

# Common Process Bottlenecks in SMBs

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## Identify & Eliminate the Constraints Slowing Your Growth

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### What Is a Bottleneck?

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A **bottleneck** is any point in your process where work slows down, gets stuck, or creates a queue. It's the narrowest point in your workflow—like water trying to flow through a narrow bottle neck.

#### The Impact:

- Reduced throughput (fewer orders processed per day)
  - Longer cycle times (customers wait longer)
  - Increased costs (labor sitting idle, inventory piling up)
  - Lost revenue (missed opportunities)
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## The 7 Most Common Bottlenecks in SMBs

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### 1. Approval Bottleneck

#### The Problem

Too many decision-makers, unclear authority, or slow approvers.

#### Where It Shows Up

- Sales quotes waiting for manager approval

- Purchase orders stuck in approval queue
- Project changes requiring multiple sign-offs
- Budget requests taking weeks to approve

### **Impact**

- **Average delay:** 5-15 days per approval cycle
- **Cost:** 500–5,000 per delayed transaction

### **Quick Fix**

- Define clear approval authority (who can approve what amount/type)
- Set 24-hour approval SLAs
- Implement automated workflows for routine approvals
- Empower frontline staff to make more decisions

### **Expected Improvement**

**40-60% faster approvals** within 2 weeks

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## **2. Information Bottleneck**

### **The Problem**

Data is scattered across systems, people, or documents. Information is hard to find or unreliable.

### **Where It Shows Up**

- Customer data scattered across email, spreadsheets, and systems
- No single source of truth for product/service information
- Employees spending 30+ minutes searching for information
- Duplicate data entry across multiple systems

## Impact

- **Average time wasted:** 2-4 hours per employee per week
- **Cost:** 10,000–50,000 per year in lost productivity

## Quick Fix

- Create a centralized information repository (shared drive, wiki, or CRM)
- Standardize data entry processes
- Implement a simple dashboard for key metrics
- Establish data ownership (who maintains what)

## Expected Improvement

**30-50% faster information retrieval** within 1 month

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## 3. Handoff Bottleneck

### The Problem

Work gets stuck when it moves between departments or people.

### Where It Shows Up

- Sales to operations handoff (order details lost or unclear)
- Operations to fulfillment (delays in picking/packing)
- Customer service to technical support (tickets sitting in queue)
- Project management to execution (scope creep or unclear requirements)

## Impact

- **Average delay:** 1-3 days per handoff
- **Cost:** 20-30% of total cycle time lost in handoffs

## Quick Fix

- Create a standardized handoff checklist

- Use visual management (Kanban boards) to track handoffs
- Implement a “pull” system (next team pulls work when ready)
- Establish clear ownership and accountability

### **Expected Improvement**

**25-40% faster handoffs** within 2-3 weeks

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## **4. Capacity Bottleneck**

### **The Problem**

One person, machine, or process is at maximum capacity and can't handle more work.

### **Where It Shows Up**

- One key person is the bottleneck (everyone waits for them)
- One machine/tool is fully utilized (can't increase production)
- One department is overloaded while others are underutilized
- Seasonal spikes causing temporary overload

### **Impact**

- **Revenue loss:** 10-30% of potential revenue lost due to capacity constraints
- **Cost:** Overtime, burnout, quality issues

### **Quick Fix**

- Cross-train employees to share the load
- Automate repetitive tasks to free up capacity
- Redistribute work across the team
- Invest in tools/technology to increase capacity
- Consider outsourcing non-core functions

## Expected Improvement

**20-50% increase in throughput** within 4-8 weeks

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## 5. Quality Bottleneck

### The Problem

Quality issues cause rework, delays, and customer dissatisfaction.

### Where It Shows Up

- High defect rates requiring rework (10-30% of output)
- Customer complaints and returns
- Inconsistent quality due to lack of standards
- Quality checks catching errors late in the process

### Impact

- **Rework cost:** 10-30% of total labor cost
- **Customer impact:** Delayed delivery, reputation damage

### Quick Fix

- Implement standardized work procedures
- Add quality checks at the source (prevent errors early)
- Create visual standards (photos, samples, checklists)
- Implement a “Stop the Line” culture (fix issues immediately)
- Train employees on quality standards

## Expected Improvement

**30-50% reduction in defects** within 4-6 weeks

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## 6. Supplier Bottleneck

### The Problem

Suppliers can't deliver on time, in full, or with consistent quality.

### Where It Shows Up

- Long lead times from suppliers
- Inconsistent delivery schedules
- Quality issues from suppliers
- Limited supplier options (single-source dependency)

### Impact

- **Inventory buildup:** Holding excess safety stock
- **Production delays:** Can't start work without materials
- **Cost:** Premium pricing for expedited delivery

### Quick Fix

- Develop supplier relationships and communication
- Create supplier scorecards (on-time, quality, responsiveness)
- Diversify suppliers to reduce dependency
- Implement vendor-managed inventory (supplier holds stock)
- Negotiate better terms and lead times

### Expected Improvement

**20-30% reduction in lead times** within 2-3 months

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## 7. Process Bottleneck

### The Problem

The process itself is inefficient, with unnecessary steps or poor design.

## Where It Shows Up

- Processes with 15+ steps that could be 5
- Manual processes that could be automated
- Processes designed for old business model
- Lack of process documentation or standardization

## Impact

- **Cycle time:** 2-5x longer than necessary
- **Cost:** 20-40% higher than optimal

## Quick Fix

- Map the current process (identify all steps)
- Identify non-value-added steps (eliminate them)
- Simplify the process (combine steps, remove redundancy)
- Automate where possible
- Implement the new process with training

## Expected Improvement

**30-50% reduction in cycle time** within 4-8 weeks

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## Bottleneck Assessment Worksheet

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Rate each bottleneck area on a scale of 1-5 (1 = not a problem, 5 = major problem):

Bottleneck Type	Rating	Impact	Priority
Approval	---	---	---
Information	---	---	---
Handoff	---	---	---
Capacity	---	---	---
Quality	---	---	---
Supplier	---	---	---
Process	---	---	---

### Scoring:

- **Priority = Rating × Impact**
- Focus on the top 3 bottlenecks first

## The Theory of Constraints (TOC)

The Theory of Constraints states:

1. Every system has at least one constraint
2. Focusing on the constraint yields the biggest improvement
3. Once you fix the constraint, a new constraint emerges
4. Continuous improvement means always finding and fixing the next constraint

**Application:** Don't try to improve everything at once. Identify your biggest bottleneck, fix it, then move to the next one.

# Quick Wins for Bottleneck Elimination

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Bottleneck	Quick Win	Timeline	Impact
Approval	Define approval authority	1 week	40-60% faster
Information	Create shared drive	1 week	30-50% faster
Handoff	Create checklist	2 weeks	25-40% faster
Capacity	Cross-train 1 person	2-4 weeks	10-20% increase
Quality	Add one quality check	1-2 weeks	20-30% reduction
Supplier	Create scorecard	2 weeks	10-20% improvement
Process	Map and simplify	3-4 weeks	30-50% faster

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## The Bottleneck Elimination Process

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### Step 1: Identify (1-2 days)

- Map your top 3 processes
- Identify where work slows down or gets stuck
- Measure current performance (cycle time, throughput, cost)

### Step 2: Analyze (2-3 days)

- Ask “Why?” 5 times to find root cause
- Gather data on the bottleneck
- Understand the impact (cost, revenue, customer impact)

### Step 3: Solution (3-5 days)

- Brainstorm solutions with your team
- Evaluate options (cost, effort, impact)

- Select the best solution

## Step 4: Implement (1-2 weeks)

- Plan the implementation
- Train your team
- Execute the change
- Monitor results

## Step 5: Sustain (Ongoing)

- Track metrics to ensure improvement holds
  - Celebrate the win
  - Move to the next bottleneck
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## Expected Results

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When you eliminate your top 3 bottlenecks, SMBs typically see:

- **20-40% increase in throughput** (more orders processed)
  - **25-50% reduction in cycle time** (faster delivery)
  - **15-30% cost reduction** (less waste, more efficiency)
  - **Improved customer satisfaction** (faster, more reliable service)
  - **Employee morale boost** (less frustration, more accomplishment)
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## Ready to Eliminate Your Bottlenecks?

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Schedule a **free 30-minute consultation** with Lean Genie Advisors to:

- Identify your top 3 bottlenecks
- Estimate the financial impact
- Create a quick-win action plan

- Get started on your first improvement

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