

Sometimes called the Pareto Principle, the 80/20 rule suggests that, in general:

- 80% of outputs result from 20% of inputs
- 80% of consequences result from 20% of causes
- 80% of results come from 20% of efforts.

While the exact percentages may vary, the rule has had powerful applications in business. For example, in general:

- 80% of sales come from 20% of the products
- 80% of profits come from 20% of the customers
- 80% of complaints come from 20% of customers
- 80% of sales come from 20% of sales staff

Other statistical similarities include:

- 80% of accidents are caused by 20% of motorists.
- 80% of traffic jams occur on 20% of our roads.
- 80% of errors and crashes are eliminated by fixing 20% of software bugs.
- 80% of on-the-job injuries are caused by 20% of occupational hazards.

We harness the 80/20 Rule by clearly identifying and focusing resources on high-yield actions thereby creating breakthroughs in performance.

While traditionally the Pareto Principle has been applied through statistical analysis to measurable outputs and actions, it is also a system of thinking we can apply to all our endeavors. The principle tells us that there is a built-in imbalance between causes and effects:

- The great majority, which have little impact, and
- The small minority, which have great impact

We can use the principle as a tool by identifying the minority of efforts that are creating the most results and the majority of our efforts that are producing few results.

As leaders, our challenge and opportunity then is to increase the high-results-producing activities and cut back or eliminate much of the rest.

While this is only one of a number of possible lenses with which to view life, the 80/20 Rule is an important tool with which to create better results from our work. It suggests that that we will increase performance, if we do the following:

- In every sphere, identify where 20% of effort can lead to 80% of the returns.
- Celebrate exceptional productivity rather than raise average results.
- Invest more energy and support to the top 20% performers among staff.
- Strive for excellence in a few things rather than good performance in many.
- Delegate or outsource as much as possible.
- Calm down, work less and target a limited # of valuable goals where the 80/20 Principle will work for you, rather than pursuing every available opportunity.