

**Have you ever heard of “Vilfredo Pareto” or the “Pareto Principle”?**

If you are in business then you should have and if you haven’t, then you are missing out on one of the **MOST EFFECTIVE** ways of **INCREASING your sales** with very little effort.

You are probably asking yourself who is this “Pareto” that I am referring to. Vilfredo Pareto developed a basic BUT hugely effective rule when he observed in 1906 that 20% of the Italian population owned 80% of Italy's accumulated wealth. He further observed that 20% of the pea pods in his garden accounted for 80% of his pea crop each year.

Coincidence? Well, it got him thinking...

This rule can be applied to almost anything. Take a look at some of the examples below that have been quoted by Arthur W. Hafner (PHD):

* 80% of advertising results come from 20% of your campaign;
* 80% of a manager's interruptions come from the same 20% of people;
* 80% of a problem can be solved by identifying the correct 20% of the issues;
* 80% of an equipment budget comes from 20% of the items;
* 80% of an instructor's time is taken up by 20% of the students;
* 80% of benefit comes from the first 20% of effort;
* 80% of customer complaints are about the same 20% of your projects and/or products and/or services;
* 80% of network traffic stays within the LAN while 20% needs to cross the backbone;
* 80% of our personal telephone calls are to 20% of the people in our address book;
* 80% of your shipments utilise 20% of your inventory;
* 80% of sales time is spent on 20% of the customers, who may not be the profitable 20%;
* 80% of the decisions made in meetings come from 20% of the meeting time;
* 80% of the outfits we wear come from 20% of the clothes in our closets and drawers;
* 80% of the traffic in town travels over 20% of the roads;
* 80% of what we produce is generated during 20% of our working hours;
* 80% of your annual sales come from 20% of your sales force;
* 80% of your future business comes from 20% of your customers;
* 80% of your growth comes from 20% of your products and/or services;
* 80% of your innovation comes from 20% of your employees or customers;
* 80% of your profits come from 20% of your customers;
* 80% of your staff headaches come from 20% of your employees;
* 80% of your success comes from 20% of your efforts; and
* 80% of your website traffic comes from 20% of your pages.

By studying these examples of the 80/20 Rule, managers in both profit and not-for-profit businesses can increase the effective and efficient use of their resources by analysing the inputs required to produce the outputs that they experience.

In a nutshell: **80% of your SALES come from 20% of your CUSTOMERS** and **80% of your SALES come from 20% of your EFFORTS.**

It's a fact that at least 80% of people who have purchased from you once and are SATISFIED will buy from you again.

If you continually follow-up with your customers you will observe that there is a large part of your customer base that is just waiting to purchase something from you.

My challenge to you this week is: Just try it out and let me know what happens.

"Success in business requires training, discipline and hard work. If you're not frightened by these things, the opportunities are just as great today as they ever were”

**- David Rockefeller**