



Pareto's principle

Imagine if a small part of your garden produced the juiciest, most delicious fruit. You'd want to give that area special attention, right? This is what Pareto's principle, often known as the 80/20 rule, helps you do in your business. The rule states that a small percentage (around 20%) of your actions or products are likely responsible for a large portion (roughly 80%) of your results. It's like having a treasure map, where X marks the spot for the most valuable activities in your business.

For an entrepreneur, this principle is invaluable. It's akin to having a spotlight that helps you focus on the most critical parts of your business, making you more efficient and effective. Instead of spreading your resources thin, you can focus on what really matters. You're not just working hard; you're working smart. You get to identify which products are your best sellers, which customers are your brand champions, and where your marketing dollars have the greatest impact. It's like turning the dial up on your business's success rate.

Consider these options

- Client retention: Identify the top 20% of clients bringing most of your revenue; build relationships and offer them exclusive deals.
- Product elevation: Zone in on the few products driving most sales; consider boosting their visibility or expanding their range.
- Time allocation: Focus on the high-impact tasks and allocate prime time slots for them in your daily schedule.
- Budget optimisation: Spot the smaller costs accumulating to drain your budget; rethink these expenditures or negotiate better terms.
- Sales funnelling: Find out which platforms generate most sales leads; allocate more of your marketing budget there.
- Skill amplification: Recognise the key skills that your team members possess and invest in further training to sharpen them.
- Quality checkpoints: Isolate the specific issues causing most customer complaints; focus on fixing these to improve product quality.
- Vendor partnerships: Identify the few suppliers who give you the best terms and product quality; invest in nurturing these relationships.
- Market targeting: Discern which customer segments yield high profits; tailor marketing and product development efforts to cater to them.
- Employee rewards: Spot the star performers in your team and consider implementing performance-based rewards to keep them motivated.
- Competitive uniqueness: Discover the small differentiators that make you stand out; capitalise on them for a stronger brand presence.

