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EDITOR'S PERSPECTIVE

Are you pivoting away your passion? The hidden danger of assuming customer sovereignty in entrepreneurial value creation

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1. The cycle of stakeholder value

A successful business creates value for a host of stakeholder groups, each with its own claim to the value the business creates, captures, and delivers. Investors provide financial capital while suppliers enable access to resources. Employees offer the labor and human capital needed to transform these resources. Customers provide revenue, whereas distributors offer access to these customers. Finally, without community support, business lacks the social license to operate and the infrastructure needed to function. Therefore, the interests of each of these stakeholder groups must be met to some extent in order for a business to operate, much less succeed.

Recognizing the need to attend to all of these stakeholder interests is not the same thing as giving each one equal priority. Through the years, society has witnessed prioritization of one stakeholder group over all others until the imbalance becomes untenable and leads to a societal reshuffling of attention. In the first half of the 20th century, for example, unionization arguably emerged in response to a perceived overemphasis on investor interests, only to be displaced in the middle of the century by an overemphasis on management interests. In the 1980s and 1990s, emphasis on entrepreneur interests then emerged partly as a reaction to an overemphasis on management interests; lately, it appears that customer interests may displace entrepreneur interests as the primary focal point of business. Many futurists have already begun to suggest that emphasis on customer interests may require rebalancing in light of a triple bottom line that encompasses broader stakeholder interests concerning social equity and environmental sustainability. Finally, it is not difficult to imagine how emphasis on broader stakeholder claims could eventually bring this cycle full circle as investors argue that their interests have taken too much of a backseat to broader stakeholder claims.

2. The rise of customer sovereignty and the promotion of pivoting

It seems that customer sovereignty is currently en vogue, customers having displaced entrepreneurs as the stakeholder group du jour, even among entrepreneurship gurus. In his influential bestseller, *The Lean Startup*, Eric Ries (2011, p. 149) noted, "Every entrepreneur eventually faces an overriding challenge in developing a successful product: deciding when to pivot and when to persevere." He defined a *pivot* as "a structured course correction designed to test a new fundamental hypothesis

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about the product, strategy, and engine of growth" (Ries, 2011, p. 149). Ries encouraged entrepreneurs to pivot relentlessly as they learn through experimentation about customer problems, needs, wants, and preferences regarding proposed product solutions.

Adapting new product solutions to accommodate customer preferences is clearly the focus of *The Lean Startup*, along with a swath of similar approaches peppering the pages of the popular press. As a result, the current trend in entrepreneurship pedagogy is to reallocate limited managerial attention away from the entrepreneur and toward the customer based on the premise that discerning and accommodating customer interests will unlock the royal avenue to entrepreneurial success.

On the surface, pivoting appears to be an unequivocally good thing. If new venture survival and success requires revenue and revenue comes from meeting customer interests, then giving them what they want seems like a logical starting place. Give customers what they want, and they will reciprocate by giving the business the revenue it seeks. How could more revenue be a bad thing?

On closer examination, however, the argument appears highly susceptible to the 'too-much-of-a-good-thing' fallacy—that is, if a little of something is good, then even more has to be better (Pierce & Aguinis, 2013). First of all, revenues are not profits. Making customers happy by selling a lot of products at a loss is no recipe for long-term success. Besides this obvious fact, there may be a second, potentially more important issue at hand. Products that others are willing to pay top dollar for may not be what an entrepreneur is interested in providing, no matter how high the margin on the good or service. This suggests that there may be good reason to believe that entrepreneur interests are categorically different from those of the other stakeholder groups mentioned earlier. Unless entrepreneur interests are met sufficiently enough to encourage new venture creation, there will be no business to discuss; no value created, captured, and delivered; and, thus, no pie to divvy up among the remaining stakeholder groups. This is where passion—one key input of an entrepreneur's interests—enters the picture.

3. Does pivoting compromise passion?

If pivoting is a process of adaptation in which an entrepreneur accommodates customer interests to make a sale, then it constitutes a form of extrinsic motivation. That is, entrepreneurs are learning to adapt their own behavior to receive external rewards from customers in the form of revenue. At the other end of the motivational spectrum is passion, which is a form of intrinsic motivation entrepreneurs have for their craft or for the process of venturing. Passion requires no external reward; engagement in the activity is reward enough to encourage action and to produce fulfillment.

Pivoting can either support or undermine passion. Consider, for example, an artist who sells her paintings professionally. In testing the market, she discovers that only some of the products she paints have commercial appeal. Although she finds landscape painting more fulfilling, she learns that she can increase her sales by painting only portraits. *The Lean Startup* (Ries, 2011), *Design Thinking* (Brown, 2009), and a host of popular ideation techniques—all of which advocate pivoting and similar rapid innovation techniques—would encourage this evolution away from landscape paintings and toward portraits. But what if doing so comes at the expense of the artist-entrepreneur's passion for her craft, which was the reason she became an artist in the first place? In scenarios like this, pivoting to accommodate customer preferences would come at the expense of nurturing the entrepreneur's passion.

Now consider a second artist-entrepreneur. Unlike his counterpart, he may find the process of selling his work to be intrinsically rewarding because the struggle for commercial success itself is what motivates him, fulfilling his entrepreneurial passion for identifying opportunities and raising capital. For a case in point, consider Gene Simmons from the band KISS. Self-admittedly, Simmons is a shameless promoter of KISS's commercial success, turning the band into a brand and licensing that brand for products ranging from pinball machines to coffins. In numerous interviews, Simmons has mocked bands that are worried about their artistic integrity, saying that he never felt even a moment of tension between his passion for music and his entrepreneurial passion. Pivoting to give customers what they wanted—whether in branding the band or in making music itself—made perfect sense to Simmons and may offer guidance for any entrepreneur who feels no conflict between his own interests and those of the customer.

The point is neither that pivoting is bad nor that pivoting necessarily compromises passion. Quite the contrary; some sacrifice of one's passion or artistic integrity may be the pragmatism needed to ensure that passion is given any voice whatsoever, especially as new venture creation. Thus, sacrificing some passion when pivoting may be necessary or even beneficial, but the potential for