Pareto chart

The Pareto Principle

This is a concept of disproportion observed by Vilfredo Pareto (1848 – 1923) that 20% of people in Italy owned 80% of the wealth. Similarly
20% of the time expended produces 80% of the results.
80% of phone calls are made to 20% of people in your phone directory.
20% of streets handle 80% of traffic.
80% of meals ordered in a restaurant come from 20% of the menu.
20% of the paper has 80% of the news.
20% of the people cause 80% of the problems.

How Pareto helps group work

Pareto's Principle is really a trick to save time. Here are some of its uses:
* If you can identify the 20% of activity that will produce 80% of your assignment, you can plan accordingly and save a lot of time.
* In any situation where there are a number of factors, separate the VITAL FEW from the MINOR MANY
* Don't give equal weight to all factors. Give the VITAL FEW the VIP treatment.
* Most of your answers will come from a small amount of information (so a huge amount of data is no guarantee of quality information).
* If you have too much to do in the time available, identify the critical 20% and do that.

Description

Pareto charts are bar charts. The bars are arranged in descending order, with the largest to the left. Each bar represents a cause or problem. The chart shows the relative contribution of each smaller element to the total.
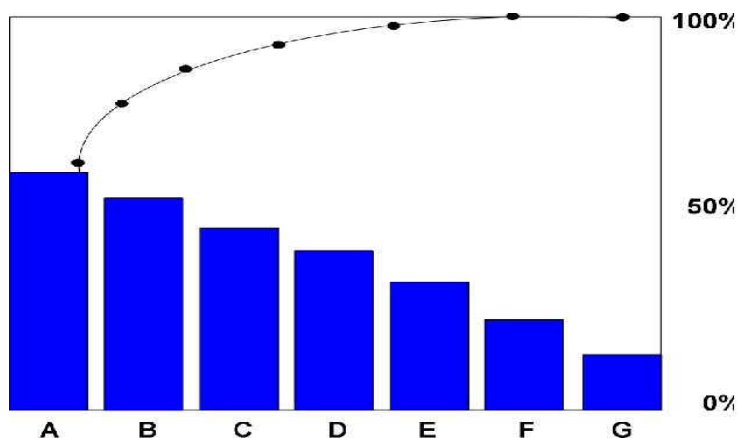
Method

1. List all elements of the issue.
2. Measure the elements for their importance.
3. Graph the elements according to their size.

4. Work on the largest elements first.