

# **THE 50 0 RULE OF LEADERSHIP**

**USING LEAN DECISION-MAKING TO DRIVE TRUST,  
OWNERSHIP, AND TEAM PRODUCTIVITY**

**ANIL K. SINGHAL**



*“Anil Singhal addresses some important engagement lessons in this book starting with humanity and trust, but the one that struck me the most was that the 5% Rule saves time and money. It spares your talented team from wasting their time, and it insulates everybody from the nightmare of getting involved in a failed project that has too much momentum to redirect or stop. It forces you to establish the way in which you want events to unfold. It forces you to take charge of your destiny. From experience, this is true: the 5% Rule can work as an operating philosophy for the entire company affecting both profitability and efficiency for any organization. As a leader, if you take command of the situation at the start, it becomes your choice what trajectory you want the story to take. The 5% Rule is gold. However, dig deeper—there are so many other refreshing nuggets and perspectives in this must-read book—especially on the entrepreneur journey.”*

**—Andrew J. Nash**

founder and managing partner  
UpOver Ventures

*“Anil’s philosophy and leadership perspective are inspiring, enduring, and relevant for businesspeople and leaders seeking a unique and compelling new way of running a company that can last for generations. His 5% Rule and approach to developing a vibrant corporate culture have helped him create a company that prides itself in being Guardians of the Connected World.”*

**—Tiffani Bova**

executive advisor  
and author of the best-selling books  
*The Experience Mindset* and *Growth IQ*

*“Anil Singhal brilliantly explores the merits of the 5% Rule, analogous to the Pareto principle, to showcase that, in an era of ruthless efficiency for the sake of short-term profits, there is another way of leading teams and businesses successfully. Drawing from a multitude of personal experiences and anecdotes at NetScout, Anil, with deep humility, pragmatic simplicity, but undeniable conviction, shares with the reader invaluable pearls of wisdom to hone on their leadership skills and sharpen their business acumen. This truly inspirational book shatters traditional management principles and instead advocates for a leadership style and business approach that are rooted in humanity, respect, empowerment, and loyalty. The 5% Rule of Leadership is an original blueprint we all need to study for the challenges ahead: organizations can truly blossom only when technological innovation and growth ambitions are tamed by a strong sense of purpose, an inspirational mission statement, and a fundamental reprioritization of any company’s most valuable asset: their employees. A book you must read: compelling, beautifully written, and tightly argued, it offers a refreshing viewpoint on leading organizations with deep humanity and clarifying focus.”*

**—Marlene Pelage**

global chief finance officer of Gen II Fund Services LLC  
NetScout board member

*“As I delved into Anil’s work, a mirrored reflection of my own journey unfolded before me. Despite my enterprise being significantly smaller than Anil’s, I found a deep resonance with his ideas and, more profoundly, with the values he champions within his business. Equity, transparency, empathy, and the centrality of the human element are not universally embraced at the executive level; yet, when applied with deliberate intention, they foster tangible successes for individuals and, consequently, for the entire organization. After all, a company without its human core is nothing.*

*Anil’s book stands out not just as an engaging read but also as a beacon that leaves a lasting imprint on the reader, inspiring leaders at every*

*level to cultivate a workplace where human values are not just adjuncts but also the cornerstone of business success. It is a powerful affirmation that inclusive and ethical leadership practices can be successfully implemented in business environments of every scale.*

*This testament by Anil is not merely a call for reflection but a clarion call to action for those prepared to listen and embrace a way of leading and conducting business that places people at its heart. In my opinion, his book is an essential read for anyone aspiring to transform their work environment and the broader business landscape into a place of greater justice, transparency, and empathy where every individual can find fulfillment and satisfaction.”*

**—Antonio Grasso**

Digital Business Innovation Srl

*“Anil Singhal’s book is a must-read for anyone wanting to be a successful entrepreneur and build a sustainable company. His success has resulted primarily from this key principle: a ‘not mean’ humanistic culture centered on employee-first values, fairness, and purpose, which results in high employee engagement, which results in satisfied customers, which results in continual business success!”*

**—Edward D. Hess**

professor emeritus

Darden Business School

University of Virginia

and the author of *OWN YOUR WORK JOURNEY!*

*The Path to Meaningful Work and Happiness  
in the Age of Smart Technology and Radical Change*

*“For the longest time we have heard of CEO’s running their companies ‘lean and mean’ while in a full sprint, squeezing every last bit of profit at the end of every quarter. Anil Singhal has found a better way of running his company NetScout. He calls it the 5% Rule. If you want to build a more efficient company for the long haul and not be good for just one*

*quarter—for innovation, employees, and customers—then you need to read his book so you can inject his best practices into your own organization.”*

**—Bob Carver**  
CISM, CISSP, MS

*“Anil Singhal offers a transformative approach to decision-making and leadership. By focusing on the most impactful 5% of decisions, Anil provides a framework that helps leaders avoid wasted efforts and poor outcomes. With insights drawn from years of experience in navigating complex corporate landscapes, Anil emphasizes the importance of clear goals and strategic thinking from the outset. This book is an essential read for anyone looking to enhance their leadership skills and drive meaningful change within their organization.”*

**—Dr. Marshall Goldsmith**  
is the *Thinkers50* #1 Executive Coach and *New York Times*  
best-selling author of *The Earned Life*, *Triggers*,  
and *What Got You Here Won't Get You There*

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**ANIL K. SINGHAL**

**WILEY**

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*This book is dedicated to my family for their unquestioned support, and to my friends at NETSCOUT, who I have had the privilege of working with and learning from. You all have helped me shape the values, philosophy, and techniques described in this book over the last 30 years.*



# Contents

<i>Acknowledgments</i>	<i>xvii</i>
<i>Foreword</i>	<i>xix</i>
<i>Introduction</i>	<i>xxv</i>

<b>Section I</b>	<b>Forming a Great Company Creating a Strong Foundation</b>	<b>1</b>
<b>Chapter 1</b>	<b>Deciding First What Is Important</b>	
	The 5% Rule in Business and Life	5
	Behind Every Decision	8
	The Ultimate Test	10
<b>Chapter 2</b>	<b>Excited Employees to Satisfied Customers to Happy Shareholders</b>	
	The Virtuous Spiral	13
<b>Chapter 3</b>	<b>Trust Is the Ultimate Empowerment</b>	
	The Decisive Factor	31
	Strategic Retention	37
	Trust as Simplifier	39
	Building Trust	40

<b>Chapter 4</b>	<b>Transparency in Practice</b>	
	It's Not Just a Buzzword	43
	As Clear as You Can Be	44
	The Tie That Binds	46
<b>Chapter 5</b>	<b>Hierarchy of Purpose</b>	
	Prioritizing Values	49
	Learning Curve	51
	Real-Life Practice	58
	Putting It All Together	62
	The HA Map in Action	63
<b>Section II</b>	<b>Building a Great Company</b>	
	Implementing the 5% Rule	67
<b>Chapter 6</b>	<b>Front-Loading Negotiations</b>	
	Know What You Want Going In	71
	Stepping In	71
	A Question of Price	73
	Give Them a Number	75
	Asking the Right Questions	76
	Trust and Transparency	77
	Meet and Greet	78
	The 90%	80
	The Risks of Skipping the First 5%	81
	Final 5%	82
<b>Chapter 7</b>	<b>Why Earn-Outs Are Bad for Acquisitions</b>	
	Make a Clean Break	85
	The Value of Predictability	88
	Faking Yourself Out	89
	Praying for Failure	90
	Working Toward Mutual Success	91

<b>Chapter 8</b>	<b>Be a Problem-Solver, Not a Solution Provider</b>	
	Give Them What They Need, Not What They Ask For	93
	Problems Before Solutions	94
	The Problem with Problems	95
	A Real-Life Example	96
	First Question: Why?	97
	Finding a Solution	98
<b>Chapter 9</b>	<b>Control the Timetable of Disruptions</b>	
	Choose Your Fate	105
	An Industry Turned Upside Down	108
	Disruption as Freedom	111
	Your Early Warning System	112
	A Word of Warning About Disruption: Do Not Be Too Clever	113
	Thinking Backwards	115
<b>Chapter 10</b>	<b>The Power of Being Different</b>	
	Differentiation as a Key Asset	117
	A Singular Advantage	118
	Being Different Inside	119
	Different Differences	119
	The Tiniest Differences	121
	A Caveat	123
	Balancing Act	123
<b>Chapter 11</b>	<b>Put All Your Eggs in the Fewest Baskets</b>	
	Balance Risks Without Diluting Rewards	127
	The Discipline of Choice	128
	Lean Basketry	130

	Real-Life Eggs and Baskets	131
	The Unforeseen Cost	133
	Long Road, Hard Wisdom	134
	Timing Is Everything	136
<b>Chapter 12</b>	<b>Don't Worry About Leaving Money on the Table</b>	
	Get What You Need, Not What You Want	139
	Counting What You Do Not Have	142
	Different Tables	144
	Know Your Price	147
	State What You Want	148
	Know When to Stop	148
<b>Chapter 13</b>	<b>Communication Disconnects at the Top</b>	
	Clarity Equals Productivity	151
	Babel	152
	Clarity Comes First	155
	So, How Do You Solve This Problem?	156
	Beyond Mean	157
<b>Chapter 14</b>	<b>Primary and Secondary Skills</b>	
	Prepare Careers for the Future	159
	Primary School	160
	Double Lives	162
	Making the Turn	164
	The Next Dimension	166
	Planning Ahead	168
<b>Section III</b>	<b>Maturing a Great Company</b>	
	Create the Next Generation of Leaders	171



<b>Chapter 15</b>	<b>Retention Is Its Own Engine</b>	
	Preserve the Asset of Experience	175
	Prodigal Employees	181
	Exceptional Times	184
<b>Chapter 16</b>	<b>Golden Interns and Successful Succession</b>	
	Retain Your Best for as Long as Possible	187
	Company-Wide Succession	192
<b>Chapter 17</b>	<b>Fair, Fast, and Built to Last</b>	
	The Keys to a Great and Enduring Company	197
	5% Throughout the Organization	199
	An (Unexpectedly) Universal Rule	200
	Trust and The 5% Rule	201
	<i>Epilogue</i>	205
	<i>Index</i>	207



# Acknowledgments

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## Foreword

**Y**ou may not recognize the name Anil Singhal, but I guarantee that by the time you finish this book, you will know it well. That is because Anil has been Silicon Valley's leading iconoclast—and I mean that in the best way possible. He also is likely one of the most innovative leaders that the tech industry has seen in a half-century.

Anil is the cofounder, president, and CEO of NetScout, a leading maker of products that help customers monitor the reliability and security of their business networks. NetScout's motto captures well the company's role in the internet universe: "The Guardians of the Connected World."

Over the last 30-plus years, Anil and his team have built NetScout from nothing to a very successful company approaching \$1 billion in annual revenues. It has done so in good times and bad, with some of the highest levels of employee retention and morale and customer loyalty.

It is precisely NetScout's low profile that has enabled Anil to conduct his ongoing experiment in building a successful, enduring, and most of all fair company. It has enabled him to work in relative isolation. He

hasn't drunk Silicon Valley Kool-Aid or made his moves in the media limelight. Instead, he has spent the last three decades continuously trying one radical initiative after another to build a great company designed to last generations. In an industry where company lifespans are measured in months, and the most common business strategy is to cash out by being acquired, NetScout has refused multiple merger entreaties—and plans to be around for the long haul. It has succeeded because Anil has turned NetScout into a laboratory of management science, questioning business aphorisms, experimenting with new techniques, throwing out what doesn't work, and adopting what does. He is a true pragmatist: his only criteria have been to do what works—all under the constraint of treating his employees, investors, and customers honestly.

It hasn't been easy. As Anil admits in the pages that follow, he has followed blind alleys and made his share of mistakes. But he has never given up his vision of a great company.

He began with one department, then another. In time, nearly the entire company was operating in a new and revolutionary way. Employees have stayed, sales have grown, and NetScout's products have become an industry standard. That vision is of a company that is Lean in its operations, while at the same time Not Mean.

Most business schools (and CEOs) will tell you that this goal is unachievable, that such a circle cannot be squared. But Anil will tell you that a Lean But Not Mean company is possible. That what seems like radical new processes and operations soon becomes not only reasonable, but logical—and most of all successful. It is possible to build a great company without sacrificing its soul.

But it is the vehicle for building a Lean But Not Mean company that is Anil's most important innovation: he calls it the *5% Rule*.

The 5% Rule is the most trust-based management technique imaginable. Anil devised it in response to two phenomena that kept reappearing in the company's operation. The first he observed during negotiations. Whether with vendors or when the company was acquiring another company, Anil discovered to his dismay there was a tendency for these negotiations to morph as they proceeded. Terms were changed, price suddenly became a matter of dispute, and the process inevitably dragged on far longer than needed.

The second phenomenon he observed occurred whenever the company embarked on a new initiative. Inevitably, the effort would begin to go sideways as the company got distracted by another new opportunity or management diverted the program to pursue one of their own pet ideas. The result was always more delayed, costly, and far less competitive than the original plan.

Even worse, Anil came to realize, was that this was accepted as standard procedure—a normal cost of doing business—in most of the industrial world. Anil, as is his way, refused to accept the status quo. Instead, he moved all key decision-making—including the price of a business deal—to the start of the process. As a leader, this is where he, too, devotes most of his attention.

Then, once these decisions were made, unless some extraordinary event occurred, they were all but inviolate. Anil handed them off to the managing team and went back to his other duties. If the company to be acquired balked at the acquisition price, NetScout

walked away. If a different business opportunity suddenly appeared, NetScout did not pursue it. And Anil returned to the initiative only when it was approaching completion, to close out the paperwork and to celebrate their success with the team.

In time, this concept of front-loading all the tough decisions at the beginning led to Anil nicknaming this technique the 5% Rule, as that figure represented the time he devoted on any project.

Then, as the years passed it became apparent to Anil that what he had developed in piecemeal was, in fact, an encompassing vision of how to run any organization properly if it were to realize his vision of Lean But Not Mean. It was the best and most novel way to run Lean operations. But, even more important, as the years passed, Anil ultimately came to realize that his 5% Rule was the best leadership technique for every department of NetScout—and not just at the top, but at all levels throughout the company.

The 5% Rule guaranteed that every action the company took would be well thought out at the beginning, and not just driven by speculation or excitement. It was the ultimate “fail-fast” strategy.

Further, those actions would remain disciplined through completion because willy-nilly deviation was not possible. Finally, the 5% Rule reinforced consistency in purpose and adherence to the fundamental rules of fairness and honesty that were at the heart of NetScout’s core values.

It has taken Anil decades, but in the last few years his 5% Rule and Lean But Not Mean philosophy have come together in a vision of how to build a great, enduring, and admirable enterprise. And that is why now he



is emerging into the public eye to share his stunning vision with the business world.

How did Anil Singhal, of all people, devise this theory? I have a hypothesis about that.

Anil is a classic outsider. Born in India, he has lived in America now for more than 40 years—a highly successful citizen of his adopted country, yet still with strong ties to his homeland. He runs a company headquartered in a quiet suburb closer to the New Hampshire border than to the tech hub of Boston, and far removed from the Silicon Valley heart of the digital world, and yet successfully competes with most of the behemoths of his industry.

Together, these factors—combined with his naturally independent, even nonconformist personality—have freed Anil to approach the challenge of running a company in an oblique and unique way. In other words, the very reason you have not heard of him is one of the reasons he could devise his Lean But Not Mean philosophy and the powerful tool of the 5% Rule. Or it's just because Anil sees the world in a different, orthogonal way—and has found that it works.

For now, the important thing to appreciate is that the approach presented by this book challenges the conventional notions of how to start and grow a great company. And the more you study its message, the more logical, humane, and practical it becomes.

Many of the ideas presented in the pages that follow may seem counterintuitive, even illogical. But give Anil a chance. His explanations will surprise you. Apply them in your business, and they will enlighten you. Adopt them into your corporate culture, and it may change you and your company forever.