

## POWER UP WITH PARETO!

Here's how you start to turbo charge your business!

Too often business people tell me that they have so much to do they don't know where to start. Well, that should never be the problem. If you don't know where to start, just remember the wisdom of our old pal Pareto. It will get you off to a flying start.

For those of you who don't know, or can't remember, our old pal Pareto was an Italian psychologist who came up with a most important principle after he made some amazing discoveries in his vegetable garden. He discovered that 20 percent of pea pods yield 80 percent of the peas. Then he discovered that 20 percent of the beehives give 80 percent of the honey.

He reckoned that this was a natural law of the universe and the more he looked the more evidence he found.

Putting it all together he decided that around 20 percent of your efforts would always produce 80 percent of your results.

You've probably heard it referred to as the "80/20 Rule". Most people I meet know the rule but amazingly very few have put its power to work in their businesses. Yet, what Pareto tells us is really the power of leveraging. That means identifying the smallest amount of effort that's needed to produce the biggest result.

His fabulous principle can be applied to the three balls you need to juggle in your business, no matter what sort of business you are in, to get the best possible results.

The first ball relates to your clients. Simply, it's that 80 percent of your business (and profit) that is generated from around 20 percent of them. But here's the 64-dollar question. Do you know who those profitable 20 percent of your clients are precisely? If you do, what are you doing to make them feel special over and above the normal good service that you give the rest of your clients? If not, list out your clients in descending order of the revenue they've generated in the last year or so. Then start adding down from the top until you've got 80 percent of the revenue and by golly there's that magical top 20 percent. Now that you know them, think of ways to spoil them. See the results improve!

The second ball is about the products and services you sell. Guess what?

Amazingly again, 80 percent of your profits come from around 20 percent of the products and services you sell. Now you know the drill. List out your sales by product or service in descending order of the revenue generated. Then add down from the top and when you get to 80 percent of the revenue, there's that

magic 20 percent of your products or services that is so important. Now ask yourself the critical question. How do we sell more of these top revenue generators? See the results improve!

The third and final ball is a sobering one. It's the team and time one.

You see it's another Pareto stunner. Put simply, 80 percent of your results are produced by 20 percent of your staff (or in 20 percent of the time they put in). It's a bit more difficult finding out who the Pareto performers are amongst the rest of your team, particularly administrative types. But, once you understand the idea, you'll find a way... even if you have to resort to having them keep a time diary of their activities so that you can sort out the gold activities from the garbage activities.

Juggling these three balls well is what business is all about. You can hack away at the edges of your business by doing other things that seem worthwhile. But, if you want to do things that are worthwhile, invest some time in looking for leverage the Pareto way. It's the way to turbo charge your business.