

Maximize small business operational efficiency:

Doing more with fewer employees



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Regardless of whether the economy is struggling or booming, staffing remains a key challenge for small businesses. And because new employees can be hard to find, train and retain, the time and high cost of hiring mean that new employees aren't always the answer, even when business is booming.

That's why many entrepreneurs and managers are doubling down on small business operational efficiency. By optimizing your staff, automating repetitive tasks and focusing on your top priorities, you can stretch your team further without impacting business performance or the customer experience.

The high cost of doing more with less

For many small businesses, lean is a way of life. Whether you're shorthanded or fully staffed but feeling stretched thin, the pressure is on to keep up with demand.

Overworked employees can also lead to strategic work taking a backseat to the day-to-day needs of the business, leaving little time for process improvement, growth planning or innovation. Not only that, but when you're running too lean, you might not have enough help on hand to meet demand, which can lead to employees taking longer to respond to customers or fulfill orders.

Overly busy employees may also be prone to making mistakes or being too busy to keep up on the basic tasks that are critical to keeping the business running smoothly, such as cleaning, maintenance, reordering supplies or training. As a result, running lean can hurt your reputation for customer service and quality, which could potentially cost you more than you saved.

How to deal with staffing shortages

When facing a staff shortage, it's essential to focus on what you can control. A few strategic shifts can often go a long way in keeping your business running smoothly while protecting your staff from burnout. Here are some to consider:

Prioritize workload

Start by evaluating your team's workload to identify and prioritize projects that directly drive revenue. Your goal should be to redirect their time and focus to the work that can produce the most immediate business impact, such as closing deals, interacting with customers or fulfilling orders. For example, an overworked marketing team might consider pausing work on time-consuming but slow-building social marketing that drives brand awareness, and instead focus on channels such as email marketing or search ads that consistently produce leads or sales conversions.

Build in back-up

Cross-train employees in the same department or adjacent roles to boost coverage when an employee needs a hand, is out sick or unexpectedly quits. This can help you build your business agility while removing bottlenecks in processes that rely too heavily on a specific person or role.

Bring in temporary help

Don't be afraid to bring in outside help when the pressure gets too much. While hiring a full-time employee might not be practical, there are a lot of tasks that you don't need to do in-house. Freelancers, contractors or fractional professionals can help you tackle short-term projects or provide specialized expertise without overcommitting your budget.

Seasonal businesses, such as landscaping companies in the summer, retailers during the holidays or CPAs during tax time, should consider hiring temporary staff during peak periods to prevent their core team from burning out.

Automate routine tasks

Automate the time-intensive tasks that are holding your team back. Start by looking for:

- Repetitive daily and weekly tasks, such as sending invoice reminders or confirmation emails.
- Rule-based tasks with clear inputs and predictable outputs, such as approving expense reports under a certain amount or updating inventory levels.
- Low-impact tasks that take significant time but don't require creativity or judgment, such as data entry or scheduling.

Measure effectiveness

As you leverage automation to help streamline operations, make sure you're tracking the relevant key performance indicators (KPIs). This can help you measure return on investment, identify which tools are saving time and which to discard, as well as uncovering new opportunities for further optimization.

When tracked consistently, KPIs can also help you identify and justify when to invest in additional staff. KPIs to track include:

- Average task completion time to determine if the new solution is speeding up workflows.
- Customer response time to identify bottlenecks in customer service.
- Error rate improvements to quantify the effectiveness of the automation.
- Customer satisfaction scores to track how automation is impacting the customer experience.

Manage and monitor employee burnout

Consider the impact of a staffing shortage on your employees as well. Do they understand why you are asking them to do more with less and what to expect in the future? Share your goals, regularly discuss employee and department workloads and encourage team members to speak up when they feel overwhelmed or stuck. By being transparent, your team will be more likely to buy in and less likely to quit due to the extra pressure. It also gives employees the opportunity to share their ideas on how to work more efficiently, which can help improve their morale and make them feel more invested in the company's success.

You can help reduce employees' stress by clarifying rest and boundaries expectations. This can include instituting 'do not disturb' time blocks where team members know they can get work done without meetings or interruption, encouraging team members to take their lunch breaks and vacation time, ensuring that employees don't feel obligated to respond to emails or text messages outside of work hours, and using collaboration tools to support asynchronous communication for non-urgent issues.

Adjust for growth

Finally, stay flexible. The basic tools and manual processes that worked when you had two employees may not work when you have a staff of 20 or when customer demand spikes due to a key competitor going out of business. Schedule regular reviews of your team's processes and tools to determine if they are still serving your business effectively or if they are hindering progress.

For example, a spreadsheet can be effective if only one person is responsible for tracking finances. However, multiple people using their own copies of the spreadsheet can lead to version control issues, data entry errors, inconsistent reporting and a lack of traceability into where numbers originated. In this scenario, a finance platform could help create a single source of truth that centralizes data, helps reduce errors and makes it easier for the team to collaborate on tasks such as managing cash flow, forecasting sales and tracking expenses.

Know when it's time to take action

Staying lean can help make a business more focused, efficient and profitable. But it's a fine line between running lean and running on fumes. No matter how streamlined your operations are, you'll eventually reach a point where your team lacks the time or energy to keep pace with your business's growth. So, how do you know when it's time to bring someone new on board?

Start by looking for patterns, such as an increase in missed deadlines, more overtime, turning away prospects or delaying critical initiatives because no one is available to take them on. You can also look for signs of burnout and disengagement, such as a decline in productivity or above-average turnover rates.

If you're still unsure whether to hire, outsource or automate, measure the opportunity cost. What revenue, efficiency or customer satisfaction does your maxed-out team prevent you from achieving? If additional headcount can unlock more capacity and revenue than what they will cost in training and payroll, it's time to invest.

Running a lean business doesn't mean settling for less. It means maximizing all the resources at your disposal to be as productive as possible. By optimizing your team, leveraging automation and knowing when it's time to invest in the business, you can maximize your small business operational efficiency while being ready to unlock the next stage of growth.

The author of this content is a paid contributor for Verizon.