

## ARTICLES

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### **Strategies for Pivoting Enterprises in the Post-covid Time**

#### **Abstract**

*In the conditions of now even heightened uncertainty, companies' strategies need to be verified. In order to quickly redefine and adapt a new strategy to the changing market conditions, it is necessary to implement new solutions and business models along with pivots. The enterprise of tomorrow is the one that starts today. So in order to be or become this enterprise of tomorrow, the level of its digitization and many of the processes carried out must be raised. The aim of the article is to present pivots and possible changes to the pivots of Innovative Business Models and their implementation. The research method that will be used is the analysis of case studies - how companies should recover from the situation of the Covid-19 pandemic, what they can do, how they should function, so that they can continue to grow faster. S. Umiński in Forum-Marketera + in the article Marketing A.D.2030 (Forum2021) stated that we took over from the world of start-ups the concept of pivot, i.e. a strategic shift and redefinition of the business model. It should be more and more often used in large corporations that so far pride themselves on using the -agile- methodology in various implementations. In this article, practical examples (case studies) of a Polish and foreign company will be presented - identification of redefining the strategy and implementation of pivots together with better results of further development of these companies. Examples of companies are Velg Group and Shopify, in which pivots were implemented, which emphasizes the practical approach of the co-author of the article.*

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*The research questions refer to what types of pivots and they are implemented, which will be presented based on the example of the above-mentioned case studies.*

**Keywords:** process pivots, pyramid pivot, trajectory pivot, implementation of pivots

**JEL classification:** M130

**Paper type** Research paper

## **Introduction**

The statement by Drucker (1976), which is still valid today, must be confirmed: the future will not be created tomorrow; it is created today, mostly as a result of decisions and actions taken in relation to current tasks. Conversely, what is done to trigger future events directly affects the present ones. The tasks overlap. They require one, uniform strategy. Otherwise, they cannot be realized at all. Hence, it is necessary to quote the statement of Oblój (2017), who talks about an experiment for the future. A good experiment is the one that has growth potential, provides margins or cash flow, and uses an elementary strategy with up-to-date resources and competencies. Other experimental proposals must be firmly said "no". The article below is devoted to such experiments. Its essential aim is to present the essence of pivots and possible changes to the pivots of Innovative Business Models and their implementation. The research method that will be used is the analysis of case studies - how companies should recover from the situation of the Covid-19 pandemic, what they can do, how they should function, so that they can continue to grow faster. In this article, practical examples (case studies) of a Polish and foreign company will be presented - identification of redefining the strategy and implementation of pivots together with better results of further development of the companies.

## **1.The concept, essence, classification of pivots and their meaning**

Beginning with such an important topic as included in the title of the article - strategies of pivoting enterprises in post-covid time - the basic concepts, essence and classifications of pivots, first of all, pivoting process should be presented, and it will be included in the literature review below. The concept of pivot - the function of physically rotating the screen 90 from landscape mode to portrait mode (height greater than width) (- Słownik.one, <https://www.slownik.one/pivot>). According to Business Advice What's a Business Pivot Strategy? (2021) making a turn is a strategic move that can be made to make a business profitable. It is a strategy of at least six or twelve months, but an example of turnover is also a situation

when a restaurant during the downtime during Covid-19 changed its offer for take-away only. It may happen that for some restaurants it will be a permanent change. The goal of changing the position of the company will be the fastest return to profitability. Conversion requires additional investment and time, and may also require assortment changes, branding and marketing activities, and new ways to distribute goods or services. Even if the changes are to be long-term, it is enough to find a few ways to adjust products or services as well as marketing activities so that they can work.

**Pivot** is not only used to get companies out of smaller or bigger problems. It is also perfect when the company plans to set sail on wider waters than before, for example, to expand the target group. Importantly, although pivot is most often associated with startup environments, it can be used at every stage of business development. The author M. Wojtas in paper *And what if a small... pivotlet were to be done in the company?* (recalls publication *What is pivot and is it really as effective in business as they say?* by E. Ries- the author of the book entitled *The Lean Startup Method*, who states that pivot in business is a change in strategy, in its original course, but not accompanied by a change in the company's vision. Pivoting is a manifestation of market flexibility and proof of the ability to quickly react to everything that happens in the company's environment. All of this serves to better match the product to the market and customers. Despite a rather short definition, in practice, pivoting can be a difficult undertaking for entrepreneurs. Next, the author points out that pivot can refer to many different activities of the company: offer, target group, market location, sales channels, type of distribution, type of promotion.

In turn, according to J. Kotarbiński (Kotarbiński, 2018) pivoting is a survival skill. Changes in the company, the key element of which is pivoting, consist in introducing changes to one or more of the factors mentioned, in a situation requiring modification of activities imposed on us by the market, i.e. customers most often. In addition, the author states that pivoting is a specific reflection of market flexibility - the better the company masters this ability, the more effectively it will respond to the changing environment, primarily in terms of changes in customer lifestyle. Changes should always be implemented when they are to provide us with a specific effect: better reaching the customer, more efficient product adaptation, more effective communication, reducing costs or increasing revenues.

It is worth quoting the considerations presented by the Founder Institute on the importance of pivoting, its causes and effectiveness (*What is pivoting, when to pivot and how to effectively and successfully make a turn* (Founder Institute, *What pivoting is 2018*) strategy, it is often believed that it involves a drastic change of the entire company. But this is not always the case. Often the company has only one important problem that needs

to be resolved and requires only one aspect of the company to be changed. Below there are some examples indicated by the Founder Institute and considered as "shifting". They include e.g. transforming one product feature into the product itself, resulting in a simpler, more streamlined offering. The opposite of this point is also considered a turning point in which one product is transformed into a function of a larger set of functions within another product. Focusing on a different group of clients by positioning the company in a new market. Another example involves changing a platform, let's say, from an application to software or vice versa. What proves essential is also applying a new settlement model in order to increase monetization as well as using various technologies to build a product, often in order to reduce costs of making or designing a more reliable product.

**Reasons for shifting.** In fact, a shift should only be considered when absolutely necessary and when all other options have been exhausted. The reasons for a situation when a shift really makes sense is when e.g. the company always manages to catch up. If our business grows too slowly despite the amount of work we put into it, we may need to consider changing our position. The business itself may not need to change, but we may need to change the business or income model, product or market. Another situation requiring pivoting is when competition is too fierce. Although at first, an idea may seem unique and original, there is always a chance that a larger company with more resources and funds and a built-in audience may create a similar, but a better offer. The situation when the company is stagnant and we observe slow (or no) progress in its development, will force us to change something. The stagnation may be the result of boredom or lack of team motivation, or simply an ineffective strategy, but whatever the cause, shifting definitely needs to be considered.

The company and its managers should concentrate on one really important thing. If only one aspect of the business is successful and the rest fail, or at least slow down, it could mean that the business should focus on making a profit on what works and change, perhaps even radically, or completely abandon what is not working. By focusing on what works, depending on our strategy, the business can experience increased productivity, efficiency and revenue.

It may also happen that the market has a limited response. We can do all the customer research and development in the world, but just because someone says they would now pay X the amount for an offer, it doesn't mean they will still buy it, say, six months later when a new product or service has actually been built and launched. A warm response to the initial release of an offer usually does not bode well, and while marketing and PR buzz can be generated, there is only so much you can do to convince the world of the value of your product.

On the other hand, the company's perspective may have changed. Once you've established a business and it has been around for a while, the chances are that your goals, vision, and values will change. Exploring a niche and experiencing it firsthand is completely different from each other and you may realize that there are other, better paths that a company can take.

**The problem of pivoting efficiency is another important aspect.** Once there is a decision to pivot a business, there are many factors to consider that entail a successful shift. Tips to help reduce the risk of rearranging and increase the chances of a positive result. They include for example, fast decisions. Many companies change a direction more than once, so don't give up on your startup life if you feel you may need to change a course multiple times to get your business on track. However, if a pivot needs to be made - be it once, twice or multiple times - it should be done as early as possible to avoid wasting time, effort and money. We should bear in mind that selecting new goals must be in line with our vision. Entrepreneurship is difficult and requires being honest with yourself as brutally as possible, because starting and running many companies, or even one company, is a long-term endeavor. We should take a step back and evaluate our life mission, but also take the extra time to make sure the new vision is right for our business. We should not give up work that is already done. Since shifts do not necessarily require a radical change of a course in all cases, it is important to identify which aspects of your business can be salvaged, retained, and reused once you have taken a new direction. What is really crucial at this point is the fact that we should listen to our customers. The feedback we get from our customers is a great indicator of whether we should be pivoting or not.

Another important aspect is that it should be verified whether the pivot offers opportunities for development. The pivot can be a useful decision for a startup that has encountered a stumbling block and cannot move on. However, if we steer our business in a new direction, the chances are that we will run into another obstacle, but in different circumstances. In order to prevent this from happening, the possibilities of development and expansion on a new path should be taken into account.

The authors-bloggers of Blog, Entrepreneurial leadership, Investor access, Pitching to investors (2022) suggest further steps involving reviewing business plan and strategy- as well as considering the following issues in one's pivot strategy:

- What products and services does your company offer and are they still desirable and suitable for your customers?

- Is there a way for short-term modification of the business so that it now generates sufficient income and has future profitability - or are more significant strategic changes needed?
- Would your company be better positioned if you gave up traditional presence and only offered online sales and services?
- What kind of employment changes should be made to be profitable?
- Do you have cash on hand to make the necessary changes, if not, can you get it?

All the steps presented above refer also to the method of pivot trajectory described in the further part of the paper.

### Typology of pivots

A pivot may entail a simple change, such as recognizing that the product's price was inappropriate, or it may entail a more complex change, such as switching the target customers or repackaging a monolithic product into a family of products (Blank and Dorf, 2012).

It is worth emphasizing once again defining that - a pivot may mean a simple change, e.g. recognizing that the price of a product was inappropriate, or a more complex change, e.g. changing the target audience or repackaging a monolithic product into a product family (Blank and Dorf, 2012). What is necessary here is to present the following types of pivots identified by Ries (2011):

1. **Zoom-in Pivot.** We perform this type of pivot when, after analyzing what the user does with the product, we decide only on one aspect of it .. This fragment of the old product, in fact, becomes a new product.
2. **Zoom-out Pivot** is pivot the other way around - what we have today is not enough to be an interesting standalone product, so we extend it until we get something valuable for customers.
3. **Customer Segment Pivot** is performed when we discover that a product really solves the problem of users, we should focus on the group that uses the product.
4. **Customer Need Pivot** is when we have tried to solve "A" but it turns out that "B" is a much bigger problem for the customer. Then, if we have a solution to the "B" problem, we can focus on it.
5. **Platform Pivot** concerns switching from one platform to another (e.g. from a web application to a mobile application).
6. **Business Architecture Pivot.** In the case of many industries, we can talk about two separate approaches - we try to acquire a small group of customers, but with high margins (usually B2B industries and products), or we want to have a mass product with lower margins and a different philosophy of acquiring

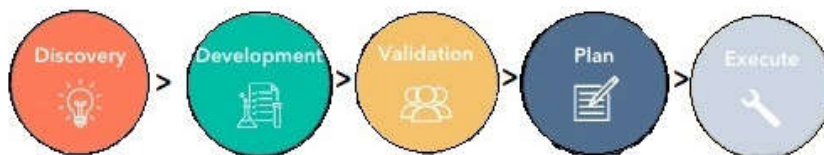
- customers (usually B2C market). This type of pivot was made by many SaaS companies - they took a product previously used on the B2B market and made them into products for the B2C market.
7. **Value Capture Pivot** means changing the way you earn/ monetize.
  8. **Engine of Growth Pivot.** In this pivot, the company changes its main method of increasing customer acquisition in order to grow faster or catch the right customer segment. It very often means introducing freemium, switching from freemium to free trial (or vice versa)
  9. **Channel Pivot** is a change/ simplification of the sales model. This is often associated with cutting out middlemen. The high-profile case is probably Apple, which gave up selling through intermediaries and created its own off-line stores.
  10. **Technology Pivot** – is performed when a new technology appears that completely changes the way the service / product is produced.

However, there is no simple recipe for the company of tomorrow. There are possibilities to implement different strategies of the future for the enterprise of tomorrow. In the third point of the article, practical examples of implemented pivots will be presented.

## 2. Pivoting process.

The pivoting problems discussed earlier can be grouped into a structured, logical process that can be carried out in five steps (Fuchs, 2022) or a pivot pyramid. Figure 1 shows a five-step process

**Figure.1 Pivoting process**



**Source:** J.Fuchs. When, Why, & How to Pivot a Startup Business, 2022, <https://blog.hubspot.com/sales/pivot-startup>

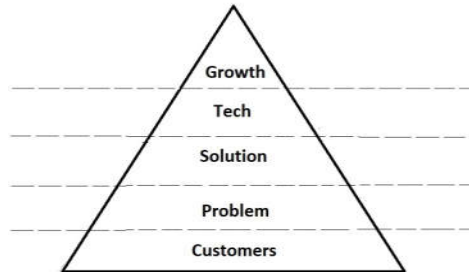
In case when a company assumes that business isn't scaling as planned and they know that a pivot is necessary, they should refer to the process whose stages are presented below.

1. **Discovery:** This stage is similar to your initial customer profile development, only now you're using the data and feedback you have collected while running your business. It should be used to inform about changes in your business model and product ideas.
2. **Development:** Once you have established a new product idea, it is time to develop a prototype. You should come up with something that has just enough viable features to attract early customers. This is also referred to as a minimum viable product (MVP). The product will be tested in the validation phase, so you do not want to spend too much time and resources on its development.
3. **Validation:** Now that you have got your MVP, it is time to test it. You must reach out to customers for feedback and insights. You should adjust and iterate on the product until you come up with something that customers will buy.
4. **Plan:** Pivot will not be successful without a plan. You should create a timeline to bring your new product to market. Additionally you must make sure that any necessary changes to branding and messaging are implemented before the launch.
5. **Execution:** All the groundwork has been done. Now it is time to execute your plan and launch. You may get insight into the functions that are the most popular among customers and you will know what technology can be used for a new idea.

Most successful businesses go through several turning points to find a product that fits their market. What makes it work is usually not one major turning point, but a series of experiments that cover the target customer, problem, product, technology, and growth channels. However, there is a process that enables entrepreneurs to effectively experiment in these areas of their activity, included in the so-called pivot pyramids presented by Alti S. (Selcuk 2019).

Pivot Pyramid is an intuitive and visual process that founders can rely on as they experiment with their startup in search for product market fit. It explains how companies can pivot in different areas of their company such as customers, problem, solution, technology and growth - and how these changes affect each other. Pivoting process in the form of pyramid is presented in Figure2



**Figure 2. The Pivot Pyramid**

**Source:** Selcuk Atli, who introduced the “Pivot Pyramid” model is a serial entrepreneur based in New York. [https://medium.com/@pivot\\_pyramid/introducing-the-pivot-pyramid-aa26d0255397](https://medium.com/@pivot_pyramid/introducing-the-pivot-pyramid-aa26d0255397))

**Customers** are the backbone of a startup. The problem that is solved, the product that is created and the technology on which it is built, all of these depend on who the customer is.

**Problem.** The right customer may have been identified, but we also solve the problem, If we have the right customer and the problem, we also have the market.

**Solution.** Problems that are important to customers are identified. Now you need to build a product that appeals to your customers better than the existing solutions on the market. Like all other changes to the marketing pyramid, changes to a product must be for measurable growth.

**Technology** is just a way to build a new solution. Even if the product resonates well with customers, technological choices may hinder the development and maintenance of the company.

**Growth.** All changes to the pivot pyramid must lead to growth. However, some experiments do not require any significant changes to the product or technology. These changes are at the top of the pivot pyramid. A great marketer should experiment with new growth tactics frequently. This is needed because most growth channels either saturate or become too expensive over time.

There are many approaches and studies on both the Canvas business model and various ranges of proposals and research on aspects of pivots. One of them is the development of Sanasi and Ghezzi (2022)

### **Pivots as strategic responses to crises: Evidence from Italian companies navigating Covid-19.**

The situation related to Covid-19 offered an opportunity to investigate new ventures' processes of business model transformation (or pivoting) during a major crisis. Specifically, adopting a multiple case study design, we investigated how four Italian firms operating throughout the Covid-19

emergency pivoted in response to the crisis. The authors developed a conceptual model of pivots-as-process that comprises three stages: reaction to shock, response, and retrospection, leading to longer-term strategic reorientation. Their search suggest that pivots play out across the three distinct layers of *enactment*, *reflection*, and *awareness*.

Another very interesting publication that needs to be discussed is *How digital startups use competitive intelligence to pivot* by Sadeghiania , Shokouhyara, Ahmadib (2022). Here, the role of data analytics capabilities in business model innovation has been emphasized. Today's competitive intelligence tools such as Alexa, Google Analytics, Similarweb, NexLab TrackEngine, etc. easily provide the decision-makers with competitive intelligence. However, the quality of these decisions at the exposure of competitive intelligence is still unknown. The aim was to investigate the role of competitive intelligence in entrepreneurs' decisions on business model pivoting at the early stages of their startups. The authors used a qualitative multi-case study of six startups to investigate the changes in the founders' attitudes toward their business models at the exposure of data analytics. Competitive intelligence led the early-stage entrepreneurs to pivot their business models. However, the quality of the resulted business models was questionable. To ensure the quality of decision-making, founders need to be supported by cognition service systems beyond the current competitive intelligence systems.

The next article entitled *Building Resilient and Innovative Business Models in the Era of Covid-19: A Process Approach* by Montemari, M. and Gatti, M. (2022) is also a very interesting paper citing the classification of 10 types of Ries pivots (2022) and exemplary 9 KPIs within each building block. The paper connects, organizes and systematizes within a structured process of several BM tools that have been proposed in the BM literature. The paper thus highlights how tools for BM mapping, control, and innovation can convey information to one another and can be connected in a way that allows companies to obtain a synergy effect when it comes to face instability and uncertainty. Overall, the paper shows that the combined and organized use of such tools is more valuable and useful than the application of single tools in isolation, thus highlighting that silo mentalities should be avoided.

Another approach according to Snihur, Y. and Claryssebc, B. (2021) presents organizational identity dynamics in a new venture pivoting, <https://www.sciencedirect.com/science/article/abs/pii/S0883902621000744>. to conduct an in-depth, longitudinal field study of a new venture developing technology for converting websites to mobile devices. The venture completes its first turnaround but fails on its second attempt to turn its business model around in a nascent market. Comparing the completed and failed turn, the analysis suggests that the new turn/pivot of the venture lies in the ability

to crystallize individual roles of organization members ("what we do") in accordance with the organizational identity ("who we are"). Their findings shed light on stakeholder constraints on switching by scaling new ventures through the micro-mechanism of role crystallization. The analysis also identifies the intertemporal effects of persisting organizational identity, thus advancing research into the dynamics of organizational identity in new ventures.

The authors Soans and Kostandinovic (2022) in *Enhancing startup valuation through sustainability* emphasize that startups operate with limited resources and profit margin visibility. Investors secure their investment based on the reputation and credit of startup founders or valuation methods. The key question is: Are variables missing from these valuation approaches? The answer is: "Sustainability". Today, the need for something bigger increases the responsibility for sustainable development in enterprises and sustainable finance. Startups with a sustainable approach may be more attractive to investors. In this article, the authors propose startups to adopt a sustainable first approach not only to meet social requirements, but also to increase a startup value.

Another very interesting publication is *Business model analysis in E-commerce Start-Up* by A.M. Rani, R. Adwiyah, (2022). E-commerce start-up companies in Bandung have the potential to be developed and reduce unemployment because they absorb labor. The e-commerce business start-up utilizes web-based technology and applications to provide facilities and services, so that all end-to-end customer needs can be met with just a cell phone. Based on this potential, the web hosting and domain service provider business is a promising business and allows for new competitors in this business activity. This study aims to map the business model of e-commerce start-up business in Bandung by taking samples at OYO rooms using nine Business Model Canvas blocks which are expected to be able to solve existing problems and conduct a SWOT analysis of their business model to see strengths, weaknesses, opportunities, and threats owned by the OYO rooms.

The aim of the next article by Kamariotou, M, Kitsios, F. (2022) entitled *Bringing Digital Innovation Strategies and Entrepreneurship: The Business Model Canvas in Open Data Ecosystem and Startups* is to explore and analyze how actors in the open data ecosystem work together, as well as their actions to generate value. Thirteen interviews were conducted with entities operating in the open data network. The information collected was used to assess how the existing ecosystem provides new business opportunities for those who provide data and those who use it. A business model canvas (BMC) was used to analyze the results, and the results were presented from the perspective of each entity in the network, including a startup. To add value to open data, a mind map

was developed to show how results are related in an attractive and easy-to-understand way.

Another idea for pivot trajectory is presented in the book by A. Osterwalder, Y. Pigneur, F. Etienne, A. Smith: *The Invincible Company* (2020). It is a very interesting solution that involves searching and pivoting, until we are certain that a new business idea may work. Searching includes discovery, validation and acceleration. A pivot trajectory involves reality check and change of direction. All these elements were described before in this paper. This study presents in detail the theoretical foundations, which due to the volume requirements of the article cannot be presented. What is only worth mentioning is the division into the exploration phase and portfolios of future projects, including the expected rate of return and innovative risk (reference to the Canvas model) and the development phase and portfolio of current projects, including the rate of return and the risk of collapse and destabilization (referring to the trajectory of growth and collapse of the venture. These three methods of process, pyramid and trajectory of the invincible company are appropriate for implementing pivots in practice.

In this publication, it is claimed that designing is an activity consisting in transformation of unclear ideas, market observations and evidence from tests into specific proposals of values and firm business models. The examples presented above depict big companies, whereas this paper attempts to present a pivot process in a small Polish and big foreign company.

### **3. Methodology**

In this article, practical examples (case studies) of a Polish and foreign company will be presented - identification of redefining the strategy and implementation of pivots together with better results of further development of these companies. Examples of companies are Velg Group and Shopify, in which pivots were implemented, which emphasizes the practical approach of the co-author of the article. The research questions refer to what types of pivots and how they are implemented, which will be presented based on the example of the below presented case studies. In the literature there is still a lack of examples of implementations of pivot processes as well as pivot pyramid and trajectory. This empirical research was based on suggested theoretical solutions shown in analyzed publications.

#### **4. Practical examples of Polish companies and companies with foreign capital - identification of implemented pivots.**

Well-known brands such as: Facebook, Twitter, Instagram, Groupon, Apple, IBM, Paypal, Airbnb, Play-Doh or Netflix, each of them has a more or less surprising pivot behind. Here are some examples: Groupon started out as a social networking site for people interested in specific events, Play-Doh was originally a wall cleaner, Netflix first offered DVD borrowing via mail, and IBM moved from printer manufacturing to computer manufacturing to consulting. Other examples (Pivot in a start-up and change management, wFirma.pl 2017, 03.2020) are: YouTube is a real giant today. Views count in billions. Its career was quite fast, it only started in 2005, and a year later was sold to Google.

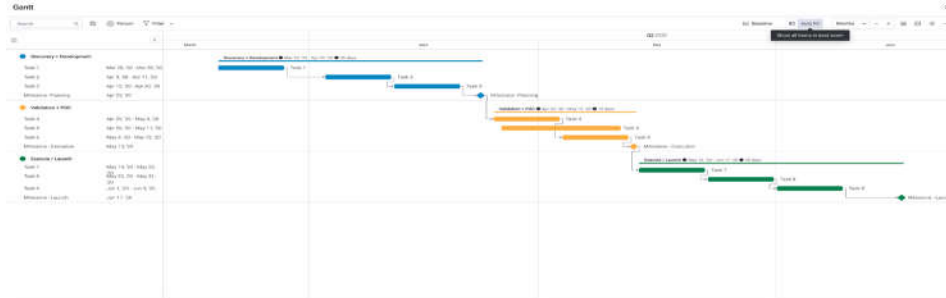
**Twitter:** Originally this microblogging site was called Odeo and you could upload your voice recordings in mp3 format. Later, the creators came up with the idea that the concept needs to be modified, so they wanted to share podcasts on the site. At the same time, however, Apple came up with the same idea, so the competition was beating their heads. Therefore, the creators made a quick decision - a complete change of the initial assumptions was to make them successful. It was then that it was invented that it would be a microblogging platform. The idea worked out perfectly, and today's Twitter is the most popular page where you can leave short messages. **Groupon:** on the other hand, it was initially something of a social networking site where people gathered to start the event. However, it soon turned out that instead of planning a protest or demonstration, people prefer, for example, to order a pizza in groups. So the portal changed its function and became the group shopping platform as we know it today. Pivots turned out to be the real bull's eye in the above-mentioned cases.

##### **4.1 Case study – Polish company called Velg Group**

**Velg Group** (<https://www.velg.co>) is a consulting company specializing in consulting and implementation of innovative cloud solutions. As an official Partner / Reseller of such SaaS software producers as: monday.com, Zendesk, Shopify, Pepperi, Calendly, BitSkout CloudOffix, make.com, Tuqqi, Tape, I support customers in the digital transformation process. Since 2011, it has been offering comprehensive services in the field of IT consulting, software adaptation to unique processes in companies, system integration and user training. The real challenge that contributed to the application of the pivoting strategy was the Covid-19 period. About 80% of the generated revenue sources before the outbreak of the pandemic came from consultations, trainings and workshops carried out in the on-site model, which means providing services directly at clients'

offices. The pivoting process was carried out in five stages, as shown in the Gantt chart below.

**Fig 1. Gantt chart**



Source: own Velg study

Presentation of the next five stages of the pivoting process.

**Discovery:** After the analysis of the first months of the pandemic, a significant decrease in services provided by Velg Group was identified. It turned out that the vast majority of companies were forced to start working remotely. Customers canceled or postponed already ordered services into an undefined time perspective.

**Development:** A strategy was developed to adjust the offer of services to the existing, new market conditions and customer requirements - Customer Need Pivot. A decision was made to introduce the product of remote consultation services and online training packages. This required an analysis of ready-made solutions already existing on the market that would meet the expectations of an efficient process of providing advanced services and ensure a high level of User Experience. Creating and developing your own software is time-consuming and requires high investment.

**Validation:** It was decided to choose a package of complementary cloud applications:

- monday.com for the implementation of implementation projects with a special zone of customer access to individual work areas.
- Zoom to improve communication and conducting dedicated video consultations with clients and conducting remote training webinars.
- make.com as an integration platform for remote configuration of multi-level data exchange processes between the systems operating in the infrastructure at customers' infrastructure and the new ones implemented together.

- Calendly - streamlining the process of booking online appointments that verified the availability of consultation dates in real time, with a key aspect, namely the payment gateway. Selected clients were invited to the tests and pilot projects were implemented. The Proof of Concept (Pilot) phase was successful and the customer reception was positive.
- **Plan:** A full implementation phase of the solution is planned, taking into account future development options and a change in the communication strategy.
- **Implementation:** A new website has been implemented, reflecting the marketing guidelines for new communication and facilitating the process of acquiring and serving customers.

**Table 1. Training schedule (Stationary v. remote)**

Number of trainings/consultations	2019	2020	2021
Stationary	82%	17%	22%
Remote	18%	83%	78%
	100%	100%	100%

**Source:** own Velg study

The pivot process and the customer pivot segment are presented in this case.

#### **4.2. Case study Shopify – Pivot.**

**Shopify** is currently one of the largest e-Commerce platforms for online stores in the world. This is an example of specifying a customer pivot segment. Shopify founders Tobias Lütke and Scott Lake decided to create online sales for their own snowboard products. Lütke was a programmer, but he didn't initially want to create his own software. In 2004, in their opinion, there were no interesting solutions on the market that would be user-friendly, so they decided to create their own online store under the name Snowdevil. After two months of building the infrastructure from scratch, the store was launched. The online store's initial performance turned out to be very good, exceeding the turnover of the brick-and-mortar store. In the Canadian Ruby on Rails developer community, their solution proved to be an initial success, so they made a decision to pull out of the snowboarding business and focus on building an e-commerce platform for other companies they would like to sell online. After two months of building on Rails, the Snowdevil website was ready for action. They had a profitable snowboarding sales season in 2004, but the initial reaction to Shopify

set them apart even more than their store. They started handing over their e-commerce platform to colleagues in the Rails' community, and received tons of inquiries about how they built the site. Soon Lütke and his friend Scott Lake were less motivated to sell snowboards than to build a business around the e-commerce platform they had created to help others sell their wares online. They put the Snow Devil on the shelf. The duo spent a year and a half developing and improving their software, paying particular attention to flexibility. With \$ 200,000 from friends and family and \$ 250,000 from a business angel, Lütke and Lake officially launched their customizable online store builder in 2006 and called it Shopify. But most importantly, they had paying customers (<https://www.alexanderjarvis.com/before-they-were-famous-15-startup-pivot-to-fame-5-shopify-and-slack>).

At this point, the business model was reconciled with the client's success. Shopify now focused on product development on creating features that helped customers sell more, as each sale for a customer meant more revenue from transaction fees for Shopify. For example, they built analytics into the product to help sellers track their inventory and sales, which early adopters loved. The focus of the new team on perfecting its creation paid off in 2008 when it became profitable. The situation of Spotify was very well presented by M. Manzoni and L. Luo (2020) in the article entitled *The 4 innovative business pivots in the age of pandemic*. As the pandemic and advertising agencies cut their budgets, this previously profitable company became a burden. To address the decline in revenue, Spotify cleverly shifted to creating original content - following Netflix's success patterns - using podcasts. This attempt of content creation turned Spotify from a middleman to deliver music to a source of original content for its consumers - a brilliant long-term shift. While it is unlikely that Spotify will ever be able to create a major record label, the transition to the world of content creation allows it to retain a much larger share of the profits. It is likely to be a much better engine for growth for the company in the years to come. So the new revenue streams that were introduced allowed them to get more value from customers.

In 2010, Shopify caught the attention of investors with \$ 7 million in funding, and in 2011, the company raised another \$ 15 million. Lütke and his early team built an easy-to-use product where none existed, and gave small merchants the tools to solve their own problems. This created a new market for people who had never been able to successfully sell online before, but now had everything they needed. They solved the problem themselves and it turned out well. According to the results published by Shopify, more than 1.7 million entities in approximately 175 countries used this platform in May 2021. Sales amounted to \$ 4,611 billion at the end of 2011 (<https://investors.shopify.com/financial-reports>). This is an example of a startup pivot, in which creating a product solely



for one's own needs turned out to be a valuable solution to deliver value to other clients and take advantage of the opportunity to achieve great market success. So, it is customer segment and technology pivot that matter. In these examples, we can simultaneously observe moving through the rungs of pivot pyramid.

### **Conclusions, recommendations.**

The important aspects of pivot implementation methods mentioned in subsequent publications are very important. The Founder Institute rightly captures the importance, causes and effectiveness of trading. In further studies, both the pivoting process and the pyramid include stages according to which he also mapped the stages of the process at Velg, and then also in Shopify, along with the identification of types of pivots and growth effects. However, in the publication - The Invincible Company - in the exploration phase there is a trajectory of exploration and return, and in the exploitation phase - activities within the portfolio of current ventures lead to a growth trajectory with scaling, strengthening and protection, as well as a decline trajectory with destabilization, crisis and significant changes in the business model and company's re-growth. However, it is impossible to calculate and indicate what trajectory analyzes may be carried out due to the lack of access to data. These methods can be used in pivoting in Polish companies. The last of the trajectory methods presented by an invincible company gives excellent and most detailed clues, which may be the subject of the next article.

The Velg case shows the adaptation to the customer's needs and training schedule that took place in the three years between 2019-2021. Over the next years, the trend in the number of classroom training sessions reversed - in 2019 they accounted for 82% and in 2021 only 22%, hence remote training increased from 18% in 2019 to 78% in 2021. On the other hand, the case of the Stockholm giant in the field of music streaming, Spotify, sets a record in speed of development such that most of the Silicon Valley unicorns can envy. This is evidenced by the increase in the number of paid subscribers from 1 million in 2011 to 60 million in 2017. Summing up, these examples will help identify potential paths to the pivot axis - finding a new revenue stream (Spotify) or finding a clever and novel way to use key resources, while being innovative (Velg) in response to the pandemic's constraints, will enable a more resilient business model.

These case studies can be used as good solutions for practitioners, as well as examples for didactic purposes - for students particularly interested in start-up solutions. This case study is also a good example for students and a model that researchers can set for didactic purposes

to deepen their knowledge, as well as for enterprises interested in pivot-modern organizations. It may also be the beginning of further research in this area. So, it is definitely a contribution to the development of science.

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