The 80:20 Rule
Danny Klinefelter

Also known as the Pareto Principle, this is one of the simplest management concepts to understand; but, one of the most difficult to implement. It’s recognizing that 80 percent of our results are produced by 20 percent of our efforts. The reality isn’t in the relationship being exactly 80:20 for every situation; but, the importance of understanding where you need to put your time and money to produce the greatest returns. The concept incorporates two of Stephen Covey’s “7 Habits of Highly Effective People”: 1) put first things first and 2) begin with the end in mind. Quality management pioneer Dr. Joseph Juran described the principle as “the vital few and the trivial many.” Being successful isn’t just about working smarter, not harder; but, working smarter on the right things.

Most people never achieve their long term goals because they spend too much time and money doing second things first, i.e., what they like to do, what they know how to do, what is easiest to do, what can be completed most quickly, and what is urgent.

The most successful managers have figured out what the most important 20 percent are, established priorities and then put most of their time and resources into doing those things first. As much as possible, the other 80 percent get delegated to someone else, outsourced or handled through an alliance with one or more other producers.

It’s important to recognize that every person and every business have different strengths and weaknesses. The first question is do you really know what your’s are? Very few people are able to be totally objective or brutally honest with themselves. Many businesses don’t have a good enough accounting system to actually know how different parts of the business or different people are performing. Even if you have the information, how do you compare to your leading competitors? Success is relative, not absolute, and the bar is continuously being raised.

When you get to the point where you identify and can prioritize activities based on those that produce the greatest results, you can focus on finding ways to capitalize on your strengths and compensate for your weaknesses. Challenge anything that could be wasting time, effort or resources. Too much of what we do is a result of habits developed over time or even passed down through generations. Remember, the best companies spend as much time analyzing what they need to stop doing as they do analyzing new opportunities.

Two of the most frequent rationalizations or excuses I hear for continuing to do things the way they’re currently being done are: 1) this is a one or two person operation and we have to do it all, i.e., there is no one to delegate to, and 2) the tasks required to accomplish what I’m suggesting are too big to deal with. In response to the first, I come back to the need to establish priorities, plan, consider alternatives, recognize seasonal bottlenecks and prepare ahead of time, develop a better information system, and recognize that fierce independence can be both a strength and weakness. To the second, the secret to getting ahead is getting started. The secret to getting started is to break a complex overwhelming task into small manageable tasks, and then starting on the first one.