

## Use the 80 / 20 Rule

In my last newsletter, I wrote about some simple strategies that you can apply to increase your business and prosper in this recession. I wrote about how to use the Truth Chart for your business and see what your clients are buying and what they are not and to introduce new products to existing clients. Another strategy you should be applying in your business is the 80/20 rule

### **The 80/20 Rule**

The 80/20 rule tells us that 20% of our products normally account for 80% of your profits. You might also find that 20% of your effort also accounts for 80% of your turnover. The numbers might not be quite 80/20, but I bet it is very close.

Your task is to identify all the areas of your business where it applies. Here are some things that you can measure

#### **1. Your Time**

If the 80/20 rule applies to your working time as it does with most things in your life, then you are in for a shock, If 80% of your results are achieved from just 20% of your effort. It also means that you are wasting around 80% of your time. It means that if you can find out what the 20% are and apply them on Monday, you can have the rest of the week off as it will not make a massive difference to your sales. If this is the case, then your job is to find out what tasks bring the 80% of the results, do more of them and stop doing the rest. You can significantly increase your sales in the same time. That would be nice.

#### **2. Your Sales**

Go over your sales figures and see which products or services are responsible for the lion's share of your profits/turnover. Sell more of the ones doing well and don't worry too much about the rest.

#### **3. Your Customers**

Check to see if 20% of your customers are responsible for 80% of your results. If this is the case then you need to do the following;

- Treat them better than royalty
- Look at selling them more products
- Add value to the relationship-go the extra mile
- Ask them for referrals

Please do not fall into the trap that all your customers are equally deserving of your time and effort, they are not. Yes all our customers are valuable, but I will travel a million miles to give my best customer a smile, if that's what they want.