

Module Title: Problem Solving and Decision Making

Module Code: LCLM 4004

Assessment: Component 2 Report – Basil's Bakery

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Table of Contents

<u>Contents</u>	<u>Page Number</u>
Task 1: Overview of Case-study	3
Task 2: Two proposed solutions	3/4
Task 3b: Evaluation Results and Justifications	4
Task 4b: Justifications for the Implementation Plan	4/5
Task 5b: Justifications for the KPI and SMART objectives	5
Task 6: Key Findings	6
Reference List	7

Appendices

Appendix 1: Task 3a: PMI Evaluation Table.....	9
Appendix 2: Task 4a: Risk Analysis and Implementation Plan.....	10/11
Appendix 3: Task 5a: KPI and SMART Table.....	12

Task 1: Overview of Case-study

Basil's Bakery is a small independent bakery in Coventry. The bakery sells cakes, pastries and bread made with organic ingredients. The business was doing well before 2020, but sales have not returned to the 2019 level. Since 2023, sales have stayed around 25% lower than in 2019.

The main problem is that Basil has fewer customers. The retail park is quieter, some shops have closed and many office workers now work from home. This means fewer people buy food from the bakery.

At the same time, Basil's costs have increased, including rent, bills, insurance and ingredients. Therefore, Basil needs to find a new way to reach customers and increase sales.

Task 2: Two Proposed Solutions

Solution A – Online Pre-order and Delivery Service

The first solution is to introduce an online pre-order and delivery service. Customers could order cakes, pastries and bread online and choose delivery or collection from the bakery.

This would help Basil reach customers who work from home or who no longer work at the retail park. It would also help customers who do not want to wait in a queue. Basil could start with a small delivery area to keep the costs low. He could also use an existing delivery company instead of employing a new driver.

Online food delivery can be attractive to customers because it is convenient and easy to use. This solution could therefore help Basil reach more customers and increase sales.

Solution B – Loyalty Programme and Social Media Marketing

The second solution is to create a customer loyalty programme and improve social media marketing.

Basil could give customers a loyalty card or a digital loyalty scheme. For example, after buying a certain number of products, the customer could receive a free product or a discount. Basil could also use Instagram and Facebook to advertise new products, special offers and seasonal products.

This could help bring back customers who used to visit the bakery regularly. It could also attract new customers from the local area. Research by Meyer-Waarden (2007) found that loyalty programmes can encourage customers to continue buying from the same business.

This solution would not require a very large investment, but Basil would need to spend time managing the loyalty programme and social media. It may also take some time before sales increase.

Task 3b: Evaluation Results and Justifications

The PMI analysis shows that Solution A, the online pre-order and delivery service, is the better option. Solution A received a total score of +14, while Solution B received +9.

The main criteria used were the possible increase in sales, customer convenience, cost, difficulty of implementation and the ability to reach customers outside the retail park. These criteria were chosen because they are directly connected to Basil's main problems.

Solution A has some disadvantages, especially the cost of delivery and the need to manage online orders. However, it can reach customers who are no longer visiting the retail park. This is important because Basil cannot depend only on people who work or shop there.

Online delivery also needs to be reliable. Chan and Gao (2021) explain that different parts of online food delivery service quality are important when providing this type of service.

For these reasons, Solution A is recommended.

Task 4b: Justifications for the Implementation Plan

The implementation plan starts with research and planning. Basil first needs to compare different online ordering and delivery options. This is important because his costs are already increasing.

The second step is to set up the online ordering system. Basil needs to add the products, prices and payment options before customers can use the service.

The third step is testing. Basil and his staff should place test orders and check the delivery process. This can help find problems before the service is available to all

customers. This is important because Chan and Gao (2021) show that service quality is an important part of online food delivery.

The final step is to launch the service and check the results. Basil should be responsible for the main decisions, while staff can help with orders and customer communication.

This order is useful because Basil can test the idea before making a large investment.

Task 5b: Justifications for the KPI and SMART Objectives

The main KPI will be monthly sales revenue from the online pre-order and delivery service.

This KPI is useful because Basil's main problem is low sales. By checking sales every month, he can see if the new service is helping the business. KPIs should focus on important areas of business performance and should not be more complicated than necessary (Stricker et al., 2016).

The SMART objective is:

Increase average monthly sales by 10% within six months after launching the online pre-order and delivery service.

This objective is **Specific** because it focuses on increasing sales. It is **Measurable** because Basil can compare monthly sales with the sales before the service started. It is **Attainable** because a 10% increase is a realistic first target. It is **Relevant** because increasing sales is the main problem that Basil needs to solve. Finally, it is **Time-Bound** because the target must be reached within six months.

SMART objectives help businesses create clear and measurable goals (Doran, 1981). Doran introduced the SMART approach for writing management goals and objectives.

Basil should check the KPI every month. If sales increase, he can consider expanding the delivery area. If sales do not improve, he should look at customer feedback, prices and delivery costs.

Task 6: Key Findings

- Basil's sales are around 25% lower than in 2019, and this has continued since 2023.
- The main problem is the reduction in customers visiting the retail park.
- More people now work from home, so Basil needs to find another way to reach these customers.
- The best solution is an online pre-order and delivery service because it allows customers to buy without visiting the bakery.
- The service should start on a small scale and be tested before Basil invests more money.
- The main KPI will be monthly sales revenue, with a target of increasing average monthly sales by 10% within six months.

Reference List

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Appendices

Appendix 1 – Task 3a

PMI Evaluation Table

<i>Solution A – Online Pre-order and Delivery Service</i>		
Plus	Minus	Interesting
Can reach customers who work from home (+5)	Delivery costs (-4)	Could reach customers outside the retail park (+4)
More convenient for customers (+4)	More work for Basil and staff (-3)	Basil could use a delivery company (+2)
Customers can order before visiting (+4)	Possible delivery problems (-2)	Basil can learn which products customers order most (+3)
Can increase sales (+5)	Online system may have problems at first (-2)	Demand may be uncertain at the beginning (-2)
TOTAL: +18	TOTAL: -11	TOTAL: +7

Therefore: Overall Total for Name (for Solution A) = +14

<i>Solution B – Loyalty Programme and Social Media Marketing</i>		
Plus	Minus	Interesting
Can encourage customers to return (+4)	Discounts can reduce profit (-3)	Social media can reach new customers (+3)
Low cost to start (+4)	Takes time to manage (-3)	Success depends on customer interest (+2)
Can bring back old customers (+4)	May not solve the problem of low footfall completely (-4)	Could improve Basil's reputation (+3)
Can help Basil understand his customers (+3)	Loyalty scheme needs regular management (-2)	Competitors may offer similar promotions (-2)
TOTAL: +15	TOTAL: -12	TOTAL: +6

Therefore: Overall Total for Name (for Solution B) = +9

Appendix 2 – Task 4a

Risk Analysis

There are several risks with the online delivery service.

The first risk is delivery cost. If delivery is too expensive, Basil may lose money. He can reduce this risk by starting with a small delivery area and setting a minimum order value.

The second risk is late delivery. Customers may be unhappy if their food arrives late. Basil should choose a reliable delivery service and use clear delivery times.

Another risk is technical problems with the online ordering system. Basil and his staff should test the system before launching it.

Finally, there is a risk that not enough customers will use the service. Basil can reduce this risk by starting with a small trial period and checking the results before spending more money.

Implementation Plan

Name the problem you are solving: Low sales caused by fewer customers visiting the retail park.

Name the solution you are implementing: Online Pre-order and Delivery Service.

Task	WHAT	WHEN	WHO	Done
1	Research online ordering systems and delivery companies and compare prices.	Week 1	Basil	
2	Choose the system, add products and prices, and set up payment and delivery.	Week 2-3	Basil	

3	Test the system and delivery service and train staff.	Week 4	Basil + staff	
4	Launch the service and check sales and customer feedback.	Week 5-8	Basil + staff	

Appendix 3 – Task 5a

The Key Performance Indicator is: Launch the service and check sales and customer feedback.

Specific	Measurable	Attainable	Relevant	Time-Bound
Basil wants to increase sales by using an online ordering and delivery service. This will help him reach customers who do not visit the retail park.	Basil will check the online sales every month and compare them with the sales before the new service started. The target is to increase sales by 10% .	A 10% increase is a realistic target for the bakery. Basil can start with a small delivery area and increase it if the service works well.	Increasing sales is important because the bakery is currently selling less than before. The new service can help Basil get more customers.	Basil should reach the 10% increase within six months after starting the new service. He should check the sales every month.