

Problem Statement Worksheet (Hypothesis Formation)

What opportunities exist for Big Mountain Resort to increase profit margins by (a) cutting maintenance costs of the facility or (b) increasing the costs of tickets

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1 Context

Big Mountain Resort is a ski resort located in Montana; with access to 105 trails. With over 350,000 annual riders; it is serviced by 11 lifts. An additional lift was added this year than increased operating cost to \$1,540,000. Currently, the resorts pricing strategy is to charge a premium above average price; but this method does not capitalize on the importance certain facilities have. Big Mountain has brought us in to improve revenue for this quarter.

2 Criteria for success

Increasing profits by 10% by:

- Cutting costs of the facility without changing the experience of riders.
- Increase the costs of tickets

3 Scope of solution space

- Price strategy cannot be determined by a comparison of other resorts in the market. This fails to account for the various facilities offered by Big Mountain resort as well unique features:
 - 1.) Spectacular views of Glacier National Park
 - 2.) Access to 105 trails
 - 3.) Access to Hellfire – Longest run at 3.3 miles

4 Constraints within solution space

- **Experience of the visitors must remain the same, or improve.**

5 Stakeholders to provide key insight

- Director of Operations - Jimmy Blackburn
- Database Manager – Alesha Einsen

6 Key data sources

- Database manager has given you access to a CSV file with information on other ski resorts that include: number of trams, cost of regular speed chairlift, number of runs on resort, number of days open and more that will be useful when analysing data from other resorts.

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