

Small Business Secrets: The Greatest Success Of All

By Brian Li

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Science of Small Business Success <http://www.businessgrowthcentre.com>

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by Brian Li, head of the UK's Business Growth Centre

If you are involved in any small or home-based business, the secrets of success discovered over a century ago by an Italian economist, Vilfredo Pareto, will skyrocket your sales and profits.

It's the one true principle of highly effective small businesses throughout the world today. Hardly any of them use it - and guess what? - over 96% of them go bankrupt within their first 120 months of operation.

This pattern of predictable imbalance occurs throughout the business world - 80% of results flow from just 20% of the causes. However, up until now, hardly any small or home-based businesses have applied this dynamic principle.

It will transform your business in such an incredible way, you'll marvel at it's effectiveness and simplicity.

Winners and losers

Identify which of your products or services are winners and which are losers.

Start by looking at your profit figures for each of your products. Do not forget to build in all overhead costs.

When you have a full list of products and their profitability, you can then begin to compile a list in order of highest returns.

You can immediately identify which of your products are providing your greatest profits - normally, 20-30% of them are giving you 70-80% of your profits. It's essential to concentrate most of your efforts on your winning products.

Spend the least time on those products that give you the least return on sales or, better still, cut them out altogether.

By adopting this strategy, all of your efforts will be concentrated on your best performing products and you will start to produce superior results.

Customers and their Purchases

Take a long look at all of your customers and their purchases. You'll identify which ones are making the largest purchases and which ones are the least price sensitive.

Don't forget that many larger customers may squeeze your profit margins and may not be as valuable as you think. Also remember, that smaller customers may cost you more to service.

When you have compiled a list of your most important customers - i.e. those that provide you with the greatest long-term profits - concentrate most of your resources on them and serve their every need. Build them into life-long clients and provide them with exceptional service.

If you establish close relationships with your best clients, and spend more time with them than your other lower profit customers, you will be adopting a winning strategy that will bring you wonderful success.

Distribution problems

The areas where you trade may also be producing good or bad results. If so, concentrate on those distribution areas that provide you with the greatest profits and again, serve their every need and build long-term close relationships with them.

What about your marketing strategy? Identify the areas that gives you the best response rates.

Research also indicates that simplifying your products will improve your results considerably. The reasoning behind this strategy is that complicated production processes increase your overheads. Simple products reduce complexity

and therefore require less management.

Sit down and really think about the most important parts of your business and how they can be improved using the 80/20 Principle. You'll save yourself lots of effort on promoting those areas of your business returning small profits.

Welcome to a rosy future.

About the Author

Brian Li is head of the UK's Business Growth Centre
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a host of incredible secrets to skyrocket your sales:

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