

Executive Summary

Snow Top Ski Area is located in the Green Mountains of Vermont, the USA, and is concerned about its profit margins. Hence, the data analyst is hired to find solutions for it. Profit margin has been negative in the past few years due to high operating costs and diminishing revenue which can be consequences of economic and climate changes. According to the provided data, three scenarios can show ups and downs of profit margin. These scenarios are optimistic, neutral, and pessimistic. Additionally, the decision of adding summer season or not can cause fluctuation of profit margin. In short, the sceneries and idea of adding summer season or not will allow financial managers of the ski resort to make a better decision toward profit margin growth.

The optimistic scenario demonstrates the result of an annual increase of economic change by 1% whereas the climate change factor stays zero in 2020 and 2021 until it is decreased by 3% in 2022. Following that, the profit margin of the ski resort in three years is positive. However, it will fluctuate as there is a decrease from 2020 to 2021 and an increase from 2021 and 2022. Specifically, it is 14% in 2020, 16% in 2021, 15% in 2022. On the other hand, when the **summer season** will be added the profit margin of 2020 will decrease to 13% because there is no potential summer revenue while the profit margin of 2021 and 2022 will reach 17% and 16%, respectively. But it remains fluctuated.

The neutral scenario determines the outcome of zero economic change in all years while the climate change is decreased by 2% in 2020 and 2021 and by 6% in 2022. Therefore, the profit margin of the ski resort will decrease- from 11% in 2020 to 10% in 2021, then to 6% in 2022. Adding **summer season**, the profit margin in 2020 will decrease by 1% because of zero summer potential revenue but it will increase by 2% in 2021 and 2022.

The pessimistic scenario shows the impact of economic change when it is decreased by 2% and climate change is decreased by 3% each year. According to that, the profit margin of ski resorts will dramatically drop each year- 8% in 2020, 5% in 2021, 1% in 2022. Even though the opening summer season will keep the profit margin declined. To be specific, in 2020 the profit margin will equal 7% as potential summer revenue equals zero. In contrast, the profit margin will equal 6% in 2021 and 3% in 2022.

To conclude, as a data analyst I have two recommendations. Firstly, financial managers need to keep following the optimistic scenario as it keeps the highest positive point of profit margin among other scenarios. Secondly, adding the summer season that will help the profit margin growth under all three scenarios because of an increase the revenue whereas there might be a slight increase in operating cost.