The Automation Math Kit

Calculate Whether Your Next Tool Will Actually Pay Off

By Andy O'Neil • imandyoneil.com

The Automation Math Kit

Calculate Whether Your Next Tool Will Actually Pay Off

Will Your Next Tool Actually Pay Off?

You're about to buy another tool.

The demo looked great. The salesperson promised it would save you ten hours a week. Your gut says this might finally be the one that fixes things.

But here's what nobody tells you: most automation purchases don't pay off. Not because the tools are bad. Because nobody did the math first.

I've spent 800+ hours in co-building sessions with business owners. The same pattern shows up over and over. They buy tools that "save time" but don't actually make money. Six months later, they're paying for software nobody uses.

There's a simple number that predicts whether automation will work for your business. It takes ten minutes to calculate. And it will save you from wasting thousands on tools that won't move the needle.

Let's do the math.

The One Number That Matters

The number is called the Labor Efficiency Ratio. Here's the formula:

Gross Margin ÷ Labor Costs = LER

That's it. Two numbers you probably already know, divided.

Gross Margin = Your revenue minus the direct costs of doing the work (software for clients, contractor costs for specific projects, materials). Don't include rent or your salary. Just what it costs to deliver the service.

Labor Costs = Everything you spend on people who do the work. Salaries, benefits, payroll taxes, regular contractors.

Example:

$800,000 gross margin ÷ $400,000 labor costs = **2.0 LER**

What Your Number Means:

Your LER	What It Means
Below 2:1	You're squeezed. Only buy tools that directly cut labor costs or let you sell more without hiring.
Around 2:1	You're balanced. Be picky. Every tool needs to earn its keep.
Above 2:1	You have room. You can experiment, but math still matters.

Your turn. Grab last year's numbers and calculate yours:

Gross Margin: $_____ ÷ Labor Costs: $_____ = _____:1

Write it down. This is your baseline.

The Traffic Light Test

Now you know your LER. Here's how to use it.

🟢 GREEN LIGHT

Your LER is above 2:1 AND the tool will let you bill more hours or deliver more projects without hiring anyone.

Examples: Client intake automation that frees up admin time for billable work. Report generation that lets analysts take on more clients.

Go for it. Run the numbers, but you're probably in good shape.

🟡 YELLOW LIGHT

Your LER is around 2:1 AND the tool makes things nicer but doesn't directly affect how much you can sell.

Examples: Proposal formatting tools. Internal chat bots. Workflow dashboards.

Pause. These might be worth it. But don't call them investments. They're comfort purchases.

🔴 RED LIGHT

Your LER is below 2:1 AND the tool adds cost without cutting labor or increasing what you can sell.

Examples: AI tools when your real problem is a broken process. Project software when clients are the bottleneck.

Stop. Adding tools when you're squeezed usually makes things worse. Fix the constraint first.

The Real Question

Here's where most people get tripped up.

A tool that "saves ten hours a week" sounds great. But what happens to those ten hours?

Option A: Those hours become billable work. You sell more without hiring. Your LER goes up. **This is ROI.**

Option B: Those hours become slack. People are less busy, but you're not selling more or spending less. **This is not ROI.** It might be nice. But it's not an investment.

Before you buy anything, answer this question:

What specifically happens to the saved time?

- ☐ We bill more hours or take more clients
- ☐ We cut labor costs (fewer contractors, smaller team)
- ☐ People are less busy but output stays the same

If you checked the third box, you're buying comfort, not results. That's fine — just be honest about it.

A Real Example

Matt runs a two-person embroidery business. Orders came in through WooCommerce, had to be entered into QuickBooks, then into his production database, then into Monday.com for tracking.

Four systems. Four times touching every order. Twelve hours a week copying data.

His LER before: **1.8:1** (squeezed)

We built one automation. Orders flow through all four systems automatically. Nobody touches them.

What happened to those twelve hours?

They became production time. More embroidery. More badges. More revenue. Same team.

His LER after: **2.3:1**

Cost of automation: ~$150/month Value created: ~$3,000/month in additional capacity

That's 20x return. Because the saved time turned into sellable work.

Your Decision

You have everything you need. Here's the quick version:

Step 1: Calculate your LER

Step 2: Run the traffic light test

Step 3: Answer the real question: What happens to the saved time?

If your LER is strong and saved time becomes revenue, you've got a green light.

If your LER is weak or saved time becomes slack, walk away. Or at least call it what it is.

The Tool You're Considering Right Now:

Name: _____

Monthly cost: $_____

Traffic light: 🟢 🟡 🔴

What happens to saved time: _____

Your call:

- ☐ Buy it
- ☐ Skip it
- ☐ Need to think more

What's Next

The math either works or it doesn't. Now you know how to check.

If you ran the numbers and you're not sure where your real constraint is — where automation would actually move the needle — that's what I help people figure out.

Book a Leverage Diagnostic Call

One conversation. We look at your actual numbers and find where the leverage is. No pitch. Just math.

About Andy O'Neil

My name is Andy O'Neil, and I run Weblytica — a consulting practice that helps small business owners figure out where AI and automation actually make sense.

I've been freelancing since 2012. Before that, I spent six years at RHM, Inc., learning how nonprofit organizations really work behind the scenes. Since 2016, I've also been working with Bott Radio Network. Between those organizations and my freelance clients, I've spent a lot of time inside systems that look fine on paper but fall apart in practice.

That taught me something: most businesses don't have a technology problem. They have a clarity problem. They can't see where things are actually breaking down.

That's what I do now. I help people see what they can't see on their own.

Most of my work happens in live co-building sessions over Zoom. I've done over 800 hours of these calls — sitting with business owners, walking through their actual workflows in real time. We find where work piles up. We find the real bottleneck. Then we build the fix together, right there on the call.

I don't sell software. I don't push tools. I diagnose systems.

If you want to talk through where automation might actually help your business, I'm happy to have that conversation.

Andy O'Neil
Weblytica, LLC
andy@weblytica.com