

Every Entrepreneur Pivots Their Business Eventually – But in the Age of AI, the Stakes Have Never Been Higher

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Pivoting can be the difference between a business's life and death. Those that didn't make it have sad epitaphs: Kodak: "Clung to film after digital photos became king." Blockbuster: "Ignored streaming while Netflix rewrote the script." Nokia: "Connected people, but lost out on smartphones."

Changing course mid-journey can be painful, but as the above examples show, the alternative is worse. Think of a ship whose captain sees a major storm brewing on the horizon. Sure, the route has already been carefully plotted. But to continue on without accounting for new conditions would obviously be foolish.

When to pivot and how are questions that every entrepreneur has to face. Here's how to do it.

Related: [Pivoting My Startup Saved It From Failing – Here's How It Can Help Yours, Too](#)

To pivot or not to pivot

Pivoting is sometimes necessary, but you also don't want to overdo it. A study from Duet Partners shows that startups that pivot once or twice have 3.6 times better user growth and are more than 50 percent less likely to scale prematurely than

startups that either pivot not at all or more than two times.

This data shows that how you approach your pivot is crucial. As *Harvard Business Review* notes, the risks of getting it wrong can be substantial, including but not limited to wasting time and resources or sending your team in an unproductive direction.

Before making a pivot, ask yourself your reasons for doing it. Are you bending to outside pressure? Is there too much competition? Did a new opportunity arise?

These can be reasons to pivot, but not always. When Google stepped into the online forms ring, I was really concerned – how could my then-fledgling company, Jotform, compete with one of the most powerful tech behemoths out there? I'd be lying if I said changing direction didn't cross my mind, and the idea of escaping to some uncharted territory where bigger, more formidable software companies had yet to tread was appealing.

But I stuck with it, and I am so glad I did. We not only survived Google's entry into the market, we flourished. That's because we do forms really well. When you find an idea that works, don't dump it out of fear. Assess what makes your product unique, execute it brilliantly and focus on the data – not the competition.

Follow the market

Pivoting is not the same thing as chasing an of-the-moment flight of fancy. There's an easy way to tell the difference, and that's by asking yourself if your switch-up is in the service of your customers or for your own ego.

A lot of entrepreneurs hope their product is going to disrupt an entire industry, a la Amazon or Google. I don't advise going down that road, but there is a sort of Goldilocks ratio when it comes to finding the right market. A small market

means you don't have any big competitors, and your business can expand along with the market—as long as that actually happens. If a market is too small, you won't have any growth. In that case, you'll need to change your product—in other words, pivot—to serve a larger market.

To keep up with what customers want, act like an anthropologist. The pandemic saw plenty of examples of businesses that anticipated that people's needs would change and worked to engage with customers accordingly – examples include adding live-chat options to websites or including feedback forms at the ends of newsletters to effectively gather feedback. Figure out where the market is, what customers actually want, and go from there.

Related: If You Don't Learn How to Pivot Your Business, You'll Watch It Perish – Here's What a Successful Pivot Looks Like.

Consider AI

The generative AI boom is well underway, and leaders need to think about how to integrate it into their services. But anyone who remembers the dawn of the dotcom era and its many busts (Pets.com is a perfect example) understands the importance of treading carefully.

In his new book, *Pivot or Die: How Leaders Thrive When Everything Changes*, author Gary Shapiro argues that leaders who fail to act on AI are at risk of near-instant obsolescence. And while genAI itself may be new, there are still lessons from history that can be carried forward. Shapiro suggests that companies use their core strengths as a starting point, and look for opportunities that can be executed in both the short-term and the long-term.

"I think this era in history will go down as never has there been such a radical transformation in technology and innovation and opportunity for people to do amazing things,"

he says. “[Going forward] requires a lot of thought, input ... figuring out where do we want to go? Where do we want to bet, and how much do we want to bet?”

There is no one-size-fits-all solution for determining when to pivot or in what direction. But as the world enters a new technological era, full of promise and peril, leaders should be thinking deeply about how well-suited they are to make bold moves and understand their reasons for doing so.

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