

# Problem Statement Worksheet (Hypothesis Formation)

**Cutting costs without either undermining the ticket price or supporting a higher ticket price. The current prices are based upon the average market prices. Need to realise the important areas of investment.**

## 1 Context

Big Mountain Ski-Resort charges a premium basing its prices upon the market average in the market segment. Basing the price upon the market average is not good investment policy as some facilities are more important than others. The ski-resort is also not capitalising on its facilities as much as it should due to its premium on ticket prices.

## 2 Criteria for success

A criteria of success is cutting down costs while supporting the same ticket price or a higher one. The profit gained within one fiscal year should cover easily the operational costs incurred by the addition of the new lift. Profit > \$1,540,000.

## 3 Scope of solution space

This solution is for finding where the correct investments should be made along with where costs can be cut without any degradation to safety and services provided.

## 4 Constraints within solution space

1. The fluctuation of the market for ski-resorts.
2. Profits depend on all-year weather which is chaotic at best.
3. Too high a price, very few customers

## 5 Stakeholders to provide key insight

- Chief Marketing Officer(CMO)
- Chief Procurement Officer(CPO)
- Senior Engineer

## 6 Key data sources

- Other resorts facilities and prices.