

Pareto analysis-simplified

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What is it ?

- tool to specify priorities
- which job have to be done earlier than the others
- which rejects must be solved firstly
- which product gives us the biggest revenues
- 80|20 rule →

The Pareto Principle



How to construct Lorenz Curve and Pareto chart

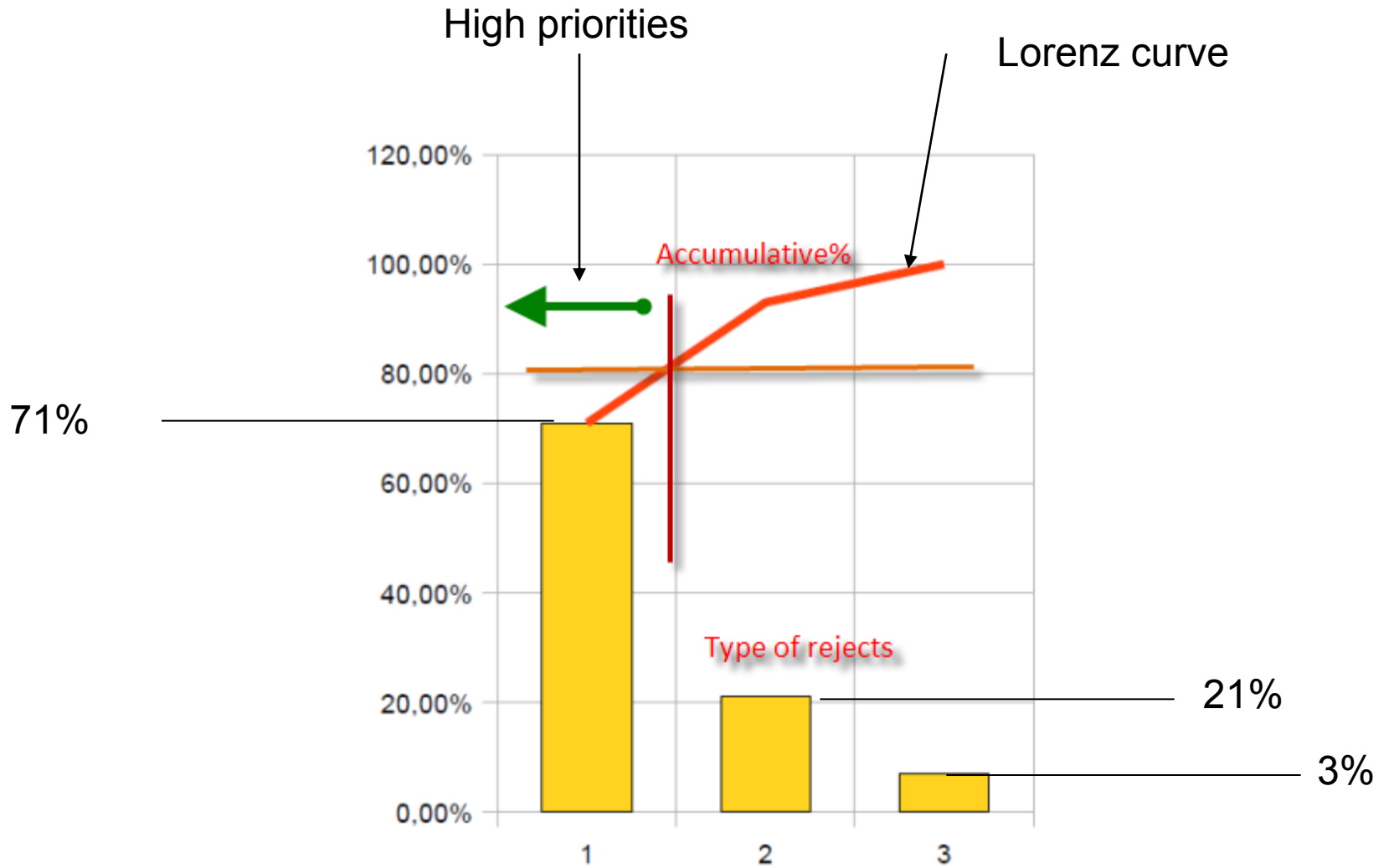
- list of causes (type of rejects) in %
- table where the most frequent cause is always on the left side of the graph

| Reject | Type | Importance | Importance (%) | Accumulative (%) |
|----------|--------------|------------|----------------|---------------------|
| 1 | Bad size | 10 | 71% | 71 %=71% |
| 2 | Bad material | 3 | 21 % | 92%=71%+21% |
| 3 | Rust | 1 | 8% | 100 %=92%+8% |

Comment 1 : $10+3+1=14$

Comment 2 : $71 \% = 10/14$; $21\%=3/14$;.....

Pareto chart



Thanks for your attention

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