

Hole #5

The Pareto Principle works in golf and business!

Eighty percent of your score is influenced by 20 percent of your clubs: Driver, wedge and putter

Jack Sims

The Pareto Principle according to Wikipedia:

The **Pareto principle** (also known as the **80-20 rule**,^[1] the **law of the vital few**, and the **principle of factor sparsity**) states that, for many events, roughly 80% of the effects come from 20% of the causes.^{[2][3]} Business management thinker Joseph M. Juran suggested the principle and named it after Italian economist Vilfredo Pareto, who observed that 80% of the land in Italy was owned by 20% of the population.^[3] It is a common rule of thumb in business; e.g., "80% of your sales come from 20% of your clients." Mathematically, where something is shared among a sufficiently large set of participants, there must be a number k between 50 and 100 such that $k%$ is taken by $(100 - k)%$ of the participants. k may vary from 50 (in the case of equal distribution) to nearly 100 (when a tiny number of participants account for almost all of the resource). There is nothing special about the number 80% mathematically, but many real systems have k somewhere around this region of intermediate imbalance in distribution.

In the first chapter I told you that 80% of a good golf swing is in the setup, and it also applies to the clubs that you use too. By the way I read recently in a golf magazine that Jack Nicklaus said he believes that 90% of a good golf swing is in the setup, so I guess that's good enough for me. In golf, according to the rules you are allowed 14 clubs in your bag, and that includes your putter. The thing is that your putter is one incredible club and it absolutely can make or break any golfer. That one club alone is responsible for 40% of your shots no matter what your skill level. A player who shoots 100 will likely have about 40 putts; a 90 shooter will generally have 36 putts per round, a golfer who scores 80 needs about 32 putts; and a PGA Tour Pro who averages about 70 strokes per round will typically have 28 putts.

According to the traditional scoring, a round of golf that is played to par on a par 72 golf course takes 72 shots. So on the basis that if you reach every green in regulation, one for a par three, two for a par 4 and three for a par five. That leaves two putts for every green. And as golf is played over 18 holes, if you multiply 18×2 , you will come up with thirty six putts, which is exactly 50% of the 72 strokes a scratch golfer should shoot.

So here's a piece of advice that I promise will help you with your game, spend 80% of your time on your driver, putter and wedge. 50% of your practice time should be spent on the short game; putting along with chipping, pitching, and sand play inside 50 yards. Believe me when I tell you, a strong short game can make a poor ball striking round become reasonable and sometimes a great round. The putter and wedges can mask a multitude of sins that you might make with your full shots. Personally, I think that the short game and putting in particular is one of the strengths of my game, I am not a long hitter, but I know from experience that it can be very annoying to the guys you are playing with when you are seemingly out of a hole and you keep getting "up and down" all day to stay in the game and win more than your share of holes. As the famous saying goes, "A man who can putt is a match for anybody." One of my golfing partners once said of me, "If it wasn't for that flat stick, you would be a bag boy." Initially I was a little offended, but later I realized that my putting gave me an incredible edge over him when we played together. Putting is what separates the winners from the also-rans on the tour each week as well.

Normally of course you putt on the greens, but many people, especially the ones who are not great chippers of the golf ball will putt from long distances from the green. I know players who will putt out of traps and from 60 feet off the green rather than chip.

[You don't necessarily have to be a good golfer to be a good putter, but you have to be a good putter to be a good golfer – Tony Lema](#)

The short game is vitally important but you also need to be good and consistent off the tee too to play your best golf. The tee shot sets a player up strategically and psychologically for the hole. The first stroke on a hole – your drive – has a major impact on your score and your enjoyment!! The approach shot from 50 - 100 yards with your wedge is also a crucial skill. Spend a total of about 30% of your practice time on these skills. This will unquestionably pay dividends over time. Spend the remaining 20% of your practice time on random shots" – the shots that you "need" – this is individual based on your game and the style of course that you typically play. For example, if you play a long course you may need to be proficient with fairway metals. Or, if you play in a lot of wind you may need to be able to "knock down" (play a lower "flighted" shot) your iron shots into the green.

What are the other clubs you use most frequently, it probably varies, but the chances are if you are like most players, you use your

driver on at least 10 holes and use either an iron or a lesser wood on four holes. So now if we add the 50 putts to and the 10 drives and four others we are up to 64 strokes out of 72. And if you are like any other player you have to chip around the greens or splash out of bunkers you probably use your sand wedge or your pitching wedge for those types of shots, is that fair? So let's say that you chip or splash at least eight times well that then adds up to 72 shots just so happens to add up to 100% of the shots you will use in a round of golf.

[“The short game”](#). Those are the magic words – Harvey Penick

The lesson here is to recognize where your “bread is buttered” in respect to how you get your score. Practice the skills and shots that will have the biggest impact on your “bottom line” – tee shots, putting, chipping, pitching and greenside sand play. The thing is that to perform well in golf it is all about hitting as many greens in regulation (GIR) as possible, minimize tee shot errors - get the ball into play safely (out the rough, trees and water as often as possible). it's all about the short game; you have probably heard the expression: “Drive for show and putt for dough.” Let's change that slightly to, “Drive, putt, and chip for dough.” Spend 80% of your practice time on your tee shots and the short game, chipping, pitching, sand play and putting and watch your scores come down and, maybe more importantly, your “smiles per round” go up!

Here are some golf drills that you can use to become a better golfer;

- Pick 14 balls out of the range bucket. Hit each ball as you would off of every tee at your course – pick the appropriate club, “see the hole” in your imagination, visualize the shot as you would like it come off and then hit it. This is called simulated practice. It is very effective and it works! Try it.
- Practice you're putting with your eyes closed if you want to develop a feel for the right distance. Put a bunch of golf balls, let's say 20 feet from the fringe of the practice putting area, and then get yourself set up and then close your eyes and try to get all of the balls at or just beyond the edge of the green. You can actually make it into a game that will enhance your putting skills. Give yourself a point for every putt that goes on or past the fringe by 18 inches, and lose a point for every one that is short.
- To help keep your putter square going back and forward through the putt, find yourself a tiled floor and use the edge of the tile to make your putter square and the joint of the tile centered on the blade of the putter. This way you will know that you are square to the target line and you can follow

through by keeping the center line in the center of your putter as long as possible.

- Practice reading putts by going to a green or practice green that has some undulations and then hit some putts to see what the break is. Then start placing golf balls on the correct line about 10 inches apart, starting where you were putting from and going all the way to the hole. This will get you to see the line in the real world, because it's so hard to envisage the correct line, amateurs inevitably under read the amount of break. There is an expression on tour, "You miss a putt on the pro side (above the hole) or on the amateur side (below the hole)." If you want to improve your putting stats, try a couple of rounds where you actually add about 50% additional break to every putt for a couple of rounds. Then see what your putting stats are, how many "tap in's" did you have versus before you made the adjustment.
- Practice your short putting skills by laying two clubs on the ground directly in front of a practice hole just slightly farther than your putter head width apart – see illustration. (coming soon)

Practice hitting putts from this distance – about three feet to gain confidence and solid putting stroke mechanics.

- Get two pieces of wooden dowel, about quarter of an inch thick and about 12 inches high. Find yourself a flat putt to a hole and stick one of the dowels in the ground about 18 inches past the hole and the other in the ground about eight feet in front of the hole. Then tie a piece of string to each of the pieces of dowel, place a ball just in front of the dowel that is eight feet from the hole and then place a golf ball under the string so that from your vantage it will look as though the string is going through the center of the ball. Now bring your putter back keeping the string in the center of the club, then stroke the ball toward the hole, maintaining the visual of the string being through the center of the putter.

So does the same Pareto Principle, the rule of 80/20 work in business? You bet it does! The truth is that it works in different areas of business and if we can recognize this one thing, it can make an enormous difference in your overall growth and a significant positive impact to your bottom line, which is what it is all about, or should be!

When I was a young boy, my parents bought a Mom and Pop store, which we lived over. So on the occasions when the store was busy,

or when I had just come home from school, I would pitch in and help serve customers. This has been a great lesson for me throughout my adult life; it's a true education serving the general public. One day my father, who just for the record, was a very smart man, pulled me aside and told me the following, "Son, you know the expression, treat all of your customers equally? Well it's true, except that some customers are more equal than others."

I told you he was smart! You see he intuitively knew what CRM or Customer Relationship Management was, years before it was truly understood and promoted. By the way I prefer to call CRM, Customers Really Matter, because without them you do not have a business!

Let's start with your customers, the group that you know you can't have a successful business without. The chances are that if your business is like anyone else's that the 80/20 rule is in full force and you are getting 80% of your business from 20% of your customers. So the key is to identify who these people are who make up this group, they are what I call your "A, B and C" customers. If you were to stack all of your customers' sales numbers, one on top of another, and let's say you have a total of 1,000 customers, the chances are that 200 customers will deliver 80% of your results. But you should divide your 200 customers down even further. Your best customers, the "A" customers, are probably about 10 (1% of your customers) and they are your very best. The "B" customers will amount to 40 customers (4% of your customers) and the chances are that your "C" customers will amount to 150 (15% of the total). The balance of the 800 customers is the "D" group.

To get some clarity on this overall circumstance we have to realize that when we put together our balance sheet and we look at the expenditures for advertising/marketing and branding you will probably see listed one bulked up number. Well that is the case if you are like most companies. We look at our campaign as a big broad sweeping communications piece and buy an ad, place a radio spot, buy a pop-up on the Internet or whatever you do to reach and speak to your target audience. This is a big mistake because if you were to do a little bit of work and apply the "Customer Based Accounting" principals, in other words, get every customer charged with their share of the accounting department, general overheads and sales department, you would find that some customers are actually costing you money to do business with them.

What should you do? I suggest that you fire your customers who are costing you money to do business with them. That of course is after you have done the appropriate amount of research to find out

what their true potential is. Maybe they are an “A” customer with someone else, so these are customers you should keep, but make your best efforts into making them a “C” or “B” customer of yours. What do you have to do to make this happen? I would start by asking the client what you have to do in order to do more business with them.

That should be your objective, decide the customers you feel you should keep and get rid of the ones that you don't. Then put a marketing program together that is based on a different approach for each of the groups, spending your marketing dollars appropriately in the correct proportions. Like my father said, “All customers should not be treated equally” and nor should the moneys and effort that you use to look after these customers.

I also think that you should extend the groups to include “E” and “F” customers. The “E” customers are the Ex-customers, yes we all lose customers from time to time, but you should acknowledge that they are a group and put a specific program and effort in place to see if you can get them back into the fold. Naturally, there will be some who you will never get back, so don't try. But if you think that they can be lured back, providing that they have a significant upside potential, and then put the effort into making that happen.

The last group is the “F” customers. These are the future customers and again the chances are that these can be sorted into A, B, C or D future customers and you should prioritize your efforts and only initially go for the ones who have “A” group potential.

I mentioned that you should use “Customer Based Accounting methods to evaluate how important the customer truly is to the company. The good news is that once you know this information it will make it so much easier to work on a marketing, advertising and communications campaign that will enable you to create a much more effective bottom line. The whole world of communications should be thought of as being created toward a specific group. Again your A, B, C and D customers will get spoken to in different ways and if you are in a two step distribution business, you're A customers will simply get proportionately more help and assistance than the B, C and D customers.

How can we use this information to help the sales force?

Now once that you know who your A, B, C and D customers are and that you have apportioned the appropriate amount of market-

ing funding and effort toward each group, you are now in a position to use this information in your sales efforts.

Here's a scenario that you can adapt for your business:

Because you have racked and stacked your 1,000 customers and drawn lines across the stack to decide who you're A, B, C and D customers are, you can feed this information to your sales group and get them to develop a sales call rotation in line with the percentages.

- The 10 A customers will get a visit twice a year by the president of the company, the Sales Director quarterly and once a month by the sales team. Maybe some additional activities like dinners, golf or the theater are planned.
- The 40 B customers will get an annual visit by the president of the company, the sales director will visit twice a year and the customer will get bi-monthly visits by the sales force. With certainly a dinner and some other relationship building programs periodically thrown in.
- The 150 C customers will get an annual visit by the sales director, and the sales force will visit the customer quarterly. Maybe these clients get invited to the annual golf tournament too.
- The 800 D customers will get an annual visit by the sales force (if there is enough time available, but even then it will be decided by the upside potential of the client), monthly phone calls and receive monthly updates and faxes as to what is happening in the company. Spending efforts into relationship building without actually physically visiting the customers.

So you can see by applying a plan like this it takes the thinking process out of the equation and enables the president, sales director and sales force to virtually plan their whole year of time they will be spending with their clients. If you look at the numbers it would mean that:

- The president of the company will meet 60 times a year with the company's best customers.
- The sales director will meet customers 270 times a year; naturally this will not be 270 days, but reduced to probably about 80 days a year on the road (three clients a day).
- The sales team will meet customers on 2,500 occasions throughout the year, and this then will be divided proportionately across the sales force.

The good news is that if you create and apply a plan like this, it means that you can literally plan the whole year of sales calls ahead of time. For instance, your A customers will know that the president of the company will be visiting them on the first Monday

of the first month and the first Monday of the sixth month and you can make those arrangements literally six months in advance. And the same thinking can then be applied to the sales director, sales force and the additional materials program. The upside of this is fairly obvious in that everyone will know way in advance what will be happening and when it will happen. So if let's say you have a salesperson leave, then the new person will not have to start making appointments with the clients, they will already be in place.

The lesson is very clear, make sure that you put your money and your mouth where it will have the most impact, with your best customers first!

The Pareto Principal works in golf and business – at a glance!

- Understand that your score is highly correlated to your skill and performance with your driver, putter and your wedges – spend 80 % of your practice time with these clubs.
- All clients should be treated equally; it's just that some are more equal than others.
- Understand the percentages of business that your A, B, C and D customers do with you.
- Fire your customers who are costing you money!
- Make your sales appointments according to your Customers Really Matter program!

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