continuously learn. This will help you better anticipate changes and shifts in your industry so that you'll be ahead of the curve, rather than left in the dust when your competition is better able to satisfy the market's changing needs.

5. Choose How to Pivot

Once you've assessed your business's roadblocks, evaluated the competition, and taken a close look at your industry and market, you can finally decide the type of pivot that will best position your company in the immediate future.

6. Perfect Timing: Plan and Prepare All Departments

Before making any changes, it's important to assess how the change will affect all aspects of your company. You should have a strategy for rolling out the new business model,

marketing strategy, products, or services and/or for retracting those you will be discontinuing. Ensure that everything is in place in all of your company's departments before moving forward with the pivot.

Additionally, be sure to choose the right time to pivot. Pivoting at the wrong time can result in avoidable challenges and complicate the process. For example, making a major change to operations, service packages, or pricing models during the peak season in a seasonal business might not be ideal.

7. Establish New Goals

After your business pivots, your old benchmarks and long-term goals no longer apply. You need to revisit your business's goals and future vision to make adjustments and redefine what success now means to your company.

8. Measure Your Success

Once you've established new goals, you need to ensure you're set up to accurately measure and track the progress you make in reaching those goals. Without adequate measurement, you will have no way to determine whether or not a business pivot was successful.

Maintain Compliance and Financial Management Through Flux

Throughout a business pivot, financial management and compliance are essential. Periods of change in business often create periods of financial uncertainty. They also represent times of potential regulatory change.

To ensure you stay on top of your finances and up-to-date with regulations and reporting requirements, you'll want to have a solid back office in place before you pivot. With sound bookkeeping and accounting procedures in place, you'll have access to timely and accurate financial records that can help you anticipate financial challenges, improve financial health, maintain compliance, and continue making smart decisions for your business.



Frustration from inaccurate financials ends
HERE.

SPEAK TO AN EXPERT

[1] <https://www.forbes.com/sites/theyec/2020/07/03/how-to-pivot-successfully-in-business/?sh=4abc67237316>

[2] <https://www.investopedia.com/terms/r/razor-razorblademodel.asp>