

23rd June, 2015

After being somewhat active on facebook, though for a short time now (which BTW I intend to continue with), I have realized that a majority of my 'friends' are silent readers. And I have wondered why this indifference. In my chats with fellow colleagues during lunch hours and otherwise, my attention was drawn to the 1% rule, which I found interesting, and so explored it further.

1% rule

The rule of thumb for internet culture is that it is just 1% of the people who create content for the other 99% to read. A variation of this content has also been suggested in that 1% may create content, 9% may edit that and 90% only read it. Simply stated, it could be 1-9-90% rule.

Of course this rule may change slightly depending on the content being created, but by and large it holds true for any internet community.

In a recent paper that I was editing for a journal, I came across the term Pareto principle, or the 80-20 rule, as it is known as. Though I had heard of the 80-20 rule, I wasn't aware of this name. So, am sharing some details with you here, which I was able to gather.

80-20 rule or Pareto principle

A common rule of thumb in business is that '80% of the sales can come from 20% of the clients'. It is an empirical observation about the distribution of the data, and named after an Italian economist, Vilfredo Pareto, who at the beginning of the 20th century had found that 80% of all the land in Italy was owned by 20% of the population. When he carried out a similar exercise on data from other countries, he found a similar distribution. This should not come as a surprise as most distributions of data we come across are not found to be evenly distributed. In a perfect world, everything would be organized well; every product would sell well, every bug in a software would be equally important, and so on. But in our world it is not so.

Some interesting facts that I came across in looking for information on Pareto principle are as follows:

1. 80% of a company's sales may come from 20% of the products.
2. 80% of all the crashes or errors in a software may come from 20% of the most-reported bugs.
3. 80% of the health care resources may be used by 20% of the patients.
4. For shale plays, it is often stated that 80% of the production comes from 20% of the good wells.

All this can be generalized by saying that 80% of all outcomes come from 20% of the input. Interestingly, the 80-20 rule seems to work for various kinds of data, e.g. advertising, traffic, business, job search, software, and the list goes on.

Some people believe that whatever activity they are engaged in, or whatever data they consider, Pareto principle holds true. For example, 80% of the time you may wear 20% of the clothes that you have. Right?

I suggest you try and analyze its applicability for data in your daily life. This is supposed to be a fun exercise. If it does not work, don't blame me. *smile emoticon*

But please share your results, nonetheless.