

RISK AND PRACTICE MANAGEMENT TIP: Understanding the 80/20 Rule

One of the most well-known concepts in business is the so-called “80/20 rule”, also known as “Pareto’s Principle”. In the legal practice, what 19-century economist Pareto determined was that 80% of your business comes from 20% of your clients. Conversely, it can also be said that 80% of your problems comes from 20% of your clients. So what do the 20% represent? Those are the clients that stick with you through thick and thin, are a good source of referral, are consistently more profitable, pay their bills promptly and are more enjoyable to work with. This is where the focus of your efforts should be when generating new business from existing clients. This is because you have already established the relationship with these clients who trust you and who have confidence in you

What about the 20% of clients who cause 80% of your problems? Think long and hard about whether or not you wish to continue your relationship. At the end of the day you and your staff will be happier.

*If you have any questions on these, or any other risk- or practice-related matters, do not hesitate to contact Stacey Gerrard, LIANS Counsel with the **Risk and Practice Management Program** at sgerrard@lians.ca or call 423-1300 ext. 345.*