The Founder's Pivot Playbook: Navigating Growth, Constraints, and Stakeholders

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What a €70M mobile-gaming startup reveals about make-or-break decisions.

Founders' decisions play a huge role in whether startups scale up or fizzle out. These decisions become much more difficult as the firm grows and attracts new stakeholders: investors, partners, and more employees depending on the enterprise. For example, external funding can accelerate hiring, product development, and market entry, but this means more commitments, more frequent reporting and more expectations. This can undermine founders' ability to respond nimbly to change, especially in digital markets where distribution channels, platform policies, and competitive dynamics can shift overnight.

We wanted to know more about how founders decide to pivot or to stay the course at critical moments for their firm, while balancing market feedback, investor expectations, and team realities. The goal of our research was to shed light on how successful entrepreneurs think and act when facing make-or-break moments, and to provide a roadmap for other entrepreneurs struggling with uncertainty, strategic pivots, and stakeholder expectations.

To learn more, we reviewed existing research about pivoting and managing stakeholder expectations, then did a deep dive into Codigames, a remarkably successful Spanish mobile gaming startup. Our review of documents and articles about the startup, and interviews with its key leaders, helped us develop a strong understanding of how entrepreneurial leaders successfully negotiate critical moments that can make or break their ventures.

The Codigames Story

The mobile gaming sector proved to be an ideal setting for our research because it must confront rapid technological change, evolving consumer preferences, intense competition, and the need to balance creative innovation with business sustainability.

Codigames -- a remarkably successful Spanish mobile gaming startup reporting annual revenues of €70 million for 2020 -- made some consequential strategic pivots. For example, the founders moved from early commercial releases into a more professional set up through participation in the Spanish accelerator Lanzadera and switched from paid games to free to play. Later, they committed to a more demanding mid core direction (prioritizing games for more experienced players), supported by external funding, before returning to focusing on more casual players when results weakened and pressure intensified.

The stakeholders included the founders and their team, the support system around the accelerator, and successive investors, including Angels Capital and later Faraday and Caixa Capital Risk. Their priorities could pull against each other. Investors looked for growth, discipline, and returns, while founders also tried to protect decision latitude and build toward a longer term product vision. Inside the company, people needed clarity and stability at the same time as the firm was being asked to move fast.

This company's journey from a small startup to a major player in the mobile gaming space provided rich insights into the decision-making processes that shape successful strategic pivots.

What We Studied

Our main source of data were interviews and direct company observation. We talked in depth with CEO and Co-Founder Francisco Martinez for more than 10 hours. We also interviewed key industry figures, including a mobile gaming expert who provided crucial context about industry dynamics; the company's Chief Marketing Officer, who offered insights into strategic implementation as well as start-up culture, and both the director and investment manager of Angels Capital S.L., who shared the investor perspective on strategic decisions.

Along with these interviews, we analyzed historical data depicting the company's evolution. This included three different versions of pitch decks, which showed how the company's vision and strategy evolved over time; comprehensive business plans and financial statements from 2013-2020, which documented the tangible results of strategic decisions; and company presentations that revealed how Codigames communicated its strategy to different stakeholders. We also analyzed 25 press articles that offered external perspectives on the company's development.

This research gave us a look at how decisions were framed, justified, and rolled out inside the firm. The evidence helped us track the shift from private judgment to organizational action, including how priorities were translated into targets, timelines, and responsibilities. It also helped us compare what people said in interviews with what was written and circulated at the time.

We held over 30 informal conversations with people in the surrounding entrepreneurial ecosystem, including project directors, entrepreneurs, employees, and investment managers. These conversations gave us an external view of how Codigames' choices were interpreted by different stakeholders and whether the company's moves looked typical or unusual compared with peer firms in the same ecosystem.

What We Found

Our research uncovered three practical insights about how entrepreneurial leaders decide to pivot when the stakes rise. First, the founder repeatedly switched between different forms of perspective taking rather than relying on a single decision style. These three perspectives shaped what he noticed, what he treated as possible, and how he kept key relationships intact during turbulence:

Situation Appraisal depicted how the founder continually interpreted whether the venture's situation represented a potential gain or a potential loss for himself, the company, and other people involved. Internal factors mattered: shifting reference points, changing motivation as the company became more dependent on employees and investors, and the emotional weight of letting others down. As the firm scaled, these appraisals became more urgent because the same decision could affect jobs and investor capital, not just the founder's personal outcome.

Choice Availability meant how the founder evaluated what actions were realistic once a critical moment was recognized. When pressure was low and decision latitude was high, Codigames sometimes simplified the choice set and moved quickly based on confidence and what successful peers were doing, such as the shift toward free to play. When the situation became more threatening, option search became more deliberate but also more constrained. During one crisis period the founder experienced investor pressure while facing deteriorating performance and rising costs, and he perceived only a small number of viable options, including downsizing or changing gaming category. This is where the interaction between the founder, the firm's prior commitments, and stakeholder constraints became most visible.

Stakeholder Values captured how the founder managed the human side of strategic change. Individual factors were central here, especially values and moral commitments. For example, he was strongly opposed to firing staff and worked hard to protect employees during turbulent periods. He also communicated differently to various stakeholders: stressing financials to investors and working conditions and job security to employees. This approach helped maintain stakeholder support long enough for the business to attempt renewal.

The Codigames case also showed why outcomes matter as much as intentions. The pivot into mid core initially looked like a clear win, with strong early revenue signals, but later became a drag because it increased commitment and reduced receptivity to new information as performance weakened. By contrast, the later return to casual games began with mixed early signals but soon supported recovery, including several idle titles that restored growth and, later, major commercial success.

Takeaways for Business Owners and Managers

Our research suggests that strong decision-making is not just about market analysis and financial performance. It also requires that leaders take multiple perspectives during critical moments, especially when stakeholder expectations tighten and room to maneuver shrinks. Here are some takeaways for startup leaders in fast-moving industries.

Build an operating system for decisions *before* you need it. At Codigames, speed and control came from a structured way of testing direction changes through small cross-functional cells, mínimum viable product launches, and decisions guided by key metrics and A/B testing. That made it easier to stop weak ideas early and back the few that showed real traction.

Stakeholder management is part of pivoting. When Codigames hit a potentially fatal period in 2017–2018, investors increased oversight and pressed for solutions such as downsizing. Martinez had to keep investors confident while maintaining employee trust and focus. The case shows how he translated the situation differently for different audiences, using financial and numerical terms with investors while protecting employees from destabilizing signals and communicating how he would rectify the situation.

Moral consistency during strategic change is critical. By moral consistency we mean that decisions remain aligned with stated values and responsibilities to others, even when pressure rises. Codigames exemplified this in how the founder approached layoffs. Martinez was adamantly against firing staff, describing it as betrayal, and he treated employee welfare as part of the decision criteria, not a footnote. This stance helped sustain trust and buy-in, and it strengthened his position when pushing investors away from retrenchment and toward solutions that kept the venture capable of scaling.

Timing is Everything. In practice, timing meant continually monitoring internal and external factors and acting *before* constraints closed down options. At Codigames, internal factors included launch outcomes, cash flow pressure, and cost structure, with 2017 becoming negative largely because of marketing and salary expenses. External factors included changing consumer trends and investor interests, which affected both what was viable and what was expected.

Build perspective-taking into how decisions get made. In practice, this means three capabilities. Leaders need a way to appraise the situation using both internal and external signals, a way to widen and test the choice set, and a way to anticipate stakeholder reactions and constraints. Consider testing a big idea with a short pre-mortem first; assigning someone to argue the strongest counter-case; and maintaining a live stakeholder map that is updated whenever ownership, governance, or key roles change.

Create formal processes that monitor stakeholder perspectives before major strategic decisions. At minimum, this can be a monthly cycle with three inputs: a short metrics and market review, a written decision note that states the options considered and the criteria used, and a stakeholder check that lists who will be affected and what support or resistance is likely. Codigames' crisis period shows why this matters. During a potential bankruptcy phase, lead investors increased control through weekly progress checks and weekly objectives, and proposed downsizing. When governance tightens like this, decision quality depends on how well you can work with competing priorities rather than around them.

Design the organization so it can change direction without collapsing operations. Codigames did this through small cross-functional "cells" that built games in parallel, launched mínimum viable products, and used key metrics and A/B testing to decide which projects to continue. This structure reduced the cost of being wrong and increased the speed of learning. It also supported the later turnaround. After the pivot back to casual, Codigames released idle titles that restored momentum. Revenue reached €44 million in 2019 and €71 million in 2020.

Communicate with stakeholders regularly. Stakeholder communication should happen even during placid times. Build predictable channels -- for example, a regular investor update with agreed metrics and risks, a weekly internal update that focuses on priorities and what will not change, and structured points where employees can raise concerns and leaders respond with specifics. Like Martinez, emphasize the key things that matter with different stakeholder groups.

Bring values into the decision criteria. In Codigames, moral considerations affected choices under pressure. Francisco was adamantly against firing

staff, equating it to betrayal, and that stance shaped the options he treated as acceptable. It helped explain why the company pushed toward renewal rather than retrenchment, even when investors proposed downsizing.

Explore the Research

Back to the future: Entrepreneurial leadership and levelling up in the mobile-gaming sector, Technology in Society, December 2024.