



EXECUTIVE SUMMARY

SERIES

THE NUTSHELL OF THE 80/20 PRINCIPLE

By Richard Koch
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1. Welcome to the 80/20 Principle

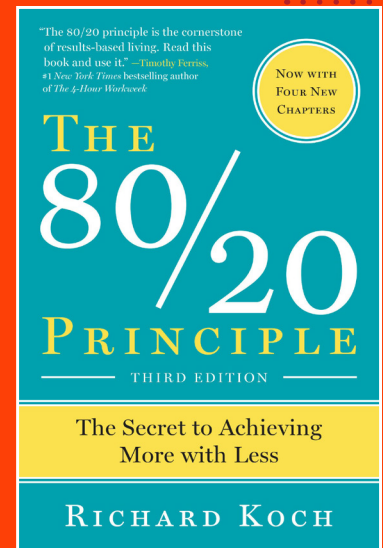
The 80/20 Principle asserts that a minority of causes, inputs, or effort usually lead to a majority of the results, outputs, or rewards. Taken literally, 80 percent of what you achieve in your job comes from 20 percent of the time spent. Thus four-fifths of the effort is largely irrelevant.

2. How to Think 80/20

Every person I have known who has taken the 80/20 Principle seriously has emerged with useful, and in some cases life changing, insights.

3. The Underground Cult

In contrast to the theory of perfect competition, the 80/20 theory says that over time, 80 percent of the market will tend to be supplied by 20 percent or fewer of the suppliers, who will normally also be more profitable.



ABOUT THE AUTHOR

Richard Koch, a former consultant, is an author, and successful entrepreneur.

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4. Why Your Strategy is Wrong

It is almost certainly true that you make at least 80 percent of your profits and cash in 20 percent of your activity. The trick is to work out which 20 percent, and then concentrate your efforts on multiplying this small part.

5. Simple is Beautiful

Because complexity is wasteful, a simple business will always be better than a complex business. Because scale is normally valuable, it is better to have a larger business. The large and simple business is best.

6. Hooking the Right Customers

Marketing should focus on providing a stunning product and service in 20 percent of the existing product line—that small part generating 80 percent of fully costed profits. Some customers are vital. Most are not.

7. The Top 10 Business Uses of the 80/20 Principle

By now you will have realized that the 80/20 Principle cuts across whatever boxes we create. The 80/20 Principle is so pervasive because it is a reflection of deeper forces ruling our existence.

8. The Vital Few Give Success to You

A few things are always much more important than most things. Unless we have real numbers or 80/20 thinking to guide us, most things always appear more important than the few things that are actually more important.

9. Being Free

The beauty of 80/20 Thinking is that it is pragmatic and internally generated, centered around the individual. There is a slight catch. You must do the thinking.

10. Time Revolution

You can only spend time on high-value activities (whether for achievement or enjoyment) if you have abandoned low-value activities. Be ruthless in cutting out these activities.

11. You Can Always Get What You Want

Remember the promise of the 80/20 Principle: if we take note of what it tells us, we can work less, earn more, enjoy more, and achieve more. But to do this, we must start with a rounded view of everything we want.

12. With a Little Help from Our Friends

Our friendships are at the heart of our lives. If you have had any success in life, you will recognize the crucial importance of allies.

13. Intelligent and Lazy

Those who are truly ambitious must aim for the top in their field. Choose your field narrowly. Specialize. Choose the niche that is made for you. You will not excel unless you also enjoy what you are doing.

14. Money, Money, Money

Money obeys the 80/20 Principle. It is no accident that Vilfredo Pareto discovered what we now know as the 80/20 Principle when he was researching the distribution of incomes and wealth.



15. The Seven Habits of Happiness

Can the 80/20 Principle apply to happiness? Yes! Identify the times when you are happiest and expand them as much as possible, and identify the times when you are least happy and reduce them as much as possible.

16. Your Hidden Friend

If we access our subconscious astutely, it will yield enormous results with no conscious effort and help us attain fantastic goals. Unity between our conscious mind and subconscious mind brings serenity.

17. Success Through 80/20 Networks

Networks operate in line with the 80/20 Principle because a very small proportion of networks in any given market or category will hold sway over a large proportion of activity or business in that market or category.

18. When 80/20 Becomes 90/10

There's a big potential advantage for everyone who works to identify network businesses before they get big. If they are growing fast and are the leaders in their niche, even a very small fraction could make you rich.

19. Your Place in the 80/20 Principle

Your 80/20 future is completely uncharted territory; it is challenging, thrilling, and exhilarating. It is uncharted because it exists in your own mind, and the minds of your closest friends and colleagues—and nowhere else.

20. The Two Dimensions of the Principle

There is the efficiency dimension of the 80/20 Principle, where we achieve things in the fastest possible way with the least possible effort. There is also the life-enhancing dimension, for anything that is truly important in our lives.

The greatest thing about the 80/20 Principle is that you do not need to wait for everyone else. You can start to practice it and use it to become a better, more useful, and happier human being.

