

BASIL'S BAKERY

Business Consultancy Report

Assignment Title: Business Problem Analysis and Recommended Solution

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1. Overview of the Case and Nature of the Problem

Basil's Bakery is an independent family owned, homestyle, artisan bakery, they started in 2015. Conception of business had been made about strengths in competition and usage of high-quality organic ingredients, contemporary products like and a convenient for beginning retail-park location. However, the business has not recovered its pre-pandemic performance: sales during 2023–2025 have remained approximately 25% below 2019 levels. The problem is obviously structural, based on many reasons, rather than a temporary COVID-19 effect. Reduced retail-park footfall, shop closures, customer redundancies and the growth of hybrid working have weakened the bakery's traditional customer base. But anyway chance to grow was possible. Regular and new customers have requested delivery and pre-ordering, but Basil's dependence on the shop and production site prevents him from meeting these needs. Rising rent, rates, insurance, utilities and unpredictable organic ingredient costs further reduce margins. The central issue is a mismatch between Basil's traditional location-dependent business model and a changed customer and cost environment. The bakery therefore needs to recover demand while controlling risk and protecting its product quality.

2. Proposed Solutions

Solution 1: Go online. Improve website first. Introduce: co-operating with other shops, sell bakery products in other shops, pre-order, click-and-collect and local-delivery service. Basil should create a simple online ordering system showing a restricted range of best-selling breads, pastries and cakes, with customers selecting a collection time or a delivery slot. Orders could close at a daily cut-off time so Basil can plan production rather than interrupting baking to answer telephone calls. Delivery should initially be limited to a small Coventry radius and selected days or time windows. This approach directly responds to existing customer requests, reduces waiting time and makes the bakery accessible to customers who work from home or no longer work at the retail park. Digital transformation can help SMEs build resilience and adapt their business models during disruption (Khurana, Dutta and Ghura, 2022). Research on click-and-collect also indicates that convenience across the digital and physical stages can positively influence customer response (Vyt et al., 2022).

Solution 2: Actual changes. Restructure the physical business by relocating to a lower-cost premises or moving towards a production-focused bakery with a smaller customer-facing unit. The objective would be to reduce fixed overheads while maintaining sales through collection, local delivery and selected wholesale or corporate orders. A smaller site could reduce exposure to declining retail-park footfall and provide a cost base more appropriate to current sales. This option could also allow Basil to concentrate on production improvement lines productions, and use delivery/collection to reach customers beyond the immediate shopping centre. However, relocation would involve lease negotiations, moving costs, disruption and the possibility of losing customers who value the current location. The solution is therefore more radical and should only be considered if the current premises cannot be made financially sustainable. For an SME, resilience depends on the ability to adapt resources and operations rather than simply preserving the pre-crisis model (Hadjielias, Christofi and Tarba, 2022).

3. PMI Evaluation of the Solutions

The Plus-Minus-Interesting (PMI) technique provides a structured strong way of investing positive, negative and uncertain implications before making a decision. It is designed to broaden consideration beyond an immediate pros-and-cons judgement and support more informed decision-making (de Bono, 1988). The detailed PMI analysis is presented in Appendix 1.

Solution 1 receives the stronger overall assessment. Its main pluses are relatively low implementation risk, direct response to expressed customer demand, increased convenience, reduced telephone dependence and the ability to reach customers beyond the retail park. It also preserves Basil's existing premises and therefore avoids immediate relocation costs. The main minuses are technology costs, possible delivery workload, training requirements and the need to maintain accurate stock availability. Interesting implications include the opportunity to collect customer data, identify popular products and develop corporate orders from local offices. Evidence supports the strategic logic: 69% of UK SME employers reported using technology or web-based software to sell to customers or manage their business in 2024, showing that digital tools are increasingly normal within SMEs (Department for Business and Trade, 2025).

Solution 2 has important pluses, especially the potential to reduce rent and other fixed costs and make the cost base more compatible with lower footfall. However, its minuses are substantial: relocation requires capital, creates operational disruption and may damage the convenience advantage that currently differentiates the bakery. It also does not itself solve the underlying change in customer behaviour. The interesting factor is that a future relocation could become more attractive if the digital pilot demonstrates that a large proportion of sales can be generated without customers entering the retail park. Therefore, the two solutions are not mutually exclusive in the long term, but Solution 1 is the safer first intervention.

4. Preferred Solution

Solution 1—digital pre-order, click-and-collect and limited local delivery—is recommended. The PMI assessment indicates that it addresses more of the immediate causes of Basil's sales problem with less financial and operational risk than relocation. Most importantly, it responds to evidence already contained in the case: customers have specifically asked for pre-ordering and delivery. The solution therefore builds on demonstrated demand rather than assuming that customers will respond to an entirely new proposition. It also addresses two customer segments weakened since 2019: people who no longer work in the retail park and office workers who now work from home part of the week. ONS data show that 28% of working adults in Great Britain were hybrid workers between January and March 2025, supporting the case for reducing dependence on daily physical attendance (ONS, 2025).

The recommended approach is deliberately phased. Basil should not immediately offer unrestricted delivery because this could increase complexity and costs while he remains responsible for baking. Instead, the initial model should prioritise pre-ordering and click-and-collect, with delivery introduced within a small geographical area and limited time windows. This preserves production control. Research indicates that convenience is an important contributor to consumer response in click-and-collect systems, while the quality of fulfilment also matters (Vyt et al., 2022). If the pilot produces additional sales and acceptable margins, delivery can be expanded. If it fails, Basil can stop or modify the service without committing to a costly relocation.

5. Implementation Plan

Implementation should take approximately eight weeks before a controlled launch. Week 1 should get establish the baseline: weekly sales, average transaction value, customer numbers, waiting times, product-level margins and the proportion of customers asking for pre-orders/delivery. Basil should also survey existing customers briefly to identify preferred products, collection times and delivery willingness. During Weeks 2–3, Basil should select a low-cost ordering platform, create a simple digital menu and establish delivery boundaries, minimum order values and time slots. Weeks 3–4 should involve configuring

the system, payment process and order notifications, while creating clear production cut-off times.

During Weeks 5–6, Basil should test the process internally and with a small group of loyal customers. This should identify problems with stock availability, order accuracy, collection queues, packaging and delivery timing before public launch. Week 7 should be used for staff training, customer communication and promotion through the bakery, social media and local workplace contacts. Week 8 should begin a four-week pilot. Basil should remain responsible for product quality and production; a designated helper should monitor digital orders and customer communications during peak periods, while delivery should be outsourced or allocated to a scheduled helper if financially viable. The order of activities is intentional: measurement comes before investment, testing comes before promotion, and a limited pilot comes before full-scale expansion.

6. KPI and SMART Objectives

The principal KPI should be: percentage of total weekly sales generated through the new pre-order/click-and-collect/delivery channel. This KPI directly measures whether the solution is creating a meaningful new revenue stream rather than merely transferring existing walk-in purchases into another ordering method. It should be reviewed alongside weekly total sales and gross margin to ensure that increased revenue is commercially worthwhile.

The SMART objectives are: (1) within eight weeks, launch a functioning online ordering system covering the bakery's selected core products; (2) during the first three months after launch, achieve at least 10% of weekly sales through pre-order, click-and-collect or delivery; (3) by month six, increase total average weekly sales by at least 10% compared with the three-month pre-launch baseline; (4) reduce average peak-period customer waiting time by at least 30% within three months; and (5) achieve an order accuracy rate of at least 95% during the first three months. These objectives are specific, measurable, relevant and time-bound. However, SMART objectives should be applied with attention to the available baseline and evaluation context rather than mechanically (Rubin and Schaffer, 2017).

7. Monitoring and Evaluation

Monitoring should operate through a simple weekly dashboard. Basil should record total sales, digital sales, number of digital orders, average order value, delivery/collection costs, gross margin, waiting time and order errors. The primary KPI should be compared with the pre-launch baseline and reviewed weekly during the pilot. A weekly increase in digital sales accompanied by stable or improving gross margin would indicate that the solution is creating additional demand. Conversely, if digital sales increase but total sales remain unchanged, the service may simply be shifting existing customers from the counter to the website; Basil should then examine customer acquisition and promotional activity.

At the end of each month, Basil should compare performance against the SMART targets and identify corrective actions. For example, a low click-and-collect uptake may indicate poor promotion or inconvenient collection times, whereas high delivery demand combined with weak margins may require a delivery fee or minimum order value. Customer feedback

should be collected through a short post-purchase question because numerical measures alone cannot explain why customers do or do not use the service. Digital transformation can support organisational resilience, but its benefits depend on appropriate implementation and organisational capability (Khurana, Dutta and Ghura, 2022). After three months, Basil should conduct a formal review. If sales, margin and customer satisfaction improve, the service should continue and potentially expand. If targets are missed, the proposition should be modified before further investment. After six months, Basil should reassess the affordability of the current premises; evidence from the pilot can then inform whether Solution 2 becomes necessary.

8. Key Findings

- Basil's sales problem is structural: sales remain approximately 25% below 2019 levels despite the end of lockdown restrictions.
- The traditional footfall-based model has been weakened by shop closures, redundancies and persistent hybrid working.
- Customers have already identified pre-ordering and delivery as desirable, creating evidence for a demand-led solution.
- Digital ordering can extend the bakery's market beyond customers physically visiting the retail park and reduce waiting times.
- Relocation could reduce fixed costs but involves greater financial and operational risk and should not be the first intervention.
- A controlled digital pilot is therefore the preferred solution, supported by a KPI, SMART objectives and monthly review.
- If the pilot succeeds but the existing premises remain financially unsustainable, its results should inform a later relocation decision.

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APPENDIX 1 – PMI ANALYSIS

The PMI analysis below evaluates the two proposed solutions using Plus, Minus and Interesting considerations. Scores are indicative decision-support scores, not financial forecasts.

Solution	Plus	Minus	Interesting	Overall
1. Digital pre-order + click-and-collect + limited delivery	+4 Direct customer demand +4 Low/moderate investment +3 Reduces queues +3 Extends market reach +3 Flexible pilot	-2 Technology/training cost -2 Delivery workload -2 Order/stock errors possible -1 Packaging costs	+3 Customer data +3 Potential corporate orders +2 Can test before scaling	+16
2. Relocation / lower-cost production model	+4 Potential rent reduction +3 Lower fixed-cost exposure +2 More production focus +2 Less dependence on retail-park footfall	-4 Relocation cost -4 Customer disruption -3 Risk of losing location advantage -2 Operational interruption	+3 Could become attractive after digital pilot +2 Better fit if footfall continues falling	-1

APPENDIX 2 – IMPLEMENTATION PLAN

Timing	Activity	Responsibility	Reason	Output
Week 1	Establish sales, margin, waiting-time and customer baseline	Basil	Creates measurable starting point	Baseline dashboard
Weeks 2–3	Select ordering platform; define menu, radius, fees and time slots	Basil + digital support	Controls cost and operational complexity	Ordering model
Weeks 3–4	Configure payments, notifications and production cut-offs	Basil + helper	Prevents telephone dependency and production disruption	Test-ready system
Weeks 5–6	Pilot with loyal customers; test collection, packaging and delivery	Basil + helper	Identifies operational failures before launch	Corrected process
Week 7	Train helper; promote service in-store, online and locally	Basil	Builds awareness and capacity	Launch campaign
Week 8	Public four-week pilot begins	Basil + helper	Tests demand at controlled scale	Pilot data
Months 2–3	Weekly KPI review and monthly corrective action	Basil	Ensures evidence-led improvement	Performance reports
Month 3	Formal pilot evaluation	Basil	Determines whether to continue/modify	Go/modify/stop decision
Month 6	Strategic review of sales, margins and premises	Basil	Tests longer-term viability	Future business decision

APPENDIX 3 – KPI AND SMART OBJECTIVES

Metric / Objective	Target	Deadline	Review method
Primary KPI: digital-channel share of weekly sales	At least 10% of weekly sales	Month 3 after launch	Weekly dashboard
Online ordering system	Fully operational for core products	End of Week 8	System test checklist
Total weekly sales	Increase average weekly sales by at least 10% vs pre-launch baseline	Month 6	Monthly sales comparison
Peak waiting time	Reduce by at least 30%	Month 3	Timed observations
Order accuracy	At least 95% accurate	First 3 months	Order-error log
Customer feedback	Collect feedback from at least 50 digital customers	Month 3	Post-purchase survey
Commercial viability	Digital channel maintains acceptable gross margin after delivery/packaging costs	Month 3 and 6	Margin calculation