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Pareto's Principle - Five Considerations For Online Companies

The Pareto Principle relates to a diversity of trade and industry situations and states that almost 80% of the outputs are a function of only 20% of the causes. This notion is also commonly identified as the "80/20 Rule" or the "Law of the Vital Few".

The 80/20 Rule is named in honor of Italian economist, Vilfredo Federico Damaso Pareto who, in 1906, determined that 80% of the real property in Italy was held by only 20% of the population. Later on he understood that a similar un-balanced relationship worked for other situations as well (e.g., gardening).

Take note that the 80% and 20% are not unchangeable values; instead, it is simply the unequal allocation that is noteworthy.

1. Personal Implications:

The Pareto Principle reminds you to remain constantly focused on the 20% of the potential daily actions that really affect your productivity and profitability. Given the intricacy of modern society, and particularly the information overload introduced by the Web, it is very easy to become distracted and start putting your attention on things that (while they may be "screaming for attention") are not actually important in affecting your business success or your ROI.

Reduce Your "Action List"

- * Of all the items on your "To-Do List," only 20% will actually affect your business success.
- * Delete items that simply waste time and really not important.

Focus on Your Strengths, Not Your Weaknesses

- * 20% of your time will generate 80% of your results.
- * [Automate](#) those things that can easily be automated.

Remain Attentive to the 20%

- * Finding the critical 20% helps you spread your time efficiently.
- * If "fires" interfere, and something has to fall through the cracks, make sure it isn't one of the decisive 20%.

The "80/20 Individual" takes the Pareto Principle seriously and applies its findings to everyday life and everyday tasks. S/he focuses on – and builds on – individual strengths.

2. Customer/Product/Service Considerations:

Interpret the term "Product" to include both tangible (i.e., physical) products as well as services and evaluate how the following rule-of-thumb statistics might impact your business.

Categorize Significant Customers & Best Selling Products

- * 20% of customers account for 80% of profits.
- * 20% of products account for 80% of sales.

Settle Product and Service Troubles or Discontinue Them

- * 80% of customer service problems cluster around the same 20% of products or services.

Ignore "customers" that are really just window shopping and don't dilute your time and resources on products and services that simply reduce your bottom line - draining time, energy, and money that could be better spent elsewhere.

3. Website Implications:

Distribution is about getting the products to the customer, and in an internet environment, much of that distribution happens via one or more of your websites.

Recognize Your Essential 20% Websites

- * 20% of pages account for 80% of the visitors.

Discover Important Traffic Patterns

* Almost 80% of your visitors see just 20% of your website pages. (This ratio holds true for both B2B and B2C, but may not remain true for pure content sites.)

Check Your Web Traffic Registers

- * You'll observe that a few keywords, search engines & websites give you the bulk of your visitors.

The Pareto Principle can provide guidance as you optimize your pages and improve traffic patterns.

4. Management Considerations:

Small companies, such as the bulk of [internet businesses](#), drive the nation's economy. Your internet business will benefit if you understand how Pareto's Principle affects your outcomes.

Assess Your Sales Force (Including Affiliates)

- * 20% of a sales force produces 80% of the annual results.
- * The best 20% of any group is frequently at least 16 times as advantageous as the remaining 80 percent.

Just as major corporations need to manage their employees, you'll need to identify key performers, look after them, and encourage them if you want your business to be profitable.

5. Advertising/Marketing Implications:

Use Pareto's Principle to help you make good decisions about your marketing and advertising strategies.

Determine Your Top Performing Ads and Marketing Campaigns

- * 20% of your promotion will supply 80% of your campaign's results.
- * 20% of a marketing campaign will generate 80% of the results, etc.

Identify your winning ads, and the placements that produce the greatest outcomes, then test – test – test, constantly tweaking them to make them even better.

If you're running a small, online business, you've probably already learned that there are many things demanding your attention at any given moment. One of the biggest challenges you'll face each and every day is deciding how to apply your limited assets.

Reliable use of Pareto's Principle will help you raise your business' productivity and general efficiency, thus increasing your ROI.

Click the following link if you'd like to learn how to apply Pareto's Principle by taking advantage of the [MaxPro System](#) and proven processes from one of the leading internet millionaires.

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