BUSINESS PIVOTS

Refocus on handmade puts eyewear in the limelight

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Business Pivots looks at how a switch in strategy helped catapult a business forward.

Within a year of launching their company, the founders of 9Five Eyewear, based in Chula Vista, Calif., realized they weren't crazy about their product – cheap sunglasses that were selling fast at about $37 a pair.

So the four business partners, who had started out as good friends with a shared passion for skateboarding, decided to rethink their business. The results took them from one end of the eyewear spectrum to the other.

"We were initially getting our glasses mass-manufactured in mainland China," recalls Mike Metcalf, one of 9Five's four founders and owners. "Now we have them handmade in Hong Kong, where the glass frame is cut, moulded and assembled by hand, and every single item is hand-inspected and rebalanced so you get a guaranteed flawless product."

9Five's strategic pivot has turned out to be a winning gambit. Today, the six-year-old company enjoys seven-figure revenue from its three bricks-and-mortar stores, all in California, and from its website, and through partner retailers. The company ships internationally and is seeing rapid growth in Australia, Japan and Russia. (The glasses are available in Canada online.)

Mr. Metcalf says the celebrity crowd has embraced 9Five's eyewear, which has shielded the peepers of such A-listers as Mariah Carey, Diddy, Kobe Bryant and Kevin Durant. Prices range between about $100 to $200, although 9Five has made a diamond-encrusted pair with a five-figure price tag. The company has also expanded its offerings to include watches, apparel and bags.

"We've also done a collaboration with Michael Jordan's brand under Nike," Mr. Metcalf says.

Whether it involves market repositioning or a switch from one industry to another, pivoting in business comes with risks, business experts say. That's why it's important to do it right, says Claire Morrison, program director at FreshInsights Consulting, a business strategy consulting firm in Burlington, Ont.

Many companies are pivoting today, Ms. Morrison says, particularly family-run businesses that are welcoming their next generation of leaders.

"We're seeing these businesses that started two or three generations ago and they did business one way for years," says Ms. Morrison. "Now the young generation are coming into the business, and they're bringing new ideas and changes."

A significant change in business direction must be backed by a solid strategic plan, say Ms. Morrison. This strategy should be based on in-depth market research and include a step-by-step action plan.
"You have to think about all the actions that you need to take to get to your new goal, and you need to make sure this plan is communicated to everyone in your company to ensure your team advances with a shared focus," says Ms. Morrison.

It's important for pivoting companies to figure out how quickly they can adjust the elements of the business model they want to change, and then work around this timeline. Business leaders also need to have a realistic projection of how much money they will need to invest in their pivot strategy and how much they stand to lose in the short term, says Ms. Morrison.

A pivot budget should include cash for rebranding, which sometimes happens as an afterthought or is rushed through after business owners realize their strategic change has resulted in confused customers, says **Patricia McQuillan, president and founder of Brand Matters Inc**., a Toronto branding and marketing firm.

"If you're in a B2B [business to business] model, there isn't as much of a rush as in a B2C [business to consumer], but it's still important to move quickly," Ms. McQuillan says. "If you don't, you could miss out on opportunities and create confusion in the marketplace."
In companies that sell to consumers, rebranding to align with a strategic pivot needs to happen before, during and after the big change. Ongoing communication with target audiences is key,

Ms. McQuillan says.
"The more competitive the industry, the more important it is for your brand to truly reflect your product offering," she says. "If you can, have discussions with your current and future customers to validate your strategy, and to really get into the issues that could make your strategy work or not work."

Companies that pivot risk losing their current customers. While some may view this as a necessary short-term sacrifice for a long-term gain, others will want to find a way to hang on to their existing customers while winning new ones.

One way to do this is by creating a sub-brand to represent a new product line, says Ms. McQuillan. This preserves the old brand for current customers while making room for a new one. Companies that choose to rebrand or transfer their existing brand to their new products or services should be careful when talking about their previous offerings, says Ms. McQuillan.

"You want to ensure that in your communications you're not ever denigrating your old brand or products," she says. "That will simply alienate the customers who used to buy that old brand."

Knowing if and when to pivot can be tricky, says Ms. Morrison at FreshInsights. She advises companies to analyze their current strategy before making a change, and to ask themselves whether they have truly given it a fighting chance to work.

For the team at 9Five, the answer came through loud and clear when they looked at their $37 sunglasses.

"We didn't love it," says Mr. Metcalf. "Once we started to see what we were capable of doing, then we knew we could take our business in this whole other direction and get behind something we could be in love with."