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Pivot or Not to Pivot: Challenges and a Way Forward

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Pivoting is a critical decision point for entrepreneurs that allows founders to move from one opportunity to another without giving up on their overarching dream of creating a venture. In fact, it is the founder's skill to adapt to uncertain environments, even when it means letting go of the original plan. As Dalton Caldwell[i] of *Y Combinator* explains, sticking with a failing idea can be far riskier than walking away –

"*Opportunity cost is the loss of potential gain from other alternatives where one alternative is chosen. By working on something that's not working, and you have evidence that it's not working, you are taking the opportunity cost to not be doing something else. It's as simple as that, right? (...) And one good reason to pivot is you just get more shots on goal to try to get this elusive thing, right? Like if you made something and you launched it and it's like, "Man, not really working," a dang good reason to pivot is you get another roll of the dice. You get another shot.*"

The Problem

In our study, we find that 68.38% of startups actually pivot while others don't. Why? Two key psychological barriers often hold entrepreneurs back. To understand these barriers, we consider the example of a fictional founder, Rina, who recently started a fashion rental app.

Emotional Resistance

Rina poured in her savings, hired friends, and even quit her job for it. But the market wasn't responding as she had expected despite all her efforts. Instead of thinking about pivoting, she keeps tweaking things: changing the logo, adding more filters, redesigning the homepage, everything except the core model. Because deep down, she associates pivoting with abandoning *her* idea –it feels like admitting she has failed as a founder.

Cognitive Block

After months of patching up the surface and burning through her runway, Rina finally accepts the harsh reality – people didn't want to rent dresses through an app. The problem? She didn't know what to do next. She had no shortage of skills, design, branding, operations—but every idea felt half-baked. Change it to a sustainable fashion brand? Too crowded. Build a styling AI? Too technical. She is now in limbo—no longer invested in the rental model, but it's riskier to change course now.

So, she stalls—continuing to work on the fashion rental app, waiting for a better idea to emerge. One that feels clear, actionable, and says: "This, I can do better than what I'm doing now."

Rina's story may be fictional, but the barriers she faces are very real. Emotional resistance and cognitive blocks can quietly anchor founders to their failing ideas. Understanding and overcoming these psychological hurdles is the first step towards a pivot.

What we find?

We studied 272 early-stage U.S. entrepreneurs to understand why some founders make the leap to pivot while others don't. From our analysis, two key insights stood out:

- Entrepreneurs who naturally react more positively to feedback, were significantly more likely to pivot. In our data, a small increase in these positive emotions made founders over 20% more likely to pivot as they are more likely to accept critical feedback and overcome emotional resistance and cognitive block.
- Entrepreneurs who naturally react negatively to feedback, fear, or self-doubt, were significantly less likely to pivot. They often recognized problems but got trapped in problem-solving rather than opportunity-seeking.

Overcoming emotional and cognitive barriers can empower entrepreneurs to confront other perceived obstacles to pivoting, such as resistance from existing investors and stakeholders. As one founder we interviewed, who had successfully pivoted, noted –

> "*We went from a 55-person team down to 16, and now we're back up to about 38. There were massive leadership changes. We even returned money to some of our investors. We told them, "Look, you're going to see this change, and if you're not comfortable with it, we're happy to return the funds." Because of that, our runway shrank, and we had to go back to the market to raise more capital. Suddenly, we had a new task on the table – fundraising, and that had to be completed quickly. We were nobodies trying to build something in the Indian market, we knew it wouldn't be easy*." -Akash [Real name hidden]

Tips

- For founders, self-awareness is a competitive advantage. Ask yourself: Am I interpreting this feedback constructively, or defensively? Am I resisting change because of fear, pride, or genuine insight?
- Engage with customers, test hypotheses with MVPs and business model experimentation but reflect on how you're interpreting the data they generate.
- For investors and accelerators: Understand the founder, not just the business model and support founders with coaching and space for honest reflection.

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i Y Combinator. All About Pivoting. Retrieved from https://www.ycombinator.com/library/6p-all-about-pivoting