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The business pivot: Changing direction overnight

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AddIn Social/Gijit is a strong case study of what is referred to as the pivot — the event of a small or not-so-small company changing direction in response to market feedback.

Mike Potter, Andrew Draper and Marc Meszaros were excited to take their place in the 2012 class of Extreme Startups, a popular incubator program funded by leading venture capitalist firms, including Extreme Venture Partners, OMERS, BDC, Rho Canada and Relay Ventures. Their business was AddIn Social, an enterprise social-media-monitoring solution with some large-cap, paying customers, six figures invested, and a software platform that was more than a year in the making.

In three days, the company was reborn as Gijit, a calendar-based platform app for busy professionals to better manage their schedules, organize and prepare for meetings and get through their day more efficiently and effectively. Within weeks, they had buyers lined up for the assets of their former business.

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What triggered this abrupt transition for the founders of AddIn Social? In part, it was feedback the trio received during Extreme's Investor Demo Day in mid-April. That evening, the three founders convened with a whiteboard to "blue sky" new business ideas — no holds barred.

Hours and plenty of pizza later, they had 30 ideas that they whittled down to 15, then six. They deliberated on the Final 6 late into the night Friday, finally settling on the concept for Gijit. By Monday, they had a logo, a website, beta code written and were getting ready for user signups.

Now, just a few weeks after launch, they have connected about 5,000 calendars to the Gijit platform, and have strong user metrics and more than 100,000 calendar events uploaded. Their concept is morphing and developing quickly, looking to become a "personal assistant" with intelligent functionality that is enhanced when Gijit users book meetings with other Gijit users.

For example, with meeting data geo-coded, the platform can facilitate activities, such as co-ordinating and making travel, parking or restaurant arrangements. The partners anticipate multiple new functionalities as the user base grows and creates a network.

Their mentors at Extreme are watching Gijit's progress with interest, and it has become a standout in the 2012 class.

Gijit's day of reckoning will be Investor Demo Day (extremestartups.com) June 19. Gijit is vying for \$150,000 in funding in addition to the \$50,000 it received for being chosen for the program.

Here are some of the takeaways from this pivot's transition:

Be honest about what you have and don't have in your current business AddIn Social had a complex enterprise offering with a long sales cycle and limited internal resources. It also had few prospects to raise third-party capital given the stage of the business and lack of standard VC milestones in terms of sales

revenue, number of customers and usage volume metrics. The team does have strong programming skills and a good “web sense.”

Look at your market opportunity continuously and dispassionately AddIn Social's market opportunity and growth arc was smaller than initially thought, partly because they are in essence competing with their customers, a tough sell in any economy. With Gijit, they see a massive population of online calendars, but few calendar-based apps. The concept is simple, and reaction to it has been quick and universally positive.

Pick a direction The team felt strongly that they couldn't fully hedge their bets. They had to go all-in in one direction or the other. They recognized there is a fine line between being too quick to let go and too stubborn to react to what the market was telling them. This is can be the trickiest element of a pivot.

Recognize an opportunity when it's staring you in the face Extreme Startups gave the trio wide access to business and market intelligence and a path to quick funding to the tune of \$150,000 if their new idea flies. In other words, fairly instant gratification is possible in a tough early stage capital market.

Involve the entire team, or the ones you want to keep The whole AddIn Social team was involved in the decision and after debate, everyone was on board. Unanimity among the core team is critical, as time is short when executing a pivot. There is little time for extraneous debate, which could tear the team apart.

Do the right thing Don't lightly abandon your legacy shareholders or customers. This isn't a forced bankruptcy, it is a strategic choice. Reputations can be lost if a pivot is executed poorly. This was important to Potter, Draper and Meszaros.

A pivot is a high-risk manoeuvre for any business, and one that is best-suited to web and software companies with a lighter physical asset base than more traditional businesses. It also requires a management team that can deal with extreme uncertainty and serious ad-libbing. A pivot tests the mettle of the team and the personalities.

Bottom line: Standing pat can be as risky as a dramatic pivot. We'll see how Gijit does come June 19.

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