ACHIEVE MORE WITH LESS: THE 80/20 PRINCIPLE

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Table of Contents

How to Achieve More With Less Using The 80/20 Rule

*This is **part 1** of a **3-part series** on how to achieve more with less using the 80/20 principle*

(Image: Personal Excellence)

> *"Conventional wisdom is not to put all of your eggs in one basket. 80/20 wisdom is to choose a basket carefully, load all your eggs into it, and then watch it like a hawk." - Richard Koch, The 80/20 Principle*

Today I am going to share with you the power of applying the 80/20 principle in your life. Even though I initially used it in my work, I later realized its presence in all aspects of our life (from relationships to personal goals) and the power of applying this principle.

So, what is the 80/20 Principle?

Imagine you are the CEO of a company and you have a salesforce. In a world where everything is equal, you will assume that everyone contributes to your sales proportionately — i.e. 20% of the employees contribute to 20% of the sales, 50% contribute to 50% of the sales, and 80% of the employees contribute to 80% of the sales.

But what if instead of a 1-1 relationship, you find out that *80% of your sales are actually contributed by 20% of your staff*?

What the 80-20 Principle is About
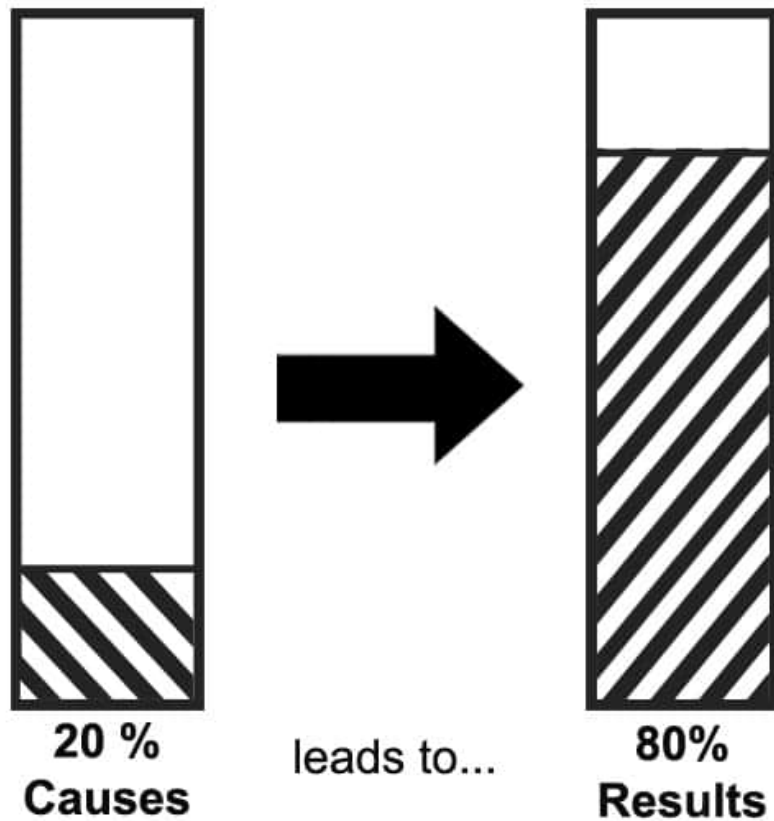
(Image: Personal Excellence)

This is what the 80/20 rule is about — **80% of the effects in a situation come from 20% of the causes**. This phenomenon was first discovered by Vilfredo Pareto, an Italian Economist who found that 20% of the people in Italy controls 80% of the wealth and land. He first observed the principle when gardening and noticing that 20% of his peapods in his garden yielded 80% of the total harvested peas.

The 80/20 is also known as "The Pareto Principle" or "The Law of the Vital Few" — referring to the vital few factors that contribute to the majority of the outcome.

Examples of 80/20 in Action

Here are just some of many situations where the 80/20 rule can be observed:

- **Population:** 80% of the population in England (25.8 million out of 32.3 million) comes from 20% of its cities (53 out of 263 cities).
- **Resource Consumption:** 70% of the world's energy, 75% of its metals, and 85% of its timber are consumed by 20% of the world's countries (which have far fewer than 20 percent of the world's population).
- **Natural Resources:** 80% of Earth's mineral wealth is produced by far less than 20% of the Earth's surface
- **Wealth:** 85% of the total global assets is owned by 10% of adults.[1]
- **Crimes:** A large percentage of crimes tends to be committed by repeat offenders, which make up a small proportion of the overall population — actually even criminals. In Sweden, 26% of the total violent crime offenders were re-convicted three or more times, which resulted in 1% of the population being responsible for 63% of violent crimes.[2] In the UK, 36% of crimes in 2009 were committed by criminals who just completed a previous sentence within the past year. More than half of these were by criminals with at least 25 previous convictions or cautions.[3][4]
- **Books:** 80% of the value in a book can be gleaned from 20% of its content.
- **Clothes:** Most of the times you wear the same few clothes in your wardrobe.

- **Divorces:** A large proportion of divorces tend to be by a small proportion of married individuals. It's also why a significantly higher proportion of second and third marriages fail compared to first marriages.[5]
- **Consumption:** In every industry, a small selection of brands dominate the world's consumption, e.g., Coca Cola / Pepsi for soda, MS Windows for operating systems, Samsung and iPhone for mobile phones. (I share more in The Market Leader Effect.)
- **Daily Life:** When you eat out, you usually dine at the same restaurants (20% out of all possible choices).
- **Smoking:** 100% of cigarette consumption is by nearly 20% of the world's population (are you one of them?).[6]
- **Business:** 80% of sales tend to come from 20% of customers (your loyal customers who love your work and purchase regularly). 80% of complaints tend to come from 20% of customers.
- **Relationships:** 80% of the value you get from relationships is from 20% of the people you know (your close friends, family, partner).
- **Goal achievement:** 80% of the results in your goal will be from 20% of your actions (meaning a few vital tasks will contribute to the biggest results in your goal).

.... and so on.

Applying 80/20 Principle in Our Life

The 80/20 rule tells us that **a large proportion of effects is due to a small portion of causes**.

- 20% of causes lead to 80% of results. These are what I call the **20% high-value tasks**. High-value because they lead to high-impact results.
- On the other hand, 80% of causes lead to 20% of results. These are what I call the **80% low-value tasks**.
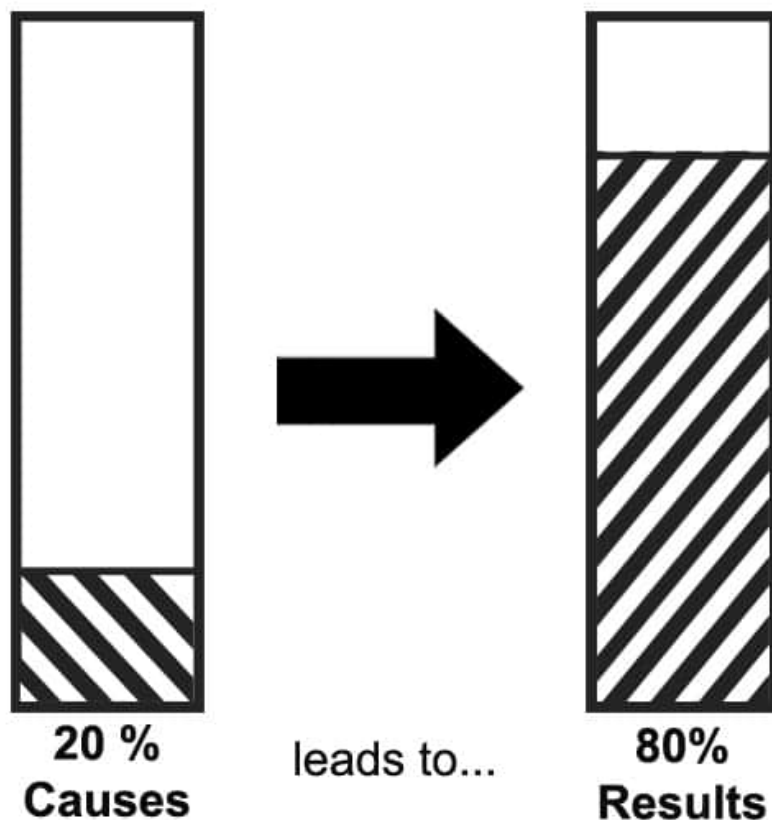
(Image: Personal Excellence)

It doesn't have to be a literal 80-20 ratio — for example, 70% of the effects can be contributed by 15% of the causes, or 60% of effects can be contributed by 30% of the causes. The percentages of effects and causes don't have to add up to 100% either — 80%

refs to the effect while 20% refers to the cause, meaning they are not of the same denominator. It just happened that Pareto's observation was 80-20 (rather than 70-20 or 60-10).

The point of the 80/20 rule is to know that (a) the relationship between cause and effect is often not 1:1, and (b) some causes have more weight than others.

The 80/20 rule has 2 implications for us:

Fact #1: Understanding that Less is More

Firstly, not everything is equal. No matter what you do, there are always a few vital tasks that matter. You want to focus on the vital few, the 20% high-value tasks, rather than spread yourself thin across everything. This is also known as "**Less is More**" where doing less will net you more results. This is the same as being effective rather than efficient, something that I talk about in my time management posts.

Applying "Less is More" means asking yourself:

- How can I remove the tasks that do not create as much value?
- How can I focus my energy on activities that make me happier and more fulfilled?

Fact #2: Achieving More with Less

Our society today has a "More with More" mindset. We are told that we need to do more to be more. If we're not doing more we are losers. So we straddle across multiple responsibilities, have our hands constantly full, and have to-do lists so long that they extend to the next 3 months.

But the more we do, the more exhausted we are. As we try to keep up with never-ending needs and responsibilities, our health wanes, our social life suffers, and all the extra money we earn goes into paying for more expenses and loans. For all the time we spend doing more and more, we sure do not seem to be getting more in return.

What if we don't achieve "More with More"? **What if we really achieve "More with Less"?** Where we make more progress by focusing on the vital few? By channeling all our energy to the things that matter — not by trying to chase every shiny thing?

The 80/20 rule is about how to get more out of your life. When you scale back on the things that aren't important, you get more time for the things that are. When you cut away tasks that drain you, you have more energy and time for the things that matter.

In the end, the goal of the 80/20 is to achieve more with less, so that we can make the most out of our time on earth. To focus on what gives us the most meaning, so that we can achieve the greatest fulfillment and happiness.

In the next part, I share the 6 common misconceptions people have about the 80/20 principle. Read Part 2 here: 6 Common Misconceptions of The 80/20 Rule

6 Common Misconceptions of The 80/20 Rule

*This is **part 2** of a 3-part series on how to achieve more with less using the 80/20 principle*

Since teaching the 80/20 in my courses, I find that there are some common misconceptions about it. Here I want to clarify them:

- **Myth #1: 80/20 means eliminating all unimportant tasks.** Not true. Some tasks are low value but need to be done. For example, washing laundry, paying the bills. Not doing them will create a negative downside. The 80/20 rule is about spending more time on the important tasks, spending less time on the unimportant (by delegating, batching), and eliminating the tasks with almost no value (not doing them will not make a difference).
- **Myth #2: It must be precisely 80/20.** Not necessarily. As I mentioned in part 1, It just happened that Pareto's observation was 80-20 (rather than 70-20). So let's say you have 10 tasks on your to-do list. It doesn't mean that there must be precisely 2 tasks (20% of the 10 tasks) with high value. Maybe you have 3 tasks that contribute to 80% of the value. Maybe 4 of the tasks

- contribute to 90% of the final impact. The point is that a small % of inputs lead to a large % of results.
- **Myth #3: 80 must add with 20 to be 100.** 80% represents the effects while 20% represents the causes. When Vilfredo Pareto made the connection, it was regarding the distribution of wealth in Italy, where 20% of people owned 80% of wealth. The reality is that it can be 70/20, 90/30, etc. The % of causes don't have to add up with the % of effects to be 100.
- **Myth #4: 80/20 is about being lazy.** No — 80/20 is about being effective. When you use the 80/20, you think about the areas where you can make the most impact so that you can focus on them. It's about using your limited energy to create the maximum impact, rather than being haphazard and unstrategic in the way you do things.
- **Myth #5: It only applies to business.** While 80/20 gained popularity in the business world, it can be found in almost everything in life. It can be found in sports, science, software, medicine, and more. It can be found in our relationships, beliefs, goals, habits (20% of habits will make the biggest difference), and health (20% of actions will make biggest difference to our health). It's really a way of life.
- **Myth #6: 80/20 is about being mercenary.** Some people may resist the 80/20 because they don't want to choose. They are uncomfortable about saying no. They want to do everything. But when you don't apply the 80/20, you are already choosing — *you're choosing against the high-impact tasks that could benefit enormously from your attention, focus*. **80/20 is about choosing to make the most impact with your limited time on Earth.**

My initial resistance toward 80/20

I used to write off the 80/20 principle because I felt it was at odds with my perfectionistic self. My belief was that we should give our 100% in *everything*, rather than picking things to focus on. I also felt that the end result in any activity comes from the sum of its inputs. If we were to cut away the parts that "do not matter as much," the net result would suffer in ways we cannot anticipate.

But these feelings came from linear thinking and not looking at things with a big picture. I later realized that I was looking at things in the wrong way, without regard of resource constraint. Sure, in a perfect world where I have unlimited time, energy, and infinite resources (money, etc.) at my disposal, then the 80/20 wouldn't matter. If I could split into 100 bodies and be in 100 places at once, plus not sleep without detriment to my body, then I could focus on 100% of inputs with 100% dedication.

But because human energy is finite, and we have a nonrenewable resource that is our time on Earth, we need to be conscious of how we spend our time and energy. That's where the 80/20 rule comes in. Over the years, using the 80/20 I've learned to

- Focus on the goals that make the most difference, rather than overwhelming myself with 20 little goals
- Identify the few key tasks that grow my blog the fastest, and hence grew my blog quickly to be one of the top self-help blogs today

- Focus on positive relationships that uplift me, rather than drain myself with negative people and people who simply don't appreciate my help
- Not strive to serve every customer (or reader), but to serve customers that appreciate what I do, that value my time, and that don't take my work for granted. Knowing that I can remove the 0.01% toxic web visitors has freed up much of my mental energy to serve the 99.99%.

For the idealist and perfectionist, the 80/20 principle is even more important because it helps us to achieve more and be more despite our limited time and energy. By prioritizing correctly and applying our energy to the right places, we get much more out of life.

The Role of Judgment in 80/20

Like any law and principle, **application by people means that perception and judgment will come into play**.

This means that we may make mistakes. We may select certain tasks as 20% high value when they aren't. We may cut off certain low-value tasks that turn out to be crucial later.

The best way is to tackle this is to improve our judgment. This can be done by learning. By making mistakes. By measuring our results and quantifying the link between input and output. By studying what the best people are doing so we can learn from them.

Remember that when you do not make a choice on what to do, **you make a choice against other things that can grow significantly under your care**.

Rather than avoid making choices because you are afraid to cut out something important, strive to refine your judgment to make better decisions. Since there will always be a certain degree of error in our judgment, we can only strive for the most accurate application of the 80/20 rather than perfection. We may never be 100% correct, but **the more we learn, the more data points we have to improve our judgment to make a more accurate assessment**. As we see more positive results, it means we are moving in the right direction. With practice, we can only get better. :)

In the last part, I share a 3-step method to apply 80/20 to all areas of your life. Read Part 3: Apply 80/20 to Your Life in 3 Simple Steps

Apply 80/20 to Your Life Now in 3 Simple Steps

*This is the **last part** of a **3-part series** on how to achieve more with less in life using the 80/20 principle*

There are 3 simple steps to apply the 80/20 to your life, as outlined in *Living the 80/20 Way*.

Step 1: Identify your 80/20 goals

Start off by identifying your **80/20 goals**. They are the 20% of your goals that will give you 80% of total happiness when achieved, where 100% is the collective happiness from achieving all your goals. *(Koch referred to them as the 80/20 destination, but I call them the 80/20 goals.)*

What are the 20% goals you truly, truly want? What are the 20% goals that really matter to *you*? These are the goals you should focus disproportionately on. Keep them to 2-3 goals. They should be in line with your life purpose.

The idea is not to overwhelm yourself with 50 goals, because every single goal needs time and effort to achieve it. While you can still have a big list of goals (such as for your bucket list), being clear of

your 80/20 goals helps you focus on your big rocks in life.

Step 2: Identify your 80/20 path

Every goal typically has 4 possible paths we can take to achieve it:

- 1) Low Effort, Low Reward
- 2) High Effort, Low Reward
- 3) High Effort, High Reward
- 4) Low Effort, High Reward

Now if you are to choose, which path should you take?

If you answered #4: Low Effort, High Reward, you are right! This is also the **80/20 path, the simplest path to achieve maximum results**. *(Koch referred to this as the 80/20 route.)*
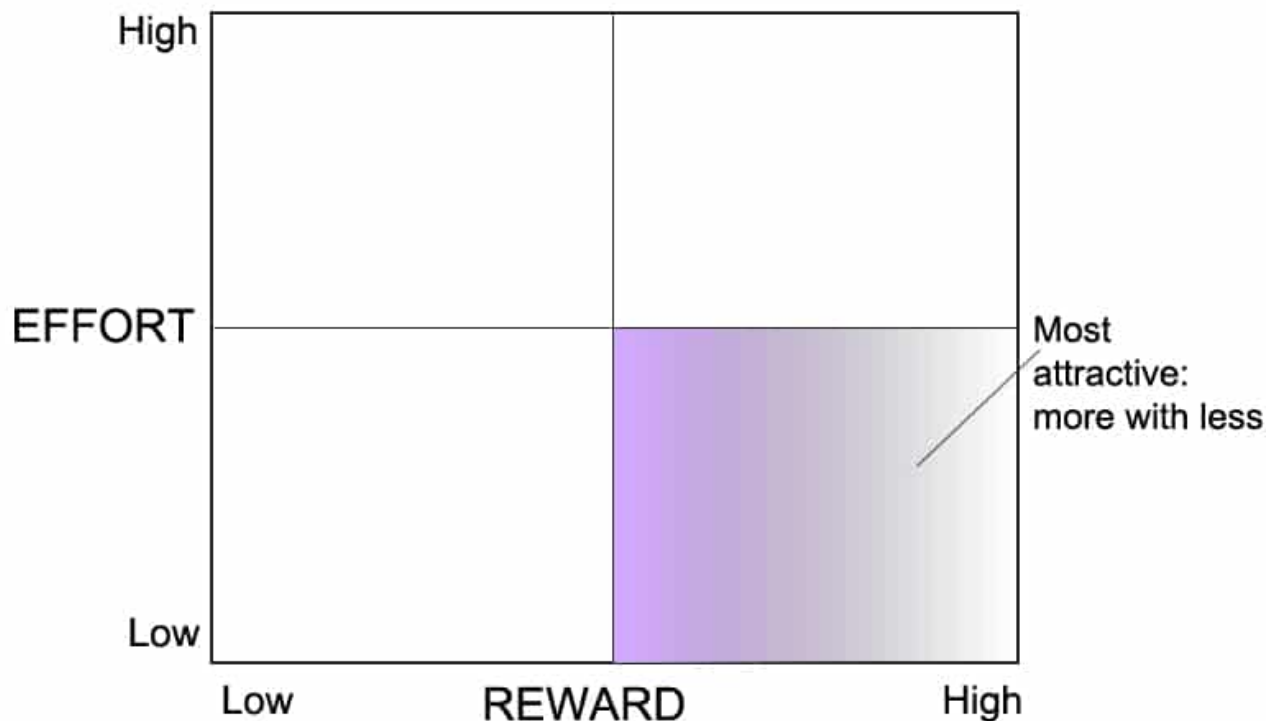
More with Less Chart

Say you are a student and you want to do well in school. Looking at the 4 possible paths, they are

- 1) <u>Low Effort, Low Reward:</u> Study at the last minute
- 2) <u>High Effort, Low Reward:</u> Attend all lectures but don't pay attention. Go to classes unprepared. Plan a full timetable to study but not focus when studying.
- 3) <u>High Effort, High Reward:</u> Attend all lectures and pay attention. Study every day. Do every assessment book on Earth. Memorize the solutions and answers.
- 4) <u>Low Effort, High Reward:</u> Attend key lectures. Understand the key principles of the topics. Identify likely questions that will be tested by examining trends in past papers and talking to professors. Study using mind maps and study techniques for maximum retention.

Out of the four paths, the fourth one will give you the best ROI.

Similarly for every goal, there are always 4 possible paths you can take, one of which is the 80/20 path.

Refer to your 80/20 goal. Ask yourself,

1. What are all the paths I can take to achieve this?
2. Out of these, what is the 80/20 path that will take me there?"

Research and understand what others have done to achieve similar goals like yours. Learn from their experience and factor this into your path. Talk to those with more knowledge. Then, map out your 80/20 path.

Step 3: Identify your 80/20 actions

Your 80/20 actions are your key pillars of success.

Instead of jumping straight in the thick of things, take a step back. Study all the actions you can take in your path. Again, study what others who have succeed in this goal did. **What are the key actions that will really make a huge difference in the big scheme of things?** What are the "need-to-do" vs. the "nice-to-do"? What are the few actions that really matter, and when acted upon, will guarantee success? These are your **80/20 actions**.

When I started Personal Excellence, I read a lot of materials written by successful bloggers discussing the methods they used to drive traffic to their sites. Each had different winning formulas, including: word of mouth, guest posting, blog commenting, posting in forums, posting in social bookmarking sites, writing quality content, networking with bloggers, partnership, writing e-books, search engine optimization for Google, getting listed in article directories — all in all, a monstrous list of action steps.

After some trial and error, and observing the general landscape *at that time*, I concluded that a few actions were significantly more effective than others to drive traffic (they were namely writing quality content, guest posting, and being listed in social bookmarking sites). I then invested all my effort in them vs. using a blanket approach. These were my 80/20 actions.

The results paid off — within my first month of launch, I had gotten 30,000 visitors. Within the first 3 years, I had reached over a million pageviews per month.

Similarly for you, you want to identify your 80/20 actions. You would need to research, experiment, and get your feet wet and try different tactics. The key here is not to shy away from doing, but to (a) try different things, (b) open your mind and learn from others, and then (c) come up with your list of 80/20 actions to act on.

Examining your life areas with 80/20

The 3-step approach applies to all areas of your life. Here are some examples:

- **Habits.** What is your routine today? Any low-value habits you should do away with? What are the 20% key power habits you can pick up to create 80% of value in your life, such as meditation and waking up early?
- **Thoughts.** Observe the thoughts that run through your mind. Which thoughts make you feel good? Which thoughts make you feel negative? What are the 20% high-value thoughts you can focus on to make your day better? What 80% low-value thoughts can you eliminate?
- **Health.** What is your current diet? What are the few key things you can do to improve your health? Drinking 8 glasses of water? Eating more fruits and vegetables? Eating foods with a high nutritional value?
- **Relationships.** What are all your current relationships? List them — your family, friends, co-workers, acquaintances, relatives. Which 20% of your relationships give you 80% of your happiness? How can you increase your time on these 20% relationships to get more out of them?

- **Career.** Are you in a career that you enjoy? If not, what is your 80/20 path to transition to your ideal career? If you love your current job, what are the 20% tasks that you enjoy the most — and how can you do them more often to increase your passion for your work?
- **Wealth.** What are the 20% activities that generate most of your wealth now? How can you focus on them to increase your profit? If you are an employee, what are the key variables that your pay is linked with? How can you focus on those variables to maximize your performance?
- **Productivity.** What are your daily to-dos? Which 20% of your daily tasks create the most value and happiness? How can you spend more time on these 20%? How can you cut away, reduce, or delegate the 80% tasks that do not give you much in return?

Practicing 80/20 In My Life

I've been applying the 80/20 principle in my life for over 10 years. Each time I do so, I'm affirmed about its value:

- **Relationships.** Over the years, I realized that while I have many people on my social networks, 80% of my enjoyment comes from a few key individuals. My husband, family members, few best friends, and the readers who appreciate what I do. Thus, I focus more on developing these relationships, while reducing time from the relationships that drain me.

- **Habits.** I cultivate the few key habits that make the most difference in my life: (a) waking up early, (b) meditating, and (c) healthy eating. Though these habits look very simple, they bring along a huge host of benefits. After cultivating them, I'm much more productive, focused, and happier. I also know that by practicing them, I'm improving my health and potential life span.
- **Business.** A simple analysis of my customers shows me that 20% of my customers contribute to a large proportion of my sales — these are my most loyal customers who trust my work, who know that I always put out the best quality stuff. A further analysis shows that 20% of my readers care enough to purchase my products, send appreciative notes, and spread my work to others. On a different note, a very small % of my total audience, maybe 0.01%, contribute to majority of the negativity and toxicity that I sometimes get from running a public site. Following the 80/20 rule, I know to always cut out the latter while focusing on the people who value my work, rather than thinking that I need to serve everyone and kill myself doing so.
- **Daily Life.** After reflecting on my daily activities, I found that I'm most inspired when I'm in nature and when I'm connected with like-minded individuals. Thus, I find ways to do these more often. Whenever I can, I go to the beach and parks with my husband. I seek out meetups and opportunities to connect with people who share the same interests. At the same time, I'm constantly removing tasks that drain me. Doing this, I get more value out of my everyday life. Life becomes much more fulfilling and rewarding.

Moving Forward

Think about how you can apply the 80/20 to your life and your

individual life areas. Start with a small area of your life first, such as relationships or health, then move on from there. You will start truly to experience the meaning of "Less is More" and "More with Less." Good luck! :)

*This is the **last part** of a **3-part series** on how to achieve more with less in life using the 80/20 principle.*

- ***Part 1****: How To Achieve More With Less Using The 80/20 Principle*
- ***Part 2****: Why You Should Not Resist 80/20 Principle*
- ***Part 3****: Apply 80/20 to Your Life Now in 3 Simple Steps*

ABOUT

Hi, I'm Celestine Chua, the founder of PersonalExcellence.co, one of the top personal development blogs in the world with readers from over 200 countries.

The central goal of my work is to help you achieve your highest potential and live your best life. If you like this ebook, you will love my free material at PersonalExcellence.co. Some articles you will find there are:

- 101 Ways to Live Your Best Life
- 101 Ways To Be a Better Person
- 8 Tips to Deal With Critical People
- How to Discover Your Life Purpose (series)
- How to Improve Relationship with Your Parents (series)
- How to Find Your Soulmate (series)
- How to Let Go of Anger (series)
- How to Deal with Disappointment (series)
- How to Stop Procrastination (series)

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