

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 currently facing problems in terms of business operations, as the bakery is witnessing business inefficiencies arising from inventory management problems leading to stock outages, wastage, and decreased customer satisfaction. The underlying cause of such a problem is the failure to have an inventory management system. Some of the contributing factors to the above are the fact that there is no technology in place, there are problems in communication between purchasing and production, there are problems in demand forecasting, and there is a lack of proper stock level monitoring.

## **Task 2: Two Proposed Solutions**

### **Solution A Proposal Introduce a delivery service**

It is recommended that Basil's Bakery implement a delivery service where consumers can place orders through their website or call the company to have the items delivered to their homes and offices. The delivery service will help increase the reach of the bakery to new customers and increase the sales since the bakery will not only target the customers who come to purchase the items but will also include other people such as professionals who are too busy to go out and buy food products.

### **Solution B Proposal Customer rewards loyalty program**

A customer loyalty program is suggested for Basil's Bakery in which customers get points, discounts, or even free goods after regular purchases. Points can be awarded to customers each time they make a purchase, and after achieving a certain point level, they can use their points to get rewards. This strategy would help to build better customer relations and improve customer retention. More sales will be made regularly by Basil's Bakery, and hence, the company will be able to predict its future demands, resulting in efficient management of inventory and a reduction in wastage of products.

## **Task 3b) Evaluation Results and Justifications**

Basil's Bakery should consider introducing a delivery service that will enable customers to order via the bakery's website and even over the phone, with delivery to their homes or places of work. To determine whether this solution is viable, we considered the criteria of cost, feasibility, sales impact, and customer satisfaction, which are the best ways to gauge the efficiency of the solution. Sales impact (40%) and customer satisfaction (30%) were assigned the highest weights since growing the bakery's sales and enhancing the customer experience remain its key objectives. Feasibility (20%) and cost (10%), on the other hand, were assigned relatively low

weights since these aspects are less important in this regard. The delivery service remains the optimal solution since it grows the bakery's customer base, creates new sales opportunities, and enhances customer satisfaction.

#### **Task 4b) Justifications for the Implementation Plan**

This process is carried out in a sequence that allows the service to be introduced without causing problems for Basil's Bakery. The planning of the delivery service should precede its implementation because decisions on delivery zones, costs, and ordering have to be made prior to this. The development of the delivery process follows to arrange all equipment or other means of delivery. Staff training is planned before launching the service to enable workers to understand the process of ordering, packaging, and delivering. All responsibilities are assigned based on the roles and qualifications of everyone. This means that the owner will be responsible for planning and resources, while the manager will take care of staff members, and employees will deliver the service.

#### **Task 5b) Justifications for the KPI and SMART Objectives**

This implementation plan is done to make sure that the delivery service is executed well. Planning will come first since the delivery zones, pricing, and ordering methods need to be determined for the service to start. Deliveries will be done after making sure that there is sufficient equipment or delivery arrangement. Training will take place prior to the launch of the business to ensure that the employees know how the process should be done. Marketing will come prior to the launch as well in order to make customers aware and get them to place their orders right away. Assignments of tasks will depend on the roles of the staff where the owner is responsible for planning and sourcing, the manager for training, and the employees for the rest. Continuous evaluation of the sales, customer responses, and delivery will be done.

#### **Task 7) Key Findings**

**The primary problem facing Basil's Bakery is stagnation in sales due to limited customer access and weak business growth.**

**Introducing a delivery service will improve customer convenience, expand the bakery's market reach, and increase sales opportunities.**

**A structured implementation plan with clear tasks, responsibilities, and timelines will support the successful launch of the delivery service.**

**The KPI and SMART objectives will enable Basil's Bakery to measure the success of the delivery service by monitoring sales growth.**

**Successfully implementing the delivery service is expected to increase revenue, improve customer satisfaction, and support the bakery's long-term growth.**

## **Reference List**

Kotler, P., & Keller, K. L. (2022). *Marketing management* (16th ed.). Pearson

**Doran (1981)** is the original source that introduced the SMART framework.

**The KPI Institute** explains how KPIs relate to objectives and SMART goals, making it suitable for justifying your KPIs in a business report.

Slack, N., Brandon-Jones, A., & Burgess, N. (2022). *Operations management* (11th ed.). Pearson.

# Appendices

## **Appendix 1 – Task 3a**

### **PMI Evaluation Table**

| <b><u>Introduce a delivery service</u></b> |                                                       |                                                        |
|--------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|
| <b>Plus</b>                                | <b>Minus</b>                                          | <b>Interesting</b>                                     |
| Increases sales by reaching more customers | Initial setup cost for website/delivery app           | Attract customers that are not local                   |
| Increases convenience to order anytime     | Delivery delay could affect customer satisfaction     | Customer data can be used to create loyalty programmes |
| Reduces queue in bakery                    | Staff may need extra training to manage online orders | Seasonal online promotions can boost sales             |
| Increases clientele                        | Increased chance of negative reviews                  | New customers use word of mouth to others              |
| <b>TOTAL: 20</b>                           | <b>TOTAL: -13</b>                                     | <b>TOTAL: 12</b>                                       |

**Therefore: Overall Total for Name (for Solution A) = 19**

| <b><u>Launch customer loyalty reward programme</u></b> |                                                             |                                                                  |
|--------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------|
| <b>Plus</b>                                            | <b>Minus</b>                                                | <b>Interesting</b>                                               |
| Encourages repeat customers                            | Discount may reduce profit margin                           | Digital loyalty programme could collect useful customer insights |
| Helps build customer loyalty and brand reputation      | Requires time to manage rewards                             | Customers may spend more to earn more rewards                    |
| Increase word of mouth recommendations                 | Some customers may only visit when rewards are available    | Holiday rewards may improve customer engagement                  |
| Increases footfall to claim rewards                    | Customers may not order regularly only for discounted items | Customers may use the reward programmes regularly                |
| <b>TOTAL: 17</b>                                       | <b>TOTAL: 13</b>                                            | <b>TOTAL: 11</b>                                                 |

**Therefore: Overall Total for Name (for Solution B) = 15**

## **Appendix 2 – Task 4a**

### **Implementation Plan**

Name the problem you are solving: Stagnation in sales

Name the solution you are implementing:

|          | <b>Task</b>               | <b>WHAT</b>                                                                                        | <b>WHEN</b> | <b>WHO</b>            | <b>Done</b>                               |
|----------|---------------------------|----------------------------------------------------------------------------------------------------|-------------|-----------------------|-------------------------------------------|
| <b>1</b> | Plan the delivery service | Decide on delivery areas, pricing, operating hours, and ordering methods (website and phone)       | Week 1      | Bakery owner/ manager | Delivery plan completed                   |
| <b>2</b> | Setup delivery operations | Purchase delivery equipment or partner with a local delivery provider                              | Week 2      | Bakery owner          | Delivery service ready                    |
| <b>3</b> | Train staff               | Train employees to take orders, package products, and manage deliveries.                           | Week 2      | Manager               | Staff trained                             |
| <b>4</b> | Launch delivery service   | Track sales, delivery times, customer feedback, and order numbers. Make improvements where needed. | Week 3      | Owner/ Manager        | Increased sales and customer satisfaction |



### **Appendix 3 – Task 5a**

The Key Performance Indicator is: Whether the delivery service is helping to increase customer satisfaction and sales

| Specific                                  | Measurable                                     | Attainable                   | Relevant                                       | Time-Bound              |
|-------------------------------------------|------------------------------------------------|------------------------------|------------------------------------------------|-------------------------|
| Focused on sales and delivery performance | Tracked through sales data, orders and surveys | Realistic for a small bakery | Directly address the problem of stagnant sales | Include clear deadlines |