



Pivoting: what it is... and how 10 famous agencies did it for better or worse

One of the key ideas in contemporary management thinking is the Pivot – refocusing a significant aspect of what your business does to find a higher performing business model. Although normally associated with start-ups, increasingly mature organisations are considering how to Pivot. And equally, although more commonly seen as a commercial tactic, many charities and NGOs are also now considering pivoting to deliver better results for their beneficiaries, to secure new supporters, or to operate more efficiently.

Some of these pivoting organisations may surprise you. So Groupon, the deals site even now probably blocking your inbox with 'junk mail offers' famously Pivoted from their original mission which was to organise social advocacy campaigns rather in the style of Avaaz. BUT Groupon couldn't make the cyber activism model work and instead turned into a billion dollar daily deal site. IBM saw the writing on the wall for hardware production after many decades and Pivoted to become a management consultancy, in the process selling their hardware business to Lenovo.

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And a number of charities have made successful pivots. So MacMillan Cancer Support successfully pivoted from 'end of life palliative care' to a broader 'living with cancer' proposition as they recognised many cancers were becoming chronic rather than a death sentence. And Lepira, who used to be focused on leprosy, successfully used that competence in dealing with infectious illnesses to Pivot into tackling TB and other similar diseases.

Sometimes a Pivot is described as simply changing the customer product or service offering. And many Pivots do turn on these two options. But in fact a Pivot can involve a change in any of eight different elements in your business model. So a Pivot can, in practice, can involve a change in customers, product/offering, revenue model/pricing, cost structure, acquisition channels, distribution channels, resources used, core activities, and even partners. Choosing the right area to Pivot on is key.

And Pivoting isn't easy. Eric Ries, who came up with 'Lean Startup' methodology, and who can claim to have popularised the term Pivot, is clear that he means keeping one foot firmly in place as you shift the other in a new direction. Keeping this in mind it is essential that organisations build on what they have already learned from past success – and analyse failure accurately – and then apply these insights to refocus for success. One key to the 'one foot firm' approach is to make sure you play to your core competencies. So begin by asking 'what are we outstandingly good at?' Only when you've identified that can you begin to consider which of the other eight business model options you can Pivot on.

As ever the real insights often come from practical examples. So below is a list of ten different famous Pivots – some of which might surprise you.

1. Wrigley Chewing Gum

Wrigley didn't always sell chewing gum. In fact the founder, William Wrigley stumbled on the idea of a chewing gum business while giving it away for free. As a young man he had moved to Chicago in the 1890s and found a job selling soap and baking powder. He developed the idea of offering free chewing gum with his purchases. But over time the gum proved to be more popular than his actual product. He Pivoted and went on to manufacture his own chewing gum brands including the famous Juicy Fruit, Spearmint and even Double mint. Today the company grosses \$Bs and is an iconic US brand.

2. Twitter

Perhaps the most famous Pivot in social media history is the transformation of Odeo into Twitter. Odeo – never heard of it? – began as an online network where people could subscribe to podcasts. But when iTunes began taking over the podcast space, Odeo’s founders feared the end of the company. They involved employees in solving the crisis, giving them two weeks to come up with a new business proposition. Two employees came up with a weird idea... The company opted to turn into a micro-blogging platform. And the rest is history.

3. PayPal

PayPal has always focused on the basic business of payments, but it has gone through many variations to arrive at the current model. It was originally developed as far back as 1999 by a company called Confinity. The idea? To enable people to “beam” payments from their PDAs (handheld digital computers, such as the Palm Pilot, an early incarnation of the smartphone. Ask your Dad!). PayPal then made two key transformational partnerships. One involved a merger with a financial services company X.com which gave it some new skills. Then PayPal became the preferred online payment system for eBay sellers which gave it scale. From there the rest is, as above, (success) history.

4. Groupon

We explored this example above but here’s the more detailed version. In 2007 entrepreneur Andrew Mason created a website called The Point. An early version of the crowd-funding model, this was a “social good” fundraising site that ran on a “tipping point” system. So a cause would only receive funding once the pledged donations reached a certain number. Mason only decided to start Groupon as a side project. This would apply a similar “tipping point” concept to local discount deals. So if enough people pledged to do an activity or buy a product, they would unlock a discount. The Groupon project quickly took off, whereas The Point faded. And Groupon became the daily deal model we are now familiar with.

5. Starbucks

Starbucks... gasp... didn’t start out selling ready-to-drink coffees. The coffee shop, now on every high street, started off in 1971 very modestly selling espresso makers and coffee beans. And that’s what it did for some years. Howard Schultz the current chairman, president and CEO then fell in love with ‘real’ coffee in real cafes on a trip to Italy in 1983. He returned to the US determined to actually brew and sell coffee in a European-style coffeehouse. As a result of that change in business process he transformed Starbucks into the global beverage leviathan it is today.

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6. Flickr

Flickr began as an online role-playing game called 'Game Neverending'. In this not-very-successful game users travelled around a digital map, interacting with others and trading items. The game, by chance, included a photo-sharing tool as one part of the model. And it was this that turned out to be one of the most popular aspects of the game.

The company, in a tough call, decided to build on this photo popularity and Pivot to Flickr.

The company was of course bought by Yahoo! in 2005, which helped it to scale, and became one of its most successful acquisitions.

7. Instagram

Another photo success story is Instagram – now the most widely used photo app for iPhone.

Instagram had an unusual birth. It began life as began as Burbn, a check-in app like FourSquare. This had, among other features, gaming elements from a charming game called 'Mafia Wars'. Like Flickr it also had a 'peripheral' photo facility. The creators worried Burbn had too much activity clutter, and would never gain traction. So they took a huge risk and stripped all the features but one: photos. They then rebuilt a version of the app that focused solely on photography. It was clean and simple, and it then took off.

8. Pinterest

Pinterest is another visual Pivot which links to the idea of a social network. It's origin is as part of an app called "Tote."

This allowed people to browse and shop their favorite retailers. Crucially it also sent them updates when their favorite items were available and on sale. The creators eventually realised that the users of Tote were mostly interested in building "collections" of their favorite items, and sharing these collections with friends. So they decided to go with that flow.

Since it's repositioning, Pinterest now has over 70 million users worldwide of whom 80% of are women. The new challenge now is that while the Pivot has been wildly successful in terms of user growth, Pinterest is trying to figure out how to get back to Tote's ecommerce and revenue roots.

9. Avon

Avon is one of the most popular names in makeup, whose products are sold by self-employed beauty representatives throughout the world.

It started, however, with a similar history to Wrigley. David McConnell the founder was a traveling book salesman, who like Mr Wrigley, offered gifts as a way to shift other products. He realised in time that his female customers were more interested in the free samples of perfume that came with the books than the books themselves.

He began recruiting women to sell his perfume product, believing they would be able to relate and sell to one another better than male salesmen. And so it proved with the hugely successful door to door and party plan models. (The party plan is another part of the Avon Pivot story.)

However not all Pivots guarantee continuing success...

10. Nokia

Sadly Nokia has now died even as a brand following the Microsoft takeover. But 10 years ago along with Motorola it was one of the leading consumer phone manufacturers along with others like Motorola. Nokia died in 2014, despite in the past, a number of successful pivots. So the company actually began as a paper mill, based by a river in Finland which gave the company its name, in 1865. Throughout the 20th century it changed product with the times and created a wide range of offerings including rubber goods, electronics and eventually their first mobile phone in 1992. They decided in the same year to focus exclusively on their mobile devices, and sold off all other divisions of the company.

This proved successful for over a decade until other companies like Apple and Samsung pivoted into the mobile market with their design ethos... and Nokia faded away.

How to find out more

If all this sounds interesting and if you'd like to find out more about Pivoting or strategic development generally then **=mc** can help you consider how or what to change.

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The ten commercial examples listed above in this article draws extensively on research and text by [Rochelle Bailis](#).

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