Chapter 03: 80-20 and Other Rules to Live By

The McKinsey Way — Ethan M. Rasiel • Executive Strategy Breakdown

THE MCKINSEY WAY

1 The 80/20 Rule and Eliminating Ocean-Boiling

- ✓ Pareto's Principle governs business reality: 80% of revenue, bottlenecks, or costs invariably stem from 20% of products, processes, or customer accounts.
- ✓ 'Do not boil the ocean': attempting to analyze every peripheral dataset produces cognitive exhaustion without yielding proportional strategic leverage.
- ✓ Consultants pinpoint the vital 20% by prioritizing high-variance drivers early, declining to model peripheral micro-factors that fail to move the executive needle.

2 The Elevator Test and Low-Hanging Fruit

- ✓ If you cannot explain your solution, its supporting evidence, and its business impact to a chief executive in 30 seconds, you do not understand your solution clearly enough.
- ✓ Securing early credibility requires identifying and harvesting 'low-hanging fruit'—immediate operational improvements that generate visible cashflow or efficiency wins before the full study concludes.
- ✓ Delivering quick, demonstrable cost reductions within the first month calms skeptical client executives and earns the team political patience to execute systemic, multi-year reforms.

3 Making a Chart Every Day and Hitting Singles

- ✓ At the end of every working day, synthesize your hours of effort into a single quantitative or conceptual chart that distills one novel insight.
- ✓ Grand slams are rare in corporate transformation; sustainable excellence is achieved by consistently 'hitting singles'—executing dependable, daily incremental discoveries.
- ✓ Daily chart synthesis prevents data hoarding, forces intellectual crystallization, and guarantees that the team's final presentation deck assembles organically throughout the engagement.