

Do You REALLY apply the 80/20 Principle: Why ignore one of the most important success factors?

I can't remember where I first heard about the 80/20 rule – Pareto's Principle –a powerful success factor. I do remember that it sure got my attention. True to form, first I researched it to see if there was truly evidence for it. There was. Then I applied it to my business and my personal life. And I saw results. It's now 2nd nature for me to ask myself routinely –does this activity fit into my 80/20 rule? Maybe you've heard of it but forgot all about it...or maybe you've never heard of it. Either way, here it is:

About 80% of effects come from 20% of causes. Joseph M. Juran, who studied quality improvement, suggested the principle and named it after Italian economist Vilfredo Pareto, who observed that 80% of the land in Italy was owned by 20% of the population. Juran found that in quality management, 20 percent of product defects caused 80 percent of product problems.

Turns out this success factor applies in all areas (maybe not always 80/20 but close enough!). Picture your clothes closet. If you're like most of us, you wear 20% of your clothes 80% of the time. If you keep files, there's a good chance you look at 20% of them 80% of the time.

In sales 20% of customers bring in 80% of sales. 80% of delays in schedule arise from 20% of the possible causes of the delays. 80% of customer complaints arise from 20% of your products or services.

Here are 3 tips for applying this rule to your success:

Tip #1: For a few days, write down everything you do. Then pare down your list to the 20% of things that you see as most important. For example, if you find in the last 3 days, you've done 15 different things, which 3 things were most important to reaching your goals, or bringing in money, or serving your best clients? Now focus most of your daily time and energy on those things...when distractions start occurring...remember where to keep your attention...on YOUR success factors.

Tip #2: Do you sell products? Even if you're in a service business, I encourage you to have information products! Pay attention to how much of your profit comes from each item. Put your effort into the 20% that give you 80% of your sales. Sometimes it pays to bundle together and discount the others that aren't bringing in 80% of sales.

Tip #3: Most of the time, 80% of your sales come from 20% of your customers- the ones who make the big purchases and are repeat-buyers. Make that 20% feel special. Give them advance notice of new services/products and offer them discounts. Give them exclusive services, available only to them. If you do business face to face –periodically host a breakfast or lunch for your best clients...don't ask them for anything in return, just honor them.

For the next week pay close attention to what activities you're doing. Ask yourself if they fit into your 80/20 success factor rule. This is one of the most powerful ways to moving away from working "hard" to make money to working "smart" to make money.

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Ann delivers smart, simple ways for people to acknowledge what they love to do and do more of it. Her articles, products, and books have motivated and inspired readers in numerous print and online publications. She regularly leads coaching programs, tele-seminars and live retreats, bringing the message to audiences internationally that living a passion-based life will bring prosperity and success.

She was recently selected from a nationwide search to be featured in Discover Your Inner Strength. The book features best-selling authors Stephen R. Covey (Seven Habits of Highly Effective People), Brian Tracy (Million Dollar Habits), and Ken Blanchard (One Minute Manager). <http://www.authenticlifeinstitute.com/selfemployment.htm>