

Component 2 Report – Basil's Bakery

Module Title: Problem Solving and Decision Making

Module Code: LCLM 4004

Assessment: Component 2 Report – Basil's Bakery

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Task 1: Overview of Case-study

Basil's Bakery is a bakery based in Coventry that was established in 2015. The bakery sells organic artisan bread, cakes and pastries. However, the business is facing several problems, including lower sales, fewer customers, higher costs and increasing competition. Sales are around 25% lower than they were in 2019, showing that the bakery needs to find an effective way to attract customers and increase revenue. One important issue is the bakery's weak online presence and the lack of an online ordering system. This limits the number of customers who can easily find and purchase from the bakery. The root problem is therefore declining sales, partly caused by limited digital engagement and customer reach. Improving digital marketing and making ordering more convenient could help Basil's Bakery respond to changing customer behaviour (Chaffey and Ellis-Chadwick, 2019).

Task 2: Two Proposed Solutions

Solution A – Digital Marketing and Online Ordering

The first proposed solution is to introduce a stronger digital marketing strategy together with an online ordering system. Basil's Bakery could improve its social media presence and use it to promote products, special offers and new items. An online ordering system would allow customers to order bread, cakes and pastries more easily without needing to visit the bakery first. This could increase the bakery's reach because customers would be able to interact with the business outside normal opening hours. Digital channels can also support customer engagement and provide useful information about customer behaviour (Chaffey and Ellis-Chadwick, 2019). Therefore, this solution

directly addresses the bakery's limited online presence and could help increase both customer numbers and sales.

Solution B – Local Delivery Service

The second proposed solution is to introduce a local delivery service for customers within the Coventry area. Customers could place orders and have their products delivered directly to their homes. This could make Basil's Bakery more convenient for customers who cannot easily visit the shop. It could also help the bakery reach people outside its immediate local area and encourage larger orders. However, delivery would create additional costs, including delivery staff, fuel or other transport costs, and the need to manage delivery times. The bakery would therefore need to make sure that delivery charges and order volumes make the service financially worthwhile. Although local delivery could increase convenience and customer reach, it may require more resources than a digital marketing and online ordering solution.

Task 3b: Evaluation Results and Justifications

The PMI evaluation shows that Solution A, Digital Marketing and Online Ordering, is the most appropriate solution for Basil's Bakery. The weighted evaluation gives Solution A a higher overall score than Solution B. PMI is useful because it considers the positive, negative and interesting aspects of an option rather than making a decision based only on one side (de Bono, 1995).

The criteria used were cost, customer reach, convenience, implementation time and potential sales impact. These criteria were selected because they are directly connected to Basil's main problem of declining sales. Cost was given significant importance because the bakery is already experiencing higher costs, so an expensive solution could create additional financial pressure. Customer reach and sales impact were also highly weighted because the main objective is to attract more customers and increase revenue. Implementation time was considered because the bakery needs a realistic solution that can be introduced without major disruption. Convenience was included because making the customer journey easier can encourage more purchases.

Solution A is preferred because it can improve the bakery's online visibility and make ordering easier without the same level of ongoing operational costs as a delivery service. Digital marketing can also support customer engagement through social media and other digital channels (Chaffey and Ellis-Chadwick, 2019). Therefore, Solution A provides the best balance between cost, reach, convenience and expected business improvement.

Task 4b: Justifications for the Implementation Plan

The implementation plan is organised into stages so that Basil's Bakery does not introduce the solution too quickly without preparation. The first stage is research and planning because the bakery needs to understand its customers, competitors and current online position before creating the new system. This is followed by setting up the online ordering system and improving the bakery's digital platforms. Testing is then completed before the official launch to reduce the risk of technical or customer-service problems.

The order of the tasks is important because each stage supports the next one. For example, the bakery should not promote online ordering before the system has been tested and is ready for customers. The bakery owner or manager should have overall responsibility because they are responsible for the business and can make final decisions. A staff member with suitable digital skills can support social media and online content, while another member of staff can help manage incoming online orders.

The plan starts with preparation and development in the first weeks, followed by testing and launch. Promotion continues after launch because digital marketing needs to be consistent rather than being a one-time activity. Regular monitoring is also included so that the bakery can identify problems and make improvements. This approach is consistent with the need to coordinate people, resources and activities during implementation (Allan, 2018).

Task 5b: Justifications for the KPI and SMART Objectives

The main Key Performance Indicator (KPI) selected for Basil's Bakery is online sales and online order growth. This is appropriate because the preferred solution is based on digital marketing and online ordering. Measuring online orders will show whether customers are actually using the new system rather than only interacting with the bakery's social media content. Performance measures should connect business activity with the organisation's objectives (Kaplan and Norton, 1992).

The first SMART objective is to increase online orders by 20% within six months. This is specific because it focuses on online orders, measurable because the number of orders can be recorded, attainable because the bakery is developing a new sales channel, relevant because increasing sales is the main problem, and time-bound because a six-month period is provided.

The second objective is to increase social media followers by 25% within six months. This is relevant because a larger online audience can increase the number of potential customers who see Basil's products. The third objective is to increase total monthly sales by 10% within six months, which directly supports the main business goal. The fourth objective is to increase social media engagement by 15% within six months. Engagement can include likes, comments and shares. The final objective is to increase repeat online customers by 10% within six months. This is important because encouraging existing customers to order again can support longer-term sales. SMART objectives provide a structured way of making management goals specific and measurable (Doran, 1981).

Task 7: Key Findings

- Basil's Bakery's main problem is declining sales and customer numbers, with sales around 25% below the 2019 level.
- The bakery's limited online presence reduces its ability to reach and engage with potential customers.
- Two possible solutions were considered: digital marketing with online ordering and a local delivery service.
- The PMI evaluation indicates that Digital Marketing and Online Ordering is the stronger option.
- The recommended solution can be monitored through online sales and SMART objectives covering orders, followers, total sales, engagement and repeat customers.

Reference List

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Appendix 1 – Task 3a: PMI Evaluation Table

Solution A – Digital Marketing and Online Ordering

Plus	Minus	Interesting
Reaches more potential customers online	Requires initial investment in an online ordering system	Can provide information about customer preferences
Can increase online sales	Staff need to learn how to manage online orders	Social media could create new customer relationships
Makes ordering more convenient	Online system may have technical problems	Customers can order outside normal shop visits
Can promote special offers quickly		Digital marketing can support long-term growth

Solution B – Local Delivery Service

Plus	Minus	Interesting
Makes the bakery more convenient for customers	Additional delivery costs	Could increase average order size
Reaches customers who cannot visit the bakery	Requires delivery staff or drivers	Delivery could increase brand awareness
Could increase customer satisfaction	Delivery can create time-management problems	Demand may vary depending on location and time
	Fuel and transport costs may reduce profit	Could be expanded if demand becomes strong

PMI source: de Bono, E. (1995) *Serious Creativity: Using the Power of Lateral Thinking to Create New Ideas*. London: HarperCollins.

Weighted Evaluation

Criteria	Weight	Solution A	Weighted A	Solution B	Weighted B
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Cost	25%	5	1.25	3	0.75
Customer reach	25%	5	1.25	4	1.00
Convenience	15%	5	0.75	4	0.60
Implementation time	15%	4	0.60	3	0.45
Sales impact	20%	4	0.80	4	0.80
TOTAL	100%		4.65/5		3.60/5

Preferred solution: Solution A – Digital Marketing and Online Ordering.

Appendix 2 – Task 4a: Implementation Plan

Name the problem being solved: Declining sales and customer numbers at Basil's Bakery.

Name the solution being implemented: Digital Marketing and Online Ordering.

WHAT	HOW	WHEN	WHO
1. Research and planning	Review customers, competitors, current social media presence and online ordering options.	Week 1	Owner/Manager
2. Set up digital platforms	Create/improve social media accounts and introduce the online ordering system.	Weeks 2–4	Owner + Digital Support
3. Testing and staff training	Test the ordering process, payment process and customer communication; train staff.	Weeks 5–6	Manager + Staff
4. Launch and promotion	Launch online ordering and promote products, offers and ordering through social	Weeks 7–12	Owner + Staff

	media.		
5. Monitor and improve	Review online orders, sales, engagement and customer feedback and make improvements.	Monthly	Owner/Manager

Implementation Plan source: Allan, B. (2018) The No-nonsense Guide to Project Management. London: Jessica Kingsley Publishers.

Appendix 3 – Task 5a: KPI and SMART Table

The Key Performance Indicator is: Online sales and online order growth.

Specific	Measurable	Attainable	Relevant	Time-Bound
Increase online orders	Measure the number of online orders	20% growth is a realistic target for a new channel	Directly supports increased sales	Within 6 months
Increase social media followers	Track follower numbers	25% growth can be achieved through regular content and promotion	Helps increase online reach	Within 6 months
Increase total monthly sales	Compare monthly sales figures	10% growth is a realistic business target	Directly addresses declining sales	Within 6 months
Increase social media engagement	Track likes, comments and shares	15% growth can be achieved through more relevant content	Shows whether customers are interacting with the brand	Within 6 months
Increase repeat online customers	Compare repeat customer/order data	10% growth is achievable by encouraging repeat purchases	Supports customer retention	Within 6 months

KPI and SMART source: Doran, G.T. (1981) 'There's a S.M.A.R.T. way to write management's goals and objectives', *Management Review*, 70(11), pp. 35–36.