

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

Basils Bakery is a local bakery producing bread, cakes, pastries, and baked goods for the local community through in-store sales and special orders. The root problem impacting the business is declining sales and profitability over the last 12 months (British Baker,n.d.). This is caused by both internal and external factors. External issues including rising ingredients costs due to inflation, increased competition and changing technological expectation (Johnson, Scholes & Whittington, 2020).

Internal issues include outdated equipment, insufficient staff training, poor customer service, insufficient production processes, and limited marketing efforts. These combined factors have reduced customers visits while increasing operational expenses, creating a cycle of declining performance.

Task 2: Two Proposed Solutions

1- “Operational Efficiency Overhaul”

This solution purposes upgrading equipment, implementing staff training programmers, and streamlining the production processes to reduce waste and improve efficiency. By investing in modern baking equipment and training staff on efficient production techniques, Basile Bakery can reduce ingredients waste, lower energy costs, and increase output quality (Slack et al., 2016). This directly addresses the root problem by reducing operational costs and improving product consistency. The results will be higher profit margins and improved customer satisfaction through better-quality products.

2- “Digital Marketing & Customers Engagement”

The solution proposes developing a digital marketing strategy including social media presence, online ordering, and a customer loyalty program. By leveraging platforms like Instagram and Facebook to showcase products, and implementing

an easy-to-use online ordering system, basils can attract new customers and retain existing ones (Chaffey & Ellies-Chadwick,2019). This addresses the root problem by increasing sales through broader customers reach, improving customers convenience, and building brand loyalty, ultimately reversing the decline in footfall and revenue.

Task 3b) Evaluation Results and Justifications

Solution A is preferred. The evaluation criteria were carefully selected to reflect basils bakery's urgent need for financial recovery. Impact on root problem was weighed at 40% because solving the core issue of declining profitability is the primary objective. Cost was weighted at 25% as the bakery operates with limited financial resources and cannot afford expensive, high-risk solutions. Time to results received 20% weight because the bakery needs quick improvements to reverse losses and regain stability. Staff resistance was weighted at 15% as resistance can be managed through proper training and communication (Kotter, 1996). Solution A directly addresses cost drivers such as equipment inefficiency, ingredient waste, and poor staff productivity. It offers a faster return on investment compared to solution B, which focuses on marketing and customers engagement. While solution B offers valuable benefits, it does not tackle the internal cost issues causing basils financial decline (Slack et.,2016; Kotler & Armstrong, 2021).

Task 4b) Justifications for the Implementation Plan

Tasks sequenced logically: Audit (weeks 1_2) Training (weeks 3-4) equipment installation week (5-6) monitoring (ongoing). Task 1- audit equipment & processes is scheduled first to establish a clear baseline of current inefficiencies. Without understanding existing problems, improvements cannot be accurately measured. The operation manager is assigned as they possess the deepest knowledge of daily production workflows. Task 2- staff training is placed before equipment installation to ensure staff are mentally prepared and skill in new procedures before new machinery arrives. This reduces anxiety, builds confidence, and minimizes resistance to change (Kottler, 1996).

Task equipment installation follows training so staff can immediately apply new skills, ensuring a smooth transition and faster return on investment. Task 4- monitoring allows for ongoing refinement, ensuring sustainable long- term results (Slack et al.,2016).

The implementation plan is structured to ensure a logical, phased approach that minimises disruption and maximises the likelihood of successful adoption at basils bakery. The sequence of tasks follows a “framework, which is widely recognised as an effective change management strategy (Kottler, 1966).

Task 5b) Justifications for the KPI and SMART Objectives

KPI: Reduction in production costs. This KPI directly measures the success of the operation efficiency Overhaul solution, as lowering production costs is the most meaningful metric to track progress. SMART objective 1: reduce ingredients waste by 10% in 2 months-this is specific (ingredient waste), measurable (tracked weekly in kg/£), attainable (through better inventory management and training), relevant (directly lowers costs), and time-bound (within 2 months). Objective 2: improve staff productivity by 15% by Q2- measurable by units produced per staff hour, achievable through training, relevant as poor training, was identified as a key internal weakness objective 3: reduce overall costs by 10% by year-end- tracking monthly expenses makes this measurable and feasible with upgraded equipment. These objectives provide clear, actionable targets to monitor progress (Drucker,2006).

The proposed key performance indicator (KPI) is “Reduction in Production costs “. , as this directly measures the success of the operational efficiency overhaul solution. Since Basils Bakery root problem is declining profitability, lowering production costs is the most meaningful metric to track progress.

Each SMART objective is carefully designed to be specific, Measurable, Attainable, Relevant, and time-bound:

- 1- Reduce ingredient waste.
- 2- Improve staff productivity
- 3- Reduce overall costs

Task 6) Key Findings

Declining profitability due to rising costs, competition, and inefficiency- these external and internal factors have combined to reduce customers visits while increasing operational expenses.

Internal weakness includes outdated equipment, poor training, and limited marketing- these issues contribute to higher costs, inconsistent product quality, and poor customer service.

Operational efficiency overhaul is the best solution- it directly addressed internal cost drivers and offers a faster return on investment compared to marketing-focused alternatives.

Staff training and new equipment are critical- without properly trained staff, new equipment will not deliver full benefits. Training must precede equipment installation for smooth adaption.

Ongoing KPI monitoring is essential- regularly tracking productivity ensure the solution remains effective and allows for continuous improvement (slack et al., 2016).

Reference List

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Appendices

Appendix 1 – Task 3a

PMI Evaluation Table

<u>1- Operational Efficiency Overhaul</u>		
Plus	Minus	Interesting
Directly reduces ingredient Waste and costs	Initial equipment investment Required	May improve staff morale through training
Improves product consistency And quality	Staff may resist new processes	Could reduce energy Consumption
Faster return on investment (ROI)	Requires downtime for installation	Better equipment attracts Skilled staff
Addresses root cause of Insufficiency		Potential to increase production capacity

• <u>2-Digital Marketing & Customers Engagement</u>		
Plus	Minus	Interesting
Reaches new customers online	Requires ongoing digital expertise	Could expand customers base beyond locality
Builds customers loyalty	Slower RIO compared to operational fixes	Social media engagement builds brand
Low initial cost to start	Competition in digital space in high	Data analytics can improve targeting
Convenient for customers		Potential for viral marketing

Appendix 2 – Task 4a

Implementation Plan

Name the problem you are solving:

Name the solution you are implementing:

	WHAT	HOW	WHEN	WHO
1	Conduct a detailed audit of equipment and operational processes	Conduct a systematic audit of existing equipment and processes to identify inefficiencies, operational weaknesses and areas requiring improvement.	1 ST Aug 2026 14 th Aug 2026	Basils
2	Provide comprehensive staff training and operational processes and improved working methods	Provide structured training to employees on revised procedure, appropriate equipment usage and improved working practices to enhance efficiency and performance.	15 th Aug 2026 30 th Aug 2026	External Trainer
3	Purchase, install and implement appropriate new equipment to improve	Evaluate suitable equipment, purchase the ,most appropriate option, install them correctly	1 st Sep 2026 15 th Sep 2026	Basils

	operational efficiency	and conduct testing to ensure effective and safe operation.		
4	Monitor key performance measures and make continuous improvements where required	Establish performance, measure, regularly review operational results and implement corrective action where necessary to support continuous improvement.	16 th Sep onwards	Basils

Appendix 3 – Task 5a

The Key Performance Indicator is Online orders Sales and service performance:

Specific	Measurable	Attainable	Relevant	Time-Bound
1-Reduce ingredient waste	Track weekly waste in kg/£	Realistic	Lowers costs	Within 2 months
2- Improve staff productivity	Units per staff hour	Achievable via training	Increase efficiency	By end of Q2
3- Reduce overall costs	Monthly expenses	Feasible	Addresses profitability	By end of Q4