



Miller Center
for Social Entrepreneurship

Rapid Business Model Pivot

6 April 2020

The problem everyone faces

In the current crisis, your existing business model is disrupted—maybe even obliterated—and your cash flow is drying up.

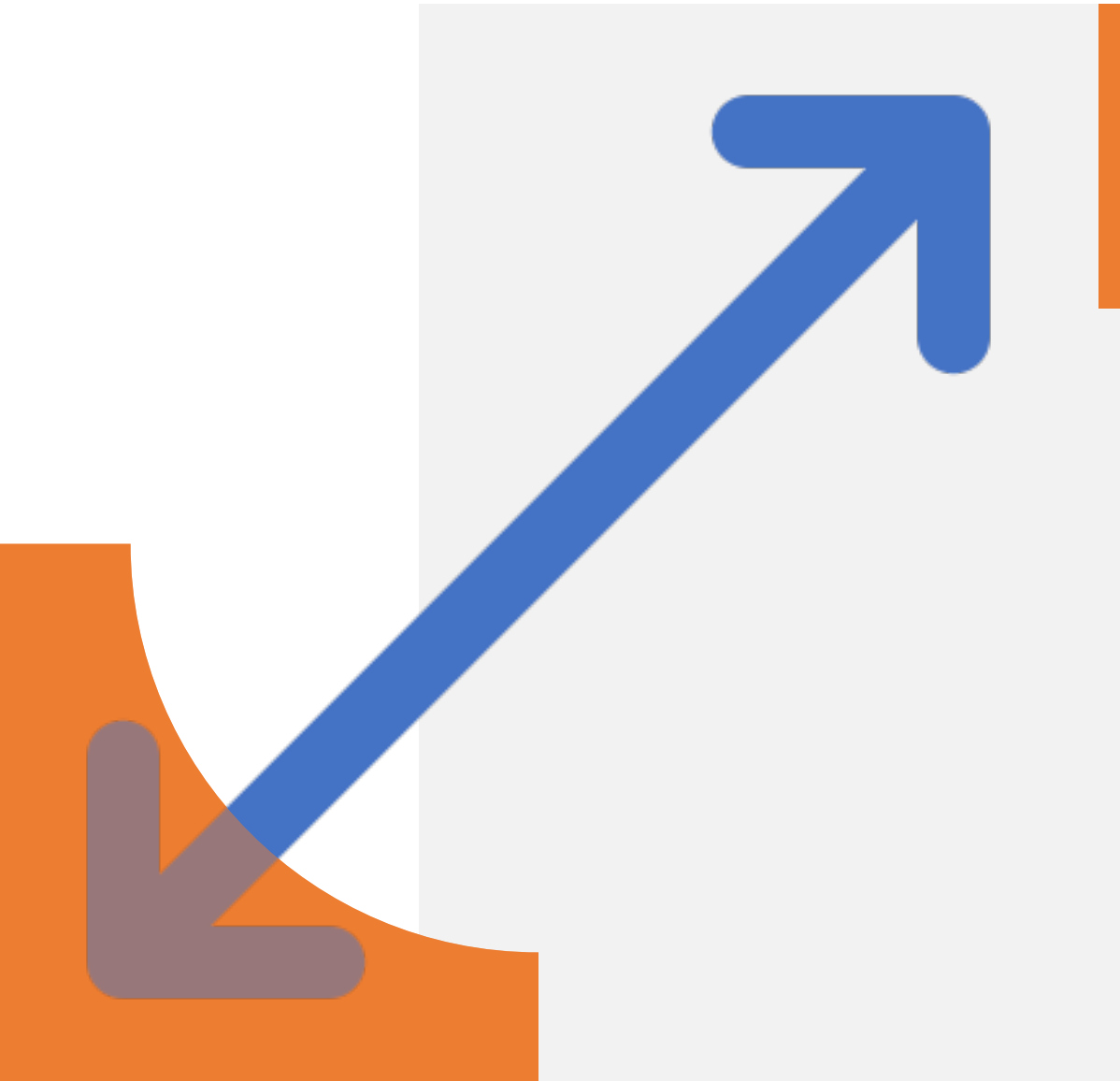
Two essential survival skills

Be defensive—cut your cashflow to the bone

- Make the tough decisions about what is essential to survive and reduce or cut the rest
- If you have less than 12 months of cash, find additional funding

Pivot your business model

- Innovate to find new ways to create revenue and deliver value
- Shift to a new model so you can survive the crisis



Today we are focused on pivoting

What types of pivots should you consider?

How do you pivot to a new model in order to survive?

What are the key ingredients for a successful pivot?

Pivots are a proven innovation approach—good pivots originate with great questions

Defensive Shifts

- *Twitter*: What can we do now that our original business model is obsolete?
- *Slack*: Where can we pivot now that our original gaming product is dead?
- *Philips Lighting*: What can we do—LED technology is putting an end to the entire lighting industry as we know it?

Offensive Transitions

- *Target*: Would people who shop in discount stores pay extra for designer products?
- *Apple*: Dell is driving everyone to direct on-line purchase of electronics — what if we offer our electronics in stores?
- *Starbucks*: Can we sell something other than espresso makers and coffee beans?

Defensive COVID-19 pivots are happening now in the commercial arena

- Gap, Nike, Zara, Brooks Brothers, and smaller manufacturers are using their factories to make masks, gowns, and scrubs
- Bike and sports equipment manufacturers are shifting to make personal protective equipment for front-line healthcare workers
- LVMH which owns perfume and makeup luxury brands, and P&G, the consume goods giant, have repurposed factories to hand sanitizer production; many alcoholic beverage producers are following suit
- Warterfield, a trucking company, is partnering with logistics companies to replenish ransacked grocery and retail shelves
- Hotel booking platform Hotels.ng partnered with hotels to create isolation centers across Nigeria, an added buffer for the country's limited quarantine facilities

Social enterprises are pivoting for COVID-19

- *Extensio* in Mexico provides agronomic advice for farmers via mobile app; now deploying app to push public health advice and critical information to farming community
- *MaquaOnline*, who has successfully employed at-risk women as household maids, has pivoted to provide sanitation services
- *EllieFunDay*, selling baby clothes made by artisans, is having their artisans make facemasks and donating to hospitals; currently rolling out a buy-one-give-one model for revenue
- *Everytable*, the LA healthy food chain, shifted to making home deliveries and started a COVID-19 Helpline to link its services with schools, senior centers, and homeless shelters in need of healthy, affordable meals
- *Lifebank*, a health startup in Nigeria, created a national register to identify ventilators and respirators for hospitals
- A social enterprise we work with is pivoting their disease management expertise to track COVID-19 in Africa

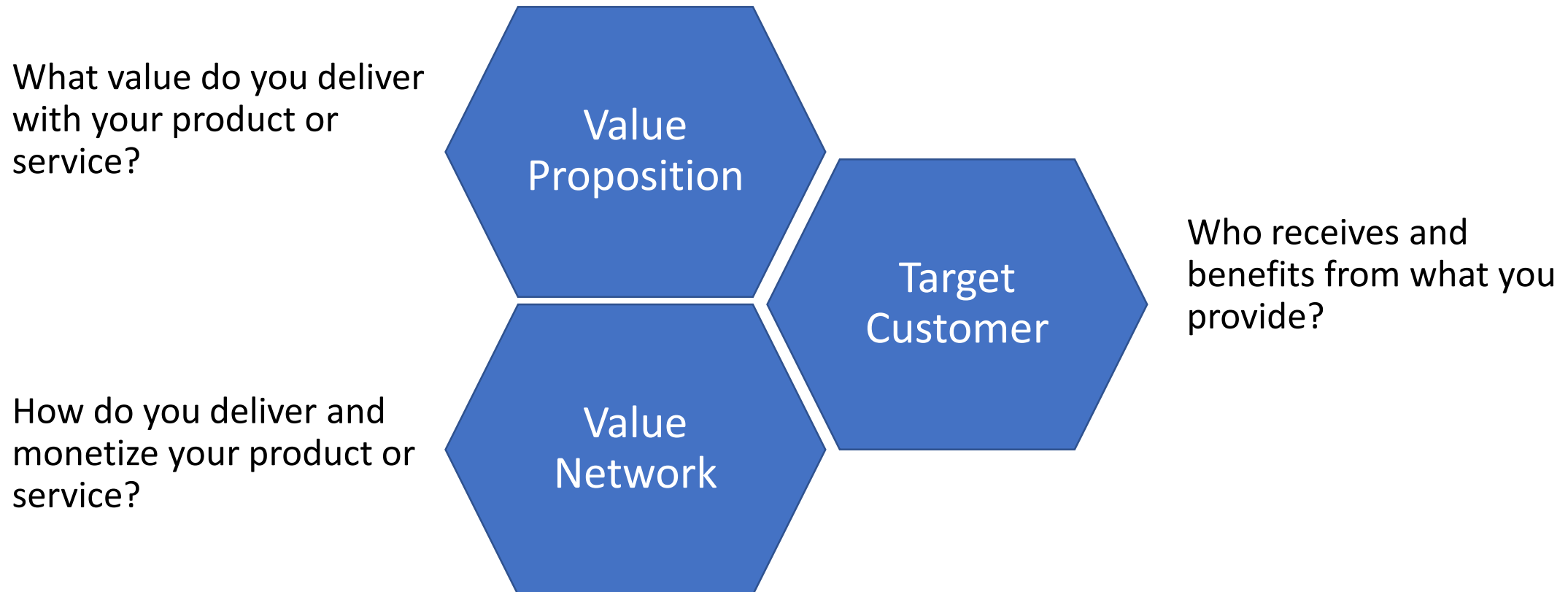


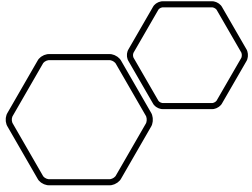
Business Model Pivot

What types of pivots should you consider?

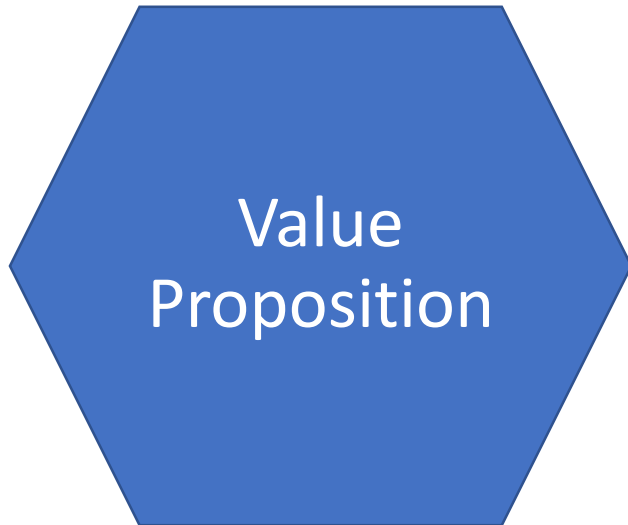
All pivots start with great questions

Three places to explore for pivots





Value Proposition— the first place to explore



What value do you deliver?

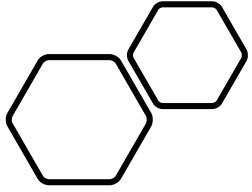
Fulfil unmet needs—can you shift to supply what people need today -- health, nutrition, safety, and in-home education?

Create solutions don't just solve part of people's problems—provide a complete solution to meet their needs— *Everyday* trucking works with logistics companies to supply food

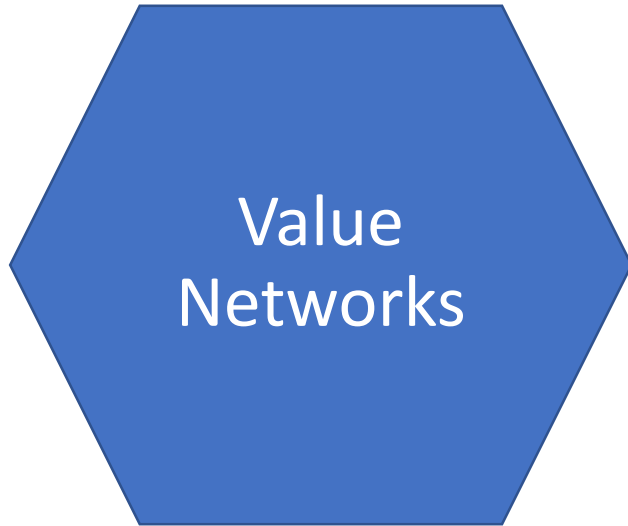
Create new value with existing assets—shift from nice-to-have to must-have—MaquaOnline supplies sanitation services

Rethink product/service dichotomy—can you make your service a product or vice versa? Maybe deliver home school education products rather than provide education services

Focus on what customers love about what you do?—Can you make that a business? Wrigley gave away gum to support the original business of selling baking goods and realized people liked the gum more than the baking goods



Value Networks— the second place to examine



How do you deliver
and monetize value?

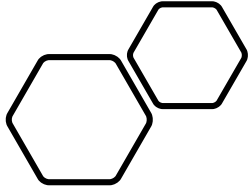
New ways to deliver your value— Is electronic delivery of your product or service an option? How about direct-to-customer?

Radically faster, better, cheaper supply chain— Are the options that you would never consider under normal circumstances?

Connect through partners— Can you deliver needed value working with partners?

Repurpose assets--What new products or services could you create with existing resources?

Monetize differently — Can you find novel ways to get paid? Consider subscriptions or alternate payment methods. EllieFunDay created a buy-one-donate-one model for masks.



Target Customers— the third place to query



Who receives and benefits?

Find new clients— Who else could use your products and services? Healthcare providers? Food services? *Everytable* added schools and seniors to its customer base

Reposition offering with existing clients—The best way to retain customers is to set them free—for example, consider delivering educational tools for home schooling and explore novel ways to get paid

Orchestrate the ecosystem—What can you provide with partners that you can't do alone? Can you collaborate with supply chain members and local operators to overcome barriers like Warterfield? *If we have X and a partner has Y, can we collaborate to deliver Z?*



Business Model Pivot

How do you pivot to a new model?

Framework for pivoting: Step 1 is a Pivot Party

Gather pivot ideas from inside and outside of your team

- Work with your employees– they are valuable idea generators
- Reach out to your board, mentors, and others for additional perspectives
- Work in groups whenever possible– good ideas often come from interactions

Host and facilitate a Pivot Party

- SWOT analysis of the current business model is a good starting exercise to get the juices flowing
- Also share what others have done to pivot to simulate creative thinking
- Explore the three places to look for pivots– value, networks, customers
- Get creative especially about the opportunities that have arisen in the new crisis environment
- Break loose from traditional thinking about your business

Generate potential pivots across all three parts

Value Proposition

What value do you deliver?

- Fulfil unmet needs
- Create solutions
- Create new value with existing assets
- Rethink product/service dichotomy
- Focus on what customers love about what you do

Value Networks

How do you deliver and monetize value?

- New ways to deliver your value
- Radically faster, better, cheaper supply chain
- Connect through partners
- Monetize differently

Target Customers

Who receives and benefits?

- New clients
- Reposition offering with existing clients
- Orchestrate the ecosystem



Step 2: select the best pivot

All pivot ideas are valuable as long as they

- Shift key elements of the current business model to save the business
- Allow you to jump into a new business that uses your people, partners, or assets

Sanity-test the identified pivots—some will be unrealistic

Develop selection criteria to sort out the most attractive options

Quickly dig into the tradeoffs and risks of each attractive pivot

Select the best one using the selection criteria and your gut

Step 3: try it

- Prototype the selected pivot with a succession of fast, cheap tests-- learn, adapt,
- Rollout the improved prototype but don't wait too long— ugly, bumpy, and fast is much better than smooth, beautiful, and slow
 - We are still in the early stages of adjusting operations and moving personnel around. But we are still very much in the triage stage of things – trying to figure out how to do this and get everyone in place where they need to be.
Founder's mindset
- *Your Pivot Rollout Mantra*: Make decisions, honor the decisions you made yesterday, figure out how to do it better today, and find funding to support the rollout phase
- Conduct 10, 20, and 30-day performance evaluations; implement improvements
- Set an investment cutoff point—pull the plug if it isn't work

What are the key ingredients for a successful pivot?

Inquire and create— ask piercing questions, challenge conventional thinking, and find potential pivots that can make a big difference

Be bold— inaction could be fatal and slowness paralyzing

Find and deploy a great pivot, see what works, and double down or pull the plug depending on performance





Questions?

What's Coming Up Next from Miller Center

- Miller Center is working with its funding partners to develop appropriate bridge funding mechanisms. Please fill out our survey to tell us more.
- Upcoming Webinars
 - Crisis Cash-flow Management (Thursday 4/9)
- Crisis Business Planning three-week mentored short program
 - Email anpan@scu.edu if you are interested
- Let us know if you are interested in peer-to-peer discussions to hear what other SEs are doing and exchange ideas on business model pivots.



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