

Problem Statement Worksheet (Hypothesis Formation)

How much price needs to be increased by Big Mountain Ski Resort for Lift Tickets on Weekends and Weekdays in order to maintain a profit margin of 9.2% for the upcoming season, while covering additional operating cost of \$1,540,000 for the newly installed chair-lifts?

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1 Context

Big Mountain Resort has recently installed an additional chair-lift to help increase the distribution of visitors across the mountain. This additional chair increases their operating cost by \$ 1,540,000 this season. Every year about 350,000 people ski at Big Mountain, this business profit margin is 9.2% and the investors would like to keep it there. The business wants the recommendations on recouping the increased operating costs from the new chair this season. And what approaches can be followed in order to achieve the goal.

2 Criteria for success

To maintain the annual profit margin at 9.2%

3 Scope of solution space

- 1) Reviewing Ticket Pricing
- 2) Suggesting type of activities to add or focus on.
- 3) Cutting the operational costs.

4 Constraints within solution space

Increased Operating cost of \$1,540,000 for the additional chair-lift
Serving 350,000 visitors

5 Stakeholders to provide key insight

Jimmy Blackburn – Director of Operations
Alesha Eisen – Database Manager

6 Key data sources

CSV file with following information:

- National resort data
- Mountain elevation data
- Chair-lift data
- Trail/run data
- Lift ticket cost data
- Season data

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