ISTANBUL TECHNICAL UNIVERSITY ★ GRADUATE SCHOOL

MANAGING STRATEGIC REORIENTATION OF NEW VENTURES IN A DEVELOPING COUNTRY CONTEXT

M.Sc. THESIS

Anıl ŞEN

Department of Management Engineering

Master in Management Programme

JULY 2023

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ISTANBUL TEKNİK ÜNİVERSİTESİ ★ LİSANSÜSTÜ EĞİTİM ENSTİTÜSÜ

GELİŞMEKTE OLAN BİR PAZARDA YENİ KURULAN BİR GİRİŞİMİ PİVOT ETMEK

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Anıl Şen, a M.Sc student of İTU Graduate School student ID 403191001, successfully defended the thesis/dissertation entitled "MANAGING STRATEGIC REORIENTATION OF NEW VENTURES IN A DEVELOPING COUNTRY CONTEXT", which he prepared after fulfilling the requirements specified in the associated legislations, before the jury whose signatures are below.

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To my unborn child,

FOREWORD

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SUMMARY

New ventures often undergo strategic reorientations while searching for a market fit. They target establishing and maintaining their legitimacy among specific audiences. However, these moves may limit their legitimacy in their further moves. In explaining how actors justify fundamental strategy redirections, the research identified a sequence of stratagems helping actors change their strategies while showing commitment to earlier objectives to maintain legitimacy while positioning strategic changes in an established institutional environment, like the USA. To shed light on how ventures manage strategic reorientations in a less institutionalized environment, such as a developing country, we performed an inductive, comparative case study of ventures in a nascent financial-technology sector similar to the original study that identified the series of stratagems. Our case studies were compared and constructed among themselves and with the original study in the USA to identify the impacts of contextual differences. The comparisons reveal that these ventures also pursued parallel reorientations in a different contextual environment and produced comparable end products. However, their audiences and their audience management approaches have diverged even further. The developing country context offers unique challenges and opportunities for strategic reorientation. The study also has methodological contributions. While this study was not entirely a replication, it contributes to our understanding of qualitative research in comparable and non-comparable environments. It also discusses theoretical limits and practical opportunities for performing qualitative research with a replicative logic across contexts.

GELİŞMEKTE OLAN BİR PAZARDA YENİ KURULAN BİR GİRİŞİMİ PİVOT ETMEK

ÖZET

Yeni girişimler, uygun bir pazar ararken genellikle stratejik yeniden yönlendirmelerden geçerler. Belirli kitleler arasında meşruiyetlerini tesis etmeyi ve sürdürmeyi hedeflerler. Ancak bu hamleler ileriki dönemlerde meşruiyetlerini sınırlayabilir. Çalışmada, aktörlerin temel strateji yönlendirmelerini nasıl gerekçelendirdiğini açıklarken, aktörlerin ABD gibi yerleşik bir kurumsal ortamda stratejik değişiklikleri konumlandırırken meşruiyetini sürdürmek için daha önceki hedeflere bağlılık gösterirken stratejilerini değiştirmelerine yardımcı olan bir dizi strateji belirledik. Girişimlerin, gelişmekte olan bir ülke gibi daha az kurumsallaşmış bir ortamda stratejik yeniden yönelimleri nasıl yönettiğine ışık tutmak için, bir takım stratejiler dizisini tanımlayan orijinal çalışmaya benzer şekilde, gelişmekte olan bir finansal teknoloji sektöründeki girişimlere ilişkin tümevarımsal, karşılaştırmalı bir vaka çalışması gerçekleştirdik. Durum incelemelerimiz, bağlamsal farklılıkların etkilerini belirlemek için kendi aralarında ve ABD'deki orijinal çalışma ile karşılaştırıldı ve yapılandırıldı. Karşılaştırmalar, bu girişimlerin aynı zamanda farklı bir bağlamsal ortamda paralel yeniden yönlendirmeler izlediğini ve karşılaştırılabilir nihai ürünler ürettiğini ortaya koymaktadır. Ancak, girişimlerin müşteri kitlesi ve müşteri yönetimi yaklaşımları daha da farklılaştı. Gelişmekte olan ülke bağlamı, stratejik yeniden yönlendirme için benzersiz zorluklar ve fırsatlar sunmaktadır. Çalışmanın metodolojik katkıları da bulunmaktadır. Bu çalışma tamamen bir replikasyon olmasa da, karşılaştırılabilir ve karşılaştırılamaz ortamlarda nitel araştırma anlayışımıza katkıda bulunabilir. Aynı zamanda, bağlamlar arasında yineleyici bir mantıkla nitel araştırma yapmak için teorik sınırları ve pratik fırsatları tartışır.

1. INTRODUCTION

New ventures often undergo strategic reorientations while searching for a market fit. They target establishing and maintaining their legitimacy among specific audiences. However, these moves may limit their legitimacy in their further moves. In explaining how actors justify fundamental strategy redirections, the research identified a sequence of stratagems helping actors change their strategies while showing commitment to earlier objectives to maintain legitimacy while positioning strategic changes in an established institutional environment, like the USA.

To shed light on how ventures manage strategic reorientations in a less institutionalized environment, such as a developing country, we performed an inductive, comparative case study of ventures in a nascent financial-technology sector similar to the original study that identified the series of stratagems.

Our case studies were compared and constructed among themselves and with the original study by McDonald and Gao (2019) in the USA to identify the impacts of contextual differences. The comparisons reveal that these ventures also pursued parallel reorientations in a different contextual environment and produced comparable end products. However, their audiences and their audience management approaches have diverged even further. The developing country context offers unique challenges and opportunities for strategic reorientation.

The study also has methodological contributions. While this study was not entirely a replication, it contributes to our understanding of qualitative research in comparable and non-comparable environments. It also discusses theoretical limits and practical opportunities for performing qualitative research with a replicative logic across contexts.

Despite the crucial role of pivoting in new venture management, there is a research gap in understanding the factors that influence a successful pivot. This study aims to fill this gap by providing a comparative analysis of the pivoting journeys of four ventures in different contexts.

1.1 Purpose of Thesis

This study augments the original study by analyzing the pivoting process of two new Fintech ventures in Turkey similar to the original study in specific dimensions, starting with similar resources, purposes, and inspiration but ending with different results after a similar duration with different pivots. This difference allows us to make meaningful cross-case comparisons between our cases and the cases of McDonald and Gao (2019). The methodology involves analyzing case studies of two B2B companies (Alpha and Beta in Turkey) and two B2C companies (Standard and Poors from the original study) and examining their pivoting journeys in detail. The study examines the factors that led to the pivot, the process of pivoting, and the outcomes of the pivot, providing a detailed analysis of the pivoting journeys of two new Fintech ventures in a nascent market in a developing country. Comparing them with similar new ventures in a developed country highlights the importance of considering contextual factors when making pivot decisions.

Thus, the study identify factors that may affect the success of pivots in nascent markets and understand how companies' management handles the process in developing country contexts differentially. Notably, the study also attempts to locate the optimal way of managing a strategic reorientation, which can be valuable for new ventures looking to grow more successfully and efficiently. The discussion section's analysis of the generalizability of the findings to different contexts can provide insights into how contextual factors may impact strategic reorientation processes in various markets and industries. Thus, the study provides valuable insights into how new ventures can manage strategic reorientation effectively, particularly in nascent markets.

McDonald and Gao (2019) demonstrated how strategic reorientation processes might result differently in two companies that produce similar roboadvisory products ("Standard" and "Poors" as pseudonyms). The study identified a sequence of stratagems that provides a framework for new ventures that plan a strategic reorientation to manage their process while staying committed to their initial aims. This study took a similar perspective and identified stratagems relevant to local contexts and cases. It also discusses what factors and observations in McDonald and

Gao (2019) might be more generalizable across contexts and what results are context-specific for the USA.

Thus, the paper contributes to the existing literature on entrepreneurship and pivoting, particularly in emerging markets and the Fintech industry. The findings may be relevant to researchers, practitioners, and policymakers interested in these topics. They may provide valuable insights for new venture founders and managers looking to navigate pivot management successfully. The study may be particularly relevant to researchers, practitioners, and policymakers interested in Fintech entrepreneurship in emerging markets with B2B or B2C new ventures.

1.2 Theoretical Background

In 2008, Jon Stein, A Columbia Business School MBA graduate, and Eli Broverman, a NYU School of Law lawyer, came together to found Betterment in New York City. Later it became one of the largest roboadvisory platforms worldwide. Only two years after, Betterment was awarded "Biggest New York Disruptor" at TechCrunch Disrupt New York and attracted approximately 400 early customers in 24 hours. As of Dec.31, 2022, Betterment reached more than 770.000 customers worldwide, according to information published on the company's webpage (Betterment, 2022).

Betterment's journey till today was not stable. The company pivoted several times to transform its business model to provide an effective client engagement model, increase profitability, and grow faster. Betterment pivoted towards a hybrid model in 2017, adding human advisors to augment the automated service. The aim was to respond to more challenging and complex questions from the growing customer base (Neal, 2017). They also hope the B2B environment enables a faster path toward new investments and growth than the B2C environment. Since 2014 they have launched several products for the B2B industry, such as Betterment Institutional and Betterment for Business – a 401(k) platform (Steinberger, 2018).

Betterment, one of the world's largest roboadvisory companies, became a role model for companies worldwide. The Betterment case shows that pivoting may grow the companies when performed correctly. However, pivoting includes how they anticipate, justify, and stage their strategic reorientation and reorganize their organizational design differs from ventures and contexts (McDonald & Gao, 2015).

1.2.1 Fintech/Wealthtech

Before detailing pivoting concept for the new ventures operating in the nascent markets, it is key to understand the sector's characteristics. Roboadvisory companies such as Betterment are part of a sub-sector of Fintech called "Wealth Tech." Wealth Tech is a part of Fintech that also covers following sub-sectors: Bank Tech, Insure Tech and Reg Tech. *What does Fintech mean?* Although Fintech entered the literature only several years ago, it already created a large research area by far. According to a bibliometric analysis published by Tepe, Geyikci and Sancak (2022), financial technology, blockchain, financial services and financial inclusion are the main topics amongst Fintech research. Fintech can also be defined as a technology that is aimed to supply financial products or services to financial markets. However, technology used is to be more sophisticated than existing financial services technology i.e ATMs, credit cards, centralized banking.

Fintech is expected to bring an innovation to settled processes. Fintech should ease the life of individuals thanks to innovative solutions that are generated (Michigan Tech, 2023). *What are the application areas for Fintech?* The main feature of Fintech may be defined as automatization of product and services (Dziawgo, 2021). According to Leong and Sung (2018), there are several aspects where Fintech create business value across sectors. These are classified as: Fintech on Payments, Fintech on Advisory Service, Fintech on Financing and Fintech on Compliance. On payment aspect, the key development trend is cashless payment. Cashless payment enables more users for seamless e-payment process, and in relation to this trend, data transmission technologies, security issues, user experiences, data analytic techniques become more critical areas for future studies. Advisory service aspect includes sub-areas like investment advice, asset management consultation, insurance service, customer supports and management decision-makings. Financing aspect covers any innovative solutions for obtaining funds for business activities from different sources. In particular, digital crowdfunding solutions is one of the development areas for this aspect. Lastly, Leong.K and Sung.A (2018) suggest that the Fintech aspects above mark great potential for future studies to contribute to existing literature.

Fintech companies concentrate generally on the following areas: investment services, risk management, payment services, data privacy management digital client servicing platforms (Kondraciuk and Zaleska, 2019; Ślązak, 2018).

Webster and Buckley (2016) indicate that Fintech keeps growing worldwide, both in developed and emerging countries. Their study highlights that a weighted average of 15.5% of digitally active customers across six markets used more than one Fintech product. They suggest that Fintech solutions primarily target a customer profile consisting of tech-savvy, metropolitan existence with an above income and self-developers. In emerging countries, the interest remains still high as developed countries with requirement of a significant consideration of developers and providers to familiarise themselves with the dynamics of emerging markets and design their products based on real need of developing markets. Developing market context is also a topic of our study, where we analyzed in depth in the following sections.

Wealthtech (investment suggestion and trading solutions including robo-advisory) is regarded one of main domains of the Fintech (Boratynska, 2019) with growing customer demand worldwide.

1.2.2 The concept of Pivot (Strategic Reorientation)

New ventures usually pivot at certain stages of their journey. For example, Twitter started as a podcasting platform named Odeo. It later transformed into today's form because the founders were concerned that iTunes could beat them in the podcasting market. Similarly, Instagram started as a check-in app containing gaming elements from Mafia Wars. It was like PayPal, initially developed to allow people to beam payments from their handled digital computers (Forbes, 2013). So, what does pivot mean? Early uses of the word "pivot" in a business context with its actual meaning belong to Ries (2011) and Blank (2013). According to Steve Blank, a pivot is not only changing the product. Ries (2011) describes pivot as a significant change throughout the business affecting the product, strategy, and growth. After discovering the firm's incorrect business hypothesis, it is a substantive change across the business model canvas (See Table 1). From a different point of view, Arteaga and Hyland (2013) consider pivoting the same as "Incubation." They viewed it as a phase in the transformation journey of companies where they reduce uncertainties (market, resource, technical, and organization uncertainty) and maximize their learnings. At this stage, the founders validate the market interest and revisit the strategic fit as necessary. Eventually, this process may require a shift in the current strategy (Arteaga & Hyland, 2013).

How is pivot triggered? The pace of globalization and technological change trigger companies to adapt to the external environment. Companies always seek ways to constantly revise their organization, plans, and strategy to keep pace with changes in the external environment and even to lead the external environment (Agarwal & Helfat, 2009). As nascent technology entrepreneurs, they face dynamic mutual interaction of markets. These interactions are due to industry maturation, legacy effects, fights over standards and practices, technology development, and integration (Earle, Merenda, & Davis, 2019). A pivot occurs when the founders reveal that the current business model of a new venture is not viable and requires a change to survive and grow. According to Grimes (2018), external demands and feedback received from customers or stakeholders trigger the transformation. However, it is also worth noting that psychological ownership of ideas is essential in how individuals in ventures respond to feedback from the external environment (Grimes, 2018).

What are the factors that affect the success of a pivot? Recent research by Snihur and Clarysse (2022) argues that the reaction of the inner circle of a venture correlate highly with the return and efficiency of the pivoting process. The response of employees and investors to the intention of change in strategy highly determines the return of the pivot. Stakeholder constraints, role identification, and organizational identity also play a significant role in pivot success (Snihur & Clarysse, 2022). Ott and Eisenhardt (2020) underline the importance of pausing at learning plateaus to consolidate and internalize learning to form a successful strategy in nascent markets instead of rushing ahead. On the other hand, Contigiani and Levinthal (2018) point to the importance of the value of learning quickly and failing fast.

1.2.3 Pivot (Strategic Reorientation) management

New ventures face uncertainty and unpredictability, challenging succeeding in a competitive market. One approach that new ventures use to navigate these challenges is pivot management. Pivot refers to a new venture’s strategic shift to change its direction or refocus its business model to better align with market demand and customer needs (Ries, 2011). Pivot management is crucial for new ventures as it allows them to adapt to changing market conditions, improve product-market fit, and enhance their chances of success.

For many years, Management of pivot/strategic reorientation/strategic change was part of the literature. The researches sought a framework for strategic reorientations for the companies across diverse sectors. Tichy (1983) defines strategic reorientation as a process that includes changes in “products, services, markets, organizational structure and human resources" for organizations. Tichy (1983) suggests several levers required for strategic change, including *External Interface* (analysis of external environment), *Mission*, *Strategy* (a well-developed strategic plan), *Prescribed Networks* (specification of communication including reporting line definitions), *Organizational Process* and advocated that a framework was needed for a structured approach to the “change”. Lawton, Rajwani, O’Kane (2011) analyzed the strategic reorientation journey of a legacy airlines that were challenged by poor performance over the years and presented a framework to the literature for a successful reorientation; the framework suggest that strengthening leadership team, focusing on cost-cut/profit maximization, increasing quality of the service, enhancing internal communication and setting win-win relationship with external partners is critical for a successful strategic reorientation for the aviation industry. Bager & Jensen (2018) study strategic reorientation in small firms. According to results obtained from the small firms, proper/structured training of managers is vital in achieving successful strategic reorientation results for these firms. Learning may be another pivotal factor for business model design and strategic reorientation. McDonald & Eisenhardt (2020) developed “parallel play” framework that supports the borrowing process, business model and know-how from peers of new ventures in the nascent markets. According to their findings, openness to learning from other players in the same ecosystem significantly contributed to the success of new ventures.

The literature has not presented a unifying framework/framing required for a well-managed strategic reorientation (Snihur et al., 2021). Snihur et al. (2021) argue that distinctiveness, coherence, and resonance to be established across framing. They focus on framing literature from *venture legitimation* and *field legitimation* perspectives. Both legitimation perspectives –mainly venture legitimation - are essential to interpret the results of our study.

Fisher et al. (2017) highlight that following three mechanisms that enable new ventures to establish a prospering venture legitimacy: (1) identity mechanisms that reflect intention of identity formation of new ventures (2) associative mechanisms that denote how new venture is bound with stakeholders and (3) organizational mechanisms that relate to qualification of leaders in the organization. Venture legitimacy can be seen as an influential factor for new ventures to attract resources like talent, financial resources, technology and government support –to enhance the new venture's growth (Zimmerman & Zeitz, 2002). Moreover, complications (optimal distinctiveness, audience diversity, market category evolution, multiple legitimacy thresholds) associated with the new venture legitimacy contribute to difficulties emerging in new ventures' early stages (Fisher, 2020).

Contextual factors play a significant role in pivot decision-making and application. Factors such as investor influence, target audience, regulations, and media coverage can affect a new venture's pivot strategy and outcomes (McDonald & Gao, 2015). For example, new ventures in the B2C industry may face different challenges in pivot management than B2B due to differences in customer behavior and loyalty (Saini et al., 2010). Investors' expectations and reactions to a new venture's pivot strategy can influence its decision-making process and outcomes (Hellmann, 2002).

Several other studies have explored pivot management in new ventures. For instance, studies have examined factors influencing pivot decision-making, such as market feedback and customer behavior (Eisenhardt & Tabrizi, 1995; Sull & Eisenhardt, 2012). Other studies have investigated the impact of pivot strategies on new venture success, such as the effect and implementation of pivoting (De Reuver et al., 2016).

Table 1.1: Business Model Canvas Diagram (Osterwalder, 2010).

KEY PARTNERS	**KEY ACTIVITIES**	**VALUE PROPOSITIONS**	**CUSTOMER RELATIONSHIPS**	**CUSTOMER SEGMENTS**
• Who are our key partners? • Who are our key suppliers? • Which key sources are we acquiring	• What key activities do the Value propositions require? • Distribution channels? • Customer relationships? • Revenue streams?	• What value do we deliver to the customer? • Which one of our customers.' • What problems are we helping to solve? • What bundles of products and services are we	• How do we get, keep and grow customers? • Which customer relationships have we established? • How are they integrated with the rest of our business model? • How costly are they?	• For whom are we creating value? • Who are our most important customers? • What are the customer archetypes?

<table>
<tr>
<td>from our partners?
• Which key activities do partners perform?</td>
<td>KEY SOURCES
• What key resources do our value propositions require?
• Our distribution channels?
• Customer relationships?
• Revenue streams?</td>
<td>offering to each segment?
• Which customer needs are we satisfying?
• What is the minimum viable product?</td>
<td>CHANNELS
• Through which channels do our customer segments want to be reached?
• How do other companies reach them now?
• Which ones work best?
• How are we integrating them with customer routines?</td>
<td></td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
• What are the most important costs inherent to our business?
• Which key resources are most expensive?
• Which key activities are most expensive?</td>
<td colspan="2">REVENUE STREAMS
• For what value are our customers willing to pay?
• For what do they currently pay?
• What is the revenue model?
• What are the pricing tactics?</td>
</tr>
</table>

Definitions above for the pivot and the factors related to the success of pivot point out a similar conclusion that is key to consider for our study: Pivot is a structured shift in the strategy that impacts all business aspects of the firm, and its success depends on multiple factors that span across organization structure, internal/external stakeholders (founders, employees, investors) and external environment (customers, media). Managing such a multi-layered process requires a disciplined approach – particularly in nascent markets where ambiguity and the pace of change are at the highest level.

McDonald and Gao (2019) unearthed a structured approach underlying the pivot in their study. They developed a theoretical framework based on three stratagems. These are (1) **Anticipating reorientation**: Crafting an abstract frame to create room to maneuver, (2) **Justifying reorientation**: “Bridging justifications” to signal frame continuity and (3) **Staging reorientation**: Pairing pivots with conciliatory rhetoric. According to their study, these stratagems help ventures to reorient their strategies by minimizing penalties from their key audiences (McDonald & Gao, 2019).

In short, a pivot refers to a significant change in a business model that impacts various aspects of a firm, triggered by external demands and feedback from customers or stakeholders. The success of a pivot depends on multiple factors, including stakeholder constraints, role identification, and organizational identity, and requires a disciplined approach to management. Strategies such as anticipating, justifying, and staging reorientation can help ventures adjust their strategies. These strategies may also help them minimize penalties from critical audiences. Thus, pivoting is crucial for a firm's growth and survival. This argument applies particularly in nascent markets and developing countries with high ambiguity and limited institutionalization.

The literature highlights the importance of contextual factors in pivot decision-making and execution. However, more research is needed to understand the complexities and challenges of pivot management in different contexts. This study contributes to this gap by providing a comparative analysis of the pivots of similar ventures in different contexts.

2. METHODS

This study employs a qualitative research methodology to analyze the pivoting journeys of ventures in different contexts. The research methodology includes an analysis of existing literature on pivot management, followed by a comparative case study analysis of the two ventures as a replication study, bringing in two other ventures from a different context. In qualitative research, replication studies have been conducted to validate or challenge the findings of previous studies. Replication studies help to enhance the limits of generalizability of qualitative studies by attempting similar research designs and comparing results in different contexts (Miles & Huberman, 1994).

2.1 Replicating a Qualitative Study

There is a significant debate about whether replicating a qualitative study can or should be done. Aguinis and Solarino (2019) argued that transparency is critical in replication studies for qualitative research. In their view, the higher the transparency level, the more the study becomes reliable and can be used for future replications. They suggest 12 transparency criteria level that affects the trustworthiness of qualitative replication study. These transparency criteria are related to several elements of the replication study structure, i.e., research frame, sampling procedure, interactions with participants, unexpected events, data analysis, and data disclosure – and being explicit about these elements.

On the other hand, results from their study suggest that not all qualitative replication studies they analyzed are fully transparent and not expected to be. The transparency level of a study forms the type of replicability (*empirical replication, exact replication, and conceptual replication*) of the study. Empirical replication happens when authors replicate a previous study using the same procedures but on a different population. Conceptual replication happens when authors replicate the previous study using the same population but different procedures. Exact replication happens when the population and procedures are the same as in the previous study.

In response to Aguinis and Solarino (2019), Pratt, Kaplan, and Wittington (2020) argue that linking transparency to replicability in qualitative research is not prudent. They argue that qualitative research has its fundamentals on confidentiality. Therefore sharing one's preregistration, protocols, and data to maintain sufficient transparency are often inappropriate, unethical, and harmful to the research. According to Kaplan and Wittington (2020), transparency efforts (excluding efforts on being transparent in the qualitative research method) are inappropriate, unlike quantitative research. To form our paper, we followed Aguinis and Solarino's approach to meet the transparency criteria. We believe that qualitative studies comprise great contribution potential for existing literature, particularly in extending replicated studies' outcomes towards different populations and contexts. While there are apparent limits to replication in qualitative studies, still a replicative perspective has its merits, as trying to replicate qualitative studies with similar samples may help us reveal cross-case similarities and unique contextual differences.

We selected an inductive research design to replicate McDonald and Gao (2019). The inductive design seeks to answer a fully or partially answered question that may be an observed phenomenon of interest (Woiceshyn, 2018) and is suited well to our study. We harmonized the inductive research design with a comparative case study approach by selecting two new ventures whose end products and backgrounds are similar to the original study.

2.2 The Research Setting and the Sample

Following McDonald and Gao (2019), we located new ventures working on roboadvisory products and platforms to minimize the variance due to the nature of the product or the industry between the cases. From the list of alternatives, the selection criteria for the case studies included the following: (1) the ventures must have undergone a pivot at some point in their journey, (2) the ventures must operate in the same country context (e.g., Turkey for convenience and contrast with the USA), and (3) the ventures must have received varying levels of investment and media coverage. The two ventures selected for the case studies are Alpha and Beta. Two other cases came from the original study by McDonald and Gao (2019) as Standard and Poors.

Alpha and Beta started with different aspirations, product frames, and claims from Standard and Poors. However, they operate in the same sector, with similar products and company profiles as new ventures. All four ventures operate as roboadvisory-driven products and platforms.

Additionally, we analyzed the impact of regulations that is not included in the original paper: Fintech is one of Turkey's most regulated sectors, with a boosting development in recent years despite being under regulative challenges (Degerli, 2019). Fintech new ventures need to be aware of regulative constraints in Turkey. Therefore, they must form and change their strategies and business models in light of regulatory constraints. Hence, we also considered the regulatory impact on data collection and analysis in this paper.

2.3 Data Collection and Analysis

The study involved collecting primary data from cofounders and employees of Alpha and Beta with semi-structured interviews. We conducted four semi-structured interviews with the cofounders of both ventures that we selected. The interviews we organized with the cofounder of each venture were independent of each other and held on different dates. Interviews lasted approximately 1 hour, and all were recorded and transcribed. We directed the same questions (please refer to Appendix B to view full list of questions) to the interviewees. We did not interview employees since both venture teams do not have enough years of tenure to provide the information required for our study. The data collection also involved collecting secondary data from various sources, including articles, press releases, annual reports, interviews, and social media.

After collecting qualitative data, we conducted open and axial coding approaches by generating codes from our interview records and secondary data. Coding is an essential structural operation in qualitative research that enables data analysis and forward steps to serve the purpose and scope of the study. Open coding is the first step; the first author identified explicit concepts and themes for categorization. After open coding, axial coding was applied. In contrast, to open coding, axial coding further refines, aligns, and categorizes the themes that the researchers identify during the open coding step (Williams & Moser, 2019). We generated 61 codes (33 codes related to Alpha Corporation and 28 codes related to Beta Corporation) and 18 categories. We formed categories based on our research questions. By data analysis, we aimed to pattern internal factors, stakeholders, and external factors/environments that play a role in strategy formation and pivoting of ventures (see Appendix A for a detailed list of codes). The results supported comparing the two cases and mapping the detailed findings. The analysis identifies patterns in internal and external factors and stakeholder involvement in strategy formation and pivoting of ventures.

In short, the study’s inductive research design and comparative case study approach allowed for a detailed analysis of the contextual similarities and distinctions between the ventures in developing and developed countries with different pivoting journeys. The following section presents the results of the study. Table with single row and centered columns.

3. RESULTS

This section presents a detailed analysis of the pivoting journeys of four new ventures: Alpha and Beta from the present study and Standard, Poors from McDonald and Gao (2019). We compare the contextual differences, including investments received, target audience, stakeholders, and media coverage, which affected the pivot decision-making process for these new ventures. Furthermore, we discuss the impact of these contextual factors on a pivot's success and the new ventures' long-term growth prospects.

3.1 Case I: Alpha Corporation

Alpha Corporation was initially launched as a personal pension management platform provider based on the information provided. However, after spending two years negotiating and discussing with potential customers, Alpha eventually sold its product to a global insurance company, which became its first customer. The company has successfully connected with several banks, financial institutions, and corporations, convincing them to use its product. Alpha's revenue model is subscription-based. Their major cost component is labor cost, with other components mainly consisting of server costs, tech-relevant costs, and costs incurred from stock exchange data purchases.

Alpha expanded its product portfolio by adding new products, such as personal investment management and portfolio management platforms, positioning its products as independent brands. They launched new products with unique identities, marking their turning point and becoming a full-scale investment management platform provider. Alpha received an initial grant from TÜBİTAK (Türkiye Bilimsel ve Teknolojik Araştırma Kurumu – the Scientific and Technological Research Institution of Turkiye) and participated in various accelerator programs. They took place amongst the top 20 finalists in an entrepreneurship competition organized by a university. However, they did not accept any investments offered, as some proposals did not support Alpha's mid-term growth plan.

Currently, Alpha provides its services to customers in Turkey and Azerbaijan, with the primary market being Turkey. They want to enter more markets, but costs are the main definitive factors in countries. Finding suitable investments to join and grow in new markets is essential. The founders are confident in their goals and company profile as a roboadvisory-based investment management platform provider. They do not intend to divert in another direction. They were always flexible in adding new products and solutions to generate more revenue and profitability while remaining in their current play area.

3.1.1 The Founding of Alpha

The Alpha Company started in 2017 as a bank's initial pension platform provider. One of its cofounders was inspired by Betterment (a leading US-based wealth-tech company) to introduce a similar roboadvisory-driven investment management platform in Turkey. This cofounder (Mr. A), who also leads the company today as the general manager, has an intense experience and background in investment management and private banking. He wanted to use his experience to initiate his own business to introduce one of Turkey's first examples of roboadvisory platforms. The second founder – minority shareholder – (will be named "B" in the following) acted as a CTO who has supported major shareholders from a technology set-up and application perspective. Cofounder B partnered with cofounder A in exchange for company shares and increased the portion of shares he possessed with a stock option vesting. Currently, cofounder B no longer acts as CTO. However, he remains a board member with several other companies he supported and partnered with technology-wise. While Mr. A acted as an opinion leader and domain expert, cofounder B remained responsible for building the platform's technological design during his partnership as CTO.

3.1.2 Initial concept: Individual pension management platform

Alpha Corporation has been operating as a B2B company since its launch. From the beginning, it connects with several banks, financial institutions, and corporations. It convinced them to use its product (personal pension management platform). After spending two years on long-lasting negotiations and discussions with potential customers, the cofounders could have eventually sold their product to a global insurance company as their first customer. Cofounder A states that they started with this customer because it was a global company, and they could have supported Alpha's global expansion. Alpha received tremendous support from their customer. For example, they were invited to several global events and received investment offers. They drew the attention of another banking institution – which later became Alpha's second corporate customer.

Alpha's revenue model is subscription-based, generating net positive revenue currently. Their major cost component is labor cost. The other components are mainly server costs, tech-relevant costs, and costs incurred from stock exchange data purchases. While Alpha is not directly subject to direct regulation, its customers are subject to regulatory compliance as they serve consumers and businesses. Alpha has successfully navigated through its long-term plan despite all the challenges since its foundation.

3.1.3 Revised and Final Concept: A Roboadvisory-driven B2B platform provider

Alpha expanded its product portfolio by adding new products such as personal investment management and portfolio management platforms aimed to be used by banks and relevant financial institutions to expand their exposure to the customer base. After spending approximately two years on only particular pension areas, they released their new products. Alpha followed a branding/diversification strategy and positioned its products as independent brands. They launched new products with unique identities, marking their turning point. They became no longer a sole personal pension management provider but a full-scale investment management platform provider that the same customers could still choose.

Alpha started with a personal pension management concept. Mr. A states there were customers and substantial revenue potential in this area. They started flexibly acknowledging that they could manage investments anyhow, and only the type of investment management differed.

The company's founders proceeded in their current vertical by increasing their target audience. They both underline that they are confident in their goals and company profile. As a roboadvisory-based investment management platform provider, they do not intend to divert in another direction. They were always flexible in adding new products and solutions to generate more revenue and profitability while remaining in their current play area. “We have a very clear product vertical, and we have been going this way for 5 years. We are making future plans in the same direction. So we have no intention of pivoting at the moment.” Cofounder A explained their commitment to the product vertical.

Alpha received an initial grant from TÜBİTAK (Türkiye Bilimsel ve Teknolojik Araştırma Kurumu – the Scientific and Technological Research Institution of Turkiye) and participated in accelerator programs. They took place amongst the top 20 finalists in an entrepreneurship competition organized by a university. However, they did not accept any investments offered. They were skeptical of the offers they received. According to the founders, some proposals did not support Alpha’s mid-term growth plan, so they could not agree with investors.

Regarding the reason of rejecting investment offers, Cofounder B said, “There were different reasons (of not accepting an investment offer). We could not agree on valuation on some of these. In some, the amount we would take was not sufficient to support the impact we could make. That's why we thought it would be healthier not to continue under this stress.” At the same time, they are eager to receive investments to help Alpha, particularly with their expansion plan outside Turkey.

Alpha currently provides its services to customers in Turkey and Azerbaijan, while the primary market is Turkey. They entered the Azerbaijani market owing to the confounders’ network. Cofounder Mr. A stresses that they want to enter more markets. However, costs are the main definitive factors in countries. Finding suitable investments to join and grow in new markets is essential. We refer to Table 2 for an overview of the business model of Alpha Corporation with a Business Model Canvas.

Table 3.1 : Business Model Canvas for Alpha Corporation

KEY PARTNERS	**KEY ACTIVITIES**	**VALUE PROPOSITIONS**	**CUSTOMER RELATIONSHIPS**	**CUSTOMER SEGMENTS**
Data providers and services	All products about investment funds and wealth management	A customer experience helping customers to save time and to make more straightforward decision making Lower cost for banks – roboadvisory	Switching to controlled growth from aggressive growth to protect market position Close relationship with corporate customers through planned customer meetings	Solid, corporate, and global customer selection

<table>
<tr><td></td><td>KEY SOURCES

Roboadvisory usage
Skilled talent</td><td>usage instead of human support</td><td>CHANNELS

Online platform
Direct reach to corporate customers</td><td></td></tr>
<tr><td colspan="3">COST STRUCTURE

Personnel cost heavy
Technology costs (e.g., software, server, maintenance)</td><td colspan="2">REVENUE STREAMS

Subscription-based revenue model
Positive revenue stream and profitability</td></tr>
</table>

3.2 Case II: Beta Corporation

Beta Corporation was a startup that started as a B2B provider of fund rating and personal pension management platforms to financial institutions. Beta Corporation encountered market challenges despite initial success when conflicts arose with its corporate clients. In response, the company’s founders opted to pivot towards a new market by directing their efforts toward creating a digital investment platform focused on serving individual clients in a B2C environment.

The pivot decision was relatively rigid, as the company had to acquire new skills and expertise to enter the B2C sector. The founders’ previous experience in investment management also influenced the pivot decision, which provided them with the necessary knowledge and networks to enter the new market. Despite facing challenges in attracting new investments and growing compared to other players in the market, the company’s pivot yielded some positive results.

3.2.1 The Founding of Beta

Beta Corporation was founded in 2014 by two academics who were finance experts and decided to translate their finance know-how into a tangible product. One of Beta’s cofounders (cofounder D) is a finance professor. In contrast, the other cofounder (E) was a doctoral student who worked with cofounder D at the same university. As cofounder D described, they claim expertise in wealth management, investment management, portfolio management, and private pension management.

3.2.2 Initial concept: Fund rating (B2B)

Initially, Beta operated as an officially authorized fund rating company – fund rating was their first product. In 2015, they became the first company Capital Markets Board in Turkey authorized. They release their fund ratings via web service providers. Their primary revenue sources were sponsorship and fund rating.

Two cofounders established Beta in 2017 with equal shares in the company. They have similar professional backgrounds. Both have finance, banking, investment, and portfolio management, which forced them to work with outsources (like software, legal, and accounting) to grow their company. In addition to the founders, two computer engineers are on the team.

3.2.3 Revised Concept: Personal pension management platform provider (B2B)

Starting in 2017, Beta decided to focus on roboadvisory. The cofounders state that they use their algorithm, which provides suggestions to clients. They started with personal pension management by targeting banks as their customers. They have not received any investment yet. However, they received several grants occasionally. The most remarkable was the grant they received in 2019 when they participated in an entrepreneurship competition organized by a university and won a place in the best ten new ventures.

Beta acted as a B2B company for approximately five years by targeting banks to convince them to use their pension management platform. They never transformed the pension management platform into a viable product. They were not able to sell the product and generate revenue. They attempted to contact banks and started projects to customize their products according to the special requests of banks, but it never worked. According to one of the founders, decision-makers of the customer team, participating in discussions with the Beta team change frequently. The cofounder explained this: “There was no continuity when we organized 25 meetings in 6 years and 8 months and talk to different teams in 20 of those 25 meetings. Then, we could not see the same teams in the second meeting. Big structures, many things. I realized that I was tired of telling the same thing to different teams over 25 meetings.“ Processes took longer than expected due to changing project team members - different people in project meetings – and changing priorities. This situation created repetitive long-lasting discussions that did not conclude. The process itself was not sustainable due to frequent changes, creating uncertainty. Also, the same founder adds that although they treated their product with high priority, customer teams did not. As they were big corporates in that diverse projects run simultaneously, their product was unique for founders but not for customer teams. After many trials, project meetings, and discussions with their corporate customers, they eventually decided not to continue with the current concept in the B2B environment. They argue, with great learning, that "B2B was not a thing for them."

3.2.4 Final Concept: A digital investment platform (B2C)

After many trials, efforts, and, most importantly, learnings, the founders decided to switch the business model to B2C from B2B, emphasizing being a digital investment platform. In early 2022, they opened a new platform/webpage. At the same time, they still kept their fund rating product, although they prioritized their new B2C platform. This new platform enabled them to connect directly with end-users. However, they do not manage customers' portfolios. They only provide advice and information about the funds' performance. Via this platform, users can choose any fund they wish to buy. The platform advises users parallel to their risk profile and helps their decision-making. The platform's value proposition is to help people manage their investments better. Their target customer segment is people between 25 and 60; doctors, lawyers, and white collars. As of today, they reached more than 10.000 users. The platform's revenue model is on monthly subscriptions. Their cost structure consists of labor costs, server costs, data costs, marketing/promotion, and outsourcing (accounting and legal services) costs.

Beta's founders used social media channels very actively to reach potential customers. They organized informative talks about general market trends and trending funds. They hosted investment professionals to provide timely and interactive advice and engage customers with their investment platform.

The platform positions itself as an "advisor" by neither having direct control over the customer's portfolio nor providing directional advice. Thus, as the founders say, they are not subject to compliance with regulations dictated by regulatory bodies. Clients do not take any action on their portfolios on the platform. Instead, the platform directs the users to their bank or investment fund page through the links. However, one founder states they plan to change the business model again in 2023. They want to become a platform where clients can manage their portfolios directly. Therefore, the platform will not be only an advisory platform but will transform into a shape where users can manage their portfolios naturally. With this change, their revenue model will rely on subscriptions and the investment fund’s management fees. We refer to Table 3 for an overview of the company profile for Beta Corporation from a Business Model Canvas.

Table 3.2 : Business Model Canvas for Beta Corporation

<table>
<tr>
<td rowspan="2">KEY PARTNERS

Data providers, banks, and insurance companies</td>
<td>KEY ACTIVITIES

Roboadvisory-driven fund management platform</td>
<td rowspan="2" colspan="2">VALUE PROPOSITIONS

Better investment management for individuals</td>
<td colspan="2">CUSTOMER RELATIONSHIPS

Active social media usage for customer connection

Maintaining sponsorship agreements with financial institutions</td>
<td rowspan="2">CUSTOMER SEGMENTS

People from diverse professions aged between 25 – 60</td>
</tr>
<tr>
<td>KEY SOURCES

Roboadvisory driven algorithms</td>
<td colspan="2">CHANNELS

Online platform
Direct reach to corporate customers</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE

Software, personnel services, data, advertising, and marketing costs are high.</td>
<td colspan="4">REVENUE STREAMS

Subscription and sponsorship-based revenue model
No profitability</td>
</tr>
</table>

3.3 Cases III and IV: Standard and Poors Companies

Both Standard and Poors companies started as B2C Fintech firms, focusing on providing personalized financial advice to individual customers. However, they required pivoting to serve customers better and acquire more customers for sustainable growth. Companies then pivoted in distinct ways that generated different results for each.

The pivot decision for both companies was highly deterministic as the consequences of any change affected customer reaction. In contrast to Alpha and Beta, Standard and Poors had to consider investor impact in its pivot decision-making process. The investors played a crucial role in defining the company's strategic direction due to their substantial funding. The pivot allowed Standard and Poors to serve its target audience better and align with the B2B industry's regulatory requirements. Moreover, the companies' media coverage helped in acquiring new customers.

Standard reoriented its initial strategy (from investing simulation to investment platform) to encourage more investment management professionals and customers to join the platform. Standard's initial form aimed to attract amateur professionals to showcase their talent in investment management by dealing with virtual portfolios. Then, customers would track their performance and choose to follow the investment strategy of amateur professionals to apply the same to their existing accounts. Standard applied a fee for this service.

However, later the founders revealed that very few amateur investment professionals could fulfill the company's "special designation" (McDonald & Gao, 2019). Moreover, it became apparent that skilled professionals who qualified for the company's special designation were already active investment professionals instead of amateurs. This situation contradicted Standard's initial plan and expectations. Eventually, they decided to reorient their strategy by concentrating on professional investment professionals instead of amateurs. In the final stage, they transformed into an automated investment advisory (roboadvisory) platform.

Poors started as an "information aggregation product for retail investors" (McDonald & Gao, 2019) with award-winning technology. Due to low user registration on the website, they needed more registration to collect more data through the network effect. As wrong users were attracted to the system (day traders instead of long-term investors), Poors transformed into a social platform, changing its value proposition. Poors became a platform where users would share their investment ideas rather than an information aggregation platform. We observe here a significant shift in value proposition and product frame. After this pivot, Poors attracted new users and partnership opportunities well. However, Poors cash generation did not capture expectations. That situation led Poors to make its final reorientation for its strategy (automated investment advisor), which ended with cash out of the company due to low revenue generation.

4. DISCUSSION

The theoretical framework (consisting of rhetorical stratagems) presented and applied in the original study of McDonald and Gao (2019) is used in our study to understand the pivoting process of Alpha and Beta and measure/compare both ventures' performance in managing their pivoting. We identified significant differences in how Alpha and Beta's strategies changed the journey thanks to the framework. Also, we identified conceptual differences between the original case study and ours resulting from their operating business model (B2B or B2C), audience, and stakeholder profile.

The study of McDonald and Gao (2019) focused on two ventures operating in the B2C sector with a more extended history, contrary to those considered for our study. Standard Corporation and Poors Corporation cases evolved into automated advisors in their final concept despite their completely different initial plans.

Standard and Poors operated as automated investment advisors in their final stages, but Poors failed while Standard was successful. Poors did not fix its product frame, anticipate reorientation, and communicate the justification of the change with the audience and stakeholders. Poors corporation stages were not strongly connected and did not remain bounded to their base.

In the case of Standard, pivots did not conflict with Standard's initial plan, and the product frame remained the same through all stages. They did not change the value proposition significantly, whereas Poor changed with each pivot. Standard also outperformed in communicating changes with customers, investors, and all stakeholders. Feedback against changes was positive and showed an increasing interest in Standard's products.

The ventures we considered are less mature businesses that do not have large teams and a significant audience pipeline. Although they started differently, both followed similar plans in their early stages – automated investment management platforms.

Then they had to amend their plans parallel to issues they later identified similar to Standard and Poors.

Alpha and Beta started with similar plans but had different final concepts. Beta transformed into a B2C concept, while Alpha remained committed to B2B but diversified its product pipeline. Similar to the results from the original study, the authors observed that the ventures acted more harmonized with the theoretical framework and eventually became more successful in their growth.

Alpha and Beta followed slightly different stages than Rory McDonald and Cheng Gao's study. Initially, Alpha was a roboadvisory-driven personal pension management provider; but its product offering was limited. They expanded their product offerings with significant diversification. However, they targeted the same customer segment – corporate customers like banks. Alpha also listened to stakeholders' feedback and connected with potential customers outside Turkey – with the intention of globalization. Their product frame and claim were straightforward and had no directional change through all stages. They were aware of the risk of increasing competition in the market. This situation made them grow more controlled and spread their growth plan throughout broader timing without rushing. Alpha has two founders whose backgrounds are different. The principal founder has a finance-heavy background, and the second founder is a tech person. This role span has been an advantage for them to set ventures' strategic plans and execute accordingly, as they had to rely on minimal external support.

Alpha's strategic reorientation falls into two stages, different from other ventures in the study. They pivoted less often and stayed lean. Alpha is currently one of the most prominent players in the market that can work with the biggest banks in Turkey.

Beta had shared more with Standard and Poors companies' strategic reorientation journey than Alpha. Beta changed its product frame through its reorientation stages, similar to Poors. Their initial plan changed through stages (from fund rating to a roboadvisory-based digital investment platform) with less connection between stages. In their final stage, they had to change their business model (from B2B to B2C), which did not leave any connection with their initial plan and stage. Their pivot was so radical that they wasted all the time and effort incurred since the venture's establishment.

On the other hand, they acknowledged/analyzed their mistakes and solidified their learning across this period. Their problems with their corporate customers were one of the primary triggers behind their pivoting to the B2C model. They did not put sufficient effort into solving customer problems or listening to their feedback. They decided to shut down the B2B business model entirely.

Beta is not a failed venture like Poors; they still have tremendous growth potential. Their positive customer feedback/comments appear on Beta’s webpage and social media platforms. Considering the new B2C platform that supports that the final business model might be successful makes one of the differences between Beta and Poors companies. If Beta had designed its strategic reorientation in line with Rhetorical Stratagems, it would most likely be in a more mature and higher growth position than Alpha.

4.1 Stratagem 1: Anticipating Reorientation: Crafting an Abstract Frame to Create Room to Maneuver

Alpha started its journey as a wealth management platform supported by roboadvisory. However, they did not bind themselves to a particular product (i.e., individual pension management). However, they set a more broaden scale for their plans. They started with flexibility, and when they proceeded early stages, then they expanded their product offerings. They have always remained stuck to their product frame since the beginning. However, they started adding new products along with their journey.

They started as a B2B company and continue in B2B by having flexibility in their abstract frame. Their company name, company profile, and marketing materials (i.e., internet page) are defined to give the audience a general message that they are in wealth management.

In the case of Beta, they started their journey with a slightly different approach. They started with the fund rating product – which is not closely related to roboadvisory and investment management platforms. Then, they intended to enter in individual pension management platform business and introduced this as a new product. Although they kept a fund rating as one of their products, they concentrated on their new product. Despite staying in the same ecosystem, their product frame was confused with a certain clarity. We refer to Table 4 for an overview of Alpha and Beta's product, product frames, and claim across reorientation stages.

Table 4.1 : Comparison of Ventures' frames across reorientations: Alpha and Beta

	Alpha		Beta		
	Initial Concept	**Revised & Final Concept**	**Initial Concept**	**Revised Concept**	**Final Concept**
Product	Personal pension management platform	A roboadvisory-driven investment management platform (B2B)	Fund rating (B2B)	Personal pension management platform (B2B)	A digital investment advisor platform (B2C)
Product frame	Products enabling financial institutions to manage their pension management platforms and individual investment platforms faster, less costly, and with more advantages of digitalization	Products enabling financial institutions to manage their pension management platforms and individual investment platforms faster, less costly, and with more advantages of digitalization	A rating system that helps investors to track the performance and success of funds	A roboadvisory platform that provides technology to corporates	A platform that uses roboadvisory to support individuals in investment decisions
Claim	A customer experience helping customers to save time and to make more straightforward decision making	A customer experience helping customers to save time and to make more straightforward decision making	Higher transparency and guidance for fund investors	Better personal pension program management for financial corporations	Better investment management for individuals

4.2 Stratagem 2: Justifying reorientation: "Bridging Justifications." To Signal Frame Continuity

Alpha changed its plan when it realized that a personal pension program was insufficient solely to generate more revenue. The founders were explicit about the justification of the change. They were aware of what they were doing, emphasizing that they made changes by adding new products to a portfolio and making individual brands from each product. Although they saw a need for change, they never intended to go away from their initial plan and concept.

Beta's founders provided two different answers to the question: "By whom/or which company were you inspired before establishing your company?" One of the responses implied a global wealth management company, whereas another indicated a global “fund rating” company. Also, we asked what pushed them to change their business model and plan (switching to B2C from B2B by implementing a different concept). One of the founders stated that they thought first about selling their products to corporations. However, when they failed, they decided to focus on B2C for their product to be useful for people by going public. To the same question, the second founder complained about their diverse problems with corporate customers, emphasizing that they did not see working with corporate teams as productive and sustainable. Hence, they changed their plan after this learning. When we compare both responses – we identify that even founders were not on the same page regarding why they had to change their plan. These responses indicate they started their journey without a dedicated vision and followed a “trial and error learning.”

4.3 Stratagem 3: Staging Reorientation: Pairing Pivots with Conciliatory Rhetoric

Both cases managed their strategic reorientation differently. They also acted differently in “Pairing Pivots with Conciliatory Rhetoric.” Moreover, in the study of McDonald and Gao (2019), the Standard could connect and engage with their customers better. They persuaded existing customers of their new status after the pivot. However, The Poors Company managed this process inefficiently and could not get existing customer engagement at a desirable level. Although they performed differently at this base, one thing was in common for both companies. Both ventures were B2C companies involving people with varying expectations and feelings, adding further complexity to measure the overall reaction of customers. This issue was another point where our case and McDonald and Gao (2019) differ. Customers of Alpha are corporates, and customers of Beta were also corporates until their shift to the B2C concept. At this point, the approach Alpha/Beta and Standard/Poors designed and deployed their pivot plans vary. In Alpha’s case, Alpha detected the need to alternate products and extend its product portfolio. They continued serving the same customer segment but targeted different customer requirements. Alpha designed its pivot according to direct feedback from its existing customers. Alpha could constantly connect with customers directly (i.e., via project meetings and customer visits) when needed. This situation enabled Alpha to seize the need more explicitly than Standard and Poors before deploying the pivot. Beta’s case also evolved in the same context as

Alpha's. However, the way Beta managed the process was significantly different. After the Beta launched their first product – funds rating – they were good at capturing the opportunity in the market. They decided to enrich their product group by adding a personal pension management solution. However, problems arose later– and eventually, they had to end their pension management attempt. The main factors were issues related to customer communication, conflicts in expectations of both sides, repetitive discussions, and unproductive customer meetings. Then, Beta did not stop and searched for other opportunities in the market and decided to change its strategy to evolve into its current state.

Notably, essential differences between the two studies emerge at the final stage, staging reorientation. Characterized by pairing pivots with conciliatory rhetoric, differences resulting from operating in two different business models (B2B and B2C) become more explicit. We refer to Table 5 for an overview of Standard's and Poors' product, product framing, and claim across reorientation stages.

Table 4.2 : Comparison of Ventures' frames across reorientations: Standard and Poors (Source: McDonald & Gao, 2019)

	Standard			**Poors**		
	Initial Concept 2007-2010	Revised Concept 2010-2011	Final Concept 2011+	Initial Concept 2007 - 2010	Revised Concept 2010-2011	Final Concept 2011+
Product	Simulation Investing in simulation with mirroring functionality	Platform Investment management platform for professional money managers	Automated advisor Direct-to-consumer investing service using an automated, software-based approach ("automated advisor)	Dashboard Aggregator of investment performance information	Platform Investment-focused social networking platform	Automated advisor Direct-to-consumer investing service using an automated, software-based approach ("automated advisor)
Product Frame	Democratizing finance			Bring transparency to investing information	Make investing social	Trusted retirement advisory
Claim	Access to best investment talent – skilled amateurs	Access to the best investment talent – professional money managers	Access to the best investment talent by reducing costs	Transparency in financial information - a complete picture of investment	Sharing clever investing ideas via an investment-oriented	Providing long-term financial security for retirement

					social networkin g platform	

4.4 Comparing Case Studies

Our findings highlight the importance of considering investor influence, target audience, regulations, and media coverage in pivot decision-making. The theoretical implications of this study are significant, as it contributes to the existing literature on pivot management by providing a comparative analysis of the pivoting journeys of four ventures in different contexts.

The two case studies, Alpha and Beta, underwent strategic reorientation differently. Their approaches differed in justifying and staging their pivots. Alpha identified the need for change and added new products to its portfolio to target customer requirements. However, it did not move away from its initial plan and concept. On the other hand, Beta struggled with its initial plan of selling its products to corporations. It eventually shifted to a B2C model after experiencing problems with corporate customers. The way both companies managed the reorientation process also differed, with Alpha being better at connecting with its customers and capturing their feedback before deploying its pivot. At the same time, Beta faced issues related to customer communication, expectations, and unproductive meetings. Regarding staging reorientation, the approach of Alpha/Beta and Standard/Poors varied, with Alpha and Beta operating in a B2B model and Standard and Poors being B2C companies. Compared to Alpha and Beta companies, the pivoting journey of Standard and Poors differentiated at specific points in the light of contextual differences like investments received, target audience, stakeholders, and media coverage.

In contrast to Standard and Poors, Alpha and Beta started their operation as B2B companies. Their products were offered to a limited audience (corporate customers), enabling them to pivot more flexibly than Standard and Poors. Standard and Poors started in the B2C industry by being spotlighted. Any change they had to make to their product offering and strategy reflected on customers. Customers in the B2C context are less loyal than B2B. Thus customers are more prone to switch providers (Saini et al., 2010). In this regard, the consequences of Standard's and Poors' pivoting decisions were far more deterministic than Alpha and Beta regarding ventures' future state affected by customer reaction.

Investor reaction is also highly crucial in pivot management. Standard and Poors received over 10 million USD in funding from the top 20 VC and top 50 VC firms in the US, respectively. Considering the substantial funding from venture capitalists and business angels, these strategic investors' expectations from strategy and reactions to a final product play an essential role in the pivot's design and management. A strategic investor has assets whose value the new venture highly impacts (Hellmann, 2002). Hence this type of investor acts more involved in the strategy development of the venture by adding more complexity to the decision-making process of the founders. Strategic investors may seek to maintain alliances with the ventures they choose to invest in, which directly impacts the competition strategy and pivot management of these ventures. For banks, forming alliances with fintech start-ups has become an essential feature in order to meet customer demand and stay competitive in the market (Klus, Lohwasser, Holotiuk, Moorman, 2019). Additionally, the number of investors involved in a venture also holds significance in pivot management, as they may have diverse expectations that can influence the direction of the venture. (Hellmann, 2002). In the case of Alpha and Beta, investor impact is absent in the strategy development process as they have not received any investment yet. Alpha and Beta founders navigated through their pivoting process far more independently from Standard and Poors as investor influence did not exist. Investors' involvement in defining the strategic direction was one of the reasons that Alpha's founders were quite selective on investment acceptance. As a result, they have not been able to agree with potential investors.

Standard and Poors reached significant media coverage (including New York Times, TechCrunch, The Economist, CNET, and Forbes) since their early stages. They were established as B2C companies and thus were always more connected with media than Alpha and Beta's media connection. Alpha's founder attended several interviews on TV channels. They also have interview videos on social media (e.g., YouTube). This situation resembles Beta, which has a more substantial social media presence via its Instagram page. At the same time, Alpha has only a Twitter account inactive for over two years. Reactions and comments for Beta's content on social media kept increasing after they changed their business model to B2C. In contrast, reactions to Alpha's content were quite limited, almost zero in most content we reviewed. We refer to Table 6 for a summary of how contextual factors relate to each venture.

Ultimately, Alpha and Beta's founders transitioned away from their initial plans in line with their goals to grow their businesses further. However, each of them managed transitioning process differently. Alpha did not change the business model radically and remained committed to its founding principles. However, Beta had to almost start from scratch after spending eight years in B2B. They did learn well during this process. However, learning about Beta cost those eight years and significant revenue potential. Alpha operates with positive profitability, whereas Beta suffers from zero profit currently. Alpha took substantial market share as they continued in the B2B environment and concreted their recognition and reputation in the market by evolving into a more mature business. In contrast, Beta still needs to put tremendous effort into increasing its share in the B2C sector as it officially started its latest product in early 2022.

Table 4.3 : Contextual factors that affect decision-making for the pivot process

Contextual Factors	**Standard**	**Poors**	**Alpha**	**Beta**
Investor Influence	Exist - received over 10 million USD in funding from the top 20 VCs in the US.	Exist - received over 10 million USD in funding from the top 50 VCs in the US.	Does not exist	Does not exist
Target Audience	B2C (individual investors)	B2C (individual investors)	B2B (Financial institutions)	B2B (financial institutions) in the early stage, later B2C (individual investors)
Regulatory Requirements	No information shared in the study	No information shared in the study	Not regulated by the Capital Markets Board of Turkey	The Capital Markets Board of Turkey do not regulate them as they do not provide formal investment advice, but they share only fund analyses
Media Coverage	Significant media coverage, including New York Times, TechCrunch, The Economist, CNET, and Forbes	Significant media coverage, including New York Times, TechCrunch, The Economist, CNET, and Forbes	• Several interviews with cofounders were published on economy-focused TV channels (like	Intensive social media activity via the company's official Instagram account • Daily video and informative content posts on the

			Bloomberg Turkey) and YouTube. • Deficient social media activity (the company’s Twitter account has been inactive for over two years)	Instagram account • High interaction level with existing and potential customers

5. CONCLUSION

The case study analysis of the pivoting journeys highlights the importance of contextual factors in managing pivots. Each new venture faced unique challenges, and the decision to pivot was influenced by their specific circumstances, including investments received, target audiences, stakeholders, and media coverage. The successful pivots allowed new ventures to align with industry requirements, better serve their target audience, and achieve long-term growth.

This study contributes to the pivot management literature by emphasizing the importance of flexible pivot management that considers the unique circumstances of each new venture. Furthermore, it highlights the need for new ventures to continually monitor their environment and be willing to pivot when necessary.

The findings suggest that B2B companies, such as Alpha and Beta, may have more flexibility in pivoting compared to B2C companies like Standard and Poors. Because B2B companies typically have a more limited and loyal customer base, allowing them to experiment with pivots without risking a significant loss of customers. In contrast, B2C companies face more significant challenges when pivoting, as they may face more customer churn and adverse reactions. Therefore, B2C companies should carefully consider the potential impact of pivoting on their customers before significantly changing their business model.

Investor involvement is another critical factor in pivot management. This study points out that the presence of strategic investors can add complexity to the pivot decision-making process. Investors with significant assets at stake may push founders to prioritize short-term gains over long-term growth, potentially leading to suboptimal pivot decisions. Therefore, it is critical for founders to carefully consider the potential impact of investor involvement on pivot outcomes and strategically manage investor relationships to align their interests with the long-term goals of the venture.

Finally, another critical point is media coverage in pivot management. Standard and Poors received significant media attention early on, which may have contributed to their early success but also made it more challenging for them to pivot successfully later. In contrast, Alpha and Beta had less media coverage, which may have allowed them to pivot more smoothly without attracting too much customer attention.

Compliance with a theoretical framework aligned with the overall strategy played a vital role in the success of Standard's and Poors' growth stories. However, Beta's failure to follow Rhetorical Stratagems suggests that a strategic reorientation designed in line with it could have resulted in higher growth potential.

The case studies of Alpha and Beta show that following a strategic framework and staying lean can lead to successful pivots. Alpha's founders' varied backgrounds and effective listening to feedback allowed them to expand their product offerings and grow more controlled. In contrast, Beta faced challenges because it did not put sufficient effort into solving customer problems or listening to feedback. This situation led to a radical pivot that wasted all the effort incurred since the venture's establishment. However, their acknowledgment of their mistakes and learning from them suggests tremendous growth potential.

Another factor to be considered throughout strategic reorientation process is venture legitimacy. Diverse studies in the literature explored that venture legitimacy is closely connected with the firm's growth. In our case, Alpha maintained its legitimacy in better grade than Beta since the**y** have balanced its strategic position in the market by setting healthy and sustainable relationships with its corporate customers. Alpha never changed its vertical. This preference aided them in cementing their legitimacy.

Future research in pivot management and new venture development could explore the role of timing in pivot decision-making, the impact of leadership styles on pivot success, and the use of data analytics in identifying pivot opportunities. Overall, this study provides valuable insights into the pivot management process, which can assist new ventures in achieving sustainable growth and success.

5.1 Limits of Replication in Qualitative Studies

Regarding replication studies in qualitative research, there are debates on the level of transparency required for a study to be replicable. While some argue that high transparency is necessary for reliable replications, others argue that sharing protocols and data could compromise confidentiality and harm the research. In this paper, the authors followed the transparency criteria suggested by Aguinis and Solarino to ensure a reliable replication study. We admit several limitations to replicating qualitative studies.

First, the contextual nature of qualitative research necessitates an in-depth understanding of the environment in which it is conducted. In our case, this includes considering external and internal stakeholders, the political landscape of the country where the research is being carried out, regulatory requirements, and the investment and customer environments. The firms chosen for our case study operate in the same sector as those in a previous study. However, contextual differences presented a significant challenge in interpreting the results. It may be necessary to analyze other firms to gain a more comprehensive understanding of contextual factors. We also faced several challenges in interpreting the collected data. One of the significant challenges we encountered was reconciling varying answers to the same questions among the interviewees. Additionally, reviewing and synthesizing information from the literature review, particularly regarding discussions, proved crucial. Finally, some comparative findings between our study and others required careful consideration in interpreting our data.

Second, the difficulty of measuring reliability and validity: Unlike quantitative research, which often relies on statistical measures to assess reliability and validity, qualitative research often relies on the researcher's judgment to assess other factors. One of these factors – trustworthiness – is presented as an alternative to reliability that does not suit the context of qualitative research (Lincoln & Guba, 1985). Researchers list the following four sub-factors under trustworthiness: Credibility, transferability, dependability, and confirmability (Lincoln & Guba, 1985). In addition to the criteria above, Guba and Lincoln (1985) suggested the following five "authenticity" criteria: Fairness, ontological authenticity, educative authenticity, catalytic authenticity, and tactical authenticity. Tracy (2010) suggested eight criteria to assess qualitative research quality: Worth topic, rich rigor, sincerity, credibility, resonance, significant contribution, ethics, and meaningful coherence. According to Tunçalp (2021), rejecting positivist criteria and adopting such criteria that comply with the research approach is crucial. We encountered several limitations during our research. Our interviews were restricted solely to the founders of the ventures, as we could not communicate with any other team members. Furthermore, since the ventures were not publicly accessible and lacked adequate information, such as financial data and strategic plans, we could not gather additional intelligence that would aid in cross-checking.

Third, the subjectivity inherent in qualitative research raises questions about the trustworthiness of the findings (Williams & Morrow, 2009). The researcher's biases, preconceptions, and interpretations can influence the data collection, analysis, and interpretation. Moreover, the small sample size of our case study limits the generalizability of our findings to other contexts or populations. Finally, because qualitative research often relies on open-ended questions and flexible research methods, it may be challenging to replicate the research precisely, making it more difficult to assess the reliability and validity of the findings. Therefore reflexivity should be more thoroughly discussed in qualitative studies, including replication studies.

During this research, the first author kept a reflexive journal to document his thoughts and reflections throughout the research process. The second author acted as a discussion body to regularly discuss the first author's assumptions and reflexive involvements in conducting and writing this research. This approach helped us identify biases, assumptions, and preconceptions that may influence the research through the research process. The second author's involvement as a discussion partner also acted partially as a peer review. We also consulted and collaborated with two knowledgeable researchers with diverse backgrounds to review our research process, particularly our replication strategy, analyses, and results, to identify potential biases or areas for improvement in the research. We also employed triangulation of the accounts of cofounders between them and with the employees and the archival data, including the media appearances and website archives.

Thus, while qualitative research can provide valuable insights into complex phenomena, it is crucial to consider the limits of replication when interpreting the results. By acknowledging the contextual and interpretive nature of qualitative research, researchers can better understand what is unique and generalizable in their results and communicate the limitations and strengths of their findings carefully with necessary reflexivity concerns.

In summary, this study analyzed the pivot journeys of four ventures in different contexts, highlighting the importance of considering factors such as investor influence, target audience, regulations, and media coverage in pivot decision-making. The study found that Alpha and Beta, as B2B companies, had more flexibility to pivot than Standard and Poors, which operated in the B2C industry. Investor impact was crucial in Standard's and Poors' pivot decisions. At the same time, Alpha and Beta's founders navigated through their pivoting process more independently. Media coverage also connected more to Standard's and Poors' business models. At the same time, Alpha and Beta had a more significant social media presence after pivoting to B2C. Finally, each venture managed the transition process differently, with Alpha remaining committed to its founding principles and Beta having to start from scratch.

The study contributes to the literature on pivot management by highlighting the importance of contextual factors and compliance to a structured framework in pivot decision-making and application. By understanding the unique challenges and opportunities different contexts present, founders can make more informed pivot decisions and increase their chances of success and survival.

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APPENDICES

APPENDIX A: Codes and Categories

Categories	**Alpha Corporation**	**Beta Corporation**
Value proposition	• Customer experience to help customers save time and make more straightforward decisions • Lower cost for banks. Roboadvisory usage instead of human support	• Better investment management for individuals
Organization structure	• A small product development team with a prominent place in the overall team	• Computer engineers and consultants are part of the team • Outsourced commercial, law, and accounting services
Opportunities	• Networking has a positive impact on new market entry	• The projected positive impact of user number increases on profitability
Market position	• Positive impact on the industry • Uniquely distinct in the market by a positive margin	• Differentiation with its algorithm • Connect with customers through social media platforms
Revenue & Cost Model	• Subscription-based revenue model • Personnel costs heavily • Positive revenue stream and profitability	• Subscription and sponsorship-based revenue model • High costs in software development, personnel services, data, advertising, and marketing • No profitability
Plans	• International expansion • Net profit increase	• Transforming into a real-time investment management platform where customers could manage their portfolios directly

Partners	• Data providers and services	• Data providers, banks, and insurance companies
Difficulties faced	• Long sales cycles in early stages • High costs in targeted European countries • TRL revenue earnings are problematic for expansion abroad	• External support for software design • Both partners are finance experts with no technology background
Current BM advantages	• Not regulated by the Capital Markets Board of Turkey	• The Capital Markets Board of Turkey do not regulate them as they do not provide formal investment advice, but they share only fund analyses
Current markets	• Turkey is the primary market • Small businesses in Azerbaijan and Switzerland	• It operates in Turkey only
Segments	• Solid, corporate, and global customer selection	• People from diverse professions aged between 25 – 60
Market risks	• A fast-growing market with more new players entering a high level of competition, Turkey's macro risks	• Turkey's macro-level risks
Pivoting	• The perception that pivoting indicates only very major changes • CEO does not consider the changes applied since the foundation is a pivot	• Fund rating – starting with B2B and continuing with B2C. • A transition from a revenue model built on sponsorships and fund ratings to a subscription-based revenue model • Trial and error learning with failures during eight years since the company's foundation • Planned another potential pivot in 2023 on the operating model and revenue model of the platform
Competitive Strategy	• Switch to working for controlled growth instead of aggressive growth • Want to protect their market position	• Enhanced their business model by adding new features

New Venture Motivation	• Experience in the finance and banking sector • Being an entrepreneur is an objective • Having experience in an entrepreneurial environment by being inspired by Betterment • Willingness to create a difference • Willingness to set up your own business	• Experience in the finance and banking sector • Becoming an entrepreneur • Inspired by Betterment • Willingness to apply academic knowledge to real-life applications
Venture Structure	• Diversification • The second founder’s shares increased to 30% from 20%	• Two partners who have equal shares and a stable shareholder structure
Product Pipeline	• Product pipeline development • All products about investment funds and wealth management	• New B2C platform after fund rating product
Investments	• Conflicts with potential investors • Selective approach to investment offers • Plans for expansion abroad and growth in Turkey	• Failures in getting an investment • Willingness to receive investment

APPENDIX B: Interview Questions

# of Question	Question
1.	Can you please introduce yourself and your firm?
2.	How is the company structure? What products and/or services do you produce/serve? By Response: Is there one company or more than one company under the firm's structure?
3.	How did you set out to found the company? What were your ultimate goals?
4.	Whom were you inspired from? Why?
5.	In which countries and sectors does your company operate?
6.	How is your firm affected by conditions of countries and sectors you operate in?
7.	How has your team changed since the founding day?
8.	How is the firm's shareholding structure currently? Did it remain same since the foundation day?
9.	What value does your company's invoiced products create for whom? Who is your targeted customer base?
10.	What is your core value proposition? Why should a customer buy your product?
11.	How do you reach these customers, how do you establish relationships?
12.	How do you realize the benefit that creates your value proposition?
13.	Which business partners do you work with to conduct your business?
14.	How is the company's income structure?
15.	What is the company's cost structure?
16.	What kind of profitability is formed in the light of these?
17.	How do you foresee this structure to change in the future?
18.	What was your company's business model consisting of customer-value proposition-operation-cost-revenue structure in the past? What stages has it passed through?
19.	What was the firm's business model in the early stages? What changes have occurred since then? (If available)
20.	Have you applied any regulation-related changes in your business model?
21.	How did the schedule of all the changes you described above?
22.	Are there parts of the company's business model that you think should change today? What are they and why do you think so?
23.	Have you talked to investors during this process? Have you received an investment?
24.	Were there any investors who placed an investment offer to you? If not accepted, why did not you accept?
25.	If you accepted an investment offer, why did you accept it? How did you agree on the valuation?
26.	For what purposes do you plan to receive investments in the future? How is it possible to grow the company quickly and globally without receiving an investment?
27.	I assume you are familiar with the concept of pivot. What does pivot mean to you? What changes in the past would you consider as pivot? Do you have any plans to pivot in the future?

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