

Adapting Green Haven Florists to the Digital Retail Shift

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Module: Problem Solving and Decision

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Module Code: LCLM4004

Date: 16/12/2025

CONTENTS

1. Introduction.....	
2. Explanation of the Business problem.....	
3. Root cause analysis.....	
4. Alternative Solution 1.....	
5. Alternative Solution 2.....	
6. Evaluation of the Two Alternative Solutions	
7. Chosen Solution and Justification.....	
8. Risk Analysis.....	
9.Action Plan.....	
10. Measuring Effectiveness.....	
11. Conclusion.....	
12. Reference List.....	

1.Introduction

Managing Rising Operational Costs and Sustainability Challenges

Green Haven Florists is an independent flower shop based in Norwich, known for its commitment to sustainability and ethical sourcing. While this has helped build customer loyalty, it has also increased operational costs. Inflation, rising supplier prices, and supply chain disruption have placed financial pressure on the business and reduced profit margins.

This presentation examines the challenges created by rising costs and sustainability commitments. It identifies the root causes, evaluates alternative solutions, and justifies the most suitable strategy to help Green Haven maintain its ethical values while improving financial stability.

2.Explanation of the Business Problem

Rising Operational Costs and Sustainability Pressures

Green Haven Florists is facing rising operational costs that are reducing profitability and financial stability. Inflation has increased the cost of flowers, packaging, transport, and utilities, placing pressure on daily operations. These challenges are intensified by the business's commitment to sustainable sourcing and eco-friendly packaging, which are more expensive than conventional alternatives.

As a small independent retailer, Green Haven lacks the purchasing power to negotiate favourable supplier contracts, making it vulnerable to price fluctuations. Competition from lower-cost retailers using non-sustainable materials has further increased pressure on profit margins. If these cost challenges are not addressed, Green Haven risks long-term financial instability, making it essential to find a solution that balances sustainability with effective cost control.

3.Root Cause Analysis

Identifying the Underlying Causes of Rising Costs

The rising operational costs at Green Haven Florists are caused by a combination of external and internal factors. Inflation has increased the cost of flowers, packaging, energy, and transportation, directly affecting day-to-day expenses. In addition, the business's strong commitment to sustainability means it relies on locally sourced flowers and biodegradable packaging, which are more expensive than standard alternatives.

As a small independent retailer, Green Haven also has limited bargaining power with suppliers and cannot benefit from bulk discounts or fixed price contracts. Post-Brexit supply chain disruption has further increased costs and reduced-price stability. Together, these factors have placed pressure on profit margins and highlight the need for a strategy that balances ethical values with effective cost management.

4.Alternative Solution 1

Cost Optimisation Through Supplier Negotiation and Hybrid Sourcing

One possible solution to rising operational costs at Green Haven Florists is to focus on cost optimisation through supplier negotiation and hybrid sourcing. This approach involves seeking more stable or long-term supplier agreements to reduce price fluctuations. In addition, the business could introduce a mix of sustainable and lower-cost materials where appropriate, helping to control expenses while maintaining environmental responsibility.

This solution directly addresses cost pressures and is relatively easy to implement for a small business. However, its impact may be limited due to Green Haven's weak bargaining power and the risk of weakening its eco-friendly brand image. As a result, this approach may provide short

term relief but may not fully support long-term financial sustainability.

5. Alternative Solution 2

Premium Eco-Tier Strategy and Operational Efficiency

An alternative solution to rising operational costs at Green Haven Florists is to introduce a premium eco-tier product strategy supported by improved operational efficiency. This approach involves positioning selected floral arrangements as high-value products that reflect ethical sourcing, eco-friendly packaging, and skilled craftsmanship. Customers who prioritise sustainability may be willing to pay higher prices, allowing the business to improve profit margins without compromising its environmental values.

Alongside premium pricing, Green Haven can improve efficiency by reducing flower waste, improving inventory control, and optimising staff scheduling. These operational improvements help lower costs and increase overall profitability. While there is a risk that higher prices may discourage some customers, this can be managed through clear communication of the environmental and quality benefits. Overall, this strategy allows Green Haven to maintain its sustainable brand identity while strengthening financial performance in a competitive retail market.

6. Evaluation of the Two Alternative Solutions

Comparative Assessment of Strategic Options

The two alternative solutions were evaluated based on feasibility, cost impact, and long-term sustainability. The first solution, cost optimisation through supplier negotiation and hybrid sourcing, is easier to implement and involves lower risk. It can provide short-term cost stability but depends heavily on supplier cooperation and may not significantly improve long-term profitability.

The second solution, introducing a premium eco-tier supported by operational efficiency, offers greater long-term benefits. Although it

involves higher risk due to potential customer price sensitivity, it allows Green Haven to improve profit margins while reinforcing its sustainable brand identity. When compared, the second solution is more effective in supporting long-term financial stability and strategic positioning, making it the stronger option.

7.Chosen Solution and Justification

Selecting the Most Appropriate Strategy

The chosen solution for Green Haven Florists is the implementation of a premium eco-tier pricing strategy supported by improved operational efficiency. This solution has been selected because it aligns most closely with the company's core values while addressing the long-term financial challenges caused by rising operational costs.

Unlike cost optimisation through hybrid sourcing, which may risk weakening the business's sustainability image, the premium eco-tier approach reinforces Green Haven's ethical identity. By clearly communicating the environmental and social value of its products, the business can justify higher prices and attract customers who prioritise sustainability over cost. This allows profit margins to improve without compromising ethical standards.

Additionally, the introduction of lean operational practices supports cost control by reducing waste, improving inventory management, and enhancing efficiency. Together, these measures address both revenue generation and cost reduction. Although the solution carries some risk, particularly regarding customer price sensitivity, this risk can be managed through effective branding and gradual implementation.

Overall, this strategy offers a balanced and sustainable approach that supports financial stability, strengthens brand positioning, and ensures Green Haven Florists remains competitive in an increasingly challenging retail environment.

8.Risk Analysis

Assessing Risks Associated with the Chosen Solution

While the premium eco-tier strategy offers long-term benefits, it also presents several potential risks for Green Haven Florists. One key risk is customer price sensitivity, as higher prices may discourage some existing customers who prioritise affordability over sustainability. This could lead to a short-term reduction in sales volume.

Another risk relates to brand communication. If the value of the premium eco-tier is not clearly explained, customers may perceive price increases as unjustified rather than as a reflection of ethical sourcing and quality. Effective marketing and transparency are therefore essential.

Operational risks also exist, as implementing lean management practices may require changes to staff routines and training. Resistance to change or poor implementation could reduce efficiency rather than improve it. To mitigate these risks, Green Haven should introduce the strategy gradually, test pricing changes, and communicate sustainability benefits clearly. Regular monitoring and customer feedback will help ensure the strategy remains effective and aligned with both financial and ethical objectives.

9.Action Plan

Implementing the Premium Eco-Tier and Efficiency Strategy

To implement the premium eco-tier strategy effectively, Green Haven Florists should follow a structured and phased action plan. The first step is to review the current product range and identify which arrangements can be positioned as premium eco-products. These products should emphasise local sourcing, biodegradable packaging, and craftsmanship. This stage should be completed within the first month.

The second step involves pricing analysis and adjustment. Green Haven should carefully set premium prices based on cost structure, competitor pricing, and customer willingness to pay. Clear sustainability messaging should be developed to justify price differences and communicate value to customers.

Next, the business should implement lean operational practices. This includes improving inventory management to reduce flower waste, refining ordering schedules, and optimising staff allocation during peak and off-peak periods. Basic staff training should be provided to support these changes.

Finally, Green Haven should launch the premium eco-tier both in-store and online, supported by targeted marketing. Progress should be reviewed monthly by monitoring costs, sales performance, and customer feedback to ensure the strategy remains effective and adaptable.

10.Measuring Effectiveness

Evaluating the Success of the Chosen Strategy

To evaluate the effectiveness of the premium eco-tier and operational efficiency strategy, Green Haven Florists should use a range of key performance indicators (KPIs). One important measure is profit margin, particularly on premium eco-products, as this will indicate whether the pricing strategy is improving financial performance. Monthly comparisons of costs and revenue should be conducted to track progress.

Customer response should also be monitored through sales volume of premium products and customer feedback collected in-store or through online surveys. This will help assess whether customers perceive value in the eco-tier offering. Additionally, waste reduction levels and inventory turnover rates should be reviewed to measure the impact of lean operational practices.

Operational efficiency can be further assessed by monitoring labour costs

and stock spoilage over time. Regular monthly reviews will allow Green Haven to identify issues early, adjust pricing or operations if necessary, and ensure that the strategy supports both financial sustainability and environmental commitments.

11.Conclusion

In conclusion, Green Haven Florists faces rising operational costs due to inflation, supplier pressures, and its commitment to sustainability. This presentation identified that these factors have reduced profit margins and increased financial strain. By evaluating alternative solutions, the premium eco-tier strategy supported by improved operational efficiency was selected as the most suitable approach. This solution allows the business to maintain its ethical identity while improving profitability. Although risks such as customer price sensitivity exist, these can be managed through clear communication and gradual implementation. Overall, this strategy supports long-term financial stability and helps Green Haven remain competitive in a challenging retail environment.

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