

What Factors Do Tech CEOs Use to Validate Pivot Decisions?

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By Analyst(s): Tech CEO Research Team

Initiatives: [Corporate Development and Growth Strategy for Tech CEOs](#)

Tech CEOs leverage multiple internal and external factors to gather insights and validate their pivot decisions before making them. Use this research to identify the best possible factors you should use to validate pivot decisions.

Overview

Key Findings

- External market influencers and customer insights through surveys/questionnaires were the most common factors that successful pivoters used to validate their pivot decisions.
- Twenty-one percent of respondents felt they underutilized expert insight in their validation to pivot, while 19% felt they underutilized analyst research.
- Successful pivoters interact more with experts and customers after pivoting.

Recommendations

Tech CEOs who are considering pivots as part of a corporate development and growth strategy should:

- Leverage a healthy mix of both customer and expert insights to validate their pivot decisions.
- Engage frequently with experts and customers postpivot to gather feedback and understand market sentiment.

Data Insights

Tech CEOs often make fundamental (and disruptive) growth-minded changes to their core business model – often referred to as pivots. In Gartner’s 2023 Tech CEO Survey, ¹ we identified internal and external factors used by organizations with successful pivots to validate their pivot decisions (see Note 1). As pivoting requires an organization to make changes that would require significant time, resources and investments, tech CEOs must use multiple factors to validate their decision.

This research takes a look at the preferences of organizations with successful pivots and explores:

- The factors they used to validate the pivot decision
- The factors they regretted underleveraging
- The frequency with which they interacted with customers and experts pre- and postpivot

Balance Expert Advice With Customer Feedback Before Pivoting

When pivoting, tech CEOs make changes to business models, thus requiring significant investments. Before making a pivot, tech CEOs must verify that the intended changes are aligned with customer requirements and will help them in growing their business in the near term. Tech CEOs generally use four factors to validate their pivot decisions:

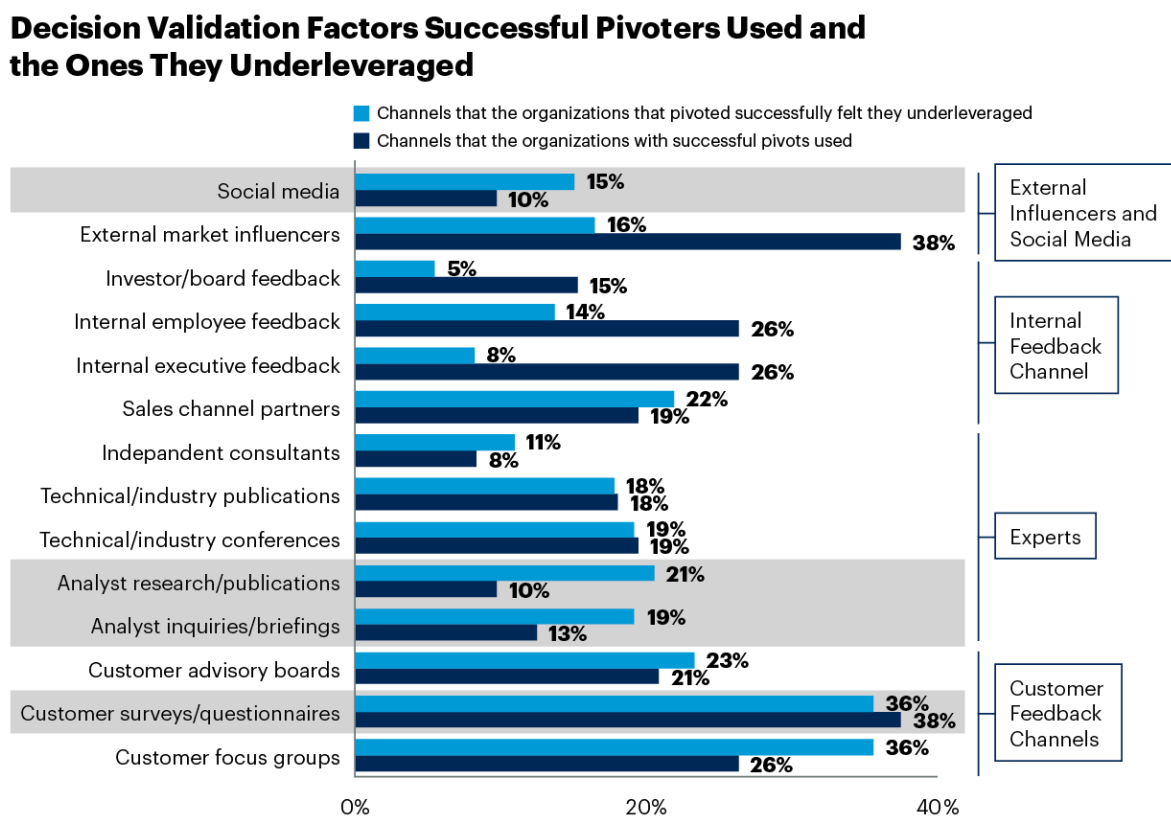
- Customer feedback
- Internal feedback
- Experts
- External and social media

Organizations that pivoted successfully cited customer surveys and social media as the two factors that they most often used to validate their pivot decisions. Customer-led factors provide an inside-out perspective and are helpful in validating a tech CEO’s need to respond to near-term/short-term needs and customer objectives. For a long-term perspective of where the market is headed, it is important to also engage with analysts and their research to validate pivot decisions.

Respondents to the survey were also asked about the factors that they felt they underleveraged. Gartner’s survey found analyst research, customer focus groups, analyst inquiries and social media to have the greatest gap in terms of what they used versus what they felt they underleveraged to validate the pivot decisions.

Thus, for a more holistic view, tech CEOs should use a mix of customer-centric and expert opinions to balance their short-term response to customer needs with a long-term perspective on market direction to validate their decisions.

Figure 1: Decision Validation Factors Successful Pivoters Used and the Ones They Underleveraged



n(Q4) = 72

Q9: What were the top three factors that solidified / provided your final validation on the decision to make your most recent change?

Note: The highlighted bars indicate that the gap/difference between the channels that they felt they underleveraged vs the channel that they used is the highest.

Source: Gartner

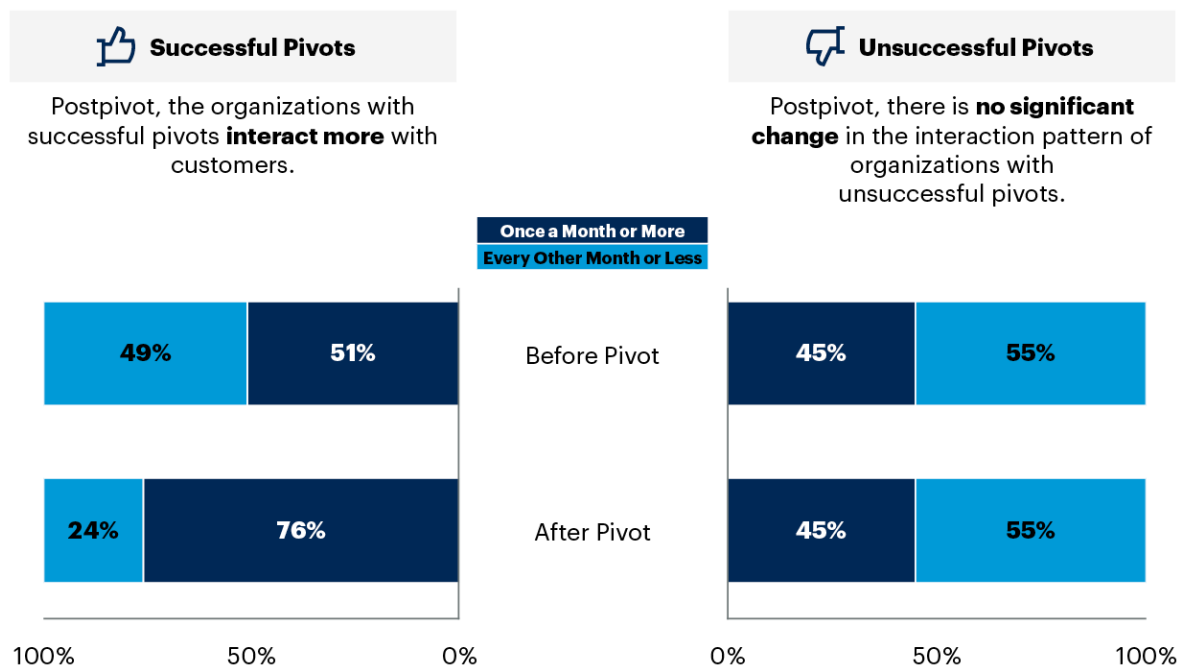
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Increase Interactions With Customers and Experts for Pivot Success

As tech CEOs execute the pivot, it is important to engage with the customers and external market experts to gather feedback and if required, correct their course. To assess customer sentiment postpivot, organizations with successful pivots are more likely to increase their frequency of customer engagement. Postpivot, over three-fourths of successful pivoters engaged with customers monthly or more frequently, compared to only 50% prepivot. However, the unsuccessful pivoters did not significantly change their customer engagement frequency after the pivot was completed. (See Figure 2.)

Figure 2: Frequency of Postpivot Customer Interaction by Successful and Unsuccessful Pivoters

Frequency of Postpivot Customer Interaction by Successful and Unsuccessful Pivoters



n = 127

Q: How frequently did / do you engage with customers before and after your most recent change?

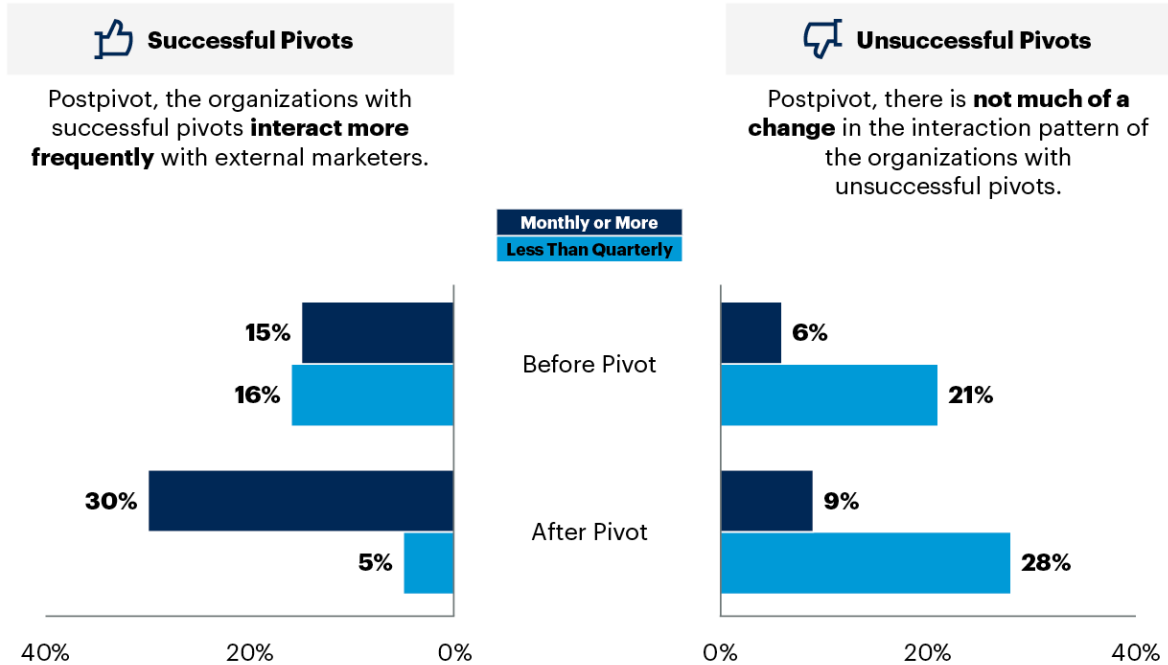
Source: 2023 Gartner Tech CEO Annual Survey

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Successful pivoters are also more likely to increase the frequency of their engagements with external market influencers postpivot. The proportion of organizations that were interacting with the experts monthly or more frequently almost doubled postpivot. For unsuccessful pivoters, this interaction frequency did not change significantly. (See Figure 3.)

Figure 3: Frequency of Postpivot External Influencer Interaction by Successful and Unsuccessful Pivoters

Frequency of Postpivot External Influencer Interaction by Successful and Unsuccessful Pivoters



n = 127

Q: How frequently did / do you engage with external market influencers before and after your most recent change?

Source: 2023 Gartner Tech CEO Annual Survey

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Instead of just focusing on internal feedback from employees or investors, tech CEOs should actively leverage customer and expert factors to gather insights and validate their pivot decisions. To keep the customers engaged, understand market sentiment and gather feedback, they should interact regularly with customers and external market experts.

Evidence

¹ **2023 Gartner Tech CEO Survey:** This survey was conducted to understand the steps taken by tech leaders to deliver growth while being dynamic and resilient; the growth pivots they use to optimize growth; and the ongoing course corrections they make to their products/services to address the external and internal changes required to continue a growth trajectory. The survey was conducted online by an external partner from July through September 2022. In total, 222 respondents were interviewed in their native language across Brazil (n = 29), Canada (n = 20), India (n = 33), the U.K. (n = 49) and the U.S. (n = 91) in technology and service provider organizations. To enable the comparison and contrasting of key trends, quotas were established on key organizational and respondent characteristics. Qualifying organizations operated in technology industries (cloud services [IaaS, PaaS], software [including SaaS], devices and computer infrastructure, and technology and business services), and telecom industries (carriers and communications equipment) with anticipated enterprisewide annual revenue for 2022 of less than \$250 million. Qualified participants had the title of founder/owner/co-owner of the organization, CEO/MD, chief operating officer, chief human resources officer, SVP/EVP/head of HR, or VP and director of HR. Disclaimer: Results of this study do not represent global findings or the market as a whole, but are a simple average of results for the targeted countries, industries and company size segments covered in this survey.

Note 1. Classification of Pivot Success

Gartner's 2023 Tech CEO Survey takes a close look at how tech CEOs consider, approach and navigate strategic pivots to overcome growth stalls in their growth journey. As a part of this research, Gartner evaluated the success of pivots based on a combined quantitative and qualitative analysis.

Respondents provided a rank order prioritization of KPIs driving their intent to make a pivot. A weighted scoring model was established to score the most important KPIs prepivot. The study also evaluated the postpivot impact across all ranked KPIs and incorporated this into the weighted scoring model. Results were then segmented into quartiles, with the top quartile being identified as "successful pivots" and the bottom quartile being identified as "unsuccessful pivots."

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Successful Pivots Demand Tech CEOs Look to the Right Drivers of Change

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