

PROBLEM SOLVING AND DECISION MAKING

- . MODULE: LCLM4004
- . Student: Anderson Ricardo Hernandez
- . Student Number: 2532044
- . Lecture: Nerys Dosseh
- . Assignment 1: Presentation

OVERVIEW



. Introduction

Purpose and objectives of the presentation

. Company background

Overview of Basil's Bakery and business context

. Problem: nature and scope

Identification of the main business issues

. 5W2H ANALYSIS: Basil's Bakery

Structured problem definition

. PESTLE ANALYSIS: Basil's Bakery

External environmental factors affecting the business

. Cause and effect analysis

Fishbone Diagram identifying root causes

. Conclusion

. References

INTRODUCTION

To analyse the factors responsible for Basil's Bakery's stagnant sales and evaluate the internal and external issues affecting business performance. The presentation applies recognised business analysis tools to identify root causes and support strategic recommendations.

Key concepts:

. Problem Solving

A systematic process of identifying, analysing and resolving business problems through evidence-based decisions (Daft, 2022).

. Decision Making

The process of evaluating alternative solutions to achieve organisational objectives effectively (Johnson et al., 2023).

. Case context

Basil's Bakery experienced consistent growth after opening in 2015. However, despite recovering from the COVID-19 pandemic, annual sales have remained approximately **25% below 2019 levels**, indicating persistent operational and environmental challenges.

Company Background

Basil's Bakery

Founded in 2015

- **Owners:** Basil (Independent Artisan Baker)
- **Location:** Shopping Retail Park, Coventry, UK
- **Products:** Organic artisan breads, Contemporary cakes, Fresh pastries, Handmade bakery products.
- **Target Customers:** Local shoppers, Retail Employees, Office Workers, Warehouse Workers.

Business Performance

- Continuous growth between **2015 - 2019**
- Significant decline during the COVID-19 lockdown
- Partial recovery after restrictions ended
- Sales have remained approximately **25% below 2019 levels** since 2023

Competitive Advantage

- High-quality organic ingredients
- Freshly baked artisan products
- Convenient location
- Strong reputation among local customers

2015 → Growth → COVID-19 → Recovery → Sales stagnation (2023–2025)

Problem: Nature and Scope

Basil's Bakery is experiencing **sales stagnation**, with revenue remaining approximately **25% below pre-pandemic levels** despite the recovery of economic activity. This suggests that the business is facing long-term structural challenges rather than temporary market disruption.

► Scope of the Problem

The problem affects multiple areas of the business:

► Customers

Reduced footfall in the retail park

Fewer office workers due to hybrid working

► Operations

No delivery service

Limited ability to accept pre-orders

► Financial Performance

Rising operating costs

Increasing prices of organic ingredients

► Business Sustainability

Reduced profitability

Uncertain long-term viability



5W2H ANALYSIS

What?



Sales have remained approximately 25% below 2019 levels.

Why?



Reduced customer footfall, remote working, increasing operating costs, lack of delivery service and limited pre-order capability.

Who?



Basil, employees, existing customers and potential customers.

Where?



Basil's Bakery, Coventry Retail Park.

When?



Since the post-pandemic recovery (2023–2025)



5W2H ANALYSIS

How?



External environmental changes combined with internal operational constraints reduced competitiveness.

How much?



Approximately 25% reduction in sales compared with 2019.

PESTLE ANALYSIS: Basil's Bakery

POLITICAL

- Rising business rates and taxation increase the bakery's fixed operating costs.
- Government policies promoting sustainable food production may increase compliance requirements but also create opportunities for businesses using organic ingredients.

ECONOMIC

- Inflation has significantly increased the cost of rent, utilities, insurance and organic ingredients, reducing profit margins.
- The cost of organic produce is unpredictable due to crop failures and supply chain disruptions, making financial planning more difficult.

SOCIAL

- Hybrid and remote working have permanently reduced the number of office workers purchasing lunch in the retail park.
- Consumers increasingly value convenience, preferring businesses that offer online ordering and home delivery.

PESTLE ANALYSIS: Basil's Bakery

TECHNOLOGICAL

- Basil's Bakery does not offer online ordering, digital pre-ordering or delivery services, reducing convenience for customers.
- Technology could improve operational efficiency through mobile ordering, click-and-collect and digital marketing.

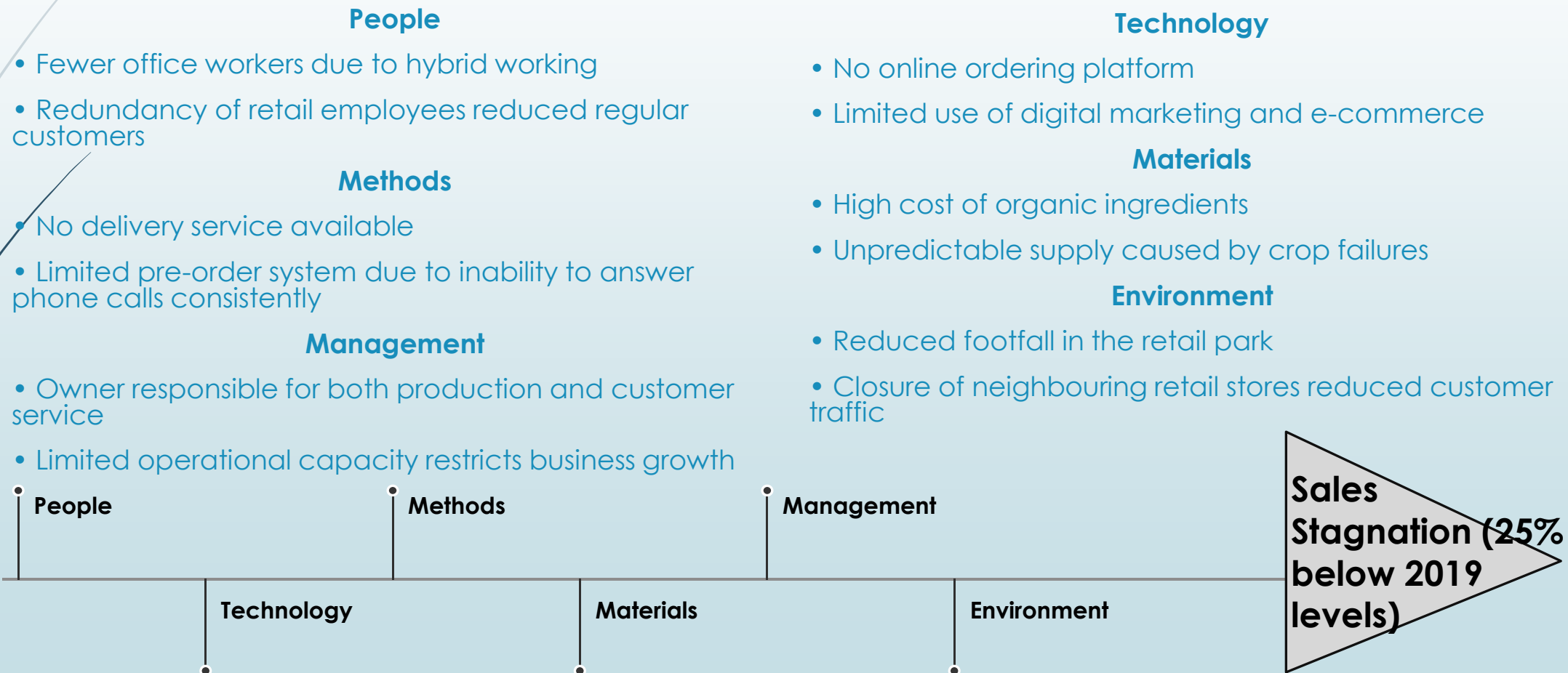
LEGAL

- Compliance with UK food hygiene, health and safety and employment legislation increases operating responsibilities and costs.
- Food safety regulations require continuous investment in staff training and compliance.

ENVIRONMENTAL

- Dependence on organic ingredients exposes the business to climate-related crop failures and supply shortages.
- Consumers increasingly favour environmentally responsible businesses, creating opportunities to strengthen the bakery's sustainable brand image.

Cause and effect analysis (Fishbone diagram)



Conclusion

Key Findings

- Basil's Bakery's sales stagnation is the result of both **external environmental changes** and **internal operational limitations**.
- The most significant external factors include reduced retail park footfall, hybrid working patterns and rising operating costs.
- Internal challenges, such as the absence of online ordering, delivery services and an efficient pre-order system, have reduced the bakery's competitiveness.

Recommendations

- Introduce an online ordering and click-and-collect system.
- Partner with local delivery platforms to reach customers working from home.
- Improve operational efficiency by introducing digital pre-ordering and customer communication systems.
- Strengthen digital marketing to attract new customers and increase brand awareness.

Final Statement

By addressing both external challenges and internal weaknesses, Basil's Bakery can improve customer accessibility, strengthen its competitive position and achieve sustainable business growth.

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