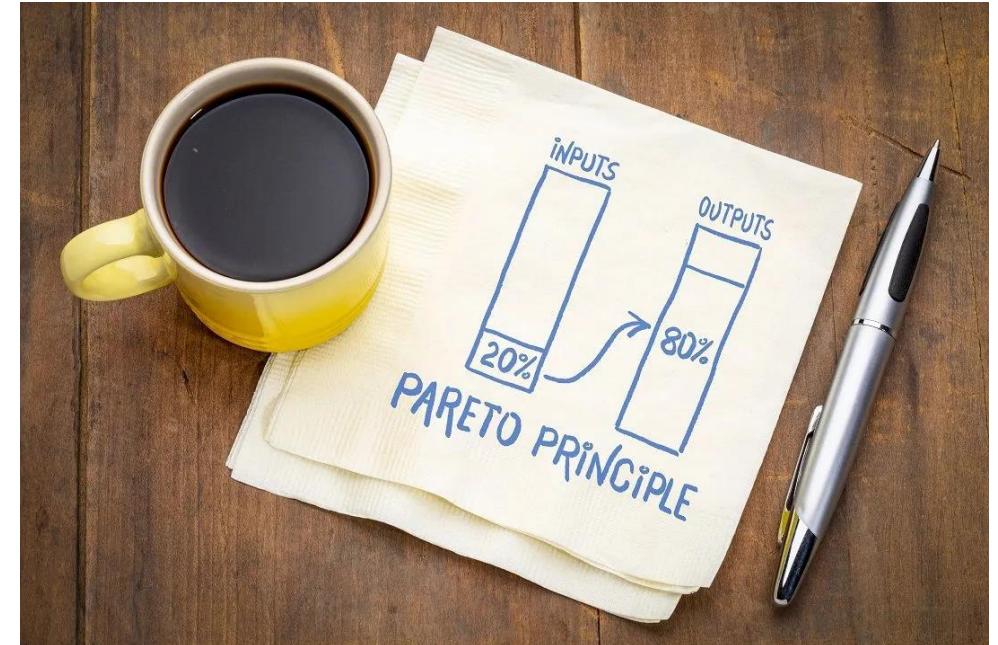# PARETO CHARTS

A Tool to Help Prioritize

PARETO PRINCIPLE

- Known as the 80/20 rule
  - 80% of outcomes come from 20% of activities
- Great tool to determine focus areas
  - Provides opportunity to focus solutions

PARETO ANALYSIS

- Rely on the 80/20 rule
- Analysis used to strategically address identified issues
- Philosophy is to address most impactful issues

Missed Orders

GUS ADAM CONSULTING
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EXAMPLE

100 Missed Orders - Logistics

Reason	Count
Late Orders	40
Unplanned Equipment Downtime	30
Missing Orders	10
Employee Morale	5
Incorrect SKU	5
Supervisor Direction	5
Human Error	3
Carrier Issues	2
Total	100

EXAMPLE

- Need to determine the 80%
- If building a table, can sort by value

100 Missed Orders - Logistics

Reason	Count
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Supervisor Direction	5
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Total	100

EXAMPLE

Three top reasons:
1) Late Orders = 40 missed orders
2) Unplanned Downtime = 30 missed orders
3) Missing Orders = 10 missed orders

Address top 3 = focused approach

Corrective actions = decreased missed orders

100 Missed Orders - Logistics

Reason	Count
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PARETO CHARTING

- Once information is gathered may be best to visually represent findings
- Pareto Chart highlights findings
- Combination of bar and run chart
- Run Chart will always end at 100%

Missed Orders

BENEFITS AND LIMITATIONS

BENEFIT	LIMITATION
Helps prioritize issues	Based on quantity, not severity of problem
Clear visual representation	Groupings may be oversimplified
Can be useful in Root Cause Analysis	Point in time analysis – not necessarily ongoing
Can be used to track progress over time	Ignores interaction of causes

- Powerful tool to help guide continuous improvement
- Can be easily completed

QUESTIONS?

Please feel free to reach out for:

- Assistance with data gathering and/or analysis
- Templates for data gathering and analysis
- Gap assessments
- Any other challenges the organization may be facing

THANK YOU FOR ATTENDING THIS SESSION.

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