

THE 80 / 20 RULE

By Kenneth B. Collins

All our lives we have been told to work hard, pay attention, practice, focus on what's important, meet deadlines, delegate, etc. – and yet, it seems, we often get bogged down in time-consuming tasks and often fail to meet our expectations.

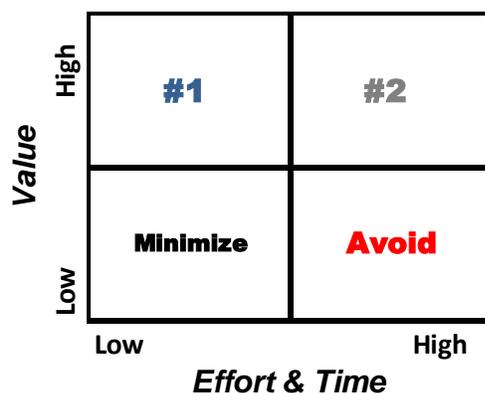
One relatively simple concept – the 80/20 Rule – pulls together all of these bits of advice in a way that I have found to be highly effective in my business and everyday life.

The concept derives from the reality that for most things, there is no direct relationship between value and effort. Introduce the concept of time, and the relationships become even more warped.

Prioritize and do what's valuable; not necessarily what's easy. That's the 80/20 Rule.

Following is a simple illustration. The #1 or highest priority items are those that offer the greatest value and take the least amount of time and effort. They're magic. At the other extreme, avoid those things that require a lot of time and effort but offer low value. They are often drudge work with very little real value. Skip them entirely or delegate them.

SETTING PRIORITIES



Several times each day I go over my To Do List and re-evaluate which items are most likely to yield the greatest value. Example: Are your sales people spending time with their best customers and prospects or are they focused on poor prospects or poring over their expense reports?

I've discovered another dimension to the 80/20 Rule as well – something that most people don't consider because they don't know when to stop. For many tasks it is possible to achieve 80% of the value with the initial 20% of the time and effort. So don't bother spending the other 80% and get bogged down in completing the entire project if you already have the answer – unless, of course, there is something in that last 80% that is likely to significantly change the result.

Imagine shopping for an attorney, for example. Do you really have to interview every one of the Top 100 Attorneys on Long Island – or can you quickly whittle it down to, say, 10 or even 20 excellent prospects by specifying your key criteria and seeking recommendations from trusted sources? Chances are extremely low that a truly superior choice will emerge from the other 80 or 90 candidates anyway.

In my world of Mergers & Acquisitions, in particular identifying and connecting with the very best buyer prospects for a client, I have found over and over again that in 80% of the many transactions I've closed, the successful buyer comes from the top-ranked candidates that comprise 20% of the names on the complete target list. They are my focus and priorities – the 20% of prospects that offer 80% probability of success.

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