

# Pareto Distributions The Most Important Reliability Tool

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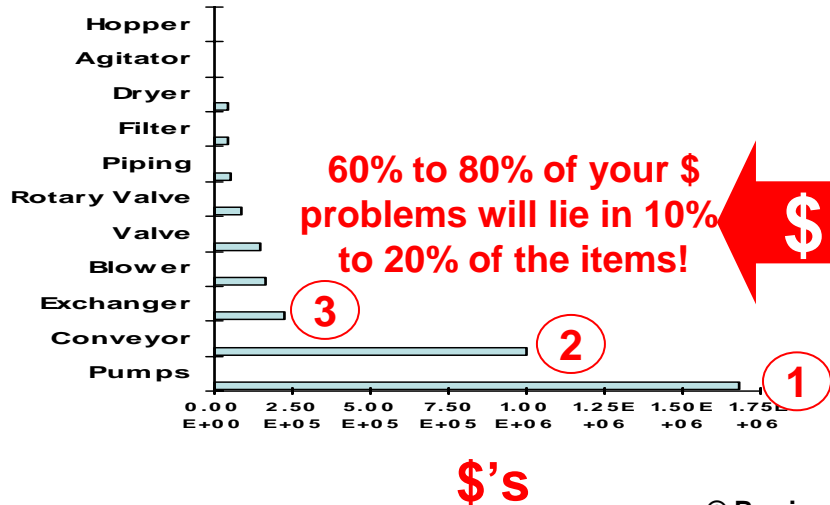
# What Is A Pareto Distribution?

- Pareto distributions are rank-ordered list of money problems.
- The money problems include maintenance costs + lost profit opportunities.
- Large \$'s spent (or at risk) are the vital few problems to solve first.
- Small \$'s spent (or at risk) are deferred for solutions at a later date.

# Pareto Example



**Nose counts of problems mislead!  
It's not about events—  
it's all about the money!**



**Here's the money! Get it back quickly--as in PDQ!! Pareto distributions based on \$s organize work priorities.**

# The Most Important Reliability Tool: Pareto \$'s

- \$Pareto distributions (**based on money**) separate the **vital few problems** from the **trivial many problems**. What
- Use the \$Pareto distributions to set work priorities—**work the vital few problems** Why
- Reshuffle \$Pareto's quarterly to see who has solved what—**it's a key measure** When
- Use throughout the organization to **focus your effort** for monetary gains Where

# Success or Failure?

- **Success:** ←A Management Approach Of First Things First For The Money!
  - Build Pareto lists based on \$'s—concentrate on reducing the big \$ items first as a business issue.
  - Talk to management about \$ priorities for work lists.
  - Update management about \$'s saved each quarter.
  - Reshuffle Pareto \$'s priorities at least quarterly.
- **Failures:** ←A Gear Head Approach Lacking A Primary Business Focus
  - Build Pareto lists based on nose counts of things—concentrate on reducing big nose count events first.
  - Talk to management about setting priorities based on nose count of things to reduce.
  - Update management about events reduced.
  - Reshuffle Pareto list of events once a year.