

## Vocabulary: Effectiveness vs Efficiency

These are two “buzzwords” that are often used by CEOs in describing the performance of their businesses.

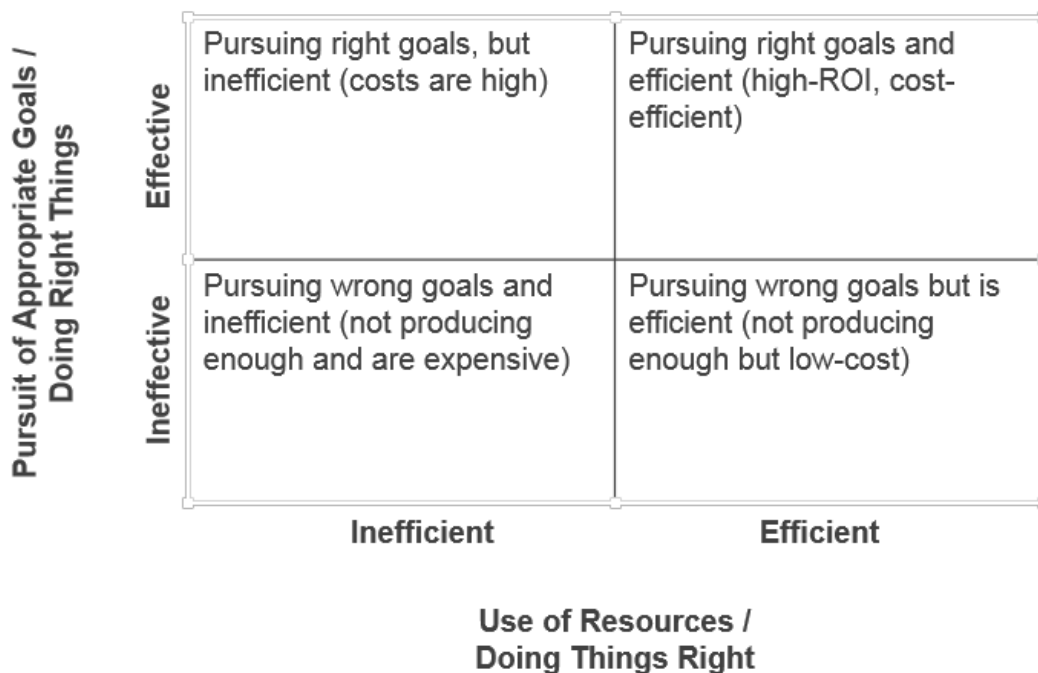
**Effective** (adj.) – adequate to complete a purpose or achieve the expected result

**Effectiveness** (noun) – the degree to which something is successful in producing a desired result (a measurement of “**success**”)

**Efficient** (adj.) – performing in the best manner – minimizing resources (time, energy, money)

**Efficiency** (noun) – the degree to which resources are minimized to produce a desired result

*“Effectiveness is doing/producing the correct things, efficiency is doing/producing the things correctly.”*



**Overall Equipment Effectiveness (OEE)** = Availability x Performance x Quality

or: Availability x Productivity x Quality

OEE is a metric to indicate the current status of a manufacturing process.

The global target/reference = 85%