



How Demand Management Can Solve Your Staffing Dilemma

Fluctuating demand is leading to inefficient staffing

After a turbulent two years, the majority of UK businesses are back to functioning at full capacity. But with a candidate-driven market that continues to push wages up and warnings that economic recovery is starting to stall, leaders are on the hunt for novel ways of increasing their margins.

Staffing is a persistent challenge in this regard. Businesses are regularly either under or overstaffed - both of which harm the employee experience and cut into the bottom line.

When overstaffed, labour costs become inefficient and employees are often kept busy working on non-productive tasks - leading to disengagement. When understaffed, sales are lost because staff cannot meet demand and employees are severely overworked - leading to increased employee stress.

To tackle this problem, leaders are increasingly turning to staffing demand management. **In this eBook, we explore the challenges they face with that** - and how they can improve their demand management process.



The average UK business is either **30%** over-staffed or **16%** under-staffed at any point in time²



Matching staffing levels to demand leads to a **5.7%** improvement in profitability³



¹<https://www.theguardian.com/business/live/2022/apr/11/uk-economy-slows-february-services-manufacturing-twitter-musk-stock-markets-business-live#:~:text=Overall%2C%20Cebr%20expects%20GDP%20to,was%20recovering%20from%202020's%20slump.>

²<https://retail-focus.co.uk/under-overstaffing-a-financial-drain-for-uk-businesses-managing-deskless-workers/>

³<https://www.retailsensing.com/people-counting/retail-staff-scheduling/>

What is demand management?

Demand management is a strategy that looks to forecast, plan for and adapt supply to changing levels of demand. In a staffing context, that means understanding how many workers will be required at any given time - and ensuring that your rotas reflect that.

Most businesses attempt to do this, of course. Bars anticipate which shifts will be busiest; warehouses adapt their staffing seasonally. But these efforts are generally built on very crude approximations, usually boiling down to managers' intuitions - which explains their high margin of error.



Demand management is a more effective, often data-driven approach.

It involves aligning marketing, procurement and operations - to understand your business's staffing needs and pool insights that allow you to accurately forecast demand at a granular level.

While not an exact science, this process enables organisations to unlock huge efficiency gains - as well as a number of other benefits...

Four key benefits of demand management



1. Improved employee experience

With properly calibrated demand management, employees are never over or underworked. General morale is increased; workers feel their time is being respected; and individuals know what to expect from shift to shift.

The net result is higher individual productivity, a healthier company culture and higher retention rates.



2. Optimised staffing spend

Demand management provides companies with greater visibility and control over their staffing. This in turn helps businesses ensure they are not overspending on their staffing needs. In low margin industries like hospitality, this can be the difference between profitability and loss.

The net result is better company performance and greater financial efficiency.



3. More consistent quality

From customer service to a reduction in human error, demand management ensures that the optimal number of workers are on shift at any given time. This ensures operations are smooth, because individuals are neither distracted nor overworked.

The net result is better individual performance and more consistent output.



4. More sales

Both under and overstaff can result in lower sales. When overstaffed, customer service is often harmed by low morale. And when understaffed, businesses simply don't have enough people to deal with customers and process payments.

Ultimately, having the optimal number of staff on shift has been shown to increase sales volume by 7%.



Four challenges of demand management

1 Internal communication

Demand management relies on a clear line of communication between departments. Areas that deal with demand generation - such as marketing and sales - must feed data to the procurement, HR and operations teams.

This can become difficult when incentives are not aligned, or when there is no accountability for sharing information. And without this communication, there is no way to accurately predict demand or adapt staffing volume to it.



2 Gathering accurate data

Simply sharing information is not enough - the data itself must be accurate and carefully analysed to produce actionable insights. Experts estimate that organisations spend between 10-30% of their revenue handling data quality issues⁵, and inaccurate data leads the average company to lose 12% of its revenue.⁶ Using such data in demand management initiatives can therefore be even more harmful than simply guessing what demand levels will be.

Historical staffing data should be a key part of this process, as it will help you to put demand data into proper context.

⁵<https://www.gov.uk/government/news/hidden-costs-of-poor-data-quality>

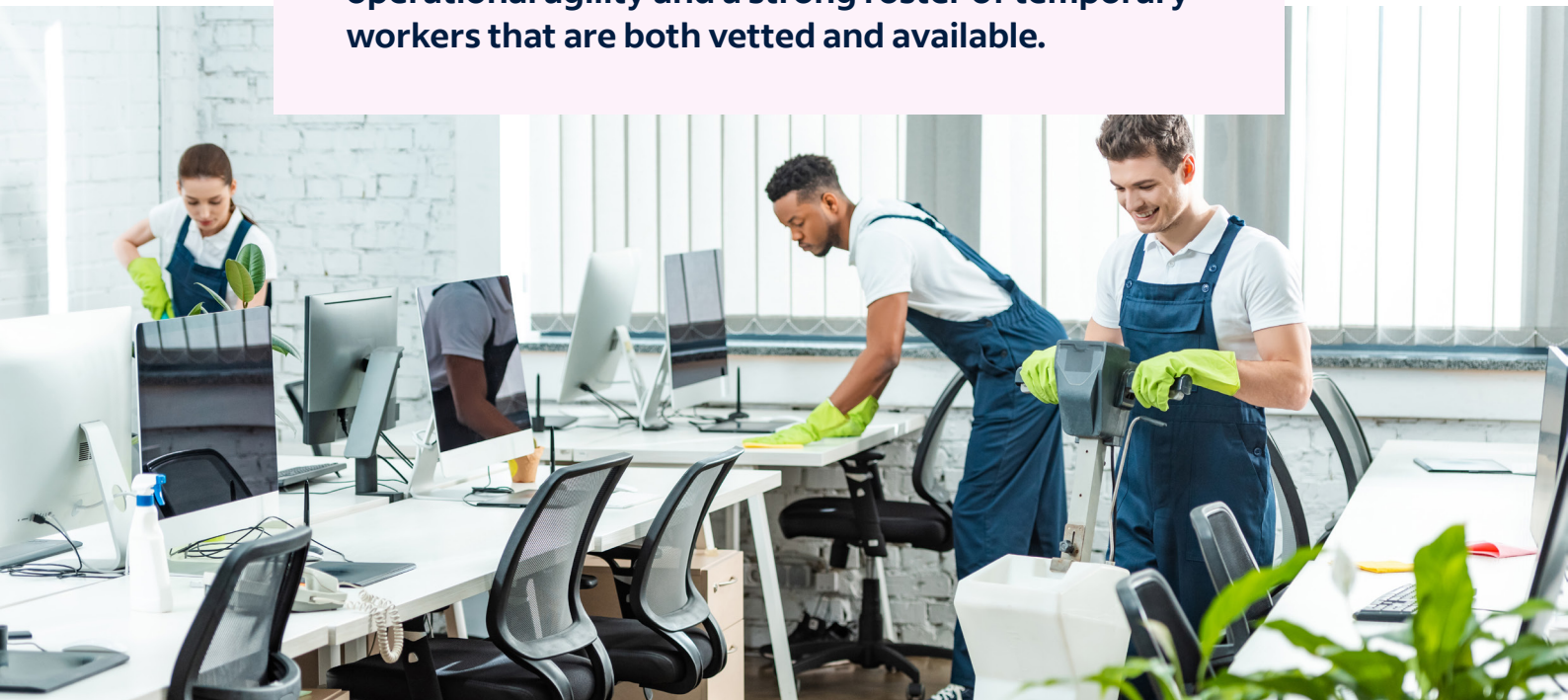
⁶<https://econsultancy.com/the-cost-of-bad-data-stats/#:~:text=New%20research%20from%20Experian%20Data,resources%2C%20and%20wasted%20staff%20time.>

3

Enabling requisite flexibility

Demand management is only truly effective when a company is able to adapt its workforce quickly to changing demand. If you rely entirely on workers who are contracted to work 30 hours each week, there is little you can do to decrease or increase the volume of staff you have on during any given period.

Instead, organisations need to have flexibility built into their staffing system. But **this requires both operational agility and a strong roster of temporary workers that are both vetted and available.**



4

Optimising the procurement system

Flexibility is not enough: your staffing pipeline also needs to be efficient. An organisation may be able to very accurately predict the volume of workers required for any given shift, but if their procurement system is inefficient, most of the potential gains demand management offers will be wiped out.

Organisations therefore need to simplify and streamline their procurement. This is generally necessary to enable flexibility anyway, but it should also be made as cost and time effective as possible.

Four ways to improve your demand management

1 Create accountability

Demand management requires buy-in from multiple players. To achieve this - and to coordinate different departmental activities - **there must be an individual or team that is responsible for demand management.**

The best way of installing that team is through a staffing project board with an executive sponsor. This requires executive-level buy-in on the initiative; it then requires senior-level executives to agree on a combination of key players from Technical Analysis, Operations and Procurement who will be accountable for the project's performance.



Once that team is in place, it is their responsibility to properly introduce the demand management initiative across the company. In some studies, as many as 85% of employees say they don't understand what their company is trying to achieve with any particular initiative.⁷ The team in charge of demand management must therefore focus not only on ensuring everybody knows what is required of them and when - but what the overarching value of the initiative is.

⁷<https://culture.io/pitfalls-of-lack-workplace-accountability/>

⁸<https://www.mckinsey.com/business-functions/operations/our-insights/mastering-the-challenge-of-capacity-management>



2

Invest in technology

Data is vital to accurate demand forecasting, and that means technology is an inevitable factor here. There is wide scope for organisations to choose the level of technology that will most benefit them, and how they can best utilise it to understand demand.

Some retailers go as far as using thermal imaging cameras to monitor customer movements in-store and track footfall, enabling them to manage how many staff are on-shift in real-time.⁸ But many organisations will not benefit from this level of granularity in their data, and may be better off focusing on analytics tools or simply improving the technology their marketing and sales department's use to capture demand data.

To determine what approach will be most beneficial, the team responsible for the initiative must evaluate their current data gathering and analytic capabilities. They should focus on three factors:



Speed - real-time data being the most advantageous



Accuracy - determining the margin of error in current predictions



Ease of use - assessing how much technical knowledge is required to use the current technology

Once they have an understanding of this, the team can assess the market for solutions that are designed to help with demand management initiatives, such as Workforce Management Systems (WMS).

⁸<https://www.mckinsey.com/business-functions/operations/our-insights/mastering-the-challenge-of-capacity-management>

3

Manage worker expectations

A common concern with demand management strategies is how they will affect individual workers. If employees feel they are being expected to be too flexible, or treated disposable, morale and engagement will fall - likely eroding any productivity or profitability gains the initiative originally promised.

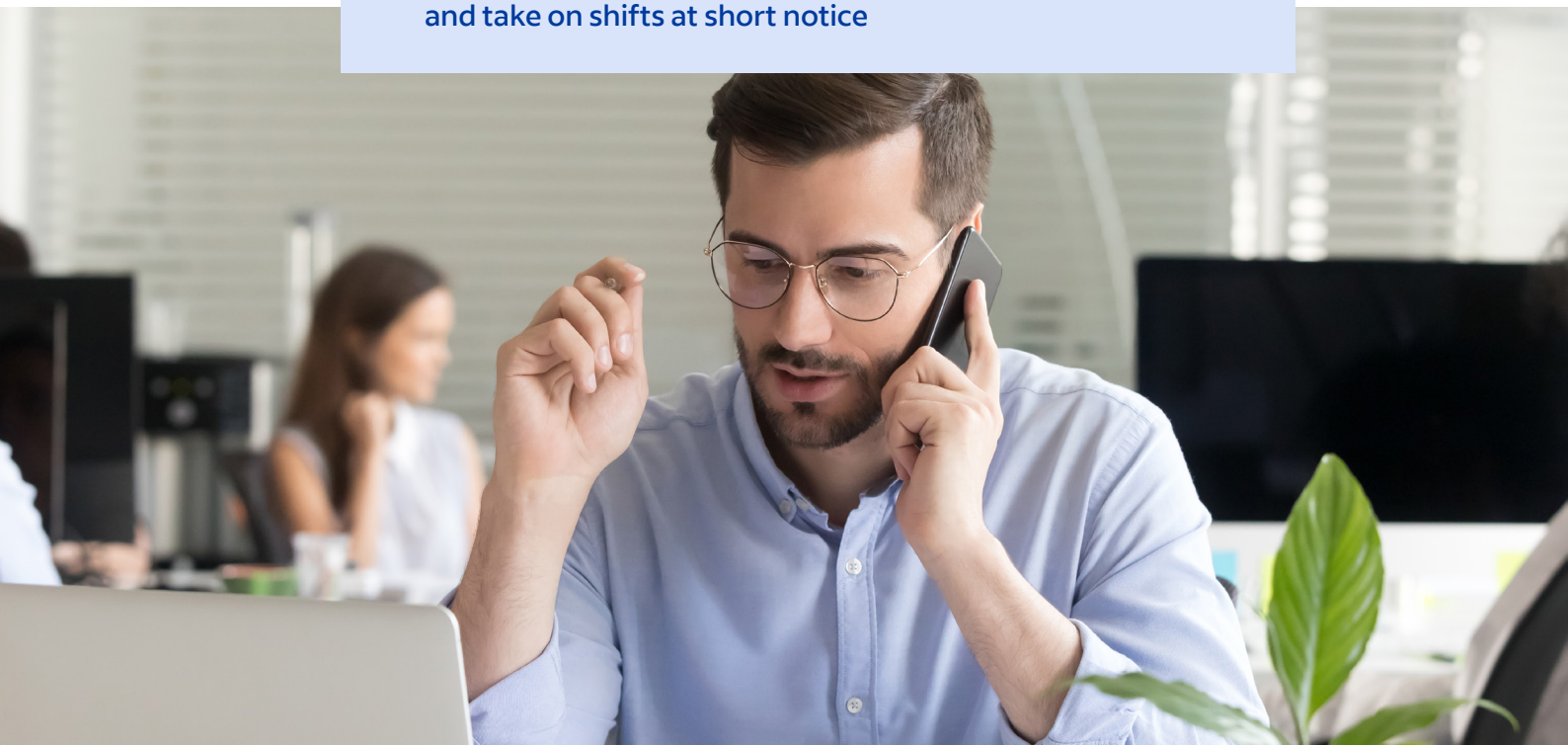
Successful demand management initiatives therefore take into account the human element. The team in charge of the initiative must evaluate the potential repercussions of altering existing staffing patterns, likely turning to HR for insight into the specific attitudes and requirements of the business's workforce.

Here are a few suggestions as to how you might soothe workers concerns:

1. Offer extra benefits to incentive greater flexibility, including more control over when and where they are willing to work

2. Articulate the benefits of better demand management. As we discussed earlier, employees tend to have a better experience of shifts where they have an optimal amount of work to do

3. Offer bonuses to workers who are more willing to be flexible and take on shifts at short notice





4

Implement a blended workforce

A blended workforce is the perfect way to enable flexibility without harming employee experience. By supplementing your core full-time staff with a roster of temporary workers, you are able to adapt to fluctuating demand without expecting your loyal employees to be in a constant state of uncertainty about how much they are going to work.

The key to build an effective blended workforce is simple: **access to high-quality, properly vetted temporary workers.**

But this is not always easy, as the process of procurement can be slow, costly and often lacking transparency.

What you need is a partner that will provide access to a reliable stream of temporary workers - and make the procurement process fast and easy. **IndeedFlex** is designed to exactly that, acting as your 360 staffing partner and offering a range of solutions to fit your needs.

With a partner like Flex, you are empowered to respond to changing staffing demand at an unprecedented speed. This enables you to more accurately and consistently match the number of workers on shift to the volume of work required - and reap all of the benefits discussed throughout this eBook.

Interested in learning more?

Book a meeting with one of our experts to discuss how Indeed Flex can help assist you with your staffing needs today.

Email us
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