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[Further Reading / 'The One Thing' / The Pareto Principle / Gary Keller](#)



In the late '30s a group of managers at General Motors made an intriguing discovery that opened the door for an amazing breakthrough. One of their card readers (an input device for early computers) started producing gibberish. While investigating the faulty machine, they stumbled on a way to encode secret messages. This was a big deal at the time. Since Germany's infamous Enigma coding machines first appeared in World War I, both code making and code breaking were the stuff of high national security and even higher public curiosity. The GM managers quickly became convinced that their accidental cipher was unbreakable. One man, a visiting Western Electric consultant, disagreed. He took up the code-breaking challenge, worked into the night, and cracked the code by three o'clock the following morning. His name was Joseph M. Juran.

Juran later cited this incident as the starting point for cracking an even bigger code and making one of his greatest contributions to science and business. As a result of his deciphering success, a GM executive invited him to review research on management compensation that followed a formula described by a little-known Italian economist, Vilfredo Pareto. In the 19th century, Pareto had written a mathematical model for income distribution in Italy that stated that **80 percent of the land was owned by 20 percent of the people. Wealth was not evenly distributed. In fact, according to Pareto, it was actually concentrated in a highly predictable way.** A pioneer of quality-control management, Juran had noticed that a handful of flaws would usually produce a majority of the defects. This imbalance not only rang true to his experience, but he suspected it might even be a universal law—and that what Pareto had observed might be bigger than even Pareto had imagined.

While writing his seminal book *Quality Control Handbook*, Juran wanted to give a short name to the concept of the **"vital few and trivial many."** One of the many illustrations in his manuscript was labelled "Pareto's principle of unequal distribution..." Where another might have called it Juran's Rule, he called it Pareto's Principle.

Pareto's Principle, it turns out, is as real as the law of gravity, and yet most people fail to see the gravity of it. It's not just a theory—it is a provable, predictable certainty of nature and one of the greatest productivity truths ever discovered.

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Richard Koch, in his book *The 80/20 Principle*, defined it about as well as anyone: ***“The 80/20 Principle asserts that a minority of causes, inputs, or effort usually lead to a majority of the results, outputs, or rewards.”*** In other words, in the world of success, things aren’t equal. A small amount of causes creates most of the results. Just the right input creates most of the output. Selected effort creates almost all of the rewards.

Pareto points us in a very clear direction: the majority of what you want will come from the minority of what you do. Extraordinary results are disproportionately created by fewer actions than most realize.

Don’t get hung up on the numbers. Pareto’s truth is about inequality, and though often stated as an 80/20 ratio, it can actually take a variety of proportions. Depending on the circumstances, it can easily play out as, say, 90/20, where 90 percent of your success comes from 20 percent of your effort. Or 70/10 or 65/5. But understand that these are all fundamentally working off the same principle. Juran’s great insight was that not everything matters equally; some things matter more than others—a lot more. A to-do list becomes a success list when you apply Pareto’s Principle to it.

The 80/20 Principle has been one of the most important guiding success rules in my career. It describes the phenomenon which, like Juran, I’ve observed in my own life over and over again.

- A few ideas gave me most of my results.
- Some clients were far more valuable than others; a small number of people created most of my business success;
- and a handful of investments put the most money in my pocket.

Everywhere I turned, the concept of unequal distribution popped up. The more it showed up, the more I paid attention—and the more I paid attention, the more it showed up. Finally, I quit thinking it was a coincidence and began to apply it as the absolute principle of success that it is—not only to my life, but also in working with everyone else, as well. And the results were extraordinary.

EXTREME PARETO

Pareto proves everything I’m telling you—but there’s a catch. He doesn’t go far enough. I want you to go further. I want you to take Pareto’s Principle to an extreme. I want you to go small by identifying the 20 percent, and then I want you to go even smaller by finding the vital few of the vital few. The 80/20 rule is the first word, but not the last, about success. What Pareto started, you’ve got to finish. Success requires that you follow the 80/20 Principle, but you don’t have to stop there.

Keep going. You can actually take 20 percent of the 20 percent of the 20 percent and continue until you get to the single most important thing! (See figure 5.) No matter the task, mission, or goal. Big or small. Start with as large a list as you want, but develop the mindset that you will whittle your way from there to the critical few and not stop until you end with the essential ONE. The imperative ONE. The ONE Thing.