

Module Title: Problem Solving and Decision Making

Module Code: LCLM 4004

Assessment: Component 2 Report – Basil's Bakery

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Task 1: Overview of Case-study

Basil's Bakery is a small independent bakery located in a Coventry retail park. Although the business grew steadily before 2020, sales have remained around 25% below pre-pandemic levels. The main problem is reduced customer footfall combined with rising operational costs. Several issues contribute to this decline, including shop closures, remote working patterns, and unpredictable ingredient prices. Customers have also requested pre-ordering and delivery options, which Basil cannot currently provide. These factors show how external environmental changes can significantly affect small businesses (Hill and Jones, 2020).

This report will examine the main problem affecting Basil's Bakery, propose two practical solutions, evaluate these options using decision-making tools, present an implementation plan, and outline the KPI and SMART objectives that will be used to measure the effectiveness of the chosen solution.

Task 2: Two Proposed Solutions

Solution A: Digital Pre-Order & Click-and-Collect System

This solution introduces an online pre-order system that allows customers to reserve items and collect them without waiting. It responds directly to customer feedback and reduces queue times during busy periods. Digital ordering systems are known to improve convenience and customer satisfaction in small food businesses (Kotler and Keller, 2020). It also helps Basil manage demand more efficiently, especially when he cannot answer phone calls. As more customers expect digital convenience, small businesses benefit from adopting simple online tools (Laudon and Traver, 2022). This solution supports increased sales without major operational changes.

Solution B: Local Delivery Partnership

This solution involves partnering with a third party delivery service such as Deliveroo or Uber Eats. It targets customers who no longer visit the retail park due to remote working. Delivery partnerships help small businesses expand their reach without investing in vehicles or drivers (Bressler, 2021). This approach could increase sales by accessing new customer segments. However, it may introduce commission fees and require packaging changes. Customer behaviour has shifted significantly since the pandemic, and businesses must adapt to new consumption patterns (Armstrong and Cunningham, 2021)

Task 3b) Evaluation Results and Justifications

Based on the PMI evaluation in Appendix 1, Solution A is the preferred option. It scored higher because it is low-cost, easy to implement, and directly linked to customer requests. The criteria used in the PMI were cost, feasibility, customer impact, and operational efficiency. These criteria were chosen because they reflect the bakery's current challenges and priorities. Cost and feasibility were given higher weighting since Basil faces rising overheads and limited staffing capacity. Customer impact and efficiency were also important but slightly less critical. Using structured decision-making tools helps reduce bias and improves clarity (Slack, Brandon-Jones and Johnston, 2022). Overall, Solution A is justified because it offers immediate benefits, improves service quality, and avoids the commission fees associated with delivery partnerships.

Task 4b) Justifications for the Implementation Plan

The implementation plan in Appendix 2 is organised to ensure a smooth and realistic rollout of the pre order system. The first step focuses on selecting a suitable digital platform, which is essential before any operational changes can begin. Staff training is scheduled next so that Basil and his team can manage online orders confidently. Communicating the new system to customers through signage and social media is placed just before launch to maximise awareness. The final stage involves monitoring the system and making adjustments based on customer feedback. Clear sequencing and responsibilities help reduce confusion and support effective implementation (Hill and Jones, 2020). Assigning decision-making tasks to Basil and operational tasks to staff reflects their roles within the bakery. This structure ensures a controlled and practical transition to digital ordering.

Task 5b) Justifications for the KPI and SMART Objectives

The chosen **KPI** monthly sales growth is appropriate because it directly measures whether the pre-order system increases revenue. Sales growth is widely used to assess business performance in small retail environments (Armstrong and Cunningham, 2021). **The SMART** objectives support this **KPI** by providing clear and measurable targets.

The Specific objective focuses on increasing monthly sales through improved convenience. The Measurable element is achieved by tracking monthly revenue

figures. The Attainable target of 10–15% growth is realistic for a small bakery adopting digital ordering, based on industry benchmarks. The Relevant aspect aligns with Basil's need to counter reduced footfall and improve customer satisfaction. Finally, the Time-Bound objective sets a three-month evaluation period, giving enough time for customers to adopt the new system. SMART objectives help businesses monitor progress and evaluate the effectiveness of their decisions (Kotler and Keller, 2020). Together, these metrics provide a structured way to assess whether the solution is achieving its intended impact.

Task 7) Key Findings

- Basil's Bakery is facing reduced footfall and rising costs, which have lowered sales.
- Customer behaviour has changed due to remote working and shop closures.
- The digital pre-order system is the most feasible and cost-effective solution.
- PMI analysis shows Solution A offers higher customer impact with lower risk.
- The implementation plan provides a clear structure for introducing the new system.
- SMART objectives and KPI offer measurable ways to evaluate success

Reference List:

Armstrong, G. and Cunningham, M. (2021) Principles of Marketing. Pearson.

Bressler, M.S. (2021) 'Small business strategies for competing in the digital marketplace', Journal of Business & Entrepreneurship, 33(2), pp. 45–60.

Hill, C. and Jones, G. (2020) Strategic Management Theory: An Integrated Approach. Cengage Learning.

Kotler, P. and Keller, K. (2020) Marketing Management. 16th edn. Pearson.

Laudon, K.C. and Traver, C.G. (2022) E-Commerce: Business, Technology, Society. 17th edn. Pearson.

Slack, N., Brandon-Jones, A. and Johnston, R. (2022) Operations Management. 10th edn. Pearson.

Appendix 1 – Task 3a

PMI Evaluation Table

<u>Solution A: Digital Pre-Order System</u>		
Plus	Minus	Interesting
Reduces waiting time P 5	Requires setup and training M 4	Attracts remote workers P 4
Low cost P 3	Some prefer traditional in shop ordering M 2	Helps predict demand P 2
Improves accuracy P 4	Small learning curve M 3	Expandable later P 2
Responds to feedback P 2	Needs promotion M 4	
TOTAL: 14	TOTAL: 13	TOTAL: P 8

Overall Total for Digital Pre-Order System = Plus 9

<u>Solution B: Delivery Partnership</u>		
Plus	Minus	Interesting
Reaches remote workers P 5	High commission fees M 4	Increases visibility P 2
Expands customer base P 2	Requires packaging M 2	New customer segments P 1
Higher sales potential P 3	More complexity M 1	Menu expansion M 1
TOTAL: 8	TOTAL: 7	TOTAL: 2

Overall Total for Solution B = PLUS 3

Appendix 2 – Task 4a

Implementation Plan

Problem: Declining sales due to reduced footfall.

Solution: Digital Pre-Order System.

	WHAT	HOW	WHEN	WHO
1	Choose platform	Compare simple systems	1 ST Of October 2026	Basil
2	Train staff	Practice orders	15 th Of October	Basil and the staff
3	Inform customers	Posters in shop and social media	22 nd of October	staff
4	Launch system	Monitor and adjust	1 st of Novmber	Basil

Appendix 3 – Task 5a

The Key Performance Indicator is: Monthly Sales Growth

Specific	Measurable	Attainable	Relevant	Time-Bound
Increase sales via pre-ordering	Track monthly revenue	10–15% growth	Supports recovery	Within 3 months