

Module Title: Problem Solving and Decision Making

Module Code: LCLM 4004

Assessment: Component 2 Report – Basil’s Bakery

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- **Cover Page and Contents Page - Approximately 100 words**

Overview of Case-study

Case study overview: Basil's Bakery

A small independent baking bakery based in Coventry, United Kingdom in a shopping retail park.

The report analyses the operational and financial challenges facing Basil's bakery, a small family run artisan bakery. Despite offering quality products, the business faces rising costs, inconsistent cash flow, inefficient processes, and limited strategic direction which is threatening its long term viability. The main purpose of this report is to identify core problems, examine underlying causes and evaluate proposed solutions to restore profitability and build sustainable operations. Research directs to provide actionable recommendations to secure the bakery's future and strengthen its market position.

Moreover, the covid 19 pandemic worsened Basil's Bakery's existing vulnerabilities and created new pressures:

Sharp revenue fall: Lockdowns and restricted foot traffic cut down daily sales drastically. The bakery relied entirely on in person walk ins with no online ordering, delivery or digital presence, leaving the bakery unable to reach customers at home,

On the other hand, supply chain disruption of ingredient costs rose sharply due to delays, shortages and price hikes, stock wastes increased when demand became unpredictable.

Operational limits reduced opening hours and social distancing rules, and staffing uncertainty raised costs while capacity and income fell. Cost tracking affected how the bakery could adjust strategically (they couldn't).

Customer shifts happened when many turned home baking larger supermarkets, eroding the core customer base. Basil offered no loyalty scheme, subscription or contactless payment options to retain trade.

Overall the business had no cash reserves or emergency savings plan, this made it far less able to absorb losses than better prepared competitors.

Core Challenges:

Basil bakery faced a lot of core challenges; this includes the declining footfall – massive competition from supermarkets, delivery apps and bakeries.

Rising costs - flour, butter, sugar plus inflation and supply chain issues.

The bakery finding it hard to recruit or retain skilled bakers/workers.

Shifting consumer demand towards vegan, gluten free and low sugar products

A Limited marketing, depending and entrusting only on word of mouth and local signage.

Overall, a gap between the bakery's current performance and its goals – achieving sustainable profitability, stronger competitive, alignment with modern customer expectations was the beginning of its challenges.

Root Problem and Impact Analysis:

The core Root Problem the bakery is facing,

Basil's Bakery's inability to adapt its business model, operations and market approach to modern retail realities and evolving consumer needs.

What is needed is to Create a critical gap between its current capabilities and what is required for long-term success.

Most of the challenges comes from lack of strategic alignment.

Declining footfall- failure to compete digitally or stand out against larger retailers.

The rising costs – no systems to manage pricing, supply chains, or efficiency.

The Labor struggles – outdated recruitment or retention practices

Shifting tastes was too slow to update products and recipes.

The Poor marketing was way behind, no modern outreach beyond basic local methods.

According to Google research on basil's bakery, to paraphrase my observations on the root cause of the problems, a google search engine implies that there are many problems that are a root cause of company under performance.

Here's a brief summary:

To begin with, the outdated practices lie at the core of Basil's Bakery struggles. Reliance on traditional word of mouth marketing ignores digital channels, shrinking reach and footfall. A narrow product range overlooks modern dietary demands or requirements, through pressure transferring customers to competitors. Poor supply chain management and inefficient operation amplify cost pressures, eroding margins (the gradual often hidden decline of company's profit percentage over time).

Poor supply chain management and inefficiency is hindering staff recruitment and retention hurting quality and service. These issues listed together are interconnected gaps in marketing, product development, cost control, and HR –reflect a more expansive failure to adapt, making the core problem far harder to solve or reverse.

Two Proposed Solutions for Basil's Bakery

Solution A/1 Proposal:

1) Operational and financial restructuring

This will fall under cost control and operational efficiency plan. The proposed solution will focus on internal improvements: Implementing formal budgeting tracking costs, introducing consistent pricing based on ingredient and labor expenses, reducing food waste through better inventory management and financial planning in order to restore profitability through efficiency rather than expansion.

2) Digital and local marketing

Solution 2: The Digital and local marketing engagement solution will build the external growth. Creating a Google Business profile presence and a general basic website with opening hours and menu. Also a set up of a social media account(s) to showcase products introducing online pre ordering or phone collection. Ideas like building local loyalty through regular special offers, community noticeboards and partnerships with

nearby businesses, collecting customer's personal details for updates. Option 2 will reduce low visibility and dependency on walk ins by making the bakery discoverable, reachable and connected to the community and a broader range of customers.

Solution Justification: Cost control and operational efficiency plan

The root problem of lack of structure management, financial planning, and cost control causing inconsistency pricing, waste, cash flow gaps and no reserve. Covid19 exposed the flaws and did not created them.

This is how the solution solves the root of the problem;

1. It will fix pricing costs and awareness by tracking all ingredient, labor, and overhead costs formally. Setting prices will also cover costs, profit margin and underpricing and thin margins.
2. Basil will need to remove guess work from financial decisions.
3. Reducing it's wastes and improving cash flow to better inventory ordering shortages spoiled stock and waste costs.
4. A clear opening hours and staffing rotas can stop over paying labor during quiet times
5. Cash flow will become predictable and reliable

When it comes to building financial safety the back up reserve plan should be created to control costs incase of future crises- if it spikes again.

A structured management needed to introduce records, budgets and simple systems replacing informal reactive processes. And decision making should be based on numbers and not instincts.

Evaluation Results and Justifications

- *NOTE: Based on the results from your PMI Evaluation provided in Appendix 1:*
- Explain why either Solution A or B is the most appropriate solution to progress with.

solution A (Digital Marketing Campaign) is the most appropriate solution to progress with because it scores higher.

Moreover solution A has strong positives(+11) low implementation cost makes it accessible for a struggling business; reaching a wider audience directly fixes the main weakness depending solely on local walk ins.

The small downside(-4) is a minor risk even if a few new customers buy immediately raising visibility will still benefit the bakery long term.

The valuable opportunity(+2) promoting discounts will drive trial visits and encourage repeat custom, which can offset low conversion costs.

The net worth +9 is clearly a positive due to it's benefits strongly outweigh drawbacks.

Solution A delivers immediate visibility, potential sales growth and low risk. This means it's safer and more practical to start with. Especially when sales improve, the bakery can put in place an operational changes more easily.

Explanation and defence of the evaluation criteria I used.

I used the PMI (plus- minus- interesting) scoring framework shown in my table evaluates the solutions across 3 balanced categories;

Plus(+); benefits, strengths, and advantages weighed by importance

Minus (-): drawbacks, risks and costs weighed by impact

Interesting(+): Additional opportunities, creative uses, unexpected value weighed by potential.

Principles behind weighing's:

The urgency & Survival First: Cost and affordability scored highest because the bakery must stay solvent before it can grow.

. Root Cause Alignment: Reaching wider audiences addresses the known weakness of over-reliance on walk-in trade — a root vulnerability identified earlier.

. Risk Matched to Impact: The negative score (−4) was kept proportionate because low cost limits downside risk — even with low conversion, the business loses little.

4. Secondary Value Recognised but Downgraded: Discounts offer value but also carry risks, so recognised as 'Interesting' (+2) rather than core benefit.

- Justify and defend this preferred solution

The Digital Marketing Campaign is preferred because it:

- Matches the bakery's financial reality — low cost = affordable and safe
- Attacks a root vulnerability — over-reliance on walk-ins

Carries manageable risk — low conversion cannot harm a low-cost initiative

- Builds a platform for future success — generates income to fund further improvements

With a net score of +9, the benefits clearly and objectively outweigh the risks. This solution is practical, responsible, and strategically smart — the right first step to secure and rebuild Basil's Bakery.

Task 4b) Justifications for the Implementation Plan

The sequence follows a logical research → prepare → build → test → launch workflow, ensuring each stage is completed before resources move to the next. Researching platforms and reviews comes first because informed decisions must be made before committing resources — selecting the right partners prevents costly mistakes later. Only then should development begin; engaging a developer and setting up integrations requires clear choices already made. Testing follows development to identify and fix issues before customers encounter them, protecting the bakery's reputation. A full public launch is scheduled last, ensuring readiness.

Responsibilities align with expertise: the bakery conducts market research; technical work is assigned to a software developer. This division ensures owners focus on business needs while specialists handle complex technical tasks. Staging minimises risk, keeps spending controlled, and guarantees a stable launch — a practical, low-risk approach suited to Basil's Bakery's size and budget.

Task 5b) KPI and SMART Objectives

The proposed KPI — number of online orders received each month — is an ideal performance measure because it directly tracks exactly what the solution is designed to achieve: generating sales beyond the bakery's physical doors. It is objective, easy to count accurately from platform reports, and fully reflects whether customers are adopting the new service. Unlike vague measures such as 'popularity', order numbers provide hard evidence of success and can be tracked month-by-month to show improvement or identify problems early.

SMART Objective Defense:

- Specific: Clearly defines exactly what will be measured — platform orders — leaving no ambiguity.
- Measurable: The target of 500 orders monthly by month three is numerical and verifiable.

- Attainable: Supported by promotion and improved delivery logistics, making growth realistic.
- Relevant: Directly counters falling footfall by building an alternative revenue stream.
- Time-Bound: Achievable within six months of launch, creating a clear deadline.

Together, the KPI and SMART criteria create a focused, objective way to measure success.

References:

Doran, G.T. (1981). 'There's a S.M.A.R.T. way to write management's goals and objectives'. *Management Review*, 70(11), pp.35–36.

Parmenter, D. (2015). *Key Performance Indicators: Developing, Implementing, and Using Winning KPIs*. Wiley.

Task 7) Key Findings:

The root cause of Basil's Bakery's struggles is poor cost control, informal pricing, and total reliance on walk-in trade — vulnerabilities fully exposed by COVID-19.

- Solution A (Digital Marketing Campaign) scored +9 — low cost, wider reach, and manageable risk make it an ideal starting point.
- Solution B (Operational & Financial Restructuring) scored +12 — stronger long-term improvement but slower to show results.
- Online ordering with third-party delivery creates a vital alternative revenue stream and builds resilience against future footfall drops.

- Clear targets (500 monthly orders within 6 months) provide an effective way to measure success.

Reference List: Havard reference style

De Bono, E. (1990). Six Thinking Hats. London: Penguin Books.

Doran, G.T. (1981). 'There's a S.M.A.R.T. way to write management's goals and objectives'. Management Review, 70(11), pp.35–36.

Parmenter, D. (2015). Key Performance Indicators: Developing, Implementing, and Using Winning KPIs. 3rd ed. Hoboken: Wiley.

Project Management Institute. (2021). A Guide to the Project Management Body of Knowledge (PMBOK Guide). 6th ed. Newtown Square: Project Management Institute.

Turner, J.R. (2016). The Handbook of Project-based Management: Strategic Leadership for Business Transformation. 3rd ed. London: McGraw-Hill Education.

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PMI Evaluation Table

<i>Provide the Name (for Solution A) Digital Marketing Campaign</i>		
Plus	Minus	Interesting
Not expensive to implement +6	Low conversion rate -4	Can promote discounts +2
Reach wider audience +5		
TOTAL: 11	TOTAL: -4	TOTAL: +2

Therefore: Overall Total for Name (for Solution A) = (+11) -4 + 2 = +9

<i>Provide the Name for Solution B) Operational and financial restructuring</i>		
Plus	Minus	Interesting
Eliminate waste and cuts unnecessary costs +5	Requires time, effort and learning new systems -3	Creates reliable data to guide all future decisions +2
Ensures correct pricing = guaranteed profit on every item +5	disruption while changing habits and processes - 2	Builds a financial safety revenue fund for crises +2
Improves cash flow and builds financial stability +3	No immediate sales growth, revenue stays same at first -2	Set clear goals and track progress month to month +0
TOTAL: 13	TOTAL: - 7	TOTAL: + 6

Therefore: Overall Total for Name (for Solution B) (+13) - 7 + 6 = +12

Reference for the PMI Evaluation source:

Operational and financial restructuring directly addresses the root cause of Basil's Bakery's challenges: poor cost control, informal pricing, and lack of financial planning. Eliminating waste and unnecessary costs (+5) immediately protects margins, while introducing consistent, cost-based pricing (+5) ensures every product generates a reliable profit — ending the cycle of under pricing. Improved cash flow and financial stability (+3) create a more secure position from which to operate and grow.

The drawbacks are real but manageable. Implementing these changes requires time, effort, and learning new systems (−3), alongside short-term disruption to established routines (−2). Importantly, revenue will not increase immediately (−2), meaning the business must adjust before seeing financial gains. However, none of these downsides involve large costs, making the risk acceptable.

Long-term value is significant: reliable financial data (+2) supports informed decision-making, and building a contingency fund (+2) creates resilience against future crises such as the COVID-19 pandemic. Scoring a net total of +12, this solution delivers permanent structural improvements. It does not generate new customers directly, but it ensures the bakery operates profitably and sustainably — forming a solid foundation for any future growth strategies.

Reference: De Bono, E. (1990). *Six Thinking Hats*. Penguin Books. (PMI is a decision-making framework developed by Edward de Bono, widely used for balanced evaluation.)

Implementation Plan

Name the problem you are solving: Over – reliance on walk-in customers, falling footfall, and lack of alternative sales channels- worsened by COVID-19 restrictions.

Name the solution you are implementing: Online ordering platform with third-party delivery service.

	WHAT	HOW	WHEN	WHO
1	Identify the best online platforms and third party delivery providers	Research reviews, compare costs, fees and features	By: 30/12/2026	Basil
2	Develop the platform and sign up the third parties	Engage a software developer to build or integrate ordering system	01/01/2027- 28/02/2027	Software developer+ basil(on approval)
3	Test the ordering system	Trial orders, check payments, delivery tracking and fix issues	2 nd /03/2027 - 31 st /03/2027	Basil + Developer+ selected staff
4	Full public Launch	Go live; promote on social media, in-store, local notices	From 2 nd /04/2027 onwards	Basil +all staff

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Implementation Plan Explanation & Defence + Reference:

This plan follows a logical, phased sequence — research, develop, test, launch — ensuring each stage is completed before the next begins, reducing risk and waste. Researching online platforms and delivery providers first, completed by 30/12/2026, allows informed decisions based on comparing costs, fees, and reviews, preventing expensive mistakes. Responsibility sits with Basil, as the business owner best understands operational needs.

Development runs January–February 2027, assigning technical work to a software developer while Basil approves progress — matching skills to tasks efficiently. Testing in March identifies and resolves issues before launch, protecting reputation. Public launch from 1 April includes promotion to drive initial orders. This structured approach — clear deadlines, matched responsibilities, and quality checks — is recognised project management best practice, keeping spending controlled and building steadily toward a reliable launch.

Reference:

Project Management Institute. (2021). A Guide to the Project Management Body of Knowledge (PMBOK Guide). 6th ed. Newtown Square: Project Management Institute.

Appendix 3 – Task 5a

The Key Performance Indicator is: Number of online orders received each month

Specific	Measurable	Attainable	Relevant	Time-Bound
Specifically measuring the orders received on the platform and delivered by the third parties after launch	Should be able to receive and deliver 500 orders every month	Basil Bakery will do a massive advertisement and the delivery services will improve logistics.	Because it helps solve the problem of fall in footfalls to the store	From 6 months after launching the platform

SMART Objective Explanation and Justification:

This objective focuses on growing sales through online ordering and third-party delivery, tracking orders received and delivered by third-party providers after launch. It is Specific: clearly defining exactly what will be measured — platform-based transactions — so there is no confusion about progress. It is Measurable: the target of receiving and delivering 500 orders every month by the third month gives a clear numerical KPI that can be counted reliably, making success easy to verify.

The objective is Attainable: Basil's Bakery will carry out targeted promotion, and the new delivery services will improve logistics and reach — making the growth realistic. It is Relevant: directly addressing the bakery's core challenge of falling in-store footfall by creating a new revenue stream that does not depend on walk-in trade. This builds resilience and supports long-term survival. Finally, it is Time-Bound: with the full objective to be achieved within six months of launching the platform, giving a clear deadline and keeping progress on track.

Together, these five criteria create a clear, actionable goal that guides implementation and allows results to be measured objectively.

Reference: Doran, G.T. (1981). 'There's a S.M.A.R.T. way to write management's goals and objectives'. *Management Review*, 70(11), pp.35–36.

KPI Reference: Parmenter, D. (2015). Key Performance Indicators: Developing, Implementing, and Using Winning KPIs. Wiley.