

The 80/20 Principle Summary

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1-Sentence-Summary: *The 80/20 Principle* reveals how you can boost your effectiveness both in your own life and for your business by getting you in the mindset that not all inputs produce an equal amount of outputs and helping you embrace the Pareto principle.

Read in: 4 minutes

Favorite quote from the author:



Richard Koch has more than 20 books under his belt. His business career was considerably short, as he retired at age 40, after co-founding his own consulting company in the 80's (he was born in 1950).

But Richard's not your typical retiree, as he spends it very actively with speaking, writing books, as well as investing and advising companies like Filofax and Plymouth Gin.

Here are 3 good lessons to get you started with this powerful idea:

1. People expect life to be fair and balanced, but it's not.
2. The most important aspect any business can optimize is their product range.
3. You don't need exact numbers to use the 80/20 principle.

Ready to become an essentialist? Here we go!

Lesson 1: People expect life to be fair and balanced, but it's not.

You might know that the 80/20 principle says that 80% of the results come from 20% of the work (if not, now you do :P).

But that's actually a tough thought to wrap your head around.

We expect things to be linear, fair and balanced, but that's not how nature works.

Imbalance is the natural state of life and we all have to come to grips with that.

For example, we only use 700 words for 66% of what we say during our daily conversations. If you take into account the derivatives of those words, you'll see that 1% of the words of the English language are used for over 80% of what is said.

The reason for these imbalances are feedback loops.

When you put 5 fish of the same size into a pond, eventually, 1 will end up a lot bigger than the rest. That particular fish might only be slightly bigger than the rest in the beginning, but that slight edge allows it to catch more food and grow faster.

Of course, this reinforces its advantage, and because it grows faster it can get even more food, until it completely outgrows all the other fish.

Life works the same way, so stop blaming external factors like "unjust wealth distribution" and get started on creating those advantages for yourself so you'll end up on the better side of the imbalance.

Lesson 2: The most important aspect any business can optimize is their product range.

I love the story of Steve Jobs explaining how focus means saying no.

It embodies this lesson perfectly.

Koch agrees when he says that **the most important thing any business can optimize is their product range**.

He himself found out that for some companies as little as the top 3 products ended up making over 50% of the revenue. You could dramatically grow your business by focusing on these 3 top-sellers, but never make any headway when you keep trying to sell the other 97 ones you have that don't really get traction.

When Steve Jobs returned to Apple in 1997, the company had over 300 products in its line-up. He reduced that number to less than 10.

This insane focus allowed him to improve those already well-performing bestsellers and turn them into the everyday encounters they are today.

So the best thing you can look at to start simplifying and simultaneously growing your business is your product range.

Lesson 3: You don't need to have exact numbers to get the most out of the 80/20 principle.

Koch extends this principle throughout the book to help you use it in your own life as well, not just in business.

The beauty of it is that you don't need to have exact numbers.

Of course it's impossible to pinpoint the 20% of your friends that give you 80% of the happiness, but Koch says **your gut feeling provides a good estimate**.

He calls this 80/20 thinking and says you can use it to dramatically improve the quality of your life, by focusing on exactly that (as opposed to quantity).

Ask yourself: "Who do I really enjoy spending time with? How much time am I spending with them?"

You'll see that you don't have to look far and that it'll be easy to spend more time with who really matters to you, instead of trying to manage as many relationships as possible.

Your friends are just one example, and you can use 80/20 thinking to improve your happiness in plenty of other areas of your life.

The 80/20 Principle Review

The 80/20 Principle is rock solid, I was convinced of that before. Seeing Richard take a very universal perspective on it helped me think of more ways how I can apply it in my own life.

The summary had some really cool examples (like the one with the fish or the words we use) and I'm sure the book has plenty more.

It inspires you to take a different mindset and wrap your head around the imbalances we see in our everyday lives, instead of fighting against them (which is something I struggle with myself, because I want things to be "even" all the time).

I liked the summary on Blinkist, haven't read the entire book yet, but am indeed curious about more examples, highly recommended!

[Read full summary on Blinkist](#)

[Get the book on Amazon](#)

[Learn more about the author](#)

What else can you learn from the blinks?

- When the 80/20 principle doesn't work and how it's not always the same
- How to start applying the 80/20 principle at work
- What a study of 39 medium-sized businesses found out about complexity and how it impacts revenue

- Why a time revolution is better than time management, and what that means
- The thing most people don't do, even though they want to live in accordance with it

Who would I recommend The 80/20 Principle summary to?

The 43 year old product manager at a company with hundreds of products, the 72 year old, who thinks it's time for a realignment of her life's priorities, and anyone who has a tough time with not splitting things evenly.