



BUSINESS CONSULTANCY PRESENTATION

BASIL'S BAKERY

INVESTIGATING THE CAUSES OF DECLINING
SALES

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Module Code: LCLM 4004

Module Name: Problem Solving and Decision-Making

Component 1: Basil's Bakery

INTRODUCTION AND BUSINESS CONTEXT

The Business:

- Independent bakery in a Coventry retail park, established in 2015.
- Sells bread, cakes and pastries made with high-quality organic ingredients.
- Previously benefited from shoppers, retail staff and nearby office and warehouse workers.

The Problem:

- Sales fell significantly in 2020 during COVID-19 restrictions.
- Sales improved afterwards but remained approximately 25% below the 2019 level on average from 2023-2025.
- Reduced footfall, changing customer routines and rising operating costs threaten the business's sustainability.

Aim: Identify the external and internal factors contributing to the sales problem using PESTLE and cause-and-effect analysis.

NATURE AND THE SCOPE OF THE PROBLEM

1. Demand and footfall

The retail park is quieter, shops are closing and former customers have lost jobs. Fewer potential customers are passing the bakery.

2. Changing customer behaviour

Hybrid working means some office workers no longer visit the area every day. Customers have requested delivery and pre-orders.

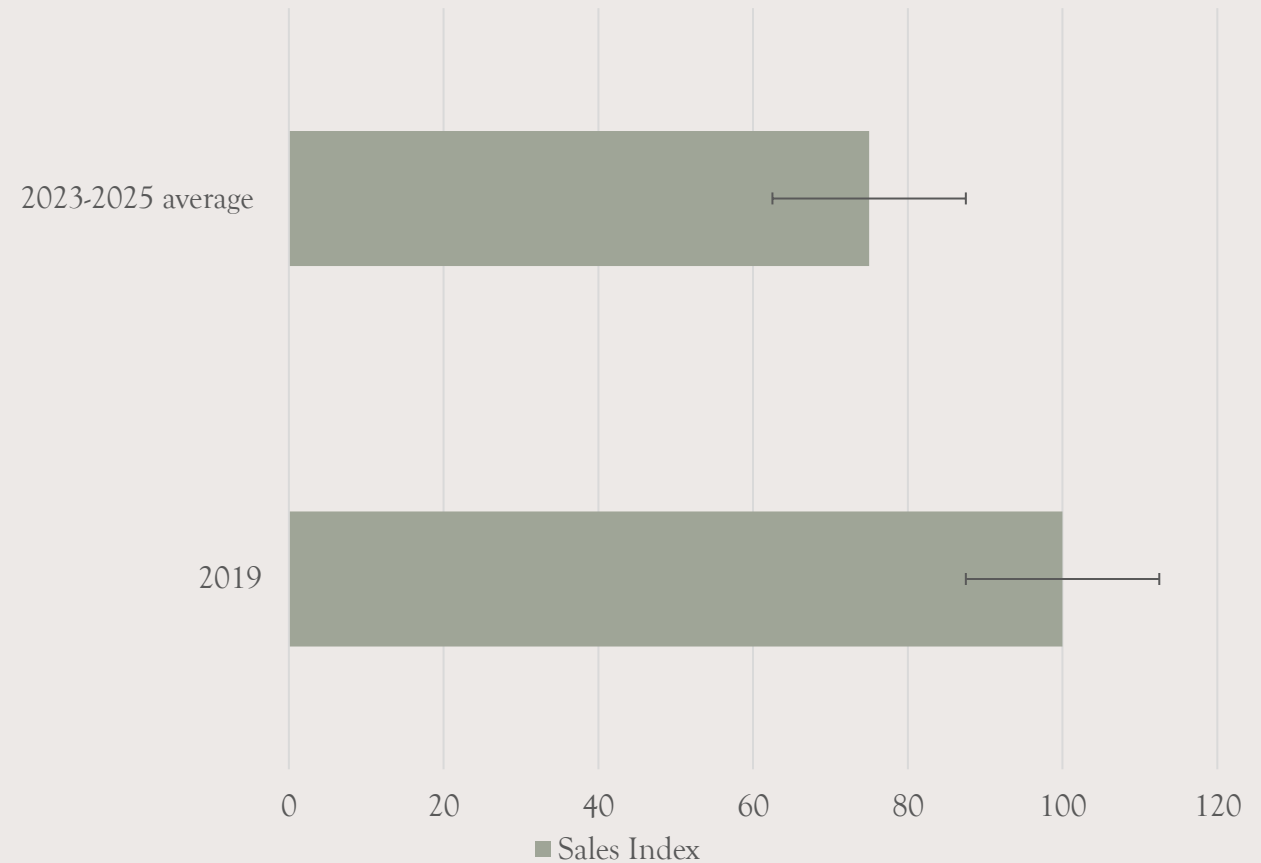
3. Rising costs

Higher rent, utilities, business rates and insurance, alongside unpredictable organic ingredient costs, may put pressure on profit margins.

4. Operational limitations

Basil needs to remain on site to bake, cannot consistently answer the phone for pre-orders and does not offer delivery.

Sales Comparison (2019 = 100)



PESTLE : PURPOSE, APPLICATION AND EVALUATION

PESTLE analysis examines the external factors that shape an organisation's business environment. Political, economic and social developments in one country can influence organisations in other parts of the world, as demonstrated by the global impact of the 2008 financial crisis (Brooks, Weatherston and Wilkinson, 2010, p.4)



Political = Government policy, taxation and public spending.



Economic = Inflation, consumer spending and operating costs.



Social = Lifestyle, demographics and consumer behaviour.



Technological = Digital ordering, payment and delivery systems.



Environmental = Climate, crop yields, waste and sustainability.



Legal = Food safety, employment law and business obligations.

Benefits:

- Structures a complex problem into six manageable areas.
- Identifies external threats and potential opportunities.
- Supports strategic decisions and forward planning.

Limitations:

- Can become a descriptive checklist rather than a critical analysis.
- Does not rank the factors automatically.
- Cannot establish causation without supporting evidence.

PESTLE – PURPOSE, APPLICATION AND EVALUATION

How to distinguish PESTLE, SWOT and the fishbone diagram:

TOOL	MAIN PURPOSE	APPLICATION TO BASIL
PESTLE	Analyse broad external forces	Hybrid working, inflation and regulation.
SWOT	Assess strengths, weaknesses, opportunities and threats.	Organic product quality versus limited ordering options.
FISHBONE	Organise possible causes of a defined problem.	How demand, costs and operations contribute to low sales.

PESTLE APPLIED TO BASIL’S BAKERY

FACTOR	EVIDENCE AND APPLICATION TO BASIL	LIKELY SIGNIFICANCE
POLITICAL	Government decisions on business taxation, rates and support can influence the bakery’s costs.	Medium-high
ECONOMIC	The case identifies rising utilities, rent, rates insurance and unpredictable ingredient costs. These may squeeze margins.	High
SOCIAL	Hybrid working, job losses and reduced retail park visits may reduce regular customers and lunch purchases.	High
TECHNOLOGICAL	No delivery or reliable pre-order system limits convenience. Digital ordering could help reach customers who no longer visit daily	High opportunity
ENVIRONMENTAL	Basil’s organic sourcing is vulnerable to crop failure, making ingredient availability and prices less predictable.	Medium-high
LEGAL	Food hygiene, allergen information, employment obligations and any delivery-related requirements must be considered if the business changes its service.	Medium

The ratings are provisional analytical judgements, not measured results. They should be checked against additional evidence and Basil’s own business data.

External evidence:

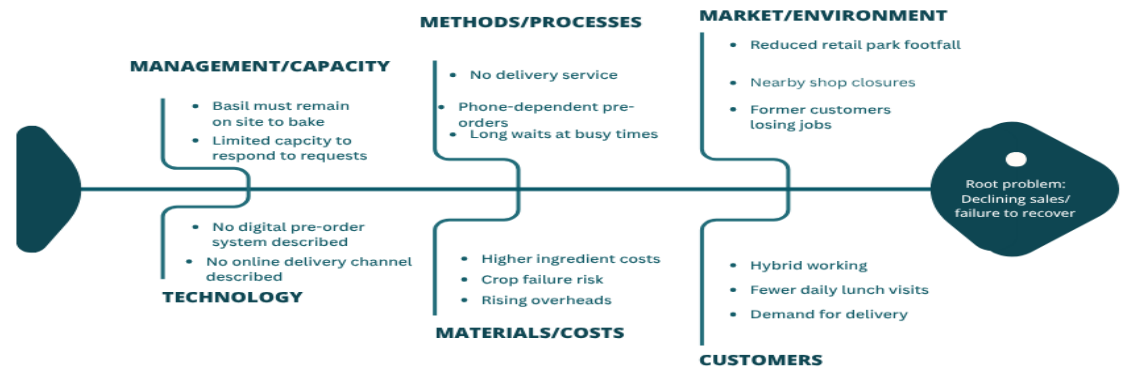
28% of working adults in Great Britain were hybrid working between January and March 2025. (Office for National Statistics 2025)	61% of SME employers identified taxation, VAT, PAYE, National Insurance and business rates as obstacles to growth in 2024. (Department for Business and Trade 2025)
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FISHBONE DIAGRAM : IDENTIFYING THE CAUSES

The cause-and-effect diagram, also known as the fishbone diagram, is a widely used problem-solving tool developed by Dr Kaoru Ishikawa. It helps identify, organise and visually present the potential causes of a specific problem by illustrating the relationship between an outcome and the factors that may influence it. (Sproull, 2018, pp.22-25)

FISHBONE DIAGRAM FOR BASIL'S BAKERY

Sales remain approximately 25% below 2019 levels



BENEFITS	LIMITATIONS
Organises a complex problem visually.	Does not prove that a suggested cause is correct.
Encourages brainstorming and team discussion.	Can include speculative or less important causes.
Shows how different factors may contribute to one effect.	Does not automatically prioritise the most significant causes.

INTERPRETATION AND KEY FINDINGS

Key findings:

- Demand has changed: reduced retail park footfall, shop closures and hybrid working may be reducing customer visits.
- Financial pressure has increased: rising overheads and unpredictable organic ingredient costs may threaten profitability.
- Operational limitations restrict growth: customers have requested pre-orders and delivery, but the current service model makes these difficult.
- External pressures cannot be controlled directly, but Basil can investigate how to adapt his offering and processes.
- Further evidence is needed: analyse sales by day, transaction numbers, average spend, costs, customer feedback and nearby footfall before committing to major changes.

REFERENCES

Brooks, I., Weatherston, J. and Wilkinson, G. (2011) *The International business environment: challenges and changes*. 2nd edn. Harlow: Financial Times Prentice Hall, p.4.

Department for Business and Trade (2025) Longitudinal Small Business Survey 2024: SME employers (*Businesses with 1 to 249 employees*). Available at: <https://www.gov.uk/government/statistics/small-business-survey-2024-businesses-with-employees/longitudinal-small-business-survey-2024-sme-employers-businesses-with-1-to-249-employees> (Accessed: 11 October 2026).

Office for National Statistics (2025) *Who has access to hybrid work in Great Britain?* Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/whohasaccesstohybridworkinggreatbritain/latest> (Accessed: 11 October 2026).

Sproull, B. (2018) *The Problem-solving, problem-prevention, and decision-making guide: organised and systemic roadmaps for managers*. New York: Taylor & Francis, pp.22-25.