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MODULE CODE: LCLM 4004

MODULE NAME: PROBLEM SOLVING AND DECISION-MAKING

COMPONENT 1: BASIL'S BAKERY

GOOD AFTERNOON

- This presentation will provide an overview of Basil's Bakery and examine the factors responsible for the stagnation in sales.
- Firstly, the context of the case study and the problems affecting the business will be discussed.
- Secondly, the PESTEL framework will be explained and applied to identify external factors influencing the business.
- Thirdly, the Fishbone Diagram will be explained and applied to identify the root causes of the sales problem.
- Finally, the presentation will conclude with a summary of the key findings.

OVERVIEW OF BASIL'S BAKERY

- • Independent artisan bakery located in Coventry.
- • Established in 2015.
- • Produces high-quality organic cakes, pastries and bread.
- • Serves shoppers, retail employees, office workers and warehouse workers.
- • Experienced strong growth before 2020.
- • Sales have stagnated and remained approximately 25% below 2019 levels between 2023 and 2025.

NATURE AND SCOPE OF THE PROBLEMS

- Root Problem:
Sales have stagnated and remain 25% below pre-pandemic levels.
- Internal Problems:
 - No delivery service.
 - Inefficient pre-order process.
 - Long waiting times.
 - Basil unable to answer calls consistently.
- External Problems:
 - Reduced footfall within the retail park.
 - Store closures and redundancies.
 - Hybrid working reducing demand.
 - Rising rent, insurance and utility costs.
 - Unpredictable prices of organic ingredients.
- Scope of Control:
 - High control over internal issues.
 - Low control over external environmental factors.

PESTEL FRAMEWORK: EXPLANATION AND CRITIQUE

- PESTEL is a strategic analysis tool used to examine external factors affecting organisations.
- Benefits:
 - Identifies opportunities and threats.
 - Improves strategic planning.
 - Supports managerial decision-making.
 - Encourages environmental scanning.
- Criticisms:
 - Focuses only on external factors.
 - Information can quickly become outdated.
 - Does not provide solutions.
 - Interpretation may be subjective.

POLITICAL AND ECONOMIC FACTORS

- Political
 - Government policies relating to business rates.
 - Employment policies affecting local jobs.
- Economic
 - Rising inflation.
 - Increased rent and utility costs.
 - Higher insurance costs.
 - Unpredictable prices of organic ingredients.
- These factors increase operating costs and reduce profitability.

SOCIAL, TECHNOLOGICAL, LEGAL AND ENVIRONMENTAL FACTORS

- Social
 - More employees working from home.
 - Reduced customer numbers.
 - Changing shopping behaviour.
- Technological
 - No delivery service.
 - Lack of online ordering.
 - Inefficient pre-order system.
- Legal
 - Food safety regulations.
 - Employment legislation.
- Environmental
 - Organic ingredients vulnerable to crop failure.
 - Supply chain uncertainty.
- Social and technological factors appear to have the greatest impact on sales.

SUMMARY OF PESTEL ANALYSIS

- The PESTEL analysis demonstrates that Basil's Bakery is influenced by a range of external pressures.
- The most significant factors are:
 - Social changes caused by hybrid working.
 - Economic pressures increasing costs.
 - Technological limitations reducing customer accessibility.
- These external factors contribute significantly to the stagnation in sales.

FISHBONE DIAGRAM: EXPLANATION AND CRITIQUE

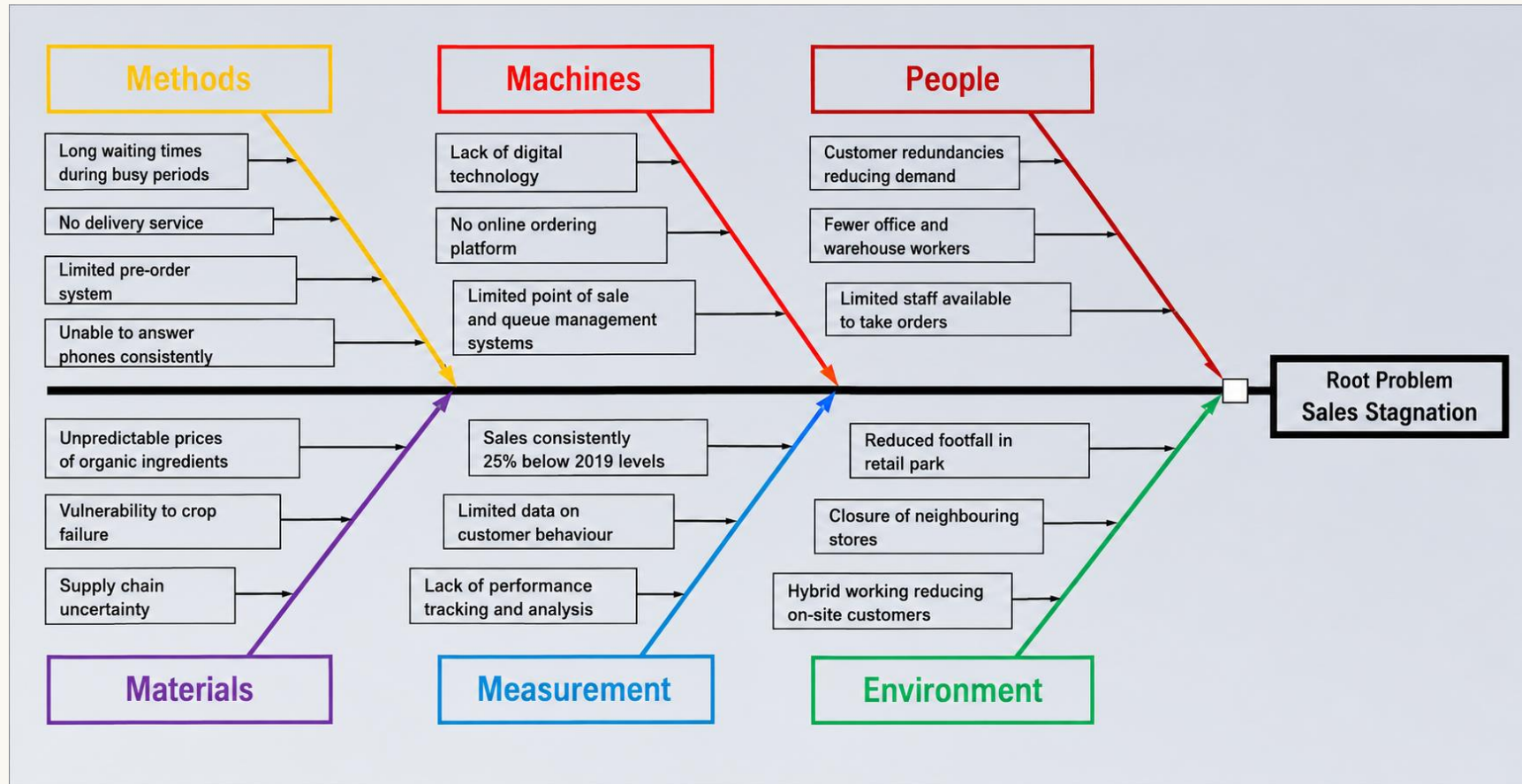
- The Fishbone Diagram, also known as the Cause-and-Effect model, is used to identify the root causes of a problem.
- Benefits:
 - Provides a structured approach.
 - Encourages systematic analysis.
 - Helps identify relationships between causes.
- Limitations:
 - Does not prioritise causes.
 - Can become complicated.
 - Does not generate solutions.

APPLICATION OF THE FISHBONE DIAGRAM

- ROOT PROBLEM:
Sales stagnation.
- People
 - Customer redundancies.
 - Fewer office workers.
- Methods
 - Long waiting times.
 - No delivery service.
 - Limited pre-order system.
- Machines
 - Lack of digital technology.
 - No online ordering platform.
- Materials
 - Volatile organic ingredient prices.
- Environment
 - Retail park decline.
 - Reduced footfall.
 - Hybrid working patterns.
- Measurement
 - Sales consistently 25% below 2019 levels.

FIGURE 1: CAUSE-AND-EFFECT
(FISHBONE) DIAGRAM ADAPTED FROM
ISHIKAWA (1985)

FISHBONE DIAGRAM



FISHBONE FINDINGS

- The Fishbone Diagram highlights that the decline in sales is caused by a combination of interconnected factors.
- External environmental changes have reduced customer demand.
- Operational and technological limitations restrict accessibility and convenience.
- Increasing costs place additional pressure on profitability.
- Therefore, sales stagnation is the result of multiple causes rather than one single issue.

SUMMARY

- KEY FINDINGS
 - Sales have remained approximately 25% below 2019 levels.
 - The business faces both internal and external challenges.
 - Social and economic changes have reduced customer demand.
 - Technological limitations restrict convenience for customers.
 - The Fishbone Diagram demonstrates that several interconnected causes contribute to the stagnation in sales.
 - External factors are largely beyond Basil's control, whereas internal factors are more manageable.

- Thank you for listening
- Any questions?