

Problem Statement Worksheet (Hypothesis Formation)

Can Big Mountain Resort increase revenue by 15% by the end of next season by (a) cutting operating costs without undermining the ticket price or (b) increasing the ticket price while maintaining the operating costs.

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1 Context

Big Mountain Resort in Montana is an attraction for about 350,000 skiers and snowboarders every year. While the resort has been charging a premium above the average price of resorts in its market segments, it is possible that the resort has not been capitalizing on its facilities to its full potential. The resort would like to implement a more data-driven business strategy to make investment decisions and explore opportunities to improve the revenues by 15% by the end of next season.

2 Criteria for success

This project would be considered a success if the resort can find and implement opportunities to increase the revenues by 15% by the end of next season, either by reducing the operating costs by 20% or increasing the ticket prices by 15% or a combination of the two options.

3 Scope of solution space

The focus of this project is to increase in the resort's revenues by 15% by the end of next season through comparing the facilities provided by other resorts in the same market segments and exploring options to cut operating costs (by identifying the facilities that are not in demand) and/or increasing the ticket prices for in-demand facilities.

4 Constraints within solution space

Big Mountain Resort is a tourist operation, so the safety ratings of the resort should not be compromised.
The pricing and facilities provided for the ticket prices should remain competitive with other resorts in the market segment.

5 Stakeholders to provide key insight

- Jimmy Blackburn, Director of Operations
- Chief Financial Officer
- Customer service manager
- Facilities development officer
- Alesha Eisen, Database Manager

6 Key data sources

- CSV file provided by Alesha Eisen (includes facilities information about other resorts)
- Financial documents with updated historical revenues and costs, as well as projected cashflows

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