THE 80/20 INSTITUTE

Larkspur Precision

Cost Reduction Book

November 29, 2026

The period shown on this page. PGOS, from the company file.

The 80/20 Institute

Contents

1. How to read this page 3
2. Overhead and structural cost 4
3. Accounts 5
4. Work first or people first 7
5. What showed up 8
6. Planned cut and what showed up 9
7. Later revenue 10
8. Overhead by month 11
9. The six steps 12

How to read this page

Sample company. These aren't your numbers.

Zero-Up. The assessment model is $582.0K. Planned $69.9K. Actual Not recorded. Variance Not recorded. The 25% figure is the assessment model, not a savings. Jan 15–Dec 15, 2025. Quads come from the invoice file. The profit and loss statement is the sum of those invoices.

A blank stays off. Nothing here posts.

Overhead and structural cost

Overhead is a choice. Rebuild each account from what the work needs, not from last year plus a little. The 25% assessment figure is a model. It is not a line on the P&L and it is not a savings.

Do not count a dollar twice. If the account name is already a Simplify item or a Pricing product, Cost Reduction refuses the cut. The dollar stays where it was first named. A refused dollar is explained on the line and is not posted.

Work first. A payroll cut while the work is still running makes the company smaller at the same ratio. Stop the work, then move the people. The warning is on the guard step. It does not invent a second savings number.

Structural cost. Stack the minimum resources on the best opportunity. What is left over can be redeployed or released. The pool is not a savings dollar until the owner names a cut on a real P&L account, with an assumption.

Accounts

A cut is a dollar on a real P&L amount, with an assumption. A refused dollar is not posted.

P&L lines

Account	Amount	Action	Cut	Why
Fabrication wages	$1.2M	keep		Kept. No savings dollar.
Weld and assembly wages	$648.0K	keep		Kept. No savings dollar.
Machining wages	$324.0K	keep		Kept. No savings dollar.
Supervisor salaries	$288.0K	keep		Kept. No savings dollar.
Office salaries	$252.0K	keep		Kept. No savings dollar.
Overtime premium	$324.0K	cut	38005.2	The overtime that is not on a promised date.
Benefits and payroll tax	$432.0K	keep		Kept. No savings dollar.
Training	$108.0K	keep		Kept. No savings dollar.
Plant rent	$325.9K	keep		Kept. No savings dollar.
Utilities	$163.0K	keep		Kept. No savings dollar.
Shop fuel	$256.1K	keep		Kept. No savings dollar.
Insurance	$186.2K	keep		Kept. No savings dollar.
Software seats	$116.4K	cut	16540.44	Seats nobody opened in the last quarter.

Account	Amount	Action	Cut	Why
Dune Paint	$209.5K	keep		Kept. No saving s dollar.
Tooling	$139.7K	keep		Kept. No saving s dollar.
Outside process ing	$186.2K	keep		Kept. No saving s dollar.
Warranty	$93.1K	redeploy	8539.1	The callback cr ew moves onto the standard lin e.
Travel	$81.5K	cut	6819.88	Site visits that d o not sit on a co re account.
Professional fee s	$104.8K	keep		Kept. No saving s dollar.
Advertising	$58.2K	keep		Kept. No saving s dollar.
Safety supplies	$46.6K	keep		Kept. No saving s dollar.
Small tools	$69.8K	keep		Kept. No saving s dollar.
Telephone	$46.6K	keep		Kept. No saving s dollar.
Waste haul	$58.2K	keep		Kept. No saving s dollar.
Uniforms	$46.6K	keep		Kept. No saving s dollar.
Miscellaneous s hop	$139.7K	keep		Kept. No saving s dollar.

Work first or people first

Payroll cuts

Account	Answer	Note
Overtime premium	Not set	No warning.

What showed up

Only a named cut on a real account is posted. Avoidance stays off the bridge.

Cuts

Status	Count	Dollars	Accounts
showing	4	$69.9K	Overtime premium, Software seats, Warranty, Travel

Planned cut and what showed up

2025 Q1 to 2026 Q2 · planned cut and what showed up · one point per saved snapshot.

Plan is the named cut. Showed up is what the later P&L recorded, and never more than that cut. Nothing here posts.

Later statements

Period	Planned cut	Showed up
2025 Q1	69904.62	11070
2025 Q2	69904.62	6765
2025 Q3	69904.62	2460
2025 Q4	69904.62	11070
2026 Q1	69904.62	12688.60
2026 Q2	69904.62	8953.96

Later revenue

2025 Q1 to 2026 Q2 · later P&L revenue · one point per saved snapshot.

Later revenue is the revenue on that saved P&L. A later statement with no revenue stays off the line. It is not drawn as zero. It is not the named cut.

Nothing here posts.

Later P&L revenue

Period	Revenue
2025 Q1	$2,892,018.63
2025 Q2	$2,925,018.63
2025 Q3	$2,958,018.63
2025 Q4	$2,991,018.63
2026 Q1	$3,024,018.63
2026 Q2	$3,057,018.63

Overhead by month

Last 12 months · overhead · one point per month

Overhead is people cost that is not direct labor, plus other cost. The named cut is $69,905 for the year. It is not split across these months.

Nothing here posts.

Overhead

Month	Overhead
2025-10	$208,833.95
2025-11	$226,310.95
2025-12	$238,193.02
2026-01	$170,169.39
2026-02	$165,323.22
2026-03	$198,921.48
2026-04	$192,657.28
2026-05	$190,936.04
2026-06	$197,123.50
2026-07	$193,667.28
2026-08	$187,208.77
2026-09	$222,988.22

The six steps

- 1. Start with the accounts that hold most of the cost. Leave the 25% assessment figure out of the file. A blank amount is skipped and is not stored as zero.
- 2. Name the work that earns first, and the minimum resources it needs. Quad 1 work comes first. This step reads no dollar from the strategy pages.
- 3. Put each resource on that work or leave it in the pool. The goal is not to find a home for everything. The pool creates no savings dollar.
- 4. Decide keep, cut, or redeploy on each account, and say what work the account supports. A cut needs a dollar inside the P&L amount and an assumption.
- 5. On a payroll cut, ask whether the work has stopped. If the people go first and the work stays, the company gets smaller at the same ratio.
- 6. Watch the named cut show up on a later P&L. Cost avoidance is logged and is not posted. A dollar already on Simplify or Pricing is refused.