



## Pareto Analysis

Pareto analysis is often referred to as the 80/20 rule. It assumes that 20% of causes are responsible for 80% of problems. Consequently, focussing on the correct causes means that a large number of problems can be resolved with relatively little effort. The outcome of the analysis is a list of ideas that address causes assigned the highest importance and will have the largest positive impact on a situation. It can be performed both individually and in the context of a group to focus the direction of an idea generation exercise, or afterward to select the best idea.

### Using 'Pareto Analysis'

Step 1: Detail the problems that have been selected for resolution.

Step 2: Identify the root cause of the problems.

Step 3: Assign each problem a negative score on the basis of its impact on larger organisational goals or objectives i.e. customer satisfaction. The problem with the largest negative score is allocated the highest priority for resolution.

Step 4: Problems are grouped together by their root cause.

Step 5: The scores are summed for all problems in a group. The group that has achieved the highest score represents the root cause to be addressed first.

Step 6: Generate ideas for solving the root causes with the highest priority.

