

Module Title: Problem Solving and Decision Making

Module Code: LCLM 4004

Assessment: Report – Basil's Bakery

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Overview of Basil's Bakery and the nature of the problem

In 2015, Basil's Bakery was established as an independent artisan bakery. This bakery is known for its high-quality organic baked foods and effective location in a Coventry retail park. Although footfall and sales increased after the Covid-19 pandemic restrictions ended, they did not return to their pre-pandemic level. Between 2023 and 2025, Basil's sales remained approximately 25% below the 2019 figure. This case study highlights that the issue of Basil goes beyond a lack of fulfilling the demands of consumers as well as include issues like declining store foot traffic, rising operational costs, hybrid work culture, limited exposure to digital capabilities, as well as limitations in services. These interrelated factors can increase barriers for the long-term economic survival of the bakery and have a negative impact on the company's competitiveness.

Two solutions to resolve the specific problem

To develop the competitiveness of Basil's Bakery, it is important to address both declining customer demand as well as operational inefficiencies. This case study highlights the shift in customer habits, such as hybrid working as well as a reduction in retail spending.

Solution 1: Introducing local delivery services and online pre-order

By establishing an online purchasing platform with local and click-and-collect delivery, Basil Bakery would be able to target customers who are not able to visit the retail park frequently or work remotely. This solution will help to reduce the need for customers to request delivery of their orders and pre-order. This will help to minimize the waiting time during peak periods to meet demand. This would enable Basil's Bakery to better manage inventory operations as well as reduce food wastage of food. According to Perera et al. (2024), the implementation of the demand forecast will consider the volatile prices of organic ingredients. There will be a start-up cost for digital technology as well as logistics, but customer convenience will be improved, customer loyalty will be strengthened, and sales will be more resilient.

Solution 2: Developing strategic partnerships and a customer loyalty program

Basil Bakery needs to focus on developing partnerships with the local offices, warehouses, and businesses in the area to provide fresh bakery products for scheduled corporate deliveries. This is introducing a digital loyalty scheme with customized discounts as well as rewards. The corporate partnership would help diversify the revenue stream as well as help to reduce the impact of shoppers (Battisti and Brem, 2021). The loyalty scheme would be a very impactful approach to

ensure customers keep buying more and improve the relationship. This solution will ensure better retention for the customers as well as increase brand visibility as well. This solution builds Basil's long track record of maintaining high-quality products by addressing specific changes in consumer buying habits.

PMI Technique

The online pre-order and local delivery service, which uses PMI (Plus, Minus, Interesting), has the benefits of increasing the client base of Basil (Appendix 1). This responds to delivery requests, reducing the wait time and lowering the reliance on foot traffic in retail parks. The minuses are its negative costs, such as the cost of technology, delivery expenses, possible technical failures, and an added responsibility on Basil. The interesting factor is that it is possible to gather customer and order data to help with customer forecasting and inventory planning. The pluses of the partnership and loyalty program are increased usage of the product as repeat customers and a more predictable corporate demand. The minuses are relying on effective partnerships and ongoing promotional activities.

Explanation

According to the PMI analysis, both of these solutions are beneficial. The online delivery service yields the best solution to Basil's current problem. The local delivery service offers the best answer to Basil's immediate problem. It proactively responds to the situations of foot traffic reduction and customers' demands and brings new business opportunities. It is selected as the preferred solution due to its greater strategic impact.

Risk Analysis

One of the effective solutions for Basil's Bakery is introducing local delivery services and online pre-orders. This solution provides an effective growth potential for the company and has several operational risks (Appendix 2).

Risk Assessment

This stage identifies that there is risk in the initial stages due to high investment in implementing digital infrastructure in the operation system. Also, technological failures, possible delays in delivery, and increased workload can have a negative impact on producing quality products as well as maintaining customer satisfaction (Asawawibul et al., 2025). This reduces the likelihood of repeat purchase rates for customers

Risk Management:

This stage focuses on managing the risk by introducing a partnering system with other third-party delivery platforms like Uber Eats, Deliveroo, and Just Eat. These will help to increase reliance on the online ordering system as well as focusing on staff training and minimizing financial disruption in future.

Risk Communication

This stage focuses on communication strategies by informing customers about ordering procedures, expected delivery time, and updates on services. These will help to build transparency between customers and the company and build strong trust for the long term.

Results and the feasibility of selected solution

Based on the risk analysis (4 a), it indicates that the local delivery services and online pre-order include moderate levels of operational and financial risks. These can be managed by implementing effective planning as well as phases. The key benefits of online pre-order are to enhance customer retention and increase sales for a longer period (Wang et al., 2024). By extending the customer reach of Basil outside the retail park as well as responding to shifting customer behavior, this solution addresses this issue, which is highlighted in the case study. This solution is aligned with the market needs by supporting the long-term sustainability as well as growth of the bakery

Implementation Plan

During the three months of the online pre-order/offline delivery model, Basil should consider how it can manage both business disruption and costs (Appendix 3). In the first 2 weeks, Basil needs to determine the general requirements of customers and the type of delivery area, create a realistic budget, and choose an online ordering system and delivery options. In Weeks 3-5, the

ordering system is set up with product listings, collection and delivery options, secure payment facilities, and order-confirmation processes. A limited pilot in Weeks 6-7 should be offered to current customers for ordering accuracy and delivery of reliability. At Weeks 8-12, Basil should formally start running the service and ensure the extent of his promotion by standards of social media, in-store signage, and communication to existing customers. Basil should keep a strategic role, monitor expenditure and performance, execution and service, and distribute to other distribution providers to support the fulfilment. Then online orders, customer feedback, and sales trends should be evaluated within the monthly review, and improvements can be made to the service continually.

Reasons for the activities, timings, order and responsibilities

The sequence of implementation activities is planned to minimize operational risk and efficiently use the resources. To determine customer needs and budget requirements, market research and planning are performed first, before investing in digital technology. Staff training follows, as staff need to be able to use the platform competently before development can take place. Order processing and customer service should be managed by employees. However, these decisions should be made by Basil about suppliers to be used, budget to be spent, and strategic decisions. Platform and reliable order delivery are on the shoulders of the external technology provider and delivery partners, enforcing accountability for platform performance and reliable delivery.

Key Performance Indicator (KPI) and SMART Objectives

The main KPI is the volume of online orders received per month. It will directly reflect the effectiveness of the new pre-order as well as the delivery service. This measures customers' use of an online platform and conveys the solution's ability to maintain

performance in the absence of in-store visits. Basil should have this KPI from their online ordering system and should review it monthly.

SMART Objectives

- To launch the online ordering and local delivery service within 12 weeks, by system development, staff training, and completing platform selection.
- To achieve at least 150 online orders per month within 2 to 3 months of launching, by improving services through in-store advertising and social media offers.
- To ensure at least 90% of deliveries arrive within the agreed timeframe, by defining delivery processes to address delays and inconveniences.

- To achieve an average customer satisfaction score of at least 4.5 out of 5 within 3 months, by reviewing and collecting customer comments.

Monitoring and evaluation of the effectiveness of the solution

A pre-order and delivery process for online orders needs to be monitored regularly. This will measure the effectiveness of the process based on the KPIs and feedback from customers, repeat purchases, delivery accuracy, and sales performance monthly. Monthly checks should be used to pick up trends, which signal deficiencies and improvements to be made. The continuous evaluation process facilitates evidence-based decision-making and provides Basil to adjust working practices. These will improve the quality of the service, the satisfaction of the clients, and the financial stability and competitiveness of the bakery.

Summary of the Key Findings

- Basil should have this KPI from their online ordering system and should review it monthly.
- Declining retail footfall, hybrid working, pressure on operating costs, and a lack of sales support on digital channels are compelling this business to begin facing challenges.
- Online pre-orders and local delivery are the most effective solutions to reach more markets and make it more convenient for customers.
- A formal implementation plan allows for clear responsibilities and timeframes to successfully implement.
- Basil will gain insights into performance metrics and foster ongoing improvement.

References

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Appendices

Source A: online pre order and local delivery

p	m	i
Reaches customers who work from home or no longer visit the retail park +6	Initial cost of setting up an online ordering system and delivery services -4	Online orders could provide useful information about customer demands and popular products +3
Increase customer convenience by allowing customers to pre order and avoid long waiting times +5	delivery creates more cost such as fuel, staff time and packing -4	Basil could use order data to improve production planning and reduce food waste +3
Pre order could make periods easier to manage and refuse queues +4	Basil may need more staff or time to manage online orders and deliveries -3	The services could help basil adapt to the increase in customers working from home +2
Could increase sales by reaching customers outside the retail park +5	Customers may expect fast and reliable delivery, which could be difficult while basil is busy baking -3	Basil could initially offer delivery only to a limited local area and expand if demand is strong +2

=+16

Source B: partnerships and loyalty program

p	m	i
Partnerships with local businesses could introduce basils bakery to new customers +4	Setting up and maintaining partnerships could take time and effort -3	basil could partner with nearby offices to provide regular cake, pastries or bread order +3
A loyalty program could encourage existing customers to return more often +5	Discounts and loyalty rewards could reduce profit margins -4	A loyalty program could provide useful information about customers buying habits +3
Could improve customer relationships and encourage repeat purchases +3	Customers may not use the program enough to make it worth it-3	Partnerships could create opportunities for joint promotions with other local businesses +1
Could help basil build a stronger reputation within the local community +3	Basil would need to manage the program and keep track of the reward -2	Basil could offer rewards based on purchases rather than giving large discounts +1

=+11

Implementation Plan

Week	Plan
Week 1-2	• In this stage, Basil needs to conduct market research • Define service-related requirements Select affordable online ordering platforms as well as business delivery partners • Establish a budget
Week 3-6	• In this stage, an online ordering system will be developed to secure payment options, delivery scheduling, click-to-collect functionality, as well as inventory management • Staff members should receive training on a regular basis in the customer service, order processing and digital system management areas • This stage will help to improve operational readiness
Week 7-8	• In this stage, to verify system performance, customer happiness and delivery dependability; the service needs to be piloted within a constrained delivery radius • Customer feedback will be collected as well as analyzed to address operational improvement
Week 9-12	• In this stage, Basil's Bakery needs to launch an official service system by focusing on the digital marketing campaign • Key measures include delivery accuracy, online order volume and customer happiness to track performance monthly.

Risk area	likelihood	impact	Risk management
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Technology failure	Medium	High	Use a reliable ordering platform
Delivery delays	Medium	High	Use a reliable local delivery partner
Increased workload	High	Medium	Introduce phased implementation and staff responsibilities allocation
Financial risk	Medium	High	Monitor costs and restrict the delivery radius