



Basil's Bakery: Business Problem Solving & Decision-Making Analysis

Evaluating Declining Sales Through 5W2H, PESTLE and Root-Cause Analysis

MODULE NAME: Problem Solving and Decision Making

MODULE CODE: LCLM4004

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Assignment 1: Business Presentation



Presentation Agenda

- ❖ Introduction & Purpose of Analysis
- ❖ Basil's Bakery History & Background
- ❖ Identification of the core business problem
- ❖ 5W2H Problem Analysis-Impact, Nature & Scope of decreasing sales
- ❖ PESTLE-Analysis of External Environment
- ❖ Root Cause and Effect analysis
- ❖ Implication of Strategy/ Key Findings
- ❖ Proposed Actions/ Recommendations
- ❖ Conclusion
- ❖ References

Introduction , Purpose & Analytical Approach

Introduction of The Problem : Basil's Bakery is experiencing increased volumes of operating pressures paired with a rapid decline in revenue and sales.

Purpose: This presentation is set to analyze the key problem affecting the success of Basil's Bakery and utilize problem solving strategies to support and remedy the business challenges faced.

- Nature,
- Scope
- Underlying Cause

Analytical Approach: Contrary to approaching declining sales as a singular issue this analysis takes both external market pressures and internal operational weaknesses into consideration.

- **PESTLE analysis:** evaluates external factors that affect a business Environment, social, political etc..
- **5W2H:** Establishes the Scope and clearly defines the problem
- **Fishbone diagram:** Utilize to distinguish between the root cause and symptoms of the problem

Basil's Bakery Background and Operational Context

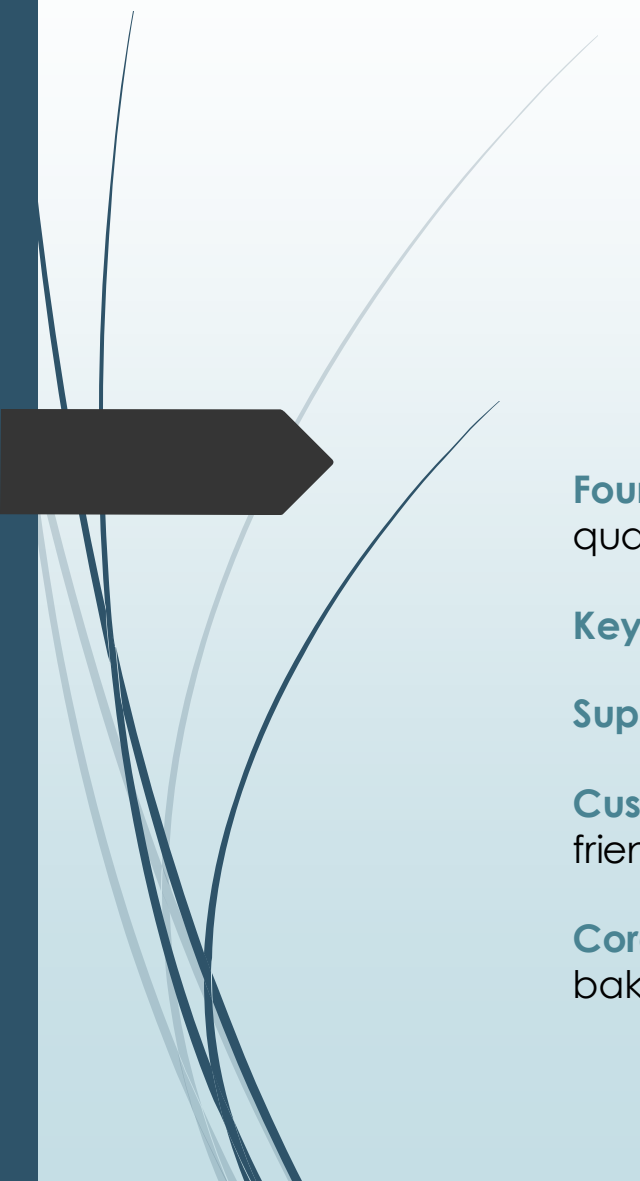
Location: Coventry, UK

Sector: Food/Bakery Retail

Business Type: Independent bakery

Core Offering: Fresh bakery products

Primary Challenge: Declining sales



Founding: Basil's bakery operates as a local independent bakery with a to provide freshness, quality products and customer satisfaction.

Key Stakeholders: Owner/Operator –Family Owned

Support Hourly employee's and Office staff

Customer Base: Local Shoppers, Employees of surrounding business, family and neighborhood friends, visitors of the retail center

Core Offerings: Various types of Bread, Artisan pastries, Delectable cakes and other freshly baked goods and products.

The Core Business Problem- Declining Sales & Sustainability

Sales Decline

Basil's Bakery has seen a reported 25% decrease in sales in comparison to Data from 2019.

- Decline has remained steady post-pandemic with little to no fluctuation.

Reduced Footfall

- Business model is heavily reliant on foot traffic and has thus seen reduction in effectiveness post-pandemic
- Remote-hybrid working conditions have reduced office-based consumerism.

Lower Revenue

- Lack of alternative sales methods such as delivery apps and Pre-ordering.
- Closure of surrounding businesses

Pressured Margins

- Increased rent, product cost, utilities, employment rates put pressure on margins

Rising Costs

Risk Sustainability



5W2H Framework & Analysis – Structuring the Business Problem

What is The Problem

- Declining Sales : A 25% decrease in revenue during in comparison to the 2019 levels

Why is this happening

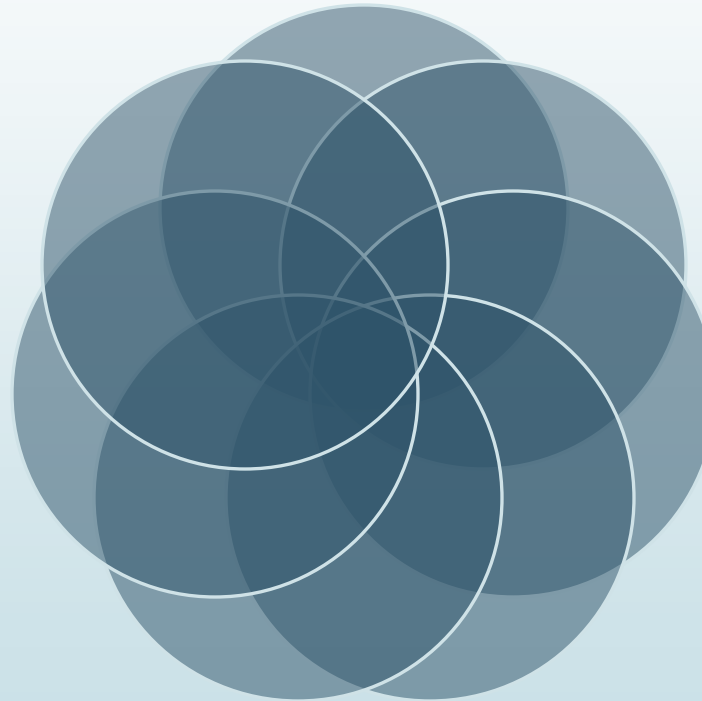
- Poor business model, decline in footfall traffic, Hybris and remote working conditions, lack of delivery service, rising costs

Where is this Happening:

- Basil's Bakery, retail park, Coventry, UK

When Did it Start

- The challenges are recorded to be continuous since 2023; heavily influenced by post-pandemic structural changes



How much Impact:

- 25% sales decline; rising overheads; unpredictable costs

How did it happen

- External market shifts cause a major change customer traffic; this paired with internal operational limitations results in continuous sale decline

Who is affected by this

- Basil (owner/operator), employees and office staff, loyal customers, surrounding retail/office workers

PESTLE ANALYSIS- External Pressures and Opportunities

POLITICAL

- Government regulated policies affect Food safety procedures and have negative influence on bakery operations.
- Government regulations affect business costs by increasing taxation or changing business support policies
- Low economic surrounding can influence the appeal of the business and influence foot traffic

Economic

- Rising ingredient prices increase production costs and reduce profit margins.
- Competition creates challenge to remain competitive but profitable which can have adverse effects on profits.

SOCIAL

- Customers have an expectation of fresh and high-quality products.
- Changing food preferences and trends have direct influence product demand.
- Remote/ Hybrid work settings decreases consumer need.

TECHNOLOGICAL

- Lack of Online ordering systems reduces customer access restricted the possibility for maximum revenue opportunity
- Modern equipment can increase production efficiency but is costly to obtain.
- Pre-order systems could have a positive effect on customer accessibility

LEGAL

- The establishment must adhere to all health and safety requirements and protocols
- Laws of Employment have a direct effect on staffing practices and hiring/ firing procedures.

ENVIRONMENTAL

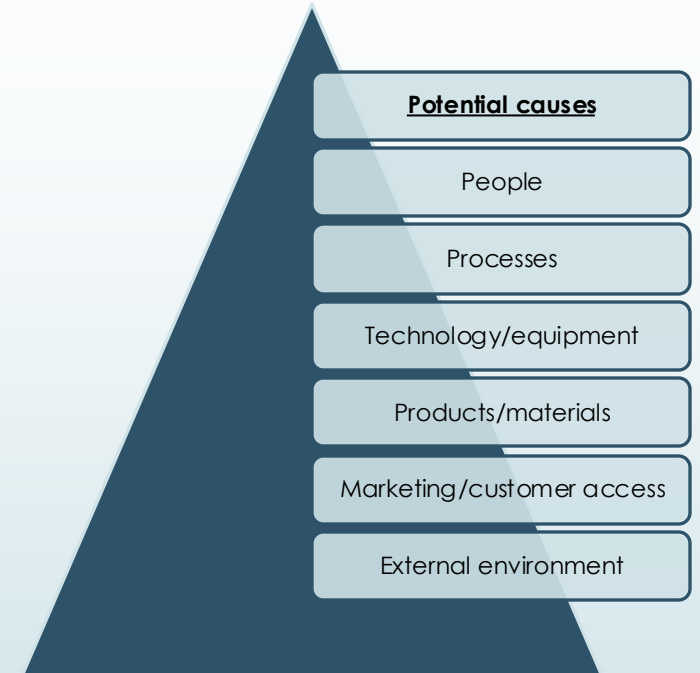
- Waste reduction is ideal for sustainability.
- Energy use and packaging choices affect the environment. Bakeries often use high energy due to use of ovens and other heavy appliances.

What does this mean for Basil's Bakery?: Management should remain focused on internal operation factors that they are able to directly influence as opposed to the external factors they cannot control. Opportunities to increase technology access should be discussed by management to increase revenue. The team should pay attention to social trends and changes in food culture to predict shifts in consumer traffic.

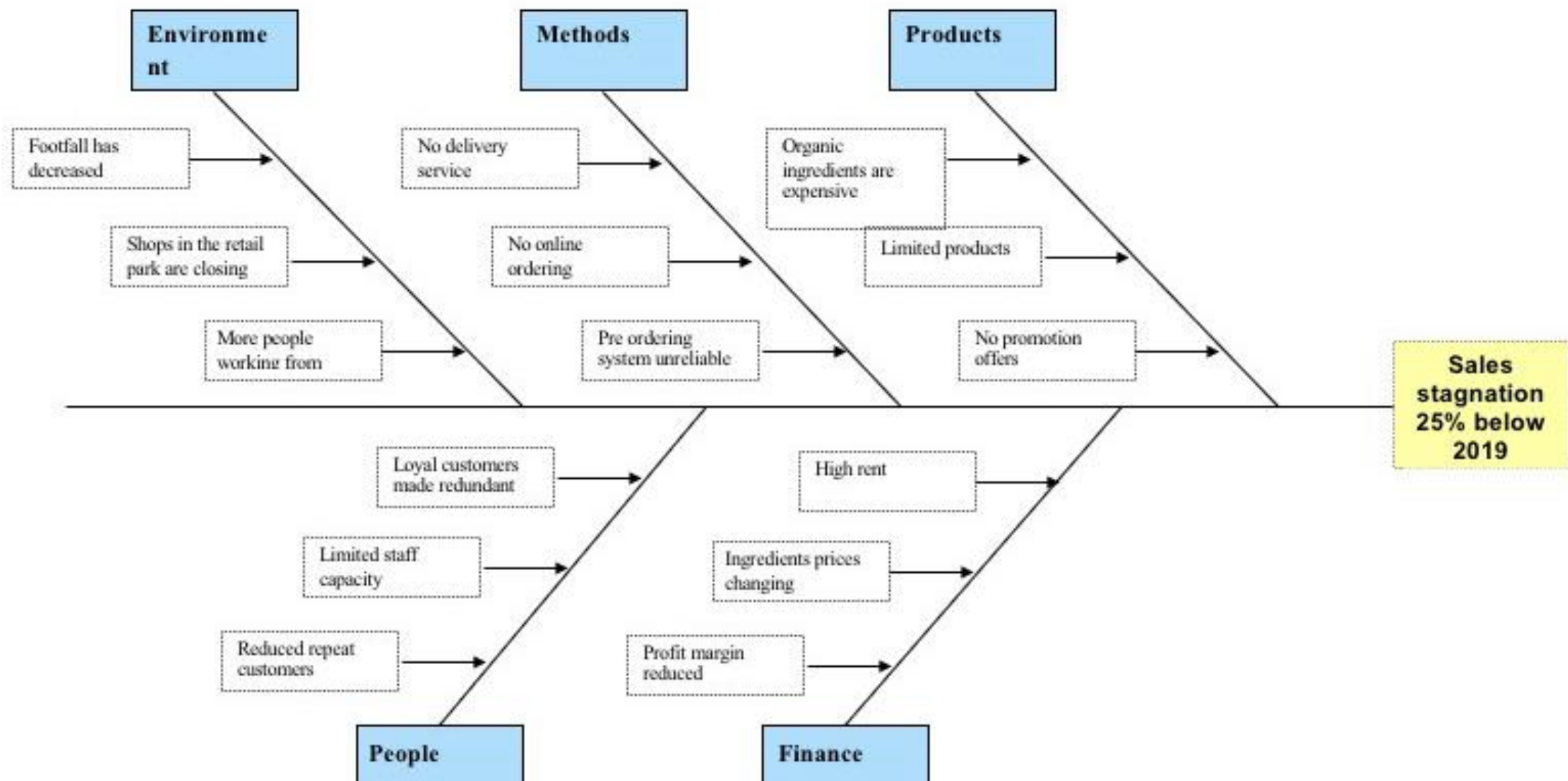
Cause and Effect Analysis- Beyond the Surface

Cause and effect analysis

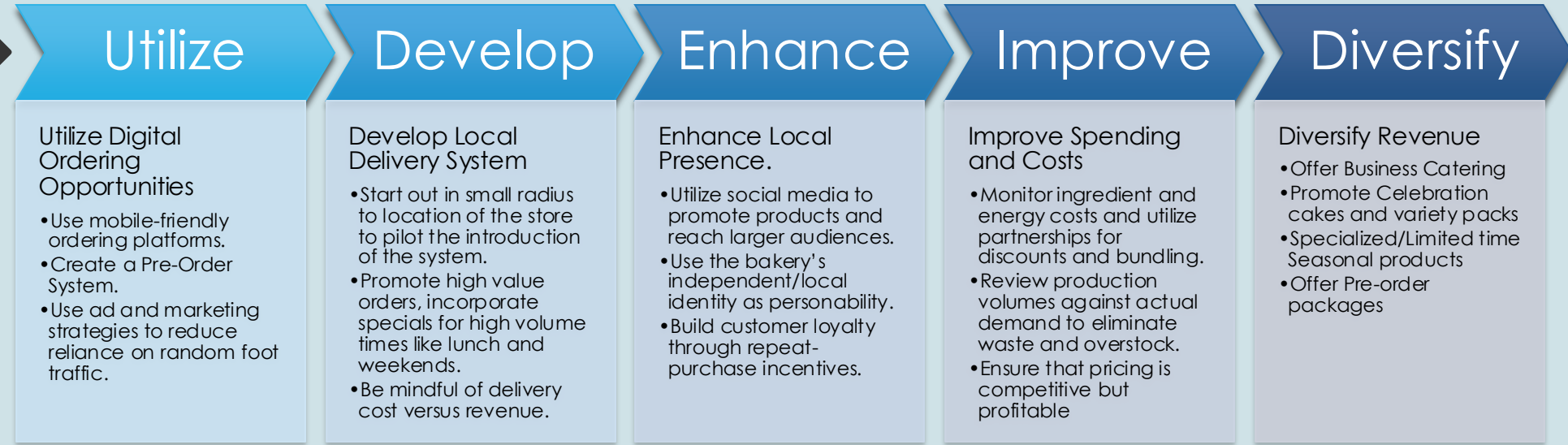
- These are Diagram based techniques designed to help teams identify all possible causes associated with a specific problem.
- Cause and effect analysis is key in distinguishing the root problem from the symptoms and contributing factors of the problem.
- Multiple causes may interact concurrently.



- One example of cause-and-effect analysis is a fishbone or Ishikawa diagram, created by Professor Kaoru Ishikawa. This diagram serves as a visual tool used to distinguish potential causes into major categories such as people, processes, materials, equipment, and environment. Use of structured methods provides comprehensive viewpoints of the current issues and can pinpoint the root of the problem allowing teams to see where problem-solving efforts are needed most. This diagram gives a clear visual of the relationship between cause and effect.



Strategic Recommendations



Analysis → Action Plan (6 months)

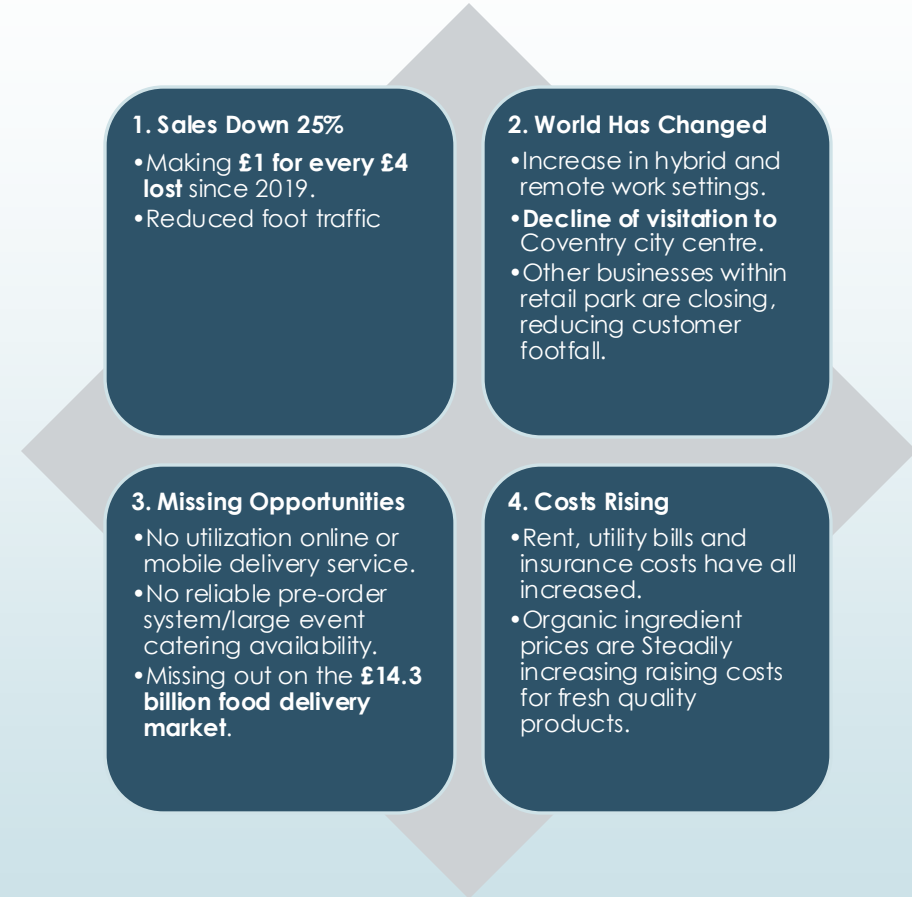
Priority	Proposed Action	Timescale	Success Measure
High	Introduce online pre-ordering	0–3 months	Digital orders
High	Pilot local delivery	0–3 months	Delivery revenue
High	Strengthen social media	Immediate	Reach/conversions
Medium	Review suppliers/costs	1–3 months	Cost reduction
Medium	Develop loyalty programme	3–6 months	Repeat customers
Medium	Develop corporate orders	3–6 months	New B2B revenue

Conclusion- From Business Challenge to Strategic Response

Conclusion

- Basil's Bakery faces multidimensional challenges that cannot be isolated into a singular problem.
- This problem is caused by both internal operational and external factors.
- Using 5W2H establishes the Scope and context of decreasing sales.
- PESTLE and Fishbone analysis are utilized to identify the root causes of the problem.
- Potential response to the problem include Digital ordering, reducing waste, utilizing social media and creating stronger local presence in the community.

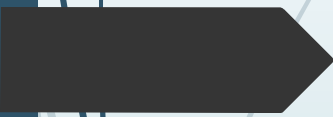
Key Findings

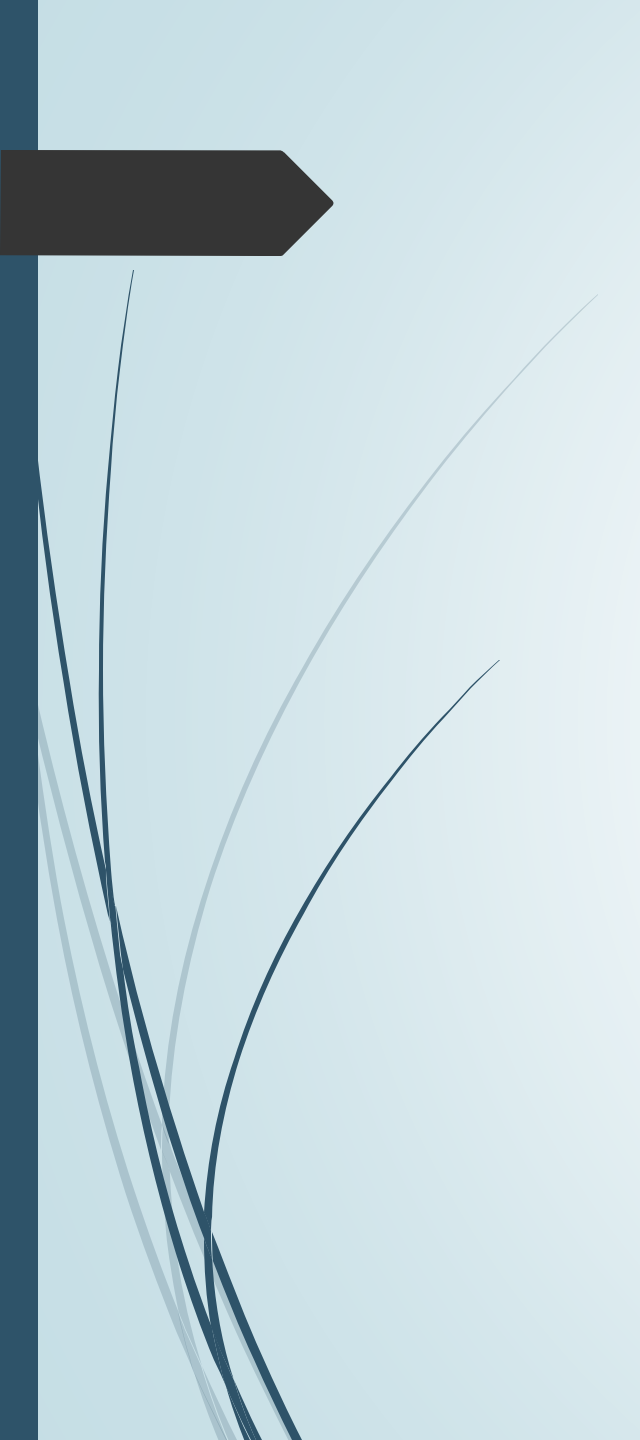


Basil's Bakery must adapt to changing customer behaviour and market conditions or risk business closure.

5 sources

References

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1. Kotler, P. & Keller, K. (2016). Marketing Management.
 2. MindTools. PESTLE Analysis and problem-solving tools.
 3. Ishikawa, K. (1986). Guide to Quality Control.
 4. Porter, M. (1985). Competitive Advantage.
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Questions & Discussion