

# Pivot Your Business Model: Why Embracing Change Can Be an Opportunity



In a world where a cavalcade of business disruptors—including major environmental disasters and a worldwide COVID-19 novel coronavirus pandemic—radically transformed the global marketplace in less than a year, businesses who want to succeed need flexibility, resilience, and agility to begin, grow, and eventually thrive.

For every business, from startups to established corporations, *pivoting*—i.e., taking corrective action—can help companies survive catastrophic upheavals, recover from poorly chosen business models, and develop new products to break into new markets.

Pivoting is often associated with startups and small businesses, which are perceived as more inherently agile and responsive than their sometimes monolithic counterparts in the corporate realm.

Thanks to companies prioritizing digital transformation, facing off against powerful business disruptors, and changing paradigms for competitive growth and success, the need to adapt to changing market conditions goes well beyond

entrepreneurship, however.

Deciding if, how, and when to pivot your business model is a strategic essential in today's complex business ecosystem, whether you're launching a startup, own an established small business, or part of a large corporation.

## **Why You Might Need to Pivot Your Business Model**

Even with careful and extensive market research, new businesses can choose the wrong target market, price poorly, or fail to meet customer expectations—and soon find themselves foundering on the high seas of commerce.

Existing companies, whether large or small businesses, can similarly find themselves struggling when a major supply chain disruption, change in consumer behavior, or other disruptor sets their business model on its ear.

Whatever the case, and whatever the age of the organization, it's sometimes necessary to pivot in order to protect business continuity and survive in today's complex economy.

Pivoting is not a rare or even unusual occurrence; many well-known businesses have pivoted significantly from their initial business models. Some (or perhaps most) business ideas benefit from refinement.

Facebook, for example, began life as a dating site (and eventually pivoted back to include dating as part of a much larger suite of services), while famed American coffee seller Chock Full O'Nuts sells plenty of java but no longer offers the nuts that gave the company its name.

Nintendo—now indelibly associated with video games in the public mind—began life as a playing card company, and dabbled in television, hotels, and even food before going all-in on electronic entertainment.

All of these pivots were in response to stressors that forced business owners to make changes to preserve operations and help their companies survive long enough to thrive as they have.

Not every pivot completely redefines what a company does or offers, however.

Major disruptors like the COVID-19 pandemic have forced companies of all sizes and across industries to make significant changes to their internal protocols and operations in order to survive or improve their competitive footing.

When the coronavirus sank its teeth into countries around the globe, companies found themselves struggling with an array of new challenges.

From finding supplies necessary to provide hand sanitizer and personal protective equipment (PPE) to enforcing social distancing requirements to effectively restructuring their entire organizations around a business model powered by remote leadership and eCommerce, companies scrambled to meet the demands of a new world that emerged seemingly overnight.

Increasing support for remote workers, investing in technology that helps optimize supply chains for resilience and flexibility, and prioritizing digital transformation are all responses triggered at least in part by changing market conditions stemming from the pandemic.

Agile companies also took advantage of opportunities they saw concealed within the challenges.

Amazon, for example, invested \$4 billion into its efforts to address the challenges created by the coronavirus pandemic—and set the company up for even greater profits and market domination through supply chain refinements while they were at it.

High-end fashion brands quickly pivoted to begin producing masks that were both compliant and chic.

On the more altruistic side of things, sports store chain Decathlon shifted gears in production and partnered with an Italian research institute to “hack” its existing scuba gear into much-needed ventilators.

Punchpass developed and deployed a Zoom-compatible platform in record time so its yoga and Pilates instructors could continue to do business remotely. A wide variety of companies, including some retailers (and not just tech giants) shifted to a “remote-first” footing that may prove indefinite.

All that said, while the coronavirus has certainly created some unique challenges, global health scares aren't the only reason to pivot. Other reasons include:

- Revising an ineffective pricing model.
- Developing new products (or entire product lines) to take advantage of emerging opportunities or changing customer needs.
- Fixing poor sales channel selection by targeting new customers.
- Refining your focus to prioritize a single feature or benefit to avoid marketing waste and improve customer attraction and retention.
- Addressing difficulties in scaling.
- Switching to a new business model (e.g., moving from boxed software to a subscription-based SaaS model, or adding an ad-supported “freemium” option to a game or service) to improve profitability.
- Tackling social responsibility, environmental, or ethical issues.
- Improving sustainability.
- Refining internal practices and policies as part of larger digital transformation and business process management

No matter why a company is driven to pivot, it’s important to view this need as an opportunity, rather than a potential disaster.

Pivots require both agility and calculated risk (which is part of the reason they are associated with startups), but a successful pivot can provide powerful benefits to *any* business that approaches it strategically with enthusiasm and agility.

*Whatever the case, and whatever the age of the organization, it’s sometimes necessary to pivot in order to protect business continuity and survive in today’s complex economy.*

## **You Need Agility for a Successful Pivot**

Constrained as they are by limited resources, cash flow, and market share, startups are enthusiastic about pivoting because they quite literally can’t afford to let an ineffective business model persist.

But established companies—even profitable ones—who find themselves facing serious challenges to business continuity can take a page from the startup playbook by ensuring their organizations have the agility to pivot when necessary.

For startups, early-stage pivots and agility are practically baked into their business plan. But how can existing businesses introduce agility to their

organizations, or enhance their current agility?

What does that agility look like in different industries that require fundamentally different types of pivots to meet the same challenges and opportunities?

After all, a successful pivot from a retailer like a grocery store that traditionally relied on the bulk of its business coming from physical visits to physical locations will look very different from the one made by a large-scale manufacturing concern that requires physical labor to produce the products it sells to other businesses, or a software developer that never had a brick-and-mortar presence to begin with.

For many companies, regardless of industry or target market, the answer may lie in embracing the principles of agility and an agile mindset as essential parts of their long-term business development plan, as well as the digital tools that empower this agility.

While implementing a comprehensive agile business transformation strategy is best for most organizations, you don't have to go "all in" right away to realize the benefits of agility for your company.

In fact, you can significantly enhance your company's overall agility by optimizing one of the most important areas of your business: procurement.

Why? Because procurement touches every area of your business. Knowing what you spend, and optimizing how and where you spend it, can radically transform your company's ability to anticipate (and mitigate!) problems, insulate itself against unforeseen risks, and capture value in multiple ways.

Transitioning to agile procurement puts powerful digital tools at your disposal.

A best-in-class procurement solution like PLANERGY includes centralized, cloud-based data management, advanced data analytics, and robotic process automation powered by machine learning—three technologies that work together to:

- Streamline your workflows for immediate short-term gains in productivity, accuracy, and profitability while creating a data ecosystem that will yield invaluable strategic insights for better decision making, strategic planning, and competitive performance in the long-term.
- Integrate disparate software applications and data sources to enhance

collaboration and communication across all your departments and business functions.

- Fully transparent spend data, coupled with real-time analysis, help you identify areas in need of improvement and take advantage of emerging opportunities (e.g., target customers more effectively, develop new target markets, connect value propositions to process improvements, etc.)
- Help you shift procurement away from simple cost savings and toward value creation.
- Leverage vendor management tools to communicate and collaborate more effectively with suppliers.
- Manage cash flow, budgeting, and investment planning more accurately and efficiently.
- Introduce iterative continuous improvement to all your procurement workflows and lay a foundation for agility and digital transformation as part of your overall business strategy.

An agile procurement function ensures you have the data-driven insights and smoothly optimized processes you need to identify challenges and opportunities and either solve or seize them on your own terms.

With faster and more accurate procurement workflows, a retailer who's added an online shopping platform to help counteract the losses created by the coronavirus pandemic could use data analysis to ensure they weren't overspending on incoming goods and services but still providing adequate coverage for both their regular customer base and additional traffic from holiday orders.

Alternatively, a manufacturer could adjust their supply chain to minimize the risk of losing access to critical materials normally ordered from remote suppliers by adding local sources as part of an automated contingency plan—or simply make the switch to the local suppliers to cut logistics costs, and negotiate with the more remote suppliers to provide backups.

And while it may already have a distributed workforce well accustomed to “remote-first” practices, a software company that centralizes its procurement with a focus on agility can more effectively manage, allocate, and *reallocate* resources to where they're needed most to preserve operations.

Ultimately, both successful entrepreneurs and successful professionals working

within larger organizations understand that agile procurement promotes agility regardless of the type or age of a business because it provides a comprehensive data management paradigm that can be used for any type of pivot a business wants to make.

And the more readily a business can pivot, the more effectively it can survive and thrive in challenging times.

## **Pivoting Isn't Just for Startups**

In business, as in life, change is inevitable. Disasters strike; supply chains falter; customers adopt new tastes and expectations. Investing in your company's agility can mean the difference between struggling to meet these challenges and rising to new heights by exploiting them as opportunities.

Make sure your business has the tools it needs to respond proactively and intelligently to opportunities and disruptions alike, and you'll be able to leverage the energy, innovation, and growth potential of a new business while enjoying the success and longevity of a venerable one.

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