



PROBLEM SOLVING AND DECISION MAKING

Basil's Bakery

Diagnosing the Causes of Stagnating Sales: A Structured Business Analysis

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Presentation Structure

This presentation applies a structured problem-solving approach to investigate why sales at Basil's Bakery have stagnated since 2023, using three complementary diagnostic frameworks.

01



Case-Study Context

Overview of Basil's Bakery and the business challenge

02



Nature & Scope

Insight into the issues affecting sales performance

03



5W2H Model

Structured questioning to define the problem

04



PESTEL Analysis

External macro-environmental factors

05



Fishbone Diagram

Root-cause analysis of sales stagnation

06



Key Findings

Summary of conclusions and reference list

Basil's Bakery: The Case Study



An Independent Artisan Bakery in Coventry, UK

- Opened in 2015; located in a shopping retail park
- Owner-baker Basil sources high-quality organic ingredients for contemporary cakes, pastries and breads
- Core customers: local shoppers, retail workers, and office/warehouse staff from the adjacent industrial site
- Sales grew year on year from 2015 to 2019, then fell sharply during the 2020 lockdown restrictions
- Footfall and sales recovered only partially; since 2023-2025 sales have stagnated well below pre-pandemic levels

25%

average sales decline vs. 2019, sustained across 2023-2025



The Consultancy Brief

Basil has engaged this analysis to gain a thorough, evidence-based understanding of the causes behind stagnating sales before deciding on changes to the business model.

Nature & Scope of the Sales Stagnation

External market pressures and internal service gaps combine to keep Basil's Bakery locked well below its pre-pandemic performance.



Declining footfall

Retail-park units close every few months with no replacement tenants, echoing the wider UK trend of high-street footfall remaining 12-20% below 2019 levels (Retail Systems, 2023).



Loss of loyal customers

Redundancies among retail-park staff and the rise of hybrid working (up from 28% to 34% of consumers in 2022) have reduced weekday custom (Retail Systems, 2023).



Unmet service demand

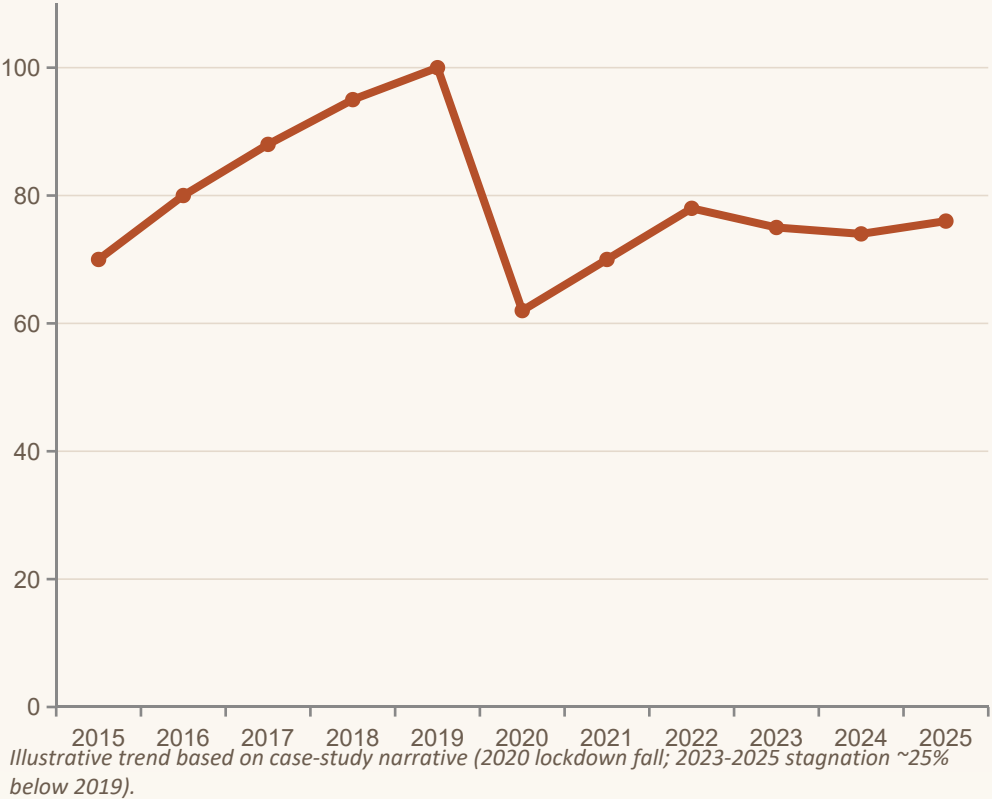
Requests for delivery and reliable pre-ordering are not being met, risking further customer attrition to more convenient competitors.



Rising overheads

Utilities, rent, business rates and insurance are all considerably higher than in 2019, squeezing margins (GOV.UK, 2024).

Illustrative Sales Index (2019 = 100)



PROBLEM DEFINITION

The 5W2H Model

5W2H is a structured questioning technique What, Why, Where, When, Who, How, How Much used to define a problem clearly before analysing its causes (Tague, 2005).

Question	Application to Basil's Bakery
What	Sales have stagnated at ~25% below 2019 levels every year from 2023 to 2025.
Why	Falling retail-park footfall, hybrid working, unmet demand for delivery/pre-order, and rising overheads.
Where	Basil's Bakery, a shopping retail park, Coventry, UK.
When	Onset in 2020 (lockdown); stagnation persisting from 2023 to the present (2025-26).
Who	Basil (owner-baker); loyal shoppers, office and warehouse workers; customers made redundant or now working from home.
How	Evidenced by year-on-year sales figures remaining flat despite the lifting of restrictions.
How Much	Average 25% sales shortfall vs 2019; utilities, rent, rates and insurance all “considerably higher” than 2019.

Source: 5W2H technique adapted from Tague, N.R. (2005) *The Quality Toolbox*.

PESTEL Analysis: The Framework



What is PESTEL?

PESTEL is an environmental scanning tool used in strategic management to examine six macro-environmental factors Political, Economic, Social, Technological, Environmental and Legal that lie outside an organisation's direct control but shape its strategic choices (Johnson et al., 2020).

Rationale for use here:

Basil's Bakery's problems stem largely from forces beyond his direct control footfall, working patterns, cost inflation and climate-driven ingredient volatility. PESTEL structures these external pressures systematically.

Benefits

- Broadens thinking beyond the immediate symptoms of low sales
- Provides a structured, repeatable way to scan the environment (Johnson et al., 2020)

Limitations

- Descriptive rather than prescriptive it does not rank factors by importance
- Relies on the quality and currency of data used; factors can change quickly

PESTEL Applied to Basil's Bakery



Political

Business-rates relief for retail/hospitality cut from 75% to 40%; National Living Wage rose 6.7% to £12.21/hr from April 2025, raising payroll costs (CEO Today Magazine, 2024).



Economic

Taxation and energy costs are the top-ranked obstacles to SME growth; average small-business electricity bills reached £2,889/year in 2025 (GOV.UK, 2024; Uswitch, 2026).



Social

Hybrid working (34% of consumers by late 2022) has reduced weekday office worker footfall; customers increasingly expect delivery and pre-order convenience (Retail Systems, 2023).



Technological

69% of UK SMEs now use web-based technology to sell or manage their business, versus 50% in 2022 Basil currently offers neither online ordering nor delivery (GOV.UK, 2024).



Environmental

Climate-related disruption is projected to cut crop yields by ~23% by 2050 and increases price volatility for the organic produce Basil depends on (Frontiers in Sustainable Food Systems, 2025).



Legal

Ongoing compliance costs for food hygiene, health & safety and employment law, including statutory wage increases.

The Fishbone (Ishikawa) Diagram



What is a Fishbone Diagram?

Developed by Kaoru Ishikawa, the fishbone (or cause and effect) diagram is one of the seven basic quality tools. The problem (“effect”) sits at the fish's head, while contributing causes are grouped into categories along the “bones” branching off the spine (Ishikawa, 1990; ASQ, 2024).

Rationale for use here:

Where PESTEL captures external forces, the fishbone diagram organises both external and internal contributing causes of the sales stagnation into clear categories, supporting root-cause analysis rather than description alone.

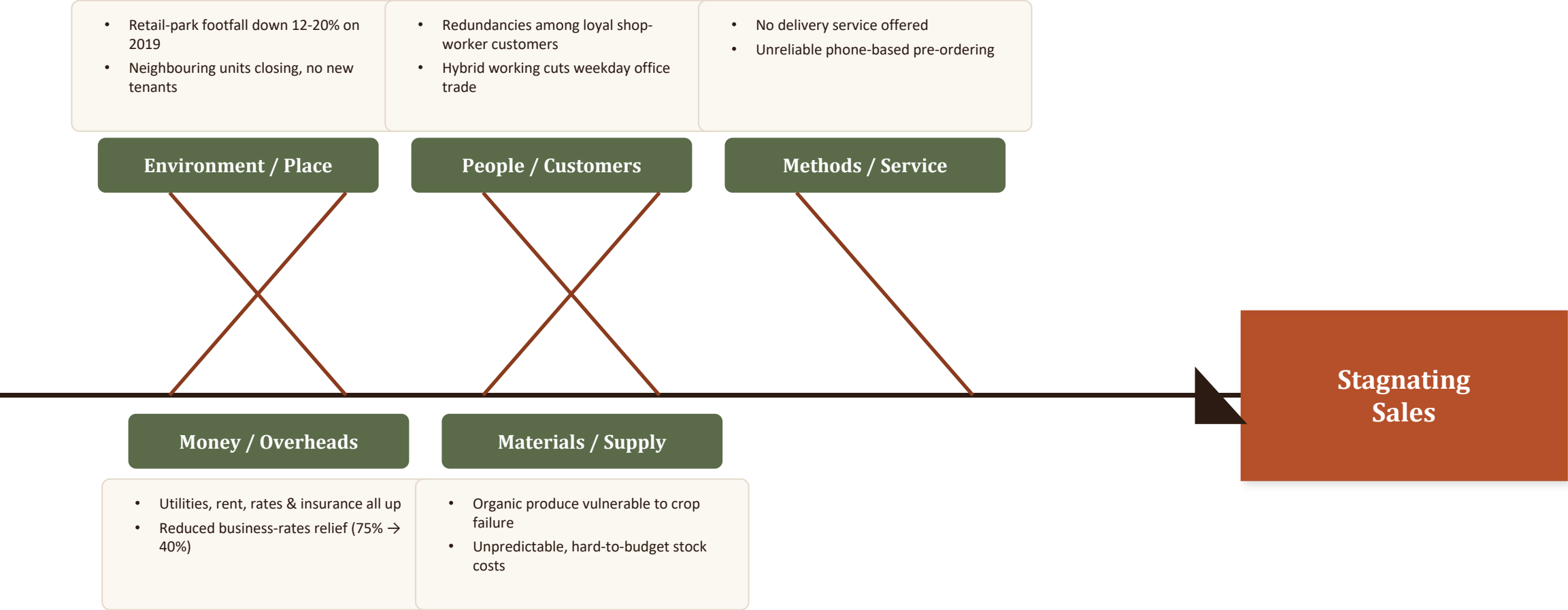
Benefits

- Visual, easy to follow, and encourages team brainstorming (ASQ, 2024)
- Separates causes into clear categories, reducing the risk of overlooking factors

Limitations

- Identifies possible causes but does not weigh their relative significance
- Quality of output depends heavily on the knowledge of those completing it

Fishbone Diagram: Stagnating Sales at Basil's Bakery



SUMMARY

Key Findings

- 1 Footfall at the retail park has structurally declined since 2020 and has not recovered to 2019 levels, in line with the wider national trend (Retail Systems, 2023).
- 2 Hybrid working and redundancies among former customers have permanently reduced weekday demand.
- 3 Unmet demand for delivery and reliable pre-ordering risks further customer attrition to more convenient competitors.
- 4 Overheads (utilities, rent, business rates, insurance) are rising faster than sales are recovering (GOV.UK, 2024; Uswitch, 2026).
- 5 Reliance on organic sourcing exposes Basil to unpredictable, climate-driven stock costs (Frontiers in Sustainable Food Systems, 2025).
- 6 5W2H, PESTEL and the fishbone diagram converge on the same conclusion: the causes are both external (market shift) and internal (service-model rigidity).

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Thank You

Questions & Discussion