

Objective:
To pivot (change) an existing company concept to make it more viable, scalable, and matched to the market.

Tools, Tips, Tactics, Checklists, Strategies, and Four Essential Elements

The Perfect Pivot - FOUR MOST IMPORTANT THINGS...

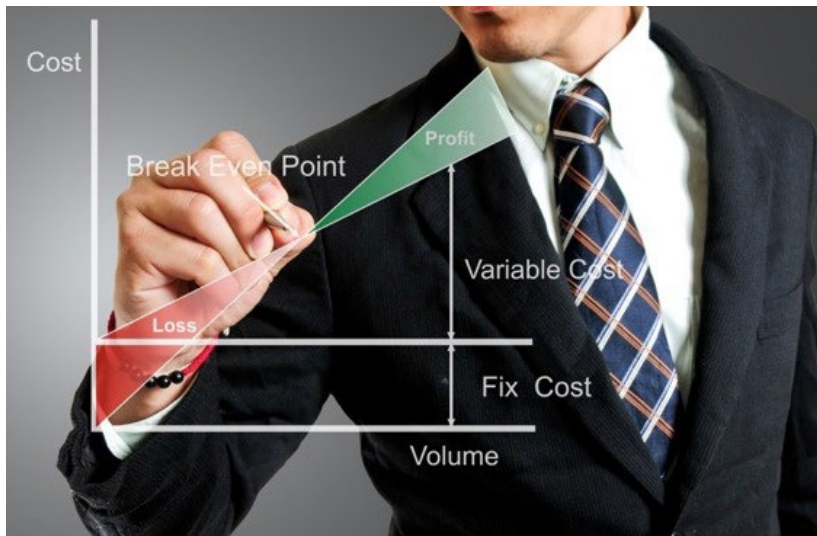
- 1)The Numbers Must Work**– Use the break-even tool to determine if you can actually make money on the product/service.
- 2)The Product/Service must be matched to the market**– Listen to customers. Watch how they use the product/service. Find clear pain point. Look for way to co-create with your customers.
- 3)Focus on Execution** – The right team that can work together and consistently make deadlines makes a big difference.
- 4)Execution Insurance** – Build a team of Mentors and advisors of one or more qualified, matched, experienced people to constantly advise your team. Seriously consider their advice and act on it. Use a Catalyst – An individual with the proven experience, leadership skills, and persistence to manage all the various elements required to make the company a success.

Goals, Objectives, & Deliverables

- Assess if current business idea, product, or service has a reasonable break-even point. Can you make money?
- Build your board of advisors, mentors and catalysts matched to your company.
- Determine if a Pivot is needed at this time. If so, what type of pivot?
- Work with customers/users to design Pivot prototype then run break-even analysis.
- Determine if you have the right team to execute the Pivot and if you are the right person.
- Take out Execution Insurance,
- Pivot again – Pivoting is constant.

Is it Time To Pivot? WARNING SIGNS:

- Company, product, or service not making a profit. Margins eroding.
- You have not refreshed, revised, or relaunched the product/service in over a year.
- Customer count or engagement dropping. A loss of momentum.
- A new competitor has emerged and is taking business away from you.
- You or your team has lost passion for the product/service. Employee turnover is on the rise. Advisors/mentors seem bored.
- Your company value-add not consistent with product/service.
- Your price is dropping – hard to justify your price.
- Too focused on product instead of real customer pain points.
- You have not talked to or observed customers in more than 90-days.
- Your fundamental busines model changes. Assumptions fail.
- You start dreading Mondays. Loss of personal purpose.
- A client suggests a pivot idea... And agrees to co-create with you.
- A “eureka” moment happens. You have a moment of clarity.



Phase 0 – Before Starting The Pivot

- Determine your current product/service eight words. What you actually do and why people need it and will pay for it.
- Calculate your break-even required “unit” volume. Does the “unit” volume make sense? See Break-Even section below.
- Explore possible Pivot strategies:
 - 1)Pivot in existing market with no clear new information.
 - 2)Reposition/edit product to meet behavior in existing product/market – amplify/focus.
 - 3)Market pivot/product repositioning.
 - 4)Launch tool you used to build your own company.
 - 5)Acquisition – Buy what you need.
 - 6)Do something truly and totally new. There are no unintended negative consequences.
 - 7)The social enterprise delights people.
 - 8)The community identifies with the social enterprise – They feel it comes from them and for them. Not thrust upon them.
 - 9)Totally shut down the business and walk away.
- Must balance risk, be sure you have the right team and leader.
- Be flexible. Be ready to make mistakes and pivot. Fail fast. Keep what works. Be aware of potential unintended consequences – Negative outcomes you did not consider.

Break-Even Calculation and Definitions

- See break-even tool at <http://bit.ly/PivotBE>
- Start with Indirect Costs – Any expenses that will be the same no matter how many “units” are sold.
- Next enter direct costs. The marginal cost of producing one unit.
- The “units” per month will automatically update.
- “units” are your equivalent product/service units. It could be subscribers, users, widgets, hotdogs, or what ever you sell.



Break-Even Tips and Strategies

- See break-even tool at <http://bit.ly/PivotBE>
- For indirect costs don't forget to pay yourself a reasonable salary and be sure to include costs for taxes and health insurance.
- For indirect costs be sure to give yourself perks like a car.
- Indirect Costs - Be sure to include a monthly amount for contingency to cover things you didn't think about.
- For large one time costs like equipment, software, furniture divide the costs by twelve or twenty-four months.
- Be honest with direct costs. If you find a lower price will that price work for the life of the product?

Break-Even Tactics For Improving Profitability

- The first time you calculate your break-even if the units shown do not look reasonable you need to make some changes.
- Try cutting indirect costs in some way. But be reasonable.
- Don't cut your salary and benefits. Not fair you.
- Better to increase your price. But be reasonable. Can increase price (and margin) by improving the quality of your product/eservice.
- Be careful with discounts for ordering higher volumes. You don't want to get stuck with unsaleable product components.
- Instead of buying something with a large one-time purchase find a way to buy used or lease/rent.
- Identify how your product or service will be different or special compared to the competition. Amplify those elements.

Break-Even Red Flags (things to worry about)

- Not bothering to do the break-even analysis first.
- The requirement to sell an unreasonable number of "units".
- Not paying yourself or employees salaries consistent with market.
- Not including costs for taxes and benefits.
- Not scaling your office or other property related expenses for the number of people or production requirements you have.
- Not including any costs for sales, advertising, and/or marketing.
- Setting a price that is higher than competitors but not providing any extra value.
- Not basing your numbers on real provable numbers.
- Not reviewing your break-even with your mentors, advisors, and accountant.
- Not including a contingency amount for unexpected expenses.

Phase 1 – Product / Market Fit

- Use design thinking methods to research, prototype and test your product and service ideas.
- Listen and watch your customers. Learn from them. Watch for articulated and unarticulated needs and pain/passion points.
- The key: give people what they want/need at a price they will pay.
- Once you have gathered a list of needs co-create prototypes collaboratively with your target users. The earlier the better.
- Be sure you are targeting the right market. Example: Non-egg product eggs for Vegans -> Super eggs for everyone.
- Goal: Save time. Save money. Delight your target customers/users.
- What does user delight look like? A checklist:
 - Must be visual prototype. Let people interact with it.
 - User has interested active engagement.
 - User asks questions and makes suggestions.
 - You see the user experience an Aha! moment.
 - The user does not want to disengage or stop using product.
- Need undeniable proof before moving past prototype stage:
 - Assumptions ⇒ Testing ⇒ Proof ⇒ Further development
 - Show product works and people want it and will pay for it.
 - Show why people can't live without it.
 - Dump it fast if you don't have undeniable proof!



Phase 2 – Execution – Mentors/Advisors

Fact: The three top reasons companies fail is because:

- 1) Lack of real qualified/matched Mentors and Advisors who are ready to engage with the founders and management.
 - 2) The company founders and management do not listen to their Mentors and Advisor. They need to ask the right questions and probe for ways to implement the advice in a measured way.
- Focus on finding the right Mentors from the start of the company.
 - Engage the mentors at every step. Listen. Learn. Ask Questions.
 - Create a "Mentor Job Description". What do you need?
 - Seven step mentor interaction template:
 - 1) Review detailed priorities, ToDos, responsibilities (you or the mentor) for items to be completed for this mentoring session. If things were not completed then need to identify why not and if this represents a breakdown of some type. Fix things fast.
 - 2) Tell the mentor about your most pressing problem(s) – What is keeping you awake at night. How can they help?
 - 3) Listen to the mentors thoughts, ideas, questions. TAKE NOTES!
 - 4) Open the session up for the mentor to ask you questions.
 - 5) Set priorities, responsibilities (you or the mentor), and rough due dates based on the discussion.
 - 6) Set a meeting date, time, place for the next mentor session.
 - 7) In writing - Set specific detailed priorities, ToDos, responsibilities (you or the mentor) for items to be completed before the next mentoring session. Be specific. Ask more questions if needed.
 - No matter what the Mentor says, the founders must make the final decisions. They must "own" the decisions. Not the Mentor.
 - The founders must consider and weigh mentor advice but the final decision must be theirs. They will live or die by their decisions.
 - Look for ways to separate complicated advice into smaller testable parts with measurable outcomes. Smaller tasks & short deadlines.
 - Note: The Mentor can't be your Catalyst. (see next section)
 - How to find Mentors and Advisory Board Members
 - LinkedIn, Business associate networks, Other Social Enterprises founders, University or professional networks/associations.
 - Funders, Retired Executives.
 - Relentless Networking. Attend industry events/meetings.
 - Don't settle on the first potential mentors you find... Get a big list and identify best candidates. Then rank them.
 - Be specific with what you expect from your mentor.
 - Time required, meetings, type of advice, your needs.
 - What will the mentor get out of this? Why should they do it?

The Right Catalyst ⇒ Execution Insurance ⇒ No Catalyst = Risk

- Catalyst Definition—A person that makes things happen. A changemaker. A doer. Has confidence. Ability to lead others.
- Catalyst Job Description Elements - Ability to listen, ability to execute, ruthless persistence.
- Catalysts Checklist – You are a Catalyst if:
 - ❑ This is not your first time in this role – You must have run a similar organization before in some way. Even as part of a team.
 - ❑ This is not a learning adventure – Too much is at stake. If the Catalyst collapses the organization collapses.
 - ❑ There are times in your past where you solved and managed through similar situations. Even if you failed. Failure is okay.
 - ❑ You can build an effective team and lead them. They follow you. There is debate but when a decision is made the team follows.
 - ❑ You can assemble a qualified Advisory Board.
 - ❑ You can engage community members. They respect you.
 - ❑ You have a strong passion for the mission. Not a blind passion,
 - ❑ You have the ability to professionally, personally and financially persevere through a potentially rough two years of the social enterprise startup.
- Two catalysts may not be a positive thing for the organization.
- Only one true leader needed. If you have two catalysts, one should be in day-to-day management. The other on the advisory board.



Phase 2 – Execution – What is it?

- Ability to get things done on time and within budget.
- Set detailed deliverables and deadlines. Deliver early.
- Low team stress level. Everyone knows their responsibilities.
- The right team matched to the product/service requirements.
- Ability to quickly solve or work around problems.
- Have a Plan B (and C) ready. If things falter go to the next plan.
- A leader that leads and a team that follows.
- Focus on high priority tasks and deliver... Relentlessly.
- Clear understanding of what each person on the team “owns”.
- Focus on your companies real value ad.
- Clear written agreements with all stakeholders signed.

Phase 2 – Execution Insurance – A Checklist

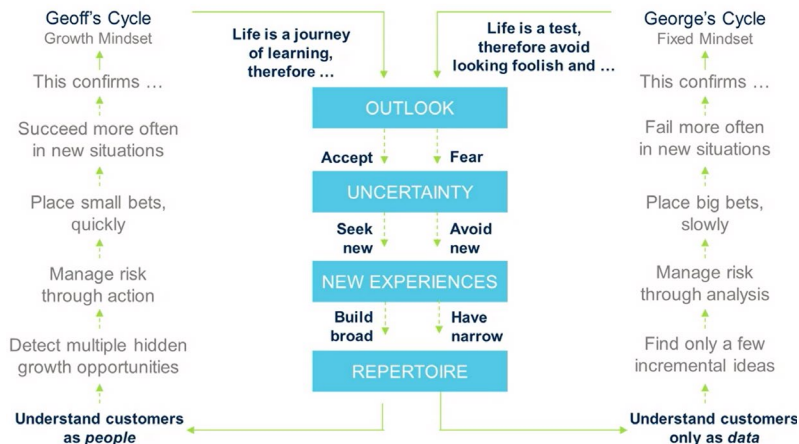
- ❑ A clear specification (spec) for the project (pivot).
- ❑ Be visual – All details shown in a visual way in a prototype.
- ❑ Test visual spec on paper before beginning development work.
- ❑ Team committed to and “owns” detailed deliverables and deadline.
- ❑ Know and track your Key Performance Indicators (KPIs).
- ❑ Have a detailed and executable Plan B and Plan C.
- ❑ An experienced team of Mentors and Advisors. (see section above)
- ❑ A team that has done this before.
- ❑ A team that has worked together and delivered before.
- ❑ A series of successful test projects leading to the main project

Phase 3 – Post-Pivot Review / Re-Pivot

- Once you have made the Pivot:
 1. Compare Break-Even estimated to actual. <http://bit.ly/PivotBE>
 2. Compare estimated and actual Key Performance Indicators (KPIs).
 3. Determine if the team is actually right for the pivot.
- Listen and watch actual user behavior.
 1. Are users actually delighted?
 2. Are they using the product as expected?
 3. What is the user feedback? Are they still suggesting new features?
- Prepare for next Pivot – You will always Pivot your company. It’s continuous. When you are done pivoting your business is done.

The Perfect Pivot – A Personal And Team Journey

- Pivoting is hard work – You need to know yourself:
 1. What are your strengths and weaknesses? Your blind spots?
 2. Are you really be a Wantrepreneur? Not ready for the real work.
 3. What is your energy level? Are you up top the task?
 4. Where will you need help? Can you find the help you need?
 5. No use lying to yourself... The truth will emerge and be painful.
- You need to know your team
 1. Diverse teams always better. Skills, backgrounds, attitudes.
 2. Communication is important. Words may not tell the whole story.
 3. Look for subtle warning signs. Sick time. Quiet in meetings.
 4. You can’t wish interpersonal trouble away.
- Hire slow... Fire fast. Test potential employees thoroughly.



What is a product or service specification, and how do you create one? It's all in the details.

- Created from your prototypes. Put all details in one document.
- A good specification takes time and testing. Use pictures.
- Work out all the details in the product/service specification to make things clear for your team and users.
- Include all possible options. Be specific. Think it through.
- The more time you take on the specification the more time you will save during the expensive launch/operating phase.
- Can be as simple as an MS Word Document or created on something like MockPlus. Even pencil and paper can work.

HOW TOP DEVELOP A PRODUCT/SERVICE ROADMAP

1. Keep it in 30 day chunks. (Maybe even two week chunks.)
2. Must be user needs driven...Not technology or “big idea” driven.
3. A collection of A, B, and C priority features/functions/benefits. Be sure at least one “exciting” feature is in each release.
4. Get tight firm time/cost estimates for each feature item.
5. Be sure to budget for maintenance and cleanup.
6. Layout each release on a timeline with features/functions for each delivery. Be sure everyone on the team signs off on the roadmap.
7. Start development of the next release version as soon as each version is delivered.