# Accounting Automation: Business Case & ROI

## Financial Justification for Automation Investment

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**Purpose:** Calculate and demonstrate return on investment for accounting automation

## For a Small Construction Company

**Example: Typical Small Contractor** - Annual revenue: $2-5 million - Active projects: 8-12 at any time - Employees: 15-30 - Subcontractors: 20-40 - Monthly invoices: 40-60 - Monthly bills: 80-100

### Current State (Manual Processes)

**Accounting staff:** - 1 full-time bookkeeper: $50,000/year - Benefits & taxes (30%): $15,000/year - **Total cost: $65,000/year**

**Time allocation:** - Data entry: 60% (24 hours/week) - Reconciliation: 20% (8 hours/week) - Reporting: 15% (6 hours/week) - Strategic work: 5% (2 hours/week)

**Problems:** - Always behind (typically 2-3 weeks behind reality) - Limited real-time visibility - Errors occur (human nature) - Can’t take on more work without adding staff - Owner doesn’t have timely financial information - Projects can be over budget before you know

### Future State (With Automation)

**Option A: Same Staff, Better Results** - Keep same bookkeeper - Data entry: 10% (4 hours/week) ← 85% reduction - Reconciliation: 5% (2 hours/week) ← 75% reduction - Reporting: 5% (2 hours/week) ← automatic generation - Strategic work: 80% (32 hours/week) ← 16x increase

**New capabilities:** - Real-time financial visibility - Project profitability tracking (live) - Cash flow forecasting - Better vendor negotiations (time for research) - Tax planning and optimization - Could handle 2-3x the project volume

**Option B: Reduce Cost** - Part-time bookkeeper (20 hours/week): $30,000/year - Save $35,000/year in direct costs - Still get better, faster, more accurate accounting - Reinvest savings in growth

**Option C: Hybrid** - Keep full-time bookkeeper - Add accounting clerk part-time: $20,000/year - Now can handle 3-4x the volume - Support aggressive growth without proportional overhead increase

### ROI Calculation

**Investment:**

Software costs:  
├─ Zapier Professional: $600/year  
├─ QuickBooks Online: $1,000/year  
├─ Airtable Plus: $240/year  
├─ Other tools: $500/year  
└─ Total: $2,340/year  
  
Setup/implementation:  
├─ Consultant to set up: $5,000-8,000 one-time  
└─ Training time: 10 hours  
  
Total Year 1: $10,000-12,000  
Total Year 2+: $2,340/year

**Return:**

Option A (efficiency improvement):  
└─ Value of strategic work: Hard to quantify  
 ├─ Better cash flow management: $10K-50K/year  
 ├─ Tax optimization: $5K-20K/year  
 ├─ Cost reduction opportunities found: $10K-30K/year  
 └─ Estimated value: $25K-100K/year  
  
Option B (cost reduction):  
└─ Direct savings: $35,000/year  
  
Option C (growth enablement):  
└─ Can handle 3x volume without proportional overhead increase  
 ├─ $2M revenue → $6M revenue  
 └─ Overhead as % of revenue drops from 3.25% to 1.4%  
 └─ Value: Enables growth

**Payback Period:** - Option A: 2-4 months - Option B: 4 months - Option C: Immediate (enables revenue growth)

**ROI:** - **Year 1:** 250%-1000% - **Year 2+:** 1000%+

## For General Small Businesses

The numbers scale based on transaction volume:

**Small service business (consultants, agencies, etc.):** - Setup cost: $3,000-5,000 - Annual software: $1,500-2,500 - Time saved: 10-15 hours/week - Value: $15K-30K/year

**Medium business (retail, professional services):** - Setup cost: $5,000-8,000 - Annual software: $2,000-3,500 - Time saved: 20-30 hours/week - Value: $30K-75K/year

**E-commerce business:** - Setup cost: $4,000-7,000 - Annual software: $2,500-4,000 - Time saved: 15-25 hours/week - Value: $25K-60K/year

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