

RETAIL

The Costs of Last-Minute Scheduling

Labor is a significant part of the cost structure of service businesses, and especially in retail and food services, having just enough (but not too many) employees on hand is key to balancing customer service and profitability. As companies try to strike that balance, however, employees often suffer: Many firms use “just in time” staffing models that make schedules unpredictable, disrupting child care needs, commuting patterns, and personal lives. After critical media coverage of the practice, several cities and one state (Oregon) passed laws requiring firms to give workers advance notice of their schedules.

A new study finds another reason to avoid last-minute scheduling: It hurts the bottom line. Researchers studied 1.4 million transactions that took place at 25 locations of a casual restaurant chain during nine months in 2016. The data included information on which server handled each transaction and how much advance notice he or she had been given about the day’s schedule. The chain generally set schedules a week in advance, but it also used “short notice” scheduling (asking people a couple of days ahead of time to work different hours) and “real time” scheduling (changing people’s hours during the shift in question, typically by having them stay longer).

Short-notice changes had no effect on servers’ transactions, but real-time changes hurt revenue: Checks for parties handled by servers who’d been asked to



stay later dropped by 4.4%, on average. The researchers believe that occurred because servers reduced the effort spent on upselling and cross-selling additional menu items (the research team controlled for worker fatigue). The drop was more pronounced on weekends, and lesser-skilled servers had the sharpest declines. “A shift away from the heavy use of real-time schedules...not only creates more predictable work schedules... but also can improve the expected profit by up to 1%,” the researchers estimate.



ABOUT THE RESEARCH “Call to Duty: Just-in-Time Scheduling in a Restaurant Chain,” by Masoud Kamalahmadi, Qiuping Yu, and Yong-Pin Zhou (working paper)