

# Problem Statement Worksheet (Hypothesis Formation)

Before the start of the next ski season, advise Big Mountain Ski Resort on strategies that will increase annual revenue to offset the increased \$1.54million in operational costs while keeping profit margins of 9.2% or greater within the next year.

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## 1 Context

Big Mountain Resort is a ski resort located in Montana that offers spectacular views of Glacier National Park and Flathead National Forest, with access to 105 trails. Every year about 350,000 people of all levels and abilities ski or snowboard here. The resort has recently installed an additional chair lift to help increase the distribution of visitors across the mountain and increases their operating costs by \$1,540,000 this season. The pricing strategy has been to charge a premium above the average price of resorts in its market segment, but this strategy is not capitalizing on its facilities as much as it could.

## 2 Criteria for success

Find a ticket price that offers the most return for the resort and determine any other changes or ways to utilize the resorts facilities that could cut costs and/or support a higher ticket price. At minimum, this price needs to offset the increase in operating costs from the new chair lift as well as other operating costs and maintain a 9.2% profit margin.

## 3 Scope of solution space

Determine which facilities the resort is making the most and least income from. Examine the areas the resort offers more or less than other resorts to determine whether they should charge more or less than market value for each facility at Big Mountain Resort.

## 4 Constraints within solution space

After the large investment of the additional chair lift, stakeholders may be hesitant to invest more capital into facilities at the resort. They will likely be a bit hesitant about any drastic changes to ticket prices in either direction or about ticket prices that are significantly different than competitors.

## 5 Stakeholders to provide key insight

The Director of Operations, Jimmy Blackburn, and Alesha Eisen, the Database Manager. The Director of Operations may be presenting this plan to a board or other leaders in the company for input, but as far as we know, he will be making the decisions.

## 6 Key data sources

We are using a single CSV file from the database manager that contains information from 330 resorts in the US that can be considered part of the same market share including Big Mountain Resort.

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