

MODULE Title: Problem Solving And Decision Making

Assessment: Component 2 Report – Basil's Bakery

Student Name : Mumtaz Hussan Malik

Student ID : 2532265

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Module Leader: Annamarle Dufficy ANita Nan

Task 1: Overview of Case-study

Basil's Bakery is a small local business specialising in freshly baked products such as cakes, bread, and pastries. The main problem identified is sales stagnation, where revenue growth has slowed or stopped. Key issues contributing to this include increased competition from local bakeries and supermarkets, rising ingredient and operational costs due to inflation, weak or limited marketing strategies, and changing customer preferences toward health-conscious trends. Additionally, there is a lack of product innovation and variety. If unresolved, these factors will continue to reduce customer demand and threaten the bakery's long-term profitability and market position.

Task 2: Two Proposed Solutions

Solution A: Digital Marketing + Product Innovation Strategy This solution involves strengthening Basil's digital presence through Instagram, TikTok, and Facebook campaigns, and launching new seasonal and health-conscious products such as gluten-free and vegan pastries. This directly addresses the root causes of weak marketing and limited product innovation identified in the PESTEL and Fishbone analysis. By engaging customers online and meeting social trends for healthy eating, Basil's can attract new demographics and increase footfall. The investment is moderate and results can be seen quickly.

Solution B: Operational Efficiency + Online Ordering System This solution focuses on staff training to improve customer service, streamlining processes to reduce waste and costs, and introducing online ordering with delivery via apps. This tackles rising operational costs, slow service, and limited accessibility identified in the Fishbone. By reducing inefficiencies

and adding convenience, Basil's can improve profit margins and compete with supermarkets. This solution requires higher upfront investment but builds long-term operational capability.

Task 3a: Grid Analysis Table Four criteria were used: Cost, Impact on Sales, Implementation Time, and Alignment with Trends. Each scored 1-5, with 5 being best.

Criteria	Weight	Solution A: Marketing + Innovation	Solution B: Operations + Online Ordering
Cost	25%	Moderate investment required	High investment for tech
Impact on Sales	30%	Directly increases demand	Indirect, improves retention
Implementation Time	20%	Can launch in 4-6 weeks	Takes 8-10 weeks
Alignment with Trends	25%	Matches health + social media trends	Matches tech/delivery trend
Weighted Total	100%	4.50	2.75

Task 3b: Evaluation Results and Justifications

Based on the Grid Analysis, Solution A scored 4.50 compared to 2.75 for Solution B. The criteria were weighted to prioritise Impact on Sales at 30% and Alignment with Trends at 25% because the core problem is stagnating demand and changing consumer preferences. Solution A is preferred because it is lower cost, faster to implement, and directly addresses the weak marketing and lack of innovation highlighted in the 5W2H and PESTEL analysis. While Solution B is valuable for long-term efficiency, fixing demand first is critical before investing heavily in operations. Therefore, Solution A should be progressed.

Task 4a: Risk Analysis Table

Risk	Likelihood	Impact	Mitigation Strategy
Low engagement on social media	Medium	High	Use paid ads + collaborate with local influencers
New products fail to sell	Medium	Medium	Trial products first and get customer feedback
Budget overrun on marketing	Low	Medium	Set clear marketing budget and track ROI weekly
Staff lack skills for new products	Medium	Medium	Provide short baking training workshops

Task 4b: Feasibility and Justification Solution A is feasible for Basil's Bakery. The bakery already has production capacity and staff, so it only needs to invest in marketing and recipe development. The 6-week timeline is realistic for a small business and will not disrupt daily operations. Risks are manageable through product trials and training. Given limited resources and rising costs, this is more achievable than a full tech system. It also aligns with PESTEL factors of Social trends and Technology, making it practical to execute with existing staff.

Task 5a: Implementation Plan Table Problem: Sales Stagnation Solution: Digital Marketing + Product Innovation

Stage Task Responsibility Timeline
1 Market research for new product ideas Owner + Head Baker Week 1-2
2 Develop 3 new products and trial Head Baker Week 3-4
3 Create social media content and launch campaigns Owner/Marketing Lead Week 4-5
4 Launch new products + monitor sales All Staff Week 6

Task 5b: Justification of Implementation The plan starts with market research to ensure new products match the health-conscious trend from the PESTEL analysis. Product development follows so marketing has content to promote. Social media launches in week 4 to build hype before the product release. The owner leads marketing due to budget constraints, while the Head Baker handles innovation. A 6-week timeline is appropriate as it allows quick testing of results without major disruption. This sequence ensures resources are used efficiently and accountability is clear.

Task 6a: KPI and SMART Objectives Table KPI: Monthly Sales Revenue

SMART Objective Specific Measurable Achievable Relevant Time-bound
Increase sales revenue Grow revenue by 15% Track via EPOS/till reports Yes, with new products + marketing Addresses stagnation Within 3 months
Increase social engagement Gain 500 new followers Track Instagram/TikTok analytics Yes, with campaigns Drives awareness Within 2 months

Task 6b: How KPI will be Monitored Sales revenue will be monitored weekly using EPOS/till data and compared to the same period last year to measure the 15% growth target. Social media metrics will be tracked using Instagram and TikTok platform analytics. A monthly review meeting will assess progress. If targets are not met, the marketing content and product range will be adjusted based on customer feedback. This ensures the solution remains data-driven and effective.

Task 7: Key Findings

- The root problem is sales stagnation caused by weak marketing, limited product innovation, rising costs, and strong competition
- Grid Analysis shows Solution A: Digital Marketing + Product Innovation is the most appropriate with a score of 4.50
- Key risks such as low engagement are manageable through trials, training, and budget control

- The implementation plan can be completed in 6 weeks with clear roles and responsibilities
- Success will be measured by a 15% increase in monthly sales revenue within 3 months

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