

LCLM4004 Problem Solving and Decision Making

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Assignment Title: Component 2 Individual Report

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Introduction

In business, problem solving is a systematic process to analyse, identify, and resolve issues, while decision-making is the act of a business to select between courses of action from alternatives (Harvey *et al.*, 2022). Green Haven Florists is a small, independent flower shop that faces a sales decline due to the rise of e-commerce platforms. With higher operational costs and increased competition from online services, organisations are struggling to maintain their profitability. The following report will discuss the business problem Green Haven Florists faced and suggest alternative solutions to improve the situation. A risk analysis would be conducted, and based on that, the effectiveness of the solution would be measured.

Analysis

Explanation of the business problem

Green Haven Florists is a small and independent flower shop located in Norwich, UK. Founded in 2016, the shop has gained a reputation among customers for its floral arrangements, eco-friendly packaging, and building strong community ties. However, in the last 12 months, the company has observed a 30% decline in in-store sales. The rise of online orders has increased rapidly, but it has not compensated for the loss of foot traffic. The location of the shop has observed a reduced activity due to the closure of established businesses, made a shift towards online shopping. The consumer shift towards online shopping is a crucial driver for the growth of online shopping, where the COVID-19 outbreak has accelerated its exceptional growth (IBIS World, 2025). Long-term customers have shifted their preference towards low prices and the convenience of online shops as well as avail frequent discounts. Higher operational costs have strained the business, where the price of exotic flowers has surged due to supply chain disruptions and inflation. In addition, the organisational commitment to sustainable materials such as locally sourced flowers and biodegradable packaging wrapping has become expensive for Green Haven Florists to manage its business scalability, competing with online retailers.

Two alternative solutions to the problem

Based on the problem identification, Green Haven Florists can overcome supply chain disruptions, higher operational costs, and online competition by implementing diversification of the supply chain and digital specialisation to improve customer experience.

Diversification and localisation of the supply chain

Instead of competing with e-commerce giants on logistics, local shops can build a cost-effective and resilient supply chain by shifting their focus to diverse suppliers and local sourcing. Priorisation of local and in-season flowers can reduce transportation costs; reduce environmental impact, with a unique selling proposition. The European flower market is influenced by growing focus on artisanal and ecological practice, where locally sourced and custom flower arrangements are becoming popular, dominating the market (Spherical Insights, 2023). This can help Green Haven Florists to build customer relationships and set favourable pricing to attract customers. The risk of supply chain disruptions can be reduced by establishing a relationship with a variety of suppliers to ensure a steady flow. Lastly, Green Haven Florists can implement a robust inventory management system to track stock levels, reduce any flower waste, and ensure resource utilisation.

Digital presence to improve customer experience

In order to stand out from mass-market shops and online retailers, it is suggested that Green Haven Florists leverage technology to offer a personalised service, in-store experiences to build customer loyalty. Green Haven Florists can curate new product offerings, using exotic flowers such as orchid, tulips to achieve a high margin revenue and steady cash flow. There are options for recurring subscription services to attract more customers and increase their chances of repeat. As per the views of Abtahi *et al.*, (2023, p. 2), e-commerce platforms struggle to match the personalised touch of local shops. Green Haven Florists can utilise a customer relationship management (CRM) system to track the preferences of customers with targeted advertising and increase customer retention.

PMI Tool

As stated by Sharma and Priyamvada (2023, p. 3), the PMI (Plus, Minus, Interesting) tool is a powerful technique to leverage brainstorming, structured thinking and decision-making process in business. Plus, element identifies all positive aspects, benefits and advantages of an idea. Minus the element, address drawbacks, risks, and

challenges of the business idea. Interesting factor points out neutral points, uncertainties, potential new ideas, and unexpected outcomes of Green Haven Florist's business. [Refer to Appendix 1]

Plus: Green Haven Florists has strong community ties and niche markets. Green Haven Florists has built a positive recognition with vast floral arrangements and eco-friendly packaging to target environmentally concern customers.

Minus: Green Haven Florists has observed high operational costs, which have affected its profit margin. Despite local sourcing, many exotic flowers are reliant on complex global supply chains, making them vulnerable to supply chain disruptions.

Interesting: The local business venture can leverage a unique selling proposition to focus on freshness, supporting the local economy. Green Haven Florists can utilise technologies, inventory management software to improve competitiveness and operational efficiency.

Justification of the most appropriate solution between the two alternatives

Based on these two alternative solutions, specialisation of the niche market with digital transformation would be an appropriate solution for Green Haven Florists' flower shop. The reason to select this solution as digital transformation offers a capital-intensive and agile path to address core business issues. This leverages physical assets such as florist expertise and expands market research, operational efficiency using technology. According to Kraus *et al.*, (2022, p. 2), digital transformation integrates digital technology into all operational aspects, leading to infrastructural changes for organisations to operate and deliver customer value.

Green Haven Florists can benefit from using technology to build an online website, increase online presence, and offer a niche-focused, personalised experience to customers. For a small, independent business, the initial investment of Green Haven Florists in technology would be less risky as compared to overhauling the infrastructure of supply chains, allowing a faster adaptation rate for the business to meet market dynamics. In the UK, digital innovations are improving customer-shopping experiences, where most shoppers are curious for a convenient experience (Tech UK, 2025). Green Haven Florist would have the opportunity to design a marketing campaign to attract vast customers and gain their interest.

Risk analysis of the selected solution

Risk identification is a process for businesses to identify, prioritise, and evaluate potential threats that can damage business reputation (Korzhevskyi and Mihus, 2022,

p. 91). Risk analysis is important for businesses to improve decision-making, profitability and resource allocation. For leveraging digital transformation, the primary challenges for Green Haven Florists would be “logistic issue”, “disruption”, “higher implementation cost” and “a gap in technical expertise”. Udeh (2024) claimed that the lack of effective delivery management leads to product delays, damage and customer dissatisfaction. Higher implementation cost can be upsurge from unplanned investments, shortfalls of funding and failure to achieve a return on investment. In terms of technical issues, a lack of in-house expertise in technology can lead to data privacy issues and failure of the business to comply with data protection laws.

A plan to implement the decision to solve the complex problem

The logistics issue can be resolved by implementing a dedicated delivery management tool, adhering to a shipping policy. The use of customer acknowledgements and reliable logistics can help to mitigate delivery issues. Higher operational costs can be addressed by analysing a cost benefit structure, adequate funding. Apart from that, Green Haven Florists can invest in collaborating with a reliable technology-consulting firm; provide training to employees in both technology and business. The development of data handling can use platforms with privacy features and compliance with data protection for future customers. Green Haven Florists, as a small business form, requires a structured, proactive approach for digital transformation. This can be done by assessing risks, building a culture for employees to use technology to increase operational efficiency and transparency. For this business to adopt a digital market, initiate with a clear strategy and digital solutions can manage seasonal demand spikes to improve its success rates.

Ways to measure the effectiveness of the implementation of the selected solution

Measurement of the actual success of digital transformation would require key performance indicators (KPIs) across customer experience, operational efficiency, financial performance, and employee productivity level. According to Aithal and Aithal (2023, p. 2), KPIs are quantifiable metrics that are used in businesses to monitor the progress and success rate of individuals. KPIs are essential to measure employee performance and meet a desired outcome. For Green Haven Florists, financial performance would be measured by calculating financial gain from digital investment, website development to and the monetary impact of taking digital initiatives. Digital tools can improve the customer journey by assessing the engagement and satisfaction

of customers. Green Haven Florists would need to monitor reviews on social media platforms to assess the social media engagement of customers. In terms of operational efficiency, digital transformation can streamline internal processes by measuring order fulfilment. Technology productivity rate would be measured by their adoption rate towards technology, and by measuring the output per employee before implementing new technology.

Conclusion

In conclusion, the decision-making process of a business is an integral part of making it stand out in the market. The report discusses challenges faced by Green Haven Florists, a small independent shop, due to high operation costs, supply chain disruptions and shifting consumer preferences towards online shopping. The alternative solutions are based on diversification in the supply chain and digital transformation. Digital transformation would be a suitable option to leverage new market trends and reach a large customer base. The measurement of this solution with KPIs would be effective to identify the firm's capability to utilise its internal resources and gain a competitive advantage in the market.

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Appendices

Appendix 1: PMI tool

P (PLUS)	M (MINUS)	I (INTERESTING)
• Strong community ties • Vast floral arrangements	• High operational cost • Complex supply chains	• Utilising inventory management software • Support local economies