

Sweet Success – The Story of Bella's Bakery

Case Study

Read the scenario below and answer the questions that follow.

Scenario

Bella started a small bakery from her home kitchen, selling cakes, cupcakes, and cookies to friends and family. Her products quickly became popular, and after posting photos of her cakes on social media, orders increased dramatically.

Within six months, Bella's bakery was receiving over 100 orders per week. While the growth was exciting, it also created several challenges.

Bella often runs out of ingredients because she struggles to keep track of stock levels. On some occasions, customers have had to wait longer for their orders because ingredients were unavailable.

As demand has grown, Bella has noticed that some cakes have been decorated incorrectly and a few customers have complained about inconsistent quality. Bella worries that these mistakes could damage the bakery's reputation.

The business is also becoming more difficult to manage financially. Bella records sales and expenses in a notebook, but she is finding it increasingly difficult to understand whether the bakery is making enough profit each month.

To cope with the increasing number of customers, Bella is considering investing in a commercial kitchen, additional staff, a stock management system, accounting software, and an online ordering system. However, these investments will require additional spending, and Bella is unsure which improvements should be prioritised first.

Questions

1. What changes might Bella need to make to her production facilities to support business growth?
2. What stock control problems is Bella currently facing, and how could they be improved?
3. Why would management accounts be useful for Bella's bakery?
4. How could Bella maintain product quality as the number of orders increases?
5. Which management information systems (MIS) could Bella introduce to help manage the bakery more effectively?
6. If you were Bella, what three actions would you prioritise first? Explain your reasons.

Extension Activity

Bella has enough money to invest in only ONE of the following:

- A larger kitchen
- More staff
- Accounting software
- A stock management system

Which option would you choose and why?