GUIDED CAPSTONE BIG MOUNTAIN RESORT

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PROBLEM IDENTIFICATION

Use a data-driven approach to select a better value for ticket price.

<u>Increase revenue</u>

- Increase vertical drop by adding another run
- Add snow making coverage
- Increase the longest run

<u>Decrease costs</u>

- Permanently remove up to 10 least used runs

RECOMMENDATION AND KEY FINDING

Prioritizing cost reduction can best improve gross profit margin.

Removing up to five runs can:

- Reduce costs by upwards of $7,700,000.

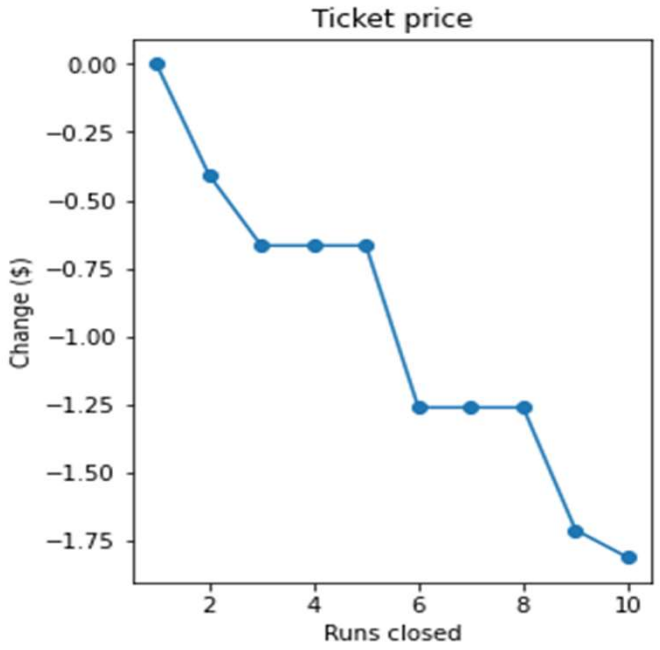
  (assumption of each run costing $1,540,000)

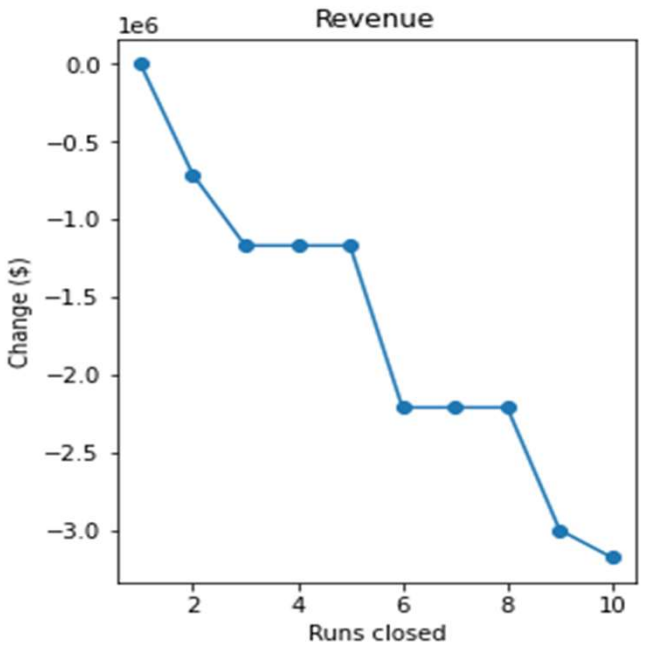
- Reduce revenue by approximately $1,200,000.

- Add up to $6,500,000 to the profit margin.

MODELING RESULTS

Predicted losses to ticket price and revenue respectively, if runs are closed.





MODELING RESULTS

- Our suggestion to close runs assumes that each run costs about $1,540,000 seasonally.
- Closing just two runs would better benefit the profit margin compared to an additional run.
- Operating costs data is needed to evaluate actual cost savings from closing runs.

MODELING RESULTS

Alternatively,

- There is sufficient data to support adding another run.
- Increase ticket price by $1.99, or $3,500,000 approximated additional revenue.

SUMMARY & CONCLUSION

1. An additional run is predicted to add $2,000,000 to the profit margin.
   - Current data supports additional run.
2. Removing up to five runs could possibly better benefit the profit margin.
   - More data could support removing runs.