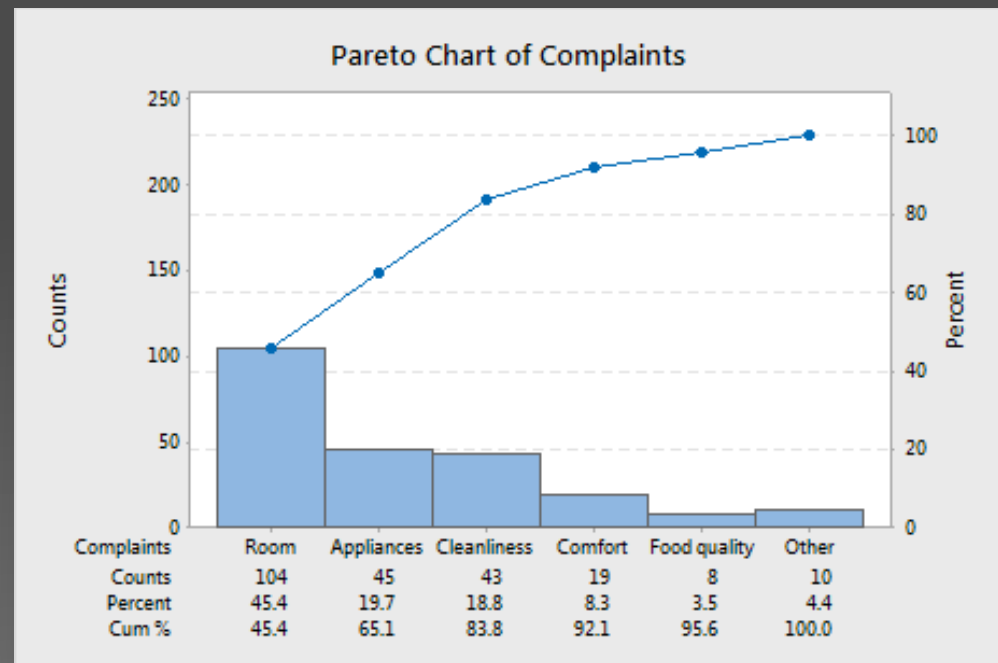


# PARETO CHART JOB AID

The purpose of the Pareto chart is to highlight the significant and insignificant factors in a given situation (in this example it is customer complaints). The chart helps to determine the causes with the greatest impact. It clearly displays the data so that it is easy to determine what factors are more influential than others.



Example of a Pareto Chart

- Usually the left y-axis is frequency of occurrence, and the right y-axis is the cumulative percentage of the total number of occurrences.
- The x-axis displays the categories of defects, complaints, waste, and so on.
- Data is arranged by highest amount to lowest amount (left to right).

# CREATING A PARETO CHART

- ▶ Determine what problem area you would like to address (if dealing with a business for example would you like to create a chart on a specific department?)
  - ▶ Identify the problems that are present within the area selected. This can either be done through data collection or other analysis.
  - ▶ Determine the type of measurement you would like to use (time, cost, quantity, etc).
  - ▶ Collect data
  - ▶ Determine appropriate scale for the data collected, calculate the sum for each category and place in order starting with the highest amount on the left.
  - ▶ Compile data into chart by percentage for each category and calculate and draw cumulative sums.
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