

COVER PAGE

A2: Problem Solving & Decision Making

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OVERVIEW

Basil's Bakery is founded in 2015 in a Coventry retail park, Basil's Bakery is an independent artisan business known for organic breads, pastries, and cakes. Despite their early success, 2023–2025 sales have stagnated 25% below 2019 levels.

Footfall Decline: Sequential store closures have left empty retail units, permanently reducing park visitors.

Workplace Shifts: Widespread hybrid working patterns and local retail redundancies have drastically reduced daily commuter lunches.

Compounding this decline, profit margins are heavily squeezed by escalating fixed overheads (rent, rates, utilities) and unpredictable, volatile organic ingredient costs.

Ultimately, the bakery's traditional brick-and-mortar model relies on walk-in footfall that no longer exists. To achieve long-term financial viability, Basil's Bakery must transition away from sole reliance on retail park traffic and address its structural operational constraints.

The bakery faces severe external pressures of declining retail park footfall, local store closures, customer redundancies, and widespread hybrid working. Rising utility, rent, and organic supply costs are squeezing margins.

Operational constraints also prevent Basil from servicing demand for delivery and pre orders. To remain viable, the business must transition away from sole reliance on walk-in trade and address these structural operational challenges.

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Proposed Solutions

Solution 1: Online Pre-Order & Click-and-Collect System Implementing a mobile-friendly website/app allows customers (especially busy office workers) to order and pay in advance, specifying a pickup time.

Problem Resolved: Eliminates long waiting times and missed phone orders. By capturing demand from hybrid workers before they commute, it maximizes revenue per visit and improves operational efficiency without requiring extra delivery staff.

Solution 2: B2B Wholesale & Office Catering Model Pivoting to supply high-end organic baked goods directly to local corporate offices, adjacent warehouse canteens, and independent cafes across Coventry.

Problem Resolved: Directly counteracts declining retail park footfall by shifting revenue generation off site. Bulk orders provide predictable, scheduled demand, making organic ingredient budgeting and cost management significantly easier.

The PMI evaluation reveals a fundamental strategic difference between the two proposals:

Solution 1 (Pre-Order & Click-and-Collect) excels in ease of implementation and cost efficiency, but its primary drawback is that it merely optimizes existing, declining footfall. It fails to solve the broader structural issue of an emptying retail park.

Conversely, Solution 2 (B2B Wholesale & Corporate Catering) presents initial logistical complexity, but offers a powerful advantage: it decouples revenue from retail park foot traffic. By targeting nearby corporate offices and industrial sites, it establishes predictable, bulk-order revenue streams that directly offset rising fixed overheads and organic supply costs.

Preferred Solution: Solution 2 is the preferred strategy. While Click-and-Collect improves convenience for remaining shoppers, B2B wholesale actively bypasses the dying retail environment providing the sustainable growth needed to secure the bakery's long term financial viability.

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To successfully execute the B2B Wholesale and Corporate Catering strategy without disrupting daily bakery operations, the rollout is structured across an 8-week phased timeline:

1.Phase 1 (Market Research & B2B Menu Development)

Weeks 1–2 | Lead: Basil & Business Consultant.

Identify and map the top 20 office parks and industrial sites within a 5-mile radius. Formulate a specialized, high-margin B2B menu featuring organic breakfast boxes, sandwich platters, and meeting pastries priced for bulk corporate purchasing.

2.Phase 2 (Operational & Logistics Setup)

Weeks 3–4 | Lead: Basil & Logistics Partner.

Adjust early-morning baking schedules to accommodate wholesale prep. Partner with a local third-party eco-courier for scheduled deliveries, eliminating the need for a dedicated bakery vehicle, and procure branded, eco-friendly transport packaging.

3.Phase 3 (Sales Outreach & Sampling Campaign)

Weeks 5–6 | Lead: Sales Lead / Consultant.

Distribute corporate brochures and complimentary sample boxes directly to office managers, HR heads, and event coordinators across target business parks to secure initial orders.

4.Phase 4 (Pilot Rollout & Account Onboarding)

Weeks 7–8 | Lead: Basil & Courier.

Onboard 3–5 initial pilot corporate accounts with set delivery windows. Test kitchen production capacity, order accuracy, food temperature control, and delivery timeliness under real conditions.

5.Phase 5 (Full Launch & Ongoing Review)

Week 9 Onward | Lead: Basil.

Open sales to all Coventry businesses. Conduct monthly operational reviews to monitor gross profit margins, client retention rates, and kitchen throughput.

The design of this implementation plan directly addresses operational constraints while minimizing financial risk

Logical Sequencing: Market research and menu costing occur first to guarantee profitability before approaching clients. Sampling immediately precedes launch because corporate buyers rely on taste tests to make purchasing decisions.

Phased Timings (8 Weeks): A two-month rollout gives Basil sufficient runway to adjust early-morning baking schedules incrementally, preventing operational shock or drop in retail product quality.

Division of Responsibilities: Basil retains absolute control over culinary standards, production, and order fulfillment. Delegating market mapping and direct sales outreach to an external consultant ensures Basil remains focused in the kitchen.

Logistics Strategy: Partnering with a third-party eco-courier eliminates significant capital expenditure on a delivery vehicle, avoids additional insurance overhead, and solves Basil's core bottleneck of being tied to the bakery during business hours.

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Key Performance Indicator (KPI)

Primary Metric: B2B Monthly Recurring Revenue (MRR) & Wholesale Contribution Margin.

Definition: Tracks total monthly gross revenue generated specifically from corporate catering accounts alongside the net margin percentage after direct organic ingredient and courier costs. This measures how effectively off-site sales compensate for lost retail footfall while maintaining target profitability.

SMART Objectives

1. **Objective 1 (Customer Acquisition):** Secure at least **8 active B2B corporate catering accounts** within the local Coventry business/industrial parks within **3 months** of launch.
2. **Objective 2 (Revenue Target):** Generate **£4,500 in monthly B2B revenue** by **Month 6**, fully offsetting the 25% retail sales deficit resulting from lower retail park footfall.
3. **Objective 3 (Margin Protection):** Maintain a minimum **gross contribution margin of 60%** on all wholesale and corporate catering orders over the next **12 months**, safeguarding profitability against organic ingredient price fluctuations.
4. **Objective 4 (Client Retention):** Achieve a **80% repeat monthly order rate** among onboarded corporate clients within **6 months** to establish a predictable, recurring revenue base.

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The identified KPI and SMART objectives provide a structured framework to continuously monitor operations, assess financial viability, and optimize the B2B wholesale strategy.

Weekly Operational Monitoring

Pipeline & Onboarding (Objective 1): Tracking weekly outreach conversion rates (samples delivered vs. signed contracts) reveals whether sales messaging targets the right decision-makers. If accounts lag behind the 3-month target, marketing efforts can be adjusted immediately.

Repeat Order Consistency (Objective 4): Monitoring weekly re-order rates identifies client satisfaction levels early. Drops in retention act as an early warning signal to audit delivery timeliness or food quality before accounts are lost.

Monthly & Quarterly Financial Evaluation

Revenue Offsetting (Objective 2): Comparing B2B Monthly Recurring Revenue directly against historical pre-2019 benchmarks ensures the new model effectively bridges the 25% footfall revenue gap.

Margin Auditing (Objective 3): Monthly margin audits analyze total wholesale sales against fluctuating organic stock prices and courier fees. If input costs spike, product pricing or package sizing can be adjusted to preserve the required 60% gross margin. This data-driven evaluation process ensures Basil moves from reactive daily troubleshooting to proactive management, safeguarding long-term profitability and operational capacity.

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Summary of Key Findings

- **Structural Footfall Decline:** Core retail sales remain stagnated at 25% below 2019 benchmarks due to external

macro-shifts, including sequential store closures within the retail park, local worker redundancies, and permanent hybrid working patterns among local office staff.

- **Severe Margin Squeeze:** Profit margins are heavily eroded by escalating, non-negotiable fixed overheads (rent, business rates, energy utilities, insurance) alongside volatile, crop-dependent organic ingredient costs that complicate financial budgeting.
- **Uncaptured Off-Site Demand:** High customer interest in pre-orders and local delivery remains unfulfilled due to single-operator bottlenecks. Basil's physical tie to kitchen baking prevents on-site phone management and direct delivery fulfillment.
- **Strategic Pivot Imperative:** Operational efficiency tweaks alone cannot reverse the physical decline of the retail park. Long-term commercial viability requires transitioning to an off-site B2B wholesale and corporate catering model to decouple revenue generation from walk-in foot traffic.