The 80/20 Principle

Title: ***The 80/20 Principle: The Secret to Achieving More With Less***

Author: **Richard Koch**

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Book Summary:

How anyone can be more effective with less effort by learning how to identify and leverage the 80/20 principle—the well- known, unpublicized secret that 80 percent of all our results in business and in life stem from a mere 20 percent of our efforts.

The 80/20 principle is one of the great secrets of highly effective people and organizations.

Did you know, for example, that 20 percent of customers account for 80 percent of revenues? That 20 percent of our time accounts for 80 percent of the work we accomplish? The 80/20 Principle shows how we can achieve much more with much less effort, time, and resources, simply by identifying and focusing our efforts on the 20 percent that really counts. Although the 80/20 principle has long influenced today's business world, author Richard Koch reveals how the principle works and shows how we can use it in a systematic and practical way to vastly increase our effectiveness, and improve our careers and our companies.

The unspoken corollary to the 80/20 principle is that little of what we spend our time on actually counts. But by concentrating on those things that do, we can unlock the enormous potential of the magic 20 percent, and transform our effectiveness in our jobs, our careers, our businesses, and our lives.

Book Notes:

The 80/20 Principle asserts that a minority of causes, inputs, or effort usually lead to a majority of the results, outputs, or rewards. Thus for all practical purposes, four- fifths of the effort—a dominant part of it— is largely irrelevant. (4)
The reason that the 80/20 Principle is so valuable is that it is counterintuitive. We tend to expect that all causes will have roughly the same significance. (10)
The 80/20 Principle asserts that when two sets of data, relating to causes and results, can be examined and analyzed, the most likely result is that there will be a pattern of imbalance. (10)
Application of the 80/20 Principle implies that we should do the following:
• Celebrate exceptional productivity, rather than raise average efforts
• Look for the short cut, rather than run the full course
• Exercise control over our lives with the least possible effort
• Be selective, not exhaustive
• Strive for excellence in few things, rather than good performance in many
• Delegate or outsource as much as possible in our daily lives and be encouraged rather than penalized by tax systems to do this (use gardeners, car mechanics, decorators, and other specialists to the maximum, instead of doing the work ourselves)
• Choose our careers and employers with extraordinary care, and if possible employ others rather

than being employed ourselves
• Only do the thing we are best at doing and enjoy most
• Look beneath the normal texture of life to uncover ironies and oddities
• In every important sphere, work out where 20 percent of effort can lead to 80 percent returns
• Calm down, work less and target a limited number of very valuable goals where the 80/20 Principle will work for us, rather than pursuing every available opportunity
• Make the most of those few "lucky streaks" in our life where we are at our creative peak and the stars line up to guarantee success. (38- 39)

Business people seem to love complexity. No sooner is a simple business successful than its managers pour vast amounts of energy into making it very much more complicated. But business returns abhor complexity. As the business becomes more complex, its returns fall dramatically. (85)

Those of us who believe in the 80/20 Principle will never succeed in transforming industry until we can demonstrate that simple is beautiful and why. (85)

Whenever something has become complex, simplify it; if you cannot, eliminate it. (91)

Our objective, as 80/20 thinkers, is to leave action behind, do some quiet thinking, mine a few small pieces of precious insight, and then act: selectively, on a few objectives and a narrow front, decisively and impressively, to produce terrific results with as little energy and as few resources as possible. (136- 137)

80 percent of achievement and happiness takes place in 20 percent of our time—and these peaks can be expanded greatly.
• Everyone can achieve something significant. The key is not effort, but finding the right thing to achieve.
• There are always winners and losers—and always more of the latter. You can be a winner by choosing the right competition, the right team and the right methods to win.
• People who achieve the most are selective as well as determined.
• Most people spend most of their time on activities that are of low value to themselves and others.
• One of the most important decisions someone can make in life is their choice of allies. Almost nothing can be achieved without allies. Most people do not choose their allies carefully or even at all.
• Most people have too many friends and do not enjoy an appropriately selected and reinforced inner circle. (142- 143)

If your use of time is unbalanced, a time revolution is required. You don't need to organize yourself better or alter your time allocation at the margins; you need to transform how you spend your time. You probably also need to change the way you think about time itself. (147)

The 80/20 Principle asserts the following:
• Our current use of time is not rational.
• There is no shortage of time.
• The 80/20 Principle treats time as a friend, not an enemy.
• The 80/20 Principle says that we should act less. Action drives out thought. (149)

It is not shortage of time that should worry us, but the tendency for the majority of time to be spent in low-quality ways. (149)

Here are seven steps to detonating a time revolution.

1. Make the difficult mental leap of dissociating effort and reward

What we must do is to plant firmly in our minds that hard work, especially for somebody else, is not an efficient way to achieve what we want. Hard work leads to low returns. Insight and doing what we ourselves want lead to high returns.

2. Give up Guilt

Do the things that you like doing. Make them your job. Make your job them.

3. Free yourself from obligations imposed by others

4. Be unconventional and eccentric in your use of time

Who among your acquaintances is both effective and eccentric? Find out how they spend their time and how it deviates from the norm.
5. Identify the 20 percent that gives you 80 percent
6. Multiply the 20 percent of your time that gives you 80 percent
7. Eliminate or reduce the low- value activities (151- 158)

The top 10 low- value uses of time
1. Things other people want you to do
2. Things that have always been done this way
3. Things you're not unusually good at doing
4. Things you don't enjoy doing
5. Things that are always interrupted
6. Things few other people are interested in
7. Things that have already taken twice as long as you originally expected
8. Things where your collaborations are unreliable or low quality
9. Things that have a predictable cycle
10. Answering the telephone
The top 10 highest- value uses of time
1. Things that advance your overall purpose in life
2. Things you have always wanted to do
3. Things already in the 20/80 relationship of time to results
4. Innovative ways of doing things that promise to slash the time required and/or multiply the quality of results
5. Things other people tell you can't be done
6. Things other people have done successfully in a different arena
7. Things that use your own creativity
8. Things that you can get other people to do for you with relatively little effort on your part
9. Anything with high- quality collaborators who have already transcended the 80/20 rule of time, who use time eccentrically and effectively
10. Things for which it is now or never (161- 162)
When thinking about any potential use of time, ask two questions:
• Is it unconventional?
• Does it promise to multiply effectiveness?
It is unlikely to be a good use of time unless the answer to both questions is yes. (162)
If you could measure the enjoyment derived from anything, what would you enjoy more than 95 percent of your peers? What would you do better than 95 out of 100? Which achievements would fulfill both conditions? (173)
It is important to focus on what you find easy. (174)
The 80/20 Principle is clear. Pursue those few things where you are amazingly better than others and that you enjoy most. (174)
The best relationships are built on five attributes: mutual enjoyment of each other's company, respect, shared experience, reciprocity, and trust. (181)

The key to earning more and working less is to pick the right thing to do and to do only those things that add the highest value. (188)
10 golden rules for career success
1. Specialize in a very small niche, develop a core skill
2. Choose a niche that you enjoy, where you can excel and stand a chance of becoming an acknowledged leader
3. Realize that knowledge is power

4. Identify your market and your core customers and serve them best
5. Identify where 20 percent of effort gives 80 percent of returns
6. Learn from the best
7. Become self- employed early in your career
8. Employ as many net value creators as possible
9. Use outside contractors for everything but your core skill
10. Exploit capital leverage (194)

The key to making a career out of an enthusiasm is knowledge. Know more about an area than anybody else does. Then work out a way to marketize it, to create a market and a set of loyal customers. (197)

There is no fun in work unless you can achieve a lot with a little. (199)

Put another way, leaders do things differently. Leaders are usually outsiders; they think and feel differently. Those who are best in any sphere do not think and act in similar ways to the average performers. The leaders may not be conscious of what they do differently. Very rarely do they think about it and articulate it. (200)

Emotional intelligence is more crucial for happiness than intellectual intelligence, yet our society places little emphasis on the development of emotional intelligence. (223)