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**Module code:** LCLM 4004

**Module Name:** Problem Solving and Decision-Making

**Component 1:** Basil's Bakery

# ***Introduction***



Overview of Basil's Bakery



Problems affecting the business



PESTEL framework



Cause and effect model



Summary of key findings



# **Overview of Basil's bakery**

- Independent bakery in Coventry, UK
- Opened in 2015
- Sells cakes, pastries and breads
- Located in retail shopping park
- Uses organic ingredients
- Sales dropped during COVID-19 lockdowns
- Sales remain around 25% below 2019 levels



# **Problems Basil's Bakery is facing**



## **External problems**

- Less people visiting the shopping park
- Nearby shops closing down
- More people working from home
- Higher bills and ingredients costs
- Prices increasing because of inflation
- Problems getting supplies sometimes

External – less control

## **Internal problems**

- No delivery service
- Problems with preorders
- Missed customer phone calls
- Depends too much on walk in customers
- Not as convenient as competitors
- Slow online/social media presence

Internal – more control

“A problem is something difficult to deal with or resolve”  
(Institute of Leadership & Management, 2013)

# ***Pestel theory***

## **What is PESTEL?**

- Looks at outside factors that affects a business

### PESTEL stands for

- **Political**
- **Economic**
- **Social**
- **Technological**
- **Environmental**
- **Legal**

### Why businesses use it and benefits

- Understand problems outside the bussiness
- Spot risks and opportunities
- Help with planning
- Used when businesses plan strategies and decisions

### Weaknesses

- Factors change quickly
- Doesn't resolve problems
- Can be too general



“PESTEL helps businesses analyse external factors affecting an organisation” (Johnson, Scholes, and Whittington, 2008, p. 55)

# **Pestel framework**

| <b>Political Factors</b>                                                                                      | <b>Economic Factors</b>                                                                       | <b>Social Factors</b>                                                                                             | <b>Technological Factors</b>                                                                         | <b>Legal Factors</b>                                                                       | <b>Environmental Factors</b>                                                                                  |
|---------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• COVID lockdowns restrictions</li><li>• Business regulations</li></ul> | <ul style="list-style-type: none"><li>• Inflation</li><li>• Higher ingredient costs</li></ul> | <ul style="list-style-type: none"><li>• More people working from home</li><li>• Fewer shoppers visiting</li></ul> | <ul style="list-style-type: none"><li>• Weak online ordering</li><li>• No delivery service</li></ul> | <ul style="list-style-type: none"><li>• Food safety laws</li><li>• Employee laws</li></ul> | <ul style="list-style-type: none"><li>• Supply problems</li><li>• Organic are ingredients expensive</li></ul> |

“PESTEL helps businesses analyse external factors affecting an organisation” (Johnson, Scholes, and Whittington, 2008, p. 55)

# **Cause-and-effect model**

## **What is cause and effect?**

- A cause and effect diagram, also known as a fishbone diagram “helps identify, organize and display possible causes of a specific problem” (Sproull, 2018, Chapter 2)



### **Why businesses use it?**

- Organises problems clearly
- Helps decision making
- Improves problem solving

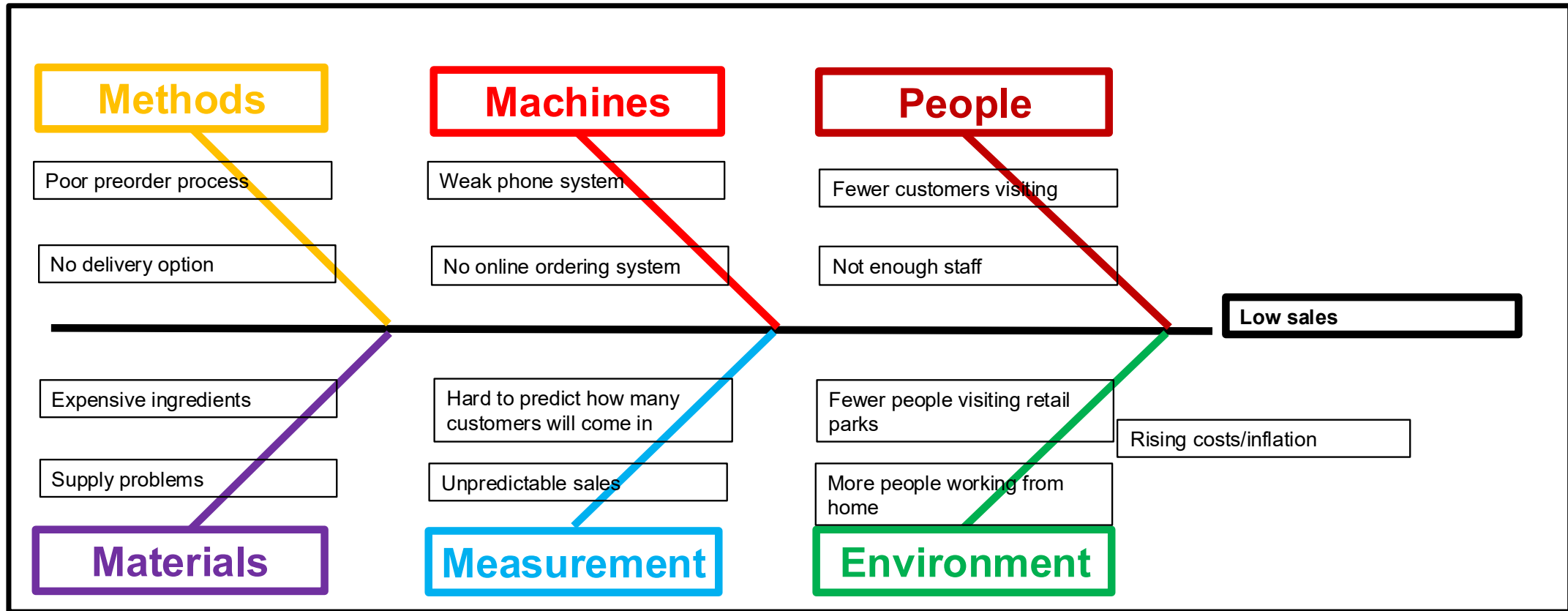
### **Benefits**

- Easy to understand
- Helps teamwork
- Finds multiple causes

### **Weaknesses**

- Can take time
- May miss hidden causes
- Depends on correct information

# **Fishbone Diagram**



Adapted from: Super series Solving Problems and Making Decisions (2013, page 31)

# **Key findings**

**Key finding 1:** Sales dropped after COVID-19 and never fully recovered



**Key finding 2:** External factors like inflation and remote working affected customers



**Key finding 3:** Internal problems such as no delivery service and poor online ordering caused fewer sales

**Key finding 4:** The fishbone Diagram and PESTEL analysis helped identify lots of causes of low sales

# **Reference List**

- Institute of Leadership & Management (2013) Solving Problems and Making Decisions. 5<sup>th</sup> edn. London: Routledge.
- Johnson, G., Scholes, K. and Whittington, R. (2008) Exploring Corporate Strategy. 8<sup>th</sup> edn. Harlow: FT Prentice Hall.
- Sproull, B. (2018) The Problem-Solving, Problem-Prevention, and Decision-Making Guide: Organized and Systematic Roadmaps for Managers. 1<sup>st</sup> edn. New York: Productivity Press
- Images sourced from Google Images

**Thank You**  
**for Listening**





*Any questions?*