

# PROBLEM SOLVING AND DECISION MAKING



**All teams and organizations encounter challenges.** Approaching those challenges without a structured problem solving process can end up making things worse. Proven problem solving techniques can guide a group through a process of **identifying problems and challenges, thinking on possible solutions,** and then **evaluating and implementing the most suitable.** Using PESTLE analysis as an outliner on how to counterfact these problems



# Basil Bakery

## PESTLE Analysis for Basil's Bakery

The **PESTLE framework** helps evaluate **external macro-environmental factors** that influence the bakery's operations and strategy.

### Political

Local government policies affecting small businesses, such as business rates or grants for high street revitalization.

Food safety legislation enforced by local authorities.

Brexit-related trade regulations impacting imported ingredients.

### Economic

Inflation affecting commodity prices, especially imported baking ingredients.

Fluctuating disposable income of local customers in Coventry impacting sales volume.

Interest rates influencing loans for business expansion or equipment purchases.

### Social

Increasing demand for health-conscious baked goods (e.g., gluten-free, low-sugar, vegan): opportunity for niche products.

Demographic trends in Coventry, including population growth and cultural diversity, affecting product types and marketing strategies.

Local lifestyle shifts, e.g., higher takeaway and delivery demand.

### Technological

Adoption of digital ordering systems and food delivery apps to reach customers beyond walk-in traffic.

Automation or modern baking equipment improving efficiency and consistency.

Online marketing through social media platforms and local business directories to enhance visibility.

By; Naomi Charlotte Blin

## PROBLEM SOLVING AND DECISION MAKING



Basil's Bakery, a small independent business located in a shopping retail park in Coventry, UK, the "problem" represents a **strategic or operational challenge** affecting its viability, growth, or competitive positioning.

Based on typical challenges facing independent bakeries in a retail park setting, the problem could include:

- **Declining footfall** due to competition from supermarkets, online grocery apps, and other nearby bakeries.
- **Rising input costs**, such as flour, butter, and sugar, exacerbated by inflation or supply chain disruptions.
- **Labor constraints**, including recruitment and retention of skilled bakers or staff at competitive wages.
- **Changing consumer preferences**, such as increased demand for vegan, gluten-free, or low-sugar products, which may require recipe development and menu diversification.
- **Limited marketing reach**, as small businesses often rely on word-of-mouth or local signage rather than broader digital presence.

In essence, the **problem** is the gap between Basil's Bakery's current **performance** or capabilities and the **desired outcome**—

sustainable profitability, competitive presence, and alignment with modern consumer expectations.

# Basil Bakery

## Legal

- ▶ Compliance with food hygiene, labelling, and allergen regulations (e.g., UK Food Safety Act).
- ▶ Employment laws regarding wages, contracts, and working hours.
- ▶ Intellectual property for recipes or brand protection, if applicable.

## Environmental

- ▶ Sustainability pressures, including eco-friendly packaging and food waste management.
- ▶ Climate change impacts on agricultural outputs, affecting ingredient supply and cost.
- ▶ Local initiatives such as single-use plastic bans or green business incentives.

## 3. Integration of Problem and PESTLE

By defining the **problem** (e.g., declining sales and rising operational costs) and evaluating these si  
**PESTLE factors**, Basil's Bakery can:

- ▶ Anticipate economic and regulatory risks.
- ▶ Identify growth opportunities such as health-oriented products (social trend) or online delivery technology.
- ▶ Make strategic decisions that mitigate external threats while leveraging opportunities.

## Example Application

- ▶ **Problem:** Reduced footfall during weekdays in the retail park.
- ▶ **PESTLE Insights:**
- ▶ **Social:** Morning commuters prefer grab-and-go options. **Technological:** Implement a mobile ordering app.
- ▶ **Economic:** Offer seasonal promotions aligned with local school holidays or pay periods to stabilize revenue.

# Factors and Strategies

## Basil's bakery Resolution

### Understanding Problem Solving

**Problem solving** - cognitively process and identify the challenge, understanding its components, generate potential solutions, and implementing strategies to resolve it. Core aspects include:

**Defining the problem clearly:** Understanding the root causes and constraints is essential to avoid addressing symptoms rather than the underlying issue.

**Gathering information:** Collecting relevant data and insights to help shape possible solutions.

**Analyzing alternatives:** Compare options using logical reasoning, risk assessment, and potential outcomes enhances solution quality.

**Implementing solutions:** Applying actions and monitoring their effectiveness ensures the problem is effectively addressed.

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# Integration of Problem and PESTLE

By defining the **problem** (e.g., declining sales and rising operational costs) and evaluating these six **PESTLE factors**, Basil's Bakery can:

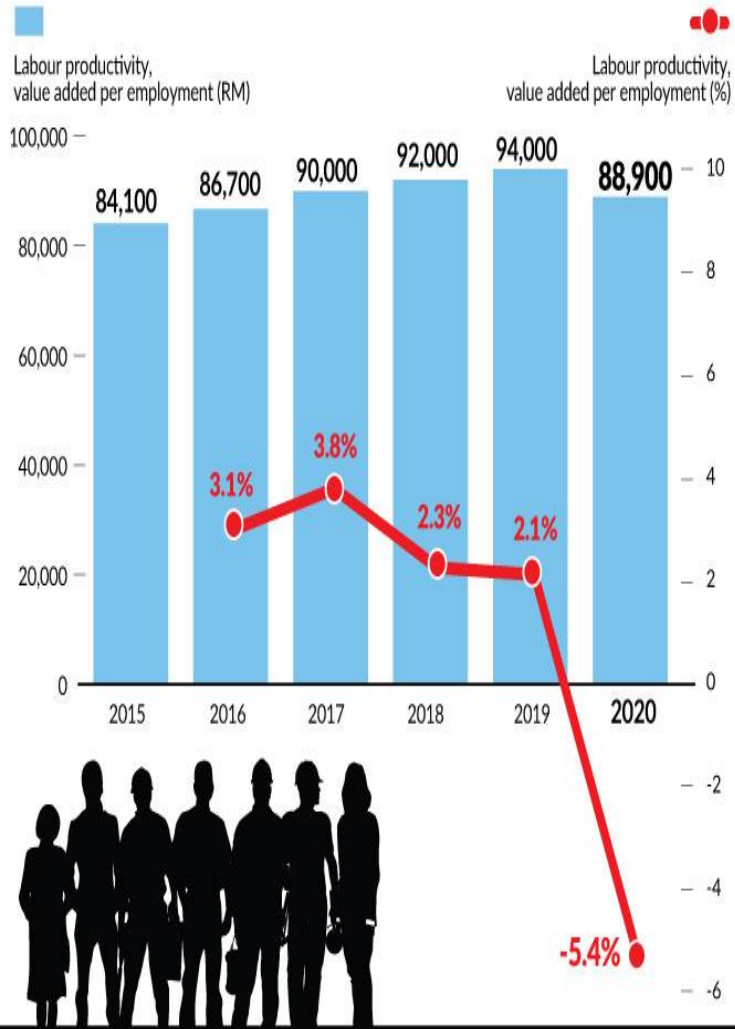
- Anticipate economic and regulatory risks.
- Identify growth opportunities such as health-oriented products (social trend) or online delivery technology such as Amazon fresh, Eat Fresh, Noom
- Make strategic decisions that are less severe or harmful to external threats while leveraging opportunities.

## Example Application:

- **Problem:** Reduced footfall during weekdays in the retail park.
- **PESTLE Insights:**
  - Social: Morning commuters prefer grab-and-go options.
  - Technological: Implement a mobile ordering app.
  - Economic: Offer seasonal promotions aligned with local school holidays or pay periods to stabilize revenue.

# Political and economic impact

## Labour productivity declined by 5.4% in 2020



Value added  
per employment

Agriculture

RM53,200/-1.8%

Mining & Quarrying

RM1,238,800/-7.9%

Manufacturing

RM120,700/-2.6%

Construction

RM38,200/-15.7%

Services

RM84,200/-6.0%

Basil's Bakery, like many small and medium-sized bakeries, faced significant challenges during the COVID-19 pandemic in 2020 due to government-imposed lockdowns, social distancing, and shifts in consumer behaviour. The pandemic affected the business across multiple dimensions:

### 1. Operational Disruption

- **Store Closures:** Lockdowns forced non-essential retail outlets, including bakeries, to close temporarily, disrupting normal foot traffic and sales.
- **Staff Furloughs:** Reduced operations caused furloughing of employees, although some bakeries maintained partial staffing to support adapted services such as delivery and online orders.

### 2. Shift in Consumer Demand

- **Increase in Home Baking:** Many consumers began baking at home during lockdown, which temporarily shifted the demand for raw ingredients and DIY kits rather than ready-made baked goods.
- **Surge in Delivery and Online Orders:** Basil's Bakery, like many craft bakeries, introduced or expanded local and national delivery services, sometimes partnering with platforms like Uber Eats or using in-house staff. This helped maintain revenue streams amidst physical store closures.

## PESTLE Analysis

The **PESTLE framework** evaluates the external macro-environmental factors that influence Basil's Bakery's operations:

### Political:

Local government policies affecting small businesses, including business rates or grants for high street revitalization.

Food safety legislation enforced by Coventry authorities.

Brexit-related regulations potentially influencing ingredient import costs.

### Economic:

Inflation affecting commodity prices for baking supplies.

Disposable income fluctuations among local customers impacting sales.

Interest rates influencing financing for expansion or equipment acquisition.

### Social:

Growing consumer interest in healthier or specialized products (gluten-free, vegan).

Demographic changes in Coventry influencing product selection.

Increased demand for takeaway, convenience, and delivery services.



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# Basil Bakery

Overall  
outcome

While concrete data specific to Basil's Bakery is unavailable, extrapolating from industry reports and case studies suggests that Basil's likely navigated the pandemic through:

- Introducing online sales and delivery.
- Adjusting product offerings to packaged or DIY goods.
- Implementing strict hygiene protocols.
- Maintaining customer engagement via digital channels or social media.

These proactive adaptations would have allowed Basil's Bakery to survive the initial shocks of the pandemic, though like other independent bakeries, it faced challenges such as disrupted cash flow, staff furlough, and operational stress.

## Conclusion

Basil's Bakery in 2020 faced operational disruptions due to lockdowns, reduced physical footfall, and supply chain constraints. The bakery adapted by embracing delivery services, online ordering, hygiene measures, and innovative product offerings, helping it survive and potentially maintain revenue during the pandemic.



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# Thank you

Adapt it with your needs and it will capture all the audience attention.