

Module Name: Problem Solving and Decision Making

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1. Introduction

Green Haven Florists, a well-known local business in Norwich, is undergoing a crisis caused by a 30% decrease in in-store sales, increased costs, and fierce competition from digital-only companies. At a time when consumer preferences are shifting towards sustainable and convenient shopping, the business risks insolvency if it does not evolve. This report seeks to investigate the determinants of these challenges and analyses strategic alternatives to revive profitability. More specifically, it compares in-store experience enhancement versus wider digital transformation as two potential solutions. The report then conducts a structured evaluation, recommends a digital-first strategy, as supported by a detailed risk analysis, detailed implementation plan, and measurable Key Performance Indicators (KPIs) for sustainable growth.

2. Brief Explanation of the Specific Business Problem

Green Haven Florists is currently facing a business problem, which is multi-dimensional and has significantly eroded its market share and profitability. The leading warning symptom of this crisis is a drastic drop in in-store sales and foot traffic of 30% over the past year. This is by no means a single crisis, but rather the product of a convergence of external economic pressures and a lack of internal operations. Outside the business, it faces severe economic headwinds. Inflation in the UK not only decreases buying power for consumers but also affects product cost in specific sectors. Prices of fresh, imported flowers especially the most expensive varieties like orchids or tulips have been driven up because of supply chain disruptions. Also, the store's core principle of sustainability, using biodegradable wrapping and local blooms, is getting to be even more expensive to maintain in today's economic climate. At the same time, people's buying behavior has been transformed, where customers are focusing more on convenience, speed, and cheaper prices than long-term high street shopping. And competitors have grown more competitive aggressively as well. Two brands disrupted the local market: one trendy boutique florist which has caught the younger demographic by establishing a robust Instagram presence, and a national large chain that benefits from economies of scale to offer aggressive pricing and wide delivery coverage. Inwardly, Green Haven is poorly positioned to meet or respond to

these threats. The owners, Liam and Priya, are dependent on word of mouth and rely on an antiquated website with no navigation and no basic e-commerce functionality. Lack of digital marketing keeps the shop virtually invisible to an ever-growing online shopper demographic. As a result, the gap between the business model and the marketplace's digital requirements has widened: to survive, this strategic shift is essential.

3. Suggested Two Alternative Solutions

Solution A: Digitalization and E-Marketing

This approach is a wholesale replacement of the digital infrastructure of Green Haven. It requires building an e-commerce website, creating a recurring revenue subscription model, and aggressive social media marketing.

- **Evaluation (PMI Summary):** As described in Appendix 1, the Plus aspects are being able to reach a larger range of consumers for whom the local high street may not be accessible and also satisfying modern expectations of convenience (Paul et al., 2024). There are high upfront costs and technical staff training on the Minus side. The Interesting aspect is possibly data collection for personalized marketing that creates a long-term competitive advantage.

Solution B: In-store experience and Local Partnerships

The plan centers around revitalizing the physical shop via workshops, wedding consultations, and partnerships with local businesses (cafes, hotels).

- **Evaluation (PMI Summary):** The Plus points signify deepening community ties and working on harnessing the brand's expertise in craftsmanship. The Minus points are important: as footfall on high streets diminishes, the solution's reach diminishes, and it does not tackle the core transition to e-commerce. The Interesting aspect overall is creating a niche "experience" brand, which still lacks scale and would not be able to re-acquire lost earnings.

4. Justification for Selected Solution

Selected Solution: Solution A (Online Expansion and Digital Transformation)

Solution A is the strategic choice as it meets the fundamental problem: that the business has low digital capabilities in an increasingly digital market. It adds to the brand's existing strengths, however not in a way that diminishes the main threat of customers moving to the internet.

Statista (2024) reports that in the UK, online shopping has increased quickly, with attitudes strongly tilting towards digital convenience. With Solution A, Green Haven can capture lost customers who appreciate "same-day delivery" and convenience criteria flagged as significant areas of weakness in customer feedback. Unlike Solution B, which relies heavily on local footfall that is already in decline, Solution A removes geographical barriers. It allows Green Haven to service the entire Norwich region and potentially expanding suburbs, significantly increasing the Total Addressable Market (TAM).

Moreover, digital transformation offers scalability that physical improvements cannot match. While the initial outlay is greater, the possibility for revenue growth through subscriptions and extending market coverage offers a better Return on Investment (ROI) and ensures the survival of the business in the contemporary retail world (Elia et al., 2024).

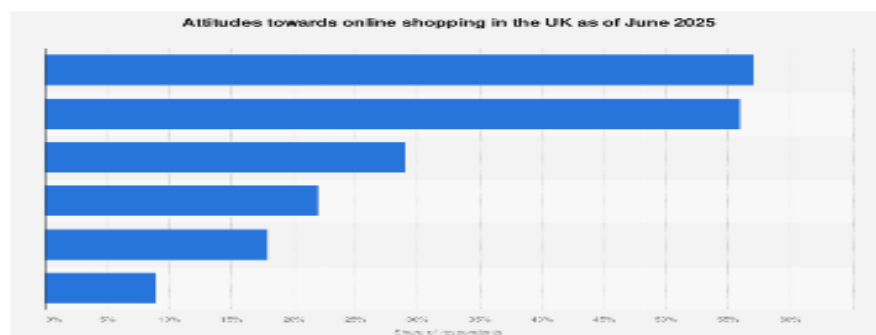


Figure 1: Attitude of Customers towards online Shopping

Source: Statista (2024)

5. Risk Analysis of the Selected Solution

The decision to embrace digital transformation is not risk-free. The risks have been analysed in more detail in the Risk Matrix attached in Appendix 2.

- **Cost Overrun:** The biggest threat is spiralling costs in web development. This is scored as 'High Impact'. The solution is to keep a set budget with a 10% contingency fund and track monthly expenses.
- **Low Customer Adoption:** Current customers may not migrate to the new platform initially. This is mitigated by offering "launch discounts" (e.g., 15% off first online order) to encourage behavioural change.
- **Cybersecurity Threats:** As online payments are accepted, the threat of data breaches (Aljaradat et al., 2024) is a high possibility. Instead of using a bespoke payment system, payments will be processed through established and trustworthy third-party payment gateways (e.g., Stripe, PayPal).

6. Plan to Implement the Selected Solution

The action plan provides the implementation roadmap for this selected solution across 6 months (see Timeline in Appendix 3). The list of tasks can be defended as follows:

- **Phase 1: Preparation & Recruitment (Month 1)**
 - ✓ Action: Secure funding and hire a digital consultant/web developer.
 - ✓ Defence: It is imperative to bring in experts first because the internal staff lacks the technical capabilities identified in this analysis. Trying to develop the site in-house would lead to delays and poor quality.
- **Phase 2: Development & Training (Months 2-3)**
 - ✓ Action: Redevelop the website with e-commerce functionality and train staff.
 - ✓ Defence: Staff training runs parallel to development so that staff are ready to handle online orders when the site is live. This prevents operational chaos on

launch day. Specifically, the training will cover inventory synchronization between the physical shop and the digital platform, as well as customer service protocols for handling online queries. This ensures that the high standard of in-store service is replicated digitally.

- **Phase 3: Launch & Marketing (Month 4)**

- ✓ Action: Go live with the website and launch social media campaigns (Instagram/Facebook).
- ✓ Defence: Marketing is postponed until the site is fully tested to ensure the first experience for new customers is flawless. Opening marketing before the site is ready would waste budget on traffic that cannot convert.

- **Phase 4: Review & Optimization (Months 5-6)**

- ✓ Action: Analyse sales data and adjust digital ad spend.
- ✓ Defence: The “Customer Acquisition Cost” will need to be optimized to ensure continuous monitoring. It enables the business to change direction swiftly if certain channels are not performing.

7. Means of Measuring Effectiveness of Implementation

To confirm the effectiveness of the digitization, it is planned that key outcomes (KPIs) tied to SMART objectives will be collected.

- **Online Revenue Growth:**

- ✓ Metric: Achieve 20% of total monthly revenue from online sales by Month 6.
- ✓ Defence: This is the most important measure of financial recovery. It helps to justify whether the new channel is making up for the loss of the foot traffic.

- **Website Conversion Rate:**

- ✓ Metric: Retain a conversion rate of 2.5% or higher (visitors who buy).
- ✓ Defence: High traffic but no sales shows a usability problem. Watching this metric does rationalize the investment in User Experience (UX) design and reveal if the pricing strategy is competitive.

- **Customer Engagement & Retention:**

- ✓ Metric: Acquire 100 active subscribers to the new flower subscription service by Month 6.
- ✓ Defence: Sustainable revenue is necessary for stability. This metric tracks exactly customer retention and the robustness of the new business model (Wies et al., 2023).

- **Customer Satisfaction Score (CSAT):**

- ✓ Metric: Average scoring of 4.5 out of 5 stars for online delivery experience.
- ✓ Defence: This qualitative measure is designed to show that pace and quality standards Green Haven is recognized for are met at launch, so its brand is not diluted.

8. Conclusion

Green Haven Florists is currently grappling with a clear challenge with an acute reduction of their revenue coming from traditional retail that is no longer profitable due to increasing operational costs and stiff digital competition. The thorough analysis validates the fact that holding on to a brick-and-mortar business model alone is an obvious folly. Hence, a full Digital Transformation (Solution A) is the only way for recovery.

The business needs to modernise operations and build a strong online presence to escape its spatial constraints and tap into the expansion of the online market. Although the risks arising from initial investment and staff integration are real, the identified risk management approaches and staged approach of implementation limit these risks. The KPIs that this project has set out will allow the project not only to run but be able to hit a measurable Return on Investment as well.

This strategy, in the end, doesn't require the retreat of the shop's former self, but rather the spread of Green Haven's core values of sustainability and quality to a deeper and more robust reach across a broader market where the business is more than capable of staying in business long into this new digital economy.

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Appendices:

Appendix 1: PMI Analysis Table

Solution Option	Plus (Positive Outcomes)	Minus (Negative Outcomes)	Interesting (Uncertain/Noteworthy Factors)
Solution A: Online Expansion and Digital Transformation	- Increases visibility and online reach. - Meets changing consumer behaviour. - Enables subscriptions and delivery options.	- Requires upfront investment. - Needs technical skills and ongoing maintenance.	- Potential for long-term competitive edge. - Could open new customer segments. - Social-media-driven growth opportunities.
Solution B: In-Store Experience and Local Partnerships	- Strengthens community reputation. - Enhances customer loyalty. - Builds partnerships for steady orders.	- Declining footfall limits impact. - Cannot compete with online convenience.	- Workshops may attract niche markets. - May differentiate locally but not at scale. - Uncertain demand growth.

Appendix 2: Risk Matrix

Risk	Likelihood	Impact	Overall Rating	Mitigation Strategy
Cost overrun	Medium	High	High	Set a fixed budget, monitor expenses monthly.
Technical failure or website issues	Medium	Medium	Medium	Use professional developers; test before launch.
Low customer adoption	Low	High	Medium High	Promote websites, provide discounts for online orders.
Cybersecurity threats	Low	High	Medium High	Install secure payment gateways, regular system updates.
Implementation delays	Medium	Medium	Medium	Create clear timelines; assign responsibilities.

Appendix 3: Timeline

Tasks	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Secure funding and approve budget	x					
Hire digital consultant	x					
Website redevelopment		x	x			
Staff training on digital tools		x	x			
Launch social media campaigns				x		
Monthly performance review					x	x