



Business Success

STRATEGIES

STOP THINKING 50/50

In business it is the vital few that deliver success to you. Doing a few of the right things is much more important than most things done. Similarly it is always only a few people that add most of the value to a business. Business growth therefore requires moving resources from low-value to high-value uses. To achieve this we need to change: stop thinking 50/50 and start thinking 80/20.

Richard Koch, the authority on 80/20 thinking states that it is vital to start thinking 80/20 and start acting 80/20. He advocates:

Think skewness. Expect 20% to equal 80%. Expect 80% to equal 20%.

Expect the unexpected. Expect 20% to lead to 80% and 80% to result in 20%.

Expect everything – your time, your business, your market and every person or business entity you come across – to have quality 20%: its essence, its power, its value, the small percentage with substantially all the goodness hidden away by the mass of mediocrity. Look for the powerful 20%.

Look for the invisible 20% and the subterranean 20%. It's there – find it. Unexpected successes are one give-away. If a business activity succeeds beyond expectations, that is 20% activity – and it will have further to run.

Expect tomorrow's 20% to be different to today's 20%. Where is the germ, the seed, of tomorrow's 20%? Where are the 1%'s that will grow to 20%'s and be worth 80%? Where are the 3%'s that last year were 1%'s?

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Develop the facility for mentally blocking out the 80%'s – the easy answer, the obvious reality, the evident mass, the current incumbent, the conventional wisdom, the prevailing consensus. None of these is what it seems or worth its weight in the basest of base metals. These 80%'s are huge blots on the landscape, stopping you seeing the 20%'s beyond. Look round these ugly blots, look over them, look beneath them, look through them. However you do it, ignore them, pretend they don't exist. Free up your vision for the elusive 20%.

Whenever you spot a 20% activity, run to it, surround yourself with it, immerse yourself in it, make yourself its expert. Make the most of it. If the most appears to be more than you can imagine, multiply your imagination.

Use whatever resources you have at your disposal – talent, money, friends, business allies, powers of persuasion, your credit, your business, whatever you have or can purloin – to seize, magnify and exploit any 20% you come across.

Use alliances with other people extensively, but only ally yourself to 20% people and to the 20% of them that are powerful allies. Then seek to ally your alliance to other 20 percenters and 20 percentages.

Exploit 80/20 arbitrage. Whenever you can, move resources from 80% activities to 20% activities. The profit from this is enormous because it is highly leveraged arbitrage. You use what is not very valuable to make something that is enormously valuable, winning at both ends of the exchange.

There are 2 principal media of 80/20 arbitrage: people and money, or assets that are proxies from money or can be turned into money.

Move 20% people (including yourself) away from 80% activities towards 20% activities.

Move money from 80% activities to 20% activities.

There are 2 forms of money leverage. One is borrowing. The other is using other people's money (OPM) as equity rather than debt. OPM used for 80% activities is addictive, dangerous and risky. It ends in tears. OPM used for 20% activities creates winners all round and allows you to be the biggest winner.

Innovate new 20% activities. Swipe 20% ideas from elsewhere: other people, other products, other industries, other intellectual spheres, other countries. Apply them in your own 20% backyard.

Ruthlessly prune 80% activities. 80% time drives out 20% time. 80% allies hog space that should go to 20% allies. 80% assets deprive 20% activities of funds. 80% business relationships displace 20% ones. Being in 80% places prevent you from being in 20% ones. Mental energy expended on 80% activities takes away from 20% projects.

Think and act 80/20. Those who ignore the proven 80/20 Rule are doomed to average returns. Those who use it enjoy exceptional achievement.



The best thing about harnessing the power of the 80/20 Rule is that you do not have to wait for everyone else. You can start to immediately benefit from its effect in both your personal and professional life. When you take the time to think out how your best successes came about and identify the countless times when you have been wasting your time, you can immediately start to multiply your highs and cut out most of your lows.

And that has to be one of the best Money Making Strategies there is.