



Pivoting Your Business

Changing your Strategy to deal with emerging opportunities without a change in Vision.

It's reported that Hugh Hefner often said, "there are many roads to Mecca". Fair enough, there can be several ways to achieve your ambition but the sad fact is that following the same path quarter after quarter, year after year and getting no closer to your destination is just plain dumb. That's where pivoting comes in.

Pivoting has become a familiar word in the start-up world especially around revenue growth. It was Eric Ries who coined the phrase using the word "pivot" as a means to change the path you take to achieve your vision.

In other words: Pivot = A change in Strategy without a change in Vision.

In many ways pivoting is nothing new for existing, well established businesses. In that context pivot points are really about preventing being "stuck" in the same problem you had last year. Many businesses would pick this up through their normal operational and strategic reviews, and depending on the scale of the issue, formulate a plan to address the situation. Some pivots may be a relatively simple case of modifying or fine tuning strategy within the current business model, given the experience and results to date may have fallen significantly short of expectation. Whereas other pivots may be more complex around challenging the basic business strategic paradigms whilst maintaining the vision and goal of the business, and in the process perhaps even requiring a fresh injection of capital.

In a revenue growth challenge scenario the use of a modified Growth (Ansoff) Matrix can sometimes be employed to identify the best options around any combination of (existing and new) product and market

growth opportunities. Sometimes condensing or rationalizing the product range to that optimum mix that offers greater profitability (less is more scenario) can also be appropriate.

For many start-ups or smaller businesses recognizing the issue, challenge and opportunity (in that order) are the first steps in the process. This may not be as easy as it sounds given the conflicting pressures many businesses suffer. Elements of a successful pivot include developing a plan for the pivot, collecting relevant data, quantifying what success looks like, assessment and management of the risk, communication with both internal and external stakeholders and establishing ongoing review mechanisms, all these constitute critical stages of the process.

As Managing Director of a market leading construction engineering manufacturer in the construction boom of the noughties my business faced three linked and significant challenges. First the meteoric rise of imported Chinese products fueled at the time by a significant devaluation of the Australian dollar; secondly, pre-fabricated modular structures constructed offshore and barged in from SE Asia fixed together on site like giant Lego pieces; and finally, the scale of the huge Oil & Gas projects meant a whole new approach to market. Identification of true competitive advantage, major supply chain modifications bespoke project management and a value proposition that the client shared in were all big ticket pivots driven largely by global market forces outside of our control. We had to adapt in order to survive and continue to prosper.

But be warned. Pivot points can show up as both positive or negative scenarios and pivotal decisions can turn out for better or worse; that is their dynamics. They can be a catalyst for growth or leave the business further behind.

Another danger is for business owners to become too attached to “their baby”, not recognizing when there is a problem, and not wanting to admit “defeat”. Having a strong management team and the right business culture that can recognize what’s going on and can deal with it is often critical to letting go and moving on.

The word pivot means different things to different people. What’s clear is that entrepreneurs must keep an eye on the market place and be prepared to make a change. In many cases, what makes successful outcomes is adversities turned into opportunities, as you learn so much of what is possible.

I invite you to share your own experiences on pivoting so that we can all gain further insights on this important topic.

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