

You're Overstaffed. Now What?

BY ZACK ESTES

"No, I'm not." This might be your first reaction.

But if you fit somewhere in, or near, the following criteria, then chances are, you're overstaffed.

- \$5 million to \$20 million in annual revenue
- Sales or product-focused CEO
- Demand (volume/customer acquisition) is not a bottleneck
- In-person or hybrid workforce
- Field or shop *and* office workforce

Here's my hypothesis: With the advent of AI, your potential capacity is skyrocketing.

The cost of being overstaffed can get really expensive, really fast. Especially when you think your capacity is lower than it is.

One of the many wastes inside small businesses today is the untapped potential of your people.

You may think you have your headcount under control, but in many cases, it's only because demand is robust enough that you haven't felt much pain yet.

It doesn't mean you won't feel it soon.

In this rapidly changing economy—especially with artificial intelligence now "here" in a very real, tan-

gible way—every layer of your business is going to feel the push to become more efficient.

It might come from your customers demanding more value per dollar, or from your employees who see the writing on the wall and want to stay relevant.

Either way, the call to adapt is loud and clear.

So, let's talk about what this means for you, your team, and your future growth.

Because if you don't adopt AI integration now, you might be forced to do so—or forced to make cuts—in the next 12 to 18 months.

The Overstaffing Dilemma

Overstaffing is more than just having "too many people on payroll."

Overstaffing also means having too many unoptimized processes or too little throughput relative to your potential.

It's excess capacity waiting to be put to good use.

For many businesses in that \$5 million to \$20 million sweet spot, a key question emerges:

- Do you integrate AI and pull your team to increase capacity (and fill that expanded capacity with new sales volume)?
- Or do you cut staff and reduce capacity?

LET'S ADDRESS THE ELEPHANT IN THE ROOM: WHAT IF YOU DON'T WANT TO CHANGE ANYTHING?

Yes—the second option feels uncomfortable.

But if you don't have enough demand, trimming payroll might be your only move.

However, if you do have demand—if you truly solve a problem for a big enough (and growing) marketplace—then cutting staff should be your last resort.

Instead, you want to unlock your team's potential by leveraging technology that can scale your operation.

AI Is Here, Whether You Like It or Not

Whether it's [ChatGPT](#), [Lindy.ai](#), [Zapier Agents](#), or [Motion](#), AI is no longer a futuristic concept to be filed under “maybe one day.”

It's mainstream, even if you personally haven't integrated it yet. And that changes everything.

AI can augment your workforce in critical ways:

- **Process Automation:** Repetitive tasks can be easily automated, freeing up your humans to do more creative or strategic work.
- **Decision Support:** Predictive analytics and machine learning can help your team make faster, more accurate decisions.
- **Customer Experience:** Chatbots and personalized product recommendations can elevate the customer journey, increasing satisfaction (and revenue).
- **Project Management:** When your team has 200 hours of work but only 100 hours of capacity until the deadline, you need to know that on day one—not week eight. AI can auto-schedule your team's highest-priority tasks and predict all project delays before they surface.

In short, AI can help you do more with the team you already have.

The question is whether you're going to adapt fast enough to harness it—or get forced into a corner later, after you've lost valuable time and potentially some of your best employees.

The Risk of Doing Nothing

Let's address the elephant in the room: What if you don't want to change anything?

You've got a decent team, you're making solid profits, and life is comfortable.

Why rock the boat?

Simple: Because when the market shifts, the boat will rock itself.

Your competitors will adopt AI. They'll find ways to serve more customers more efficiently. They'll pay for fewer wasted hours and produce more profitable outcomes. And once that is happening at scale, how do you stay competitive?

Add to that the possibility that your top performers will demand to be at a company that invests in their professional growth.

High-value employees want to know their employer is future-focused.

They want to be on the winning side of technology, not left holding the bag as the last business to figure it out.

If you're not offering them that environment, the best will leave—and then you'll be stuck with a team that's not equipped to compete.

Those consequences might feel months, even a year or more, away. But trust me, that time horizon can evaporate in a blink.

We've all seen how quickly AI leaped onto the scene in the past year alone.



“‘good change’ at its core is about respect”

The pace isn't slowing down.

A Culture of “Good Change”

Enter *kaizen*—the foundational principle of lean management that revolves around continuous improvement.

Kaizen translates to “good change.” A practice that fosters constant, incremental betterment in every process and every team member.

You want to talk about a future-proof culture? Adopt “good changes” alongside AI integration.

Encourage your team to look at every process—every single day—and ask: How can this be better, simpler, or faster?

Then, pair that question with the new tools AI brings to the table.

Suddenly, you'll see leaps in your efficiency. Because “good change” at its core is about respect—respect for the intelligence and creativity of your workforce, respect for time, and respect for resources.

- **Respect for People:** When you integrate AI, you free your people from mundane tasks, enabling them to focus on high-value activities. The bar for “mundane” is getting higher and higher with artificial intelligence. It's not just filtering and tagging emails. It can now multiply one project manager who typically served one team of producers into a project manager who serves four teams of producers.
- **Respect for Time:** Every process you undertake has a time cost. Are you using that time as efficiently as possible? AI can help detect inefficiencies, crunch data, and streamline work-

flows, ensuring that the hours (money going out via payroll) yield the greatest impact.

- **Respect for Resources:** An overstaffed organization might look like a resource-heavy structure. But guess what? When you pair your existing staff with AI, you can transform “overcapacity” into a well-tuned machine. You turn idle time or wasted effort into productive output that grows the business.

In a “good change” culture, you're never just content to “keep going.”

You're always looking for ways to get better.

That's exactly what adopting AI demands.

And because AI itself evolves quickly, you want your team in a habit of continuous improvement so they can pivot and adapt, rather than standing still while the competition sails by.

Why Overstaffing Is Really a Symptom

Think of “overstaffing” less as a direct problem and more as a symptom of unoptimized processes or underutilized potential.

Maybe you hired in anticipation of growth. Maybe you just wanted bodies in the building to give yourself a sense of stability. Or maybe you didn't notice how much your company's growth in revenue per headcount has slowed.

Regardless, overstaffing points to at least one of these issues:

- **Your Processes Aren't Lean:** You have people performing tasks that either shouldn't exist or that could be automated. This might happen in billing, reporting, admin, or even in the field or on the shop floor.

“Take Action.”

- **Your Team Isn't Equipped:** Employees don't always have the tools or the training to do more advanced tasks. AI can handle the grunt work so people can acquire new talents or tackle strategic projects—if you invest in that training.
- **You're Not Innovating:** Maybe the demand for your product or service is there, but you haven't pivoted to capture it effectively. You keep adding staff rather than refining processes, adopting new tech, or rethinking the way value is delivered.
- **Your Business Model Is at an Inflection Point:** If you're truly not solving a big enough problem, no amount of staff or AI is going to make that better. In which case, your path forward might require a pivot—or yes, staff reductions. But for many, a rethinking of the offering (and the process behind it) can open entirely new markets.

The Imperative to Grow

Here's another often-overlooked angle: In an AI-driven economy, standing still effectively means shrinking.

Once AI is widely adopted in your industry (maybe it already is), the baseline of efficiency gets raised.

Margins tighten for anyone who isn't keeping up.

Your own team wants to grow. If you don't invest in their professional development—particularly around AI integration or more advanced skill sets—they'll see themselves drifting towards obsolescence.

No passionate professional wants that.

So the question is: Can you lead them?

Because if you won't, they'll find another leader—one at a different company—who will.

Lead them to embrace and integrate artificial intelligence tools to become more efficient, more productive, and more valuable to the business.

That's not just good for them; it's good for you because it directly impacts your bottom line.

After all, the more they grow, the more your business grows, and the more value you can deliver to your customers.

Why Waiting 12-18 Months Is So Risky

Everything changes in cycles.

Twelve months ago, many small business owners laughed at the idea of AI writing entire marketing campaigns or analyzing complex data sets in seconds. Now it's common.

If you play catch-up in 12 to 18 months, you'll be doing so while your more forward-thinking competitors are already finishing their second or third iteration of AI deployment.

They'll be more streamlined, more profitable, and better positioned to snatch your market share.

Don't find yourself reacting to the marketplace in



a year, slashing budgets and headcount because you missed the chance to optimize.

By then, the morale hit to your workforce—and potentially your brand—could be severe.

Instead, take action now.

Even small, consistent steps toward AI integration and a “good change” mindset can create a surge of momentum.

And once that momentum builds, it’s far easier to keep up in the long run.

2 Paths: Grow or Cut

We’ve basically got two big forks in this road:

- **Adopt AI Integration and a Culture of “Good Change” to Increase Capacity:** If your product or service has real market potential, you want to fill that extra (or unrealized) capacity by driving more sales and satisfying more cus-

tomers. AI helps you do so without necessarily needing to add more staff. You’ll keep the team you have while making them more productive. You’ll refine every process to cut out waste. You’ll shift employees from mindless tasks to tasks that create more value.

- **Cut Staff to Reduce Capacity:** If you’re not confident in the demand or if your market truly is capped, you might need to align your headcount with the reality of your situation. This is a tough call, but continuing to carry staff you can’t keep busy or profitable is a recipe for financial strain. If your market simply doesn’t have enough customers (or you have no interest in pivoting to find them), that’s a legitimate, though disappointing, path.

But let’s be clear: The second path is typically the route for businesses that do not have sufficient market opportunity or cannot pivot in time.

For the rest of us—those who have more demand they could tap into—it’s time to invest in AI integration and an internal culture of continuous improvement.

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