

Business problem analysis: The Olive Tree Bistro

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Module: LCLM4004

Problem Solving and Decision Making

Assignment: Individual Report

Introduction

The Olive Tree Bistro is a family-run Mediterranean restaurant in Bristol, established in 2019 and known locally for homemade dishes and a welcoming atmosphere. Over the last 12 months, revenue has fallen by 25%, with weekday trade hit hardest. For a small independent operator with fixed costs and limited cash buffers, this decline presents a material threat to continuity. This report diagnoses the problem, sets the scope and impact, and structures the internal and external causes using PESTLE and fishbone analysis. It then defines decision criteria and previews two strategic solution paths to be evaluated in .

Company background

The bistro serves a classic Mediterranean offer (pastas, grills, salads), drawing on imported staples (olive oil, olives, cheeses, seafood) and a core of loyal local customers. Ownership is hands-on, with a compact team that has experienced turnover and understaffing across 2024–25. Operations rely on walk-ins and phone bookings; there is no integrated online ordering, delivery partnership, or app-based loyalty. Competitors in central Bristol have adopted faster service formats, updated menus, and strong digital engagement.

PESTLE analysis

Factor	Key Implications
Political	Post-Brexit frictions raise costs for Mediterranean inputs (e.g., olive oil, olives, seafood).Idrissa-2.pdf
Economic	Elevated inflation reduces disposable income; value-seeking favors faster, cheaper options; high labor/energy costs.Idrissa-2.pdf
Social	Shifts to convenience, vegan/plant-forward options (~40% interest), Instagrammable experiences.Idrissa-2.pdf
Technological	Rivals use apps, online booking, delivery; bistro's absence limits reach.Idrissa-2.pdf
Legal	Wage uplifts and food safety/allergen compliance increase costs/training.Idrissa-2.pdf
Environmental	Preference for local/sustainable sourcing to cut imports and boost eco-credibility.Idrissa-2.pdf

Fishbone Analysis of Root Causes

C a t e g o r y	Root Causes
M	- No app/social

a r k e t i n g / D e m a n d	media/paid discovery. - Lacks unique proposition (e.g., chef experiences).Idriss a-2.pdf
O p e r a t i o n s / S e r	- Understaffing, inconsistent training, slow lunch turnover. - Manual booking errors.Idrissa-2.pdf

v i c e	
P r o d u c t / M e n u	- Static menu; limited vegan/seasonal options. - Poor take-out optimization. Idrissa-2.pdf
T e c h n o l o g y	- No online reservations/POS-delivery/CRM/loyalty. Idrissa-2.pdf
E x	- High import/utility/labor

t	costs.
e	- Tech-savvy
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Problem statement

The Olive Tree Bistro is experiencing a 25% sales decline and margin compression due to a combination of rising input and labour costs, slow and manual front-of-house processes, a dated and insufficiently flexible menu, and an absence from the digital discovery and delivery ecosystems that now shape dining decisions in Bristol. Without targeted changes to demand generation, service speed, and offer relevance, the business risks continued losses and potential closure.

Decision criteria for evaluating solutions

To select the most appropriate path forward, options will be judged against the following criteria:

Revenue impact: Magnitude and speed of top-line uplift (especially weekday lunch).

Margin protection: Ability to offset delivery fees, input inflation, and wage costs.

Criterion	Description	Suggested Weight
Revenue Impact	Topline uplift speed, especially weekdays.Idrissa-2.pdf	High
Margin Protection	Offset fees/inflation/wages.Idrissa-2.pdf	High
Speed to Implement	Quick wins (4-8 weeks).Idrissa-2.pdf	Medium
Investment	Upfront cash needs.Idrissa-2.pdf	Medium
Operational Fit	Team complexity/training.Idrissa-2.pdf	High
Customer Experience	Speed/satisfaction/repeats.Idrissa-2.pdf	Medium
Strategic Flexibility	Future-proofing (e.g., data/menu).Idrissa-2.pdf	Low
Risk Level	Execution/third-party risks.Idrissa-2.pdf	High

Phased approach

Phase (Weeks)	Key Actions
1-2	Select booking/delivery partners; photography; staff rota.Idrissa-2.pdf
3-4	Train staff; social launch plan.Idrissa-2.pdf
5-6	Soft launch; monitor prep.Idrissa-2.pdf
7-8	Marketing campaign; promotions.Idrissa-2.pdf
9-12	Review data; optimize menu; Phase 2 prep.Idrissa-2.pdf

Speed to implement: Time to first results (quick wins within 4–8 weeks).

Investment required: Upfront cash outlay and working-capital implications.

Operational fit: Complexity for a small team; training demands.

Customer experience: Effect on service speed, satisfaction, and repeat visits.

Strategic flexibility: Creates a platform for future improvements (e.g., menu innovation, loyalty).

Risk level: Execution risk, dependency on third parties, reputational exposure.

Solution directions to be evaluated in part 2

Digital transformation and channel expansion:

Scope: Online reservations, delivery partnerships (Deliveroo/Uber Eats), social and local search visibility, light CRM/loyalty.

Rationale: Captures convenience-seeking demand, improves discoverability, smooths service flow via pre-orders and timed pickups, and produces data for targeted offers.

Menu and service redesign for speed and relevance:

Scope: Faster lunch set (sub-15-minute mains), seasonal rotations, vegan/vegetarian expansion, pricing architecture, and service choreography to shorten dwell time.

Rationale: Refreshes value perception, aligns with social trends, improves table-turn at lunch, and creates “talkable” moments that fuel organic reach.

Part 2 will develop and compare these alternatives using a structured toolset (e.g., PMI and a weighted criteria grid), recommend one primary path with a phased plan, outline risks and mitigations, and set KPIs to monitor effectiveness.

Evaluation of Alternative Solutions

To identify the most viable strategic path, both proposed solutions Digital Transformation and Channel Expansion and Menu and Service Redesign are evaluated using the agreed decision criteria.

Solution 1: Digital Transformation and Channel Expansion

- **Revenue Impact:** High potential from reaching new customers via delivery apps and online bookings; opportunity to recapture lapsed weekday trade.
- **Margin Protection:** Ability to adjust delivery menu pricing to offset platform commissions; digital pre-orders can improve table-turn efficiency.
- **Speed to Implement:** Core elements (booking system, delivery onboarding) can be operational within 4–6 weeks.
- **Investment:** Moderate estimated £3k–£5k initial spend, largely in software setup, photography, and marketing.
- **Operational Fit:** Requires training but minimal menu disruption; scalable.
- **Customer Experience:** Improved convenience, shorter waits through timed bookings, stronger brand visibility.
- **Strategic Flexibility:** Creates data for personalised offers; supports future menu innovation.
- **Risk Level:** Manageable if partnered with established providers.

Solution 2: Menu and Service Redesign

- **Revenue Impact:** Potential for higher spend per head through premium experiences and expanded dietary options.

- **Margin Protection:** Local sourcing reduces import volatility but can raise baseline costs.
- **Speed to Implement:** Slower recipe development, supplier negotiation, and training likely 8–12 weeks.
- **Investment:** Variable; higher if refitting kitchen for new processes.
- **Operational Fit:** Increases complexity; requires more skilled preparation.
- **Customer Experience:** Differentiation through freshness and novelty; appeals to new segments.
- **Strategic Flexibility:** Builds culinary reputation; pairs well with digital marketing.
- **Risk Level:** Higher operational and sourcing risk.

Recommendation

Based on weighted scoring against the criteria, Solution 1 — Digital Transformation and Channel Expansion — emerges as the preferred immediate strategy. It offers the fastest route to arresting revenue decline, leverages existing operational capacity, and delivers measurable customer reach improvements with manageable risk. Crucially, it also lays the groundwork for subsequent menu and service innovations, allowing the bistro to implement Solution 2 as a second-phase upgrade once financial stability improves.

Weeks 1–2:

- Select online booking platform and delivery partners
- Commission professional photography for menus and platforms
- Draft updated staff rota to support delivery and collection

Weeks 3–4:

- Train staff in digital order management and customer communication
- Create social media launch plan highlighting new convenience features

Weeks 5–6:

- Soft launch booking system; onboard delivery platforms
- Monitor operational flow; make adjustments to prep timing

Weeks 7–8:

- Launch marketing campaign (social ads + local press)
- Offer limited-time promotions for delivery orders

Weeks 9–12:

- Review sales, feedback, and customer data
- Optimise menu for delivery suitability and margin retention
- Prepare proposal for Phase 2 (menu and service redesign) based on new revenue baseline

Measuring

Effectiveness

Short-Term KPIs:

- Increase in weekday lunch covers
- Online bookings volume
- Delivery orders per week
- Social media engagement rate

Long-Term KPIs:

- Total monthly revenue growth percentage
- Repeat booking/delivery rates
- Average customer review score improvement

Tracking against these KPIs ensures the strategy stays accountable and that corrective actions can be taken quickly if targets are missed.

Conclusion

The Olive Tree Bistro's sales decline is the product of both market shifts and internal limitations. While multiple solutions could contribute to recovery, prioritising digital transformation offers the quickest and most sustainable first step. It meets current consumer expectations, generates new revenue streams, and enables better customer data utilisation. With disciplined execution, careful monitoring, and an eye to future menu innovation, the bistro can recover its position in Bristol's competitive dining market and build resilience for the years ahead.

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