

Problem Statement Worksheet (Hypothesis Formation)

How can Big Mountain company maintain its annual profit margin at 9.2% by increasing ticket cost for both weekdays and weekends or increasing number of days of opening or reducing the number of runs or reduce the total skiable area to reduce operation cost?

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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 costs by \$1,540,000 this season. Every year about 350,000 people ski or snowboard at Big Mountain. This business profit margin is 9.2% and the investors would like to keep it there. The business is eager to get your recommendations on recouping the increased operating costs from the new chair this season. Additionally, what can they expect this years' annual revenue to be if they make the changes you recommend? has on the business' profitability.

2 Criteria for success

<What is the key criteria that will deem this work successful?>
To keep annual profit margin at 9.2 %.

3 Scope of solution space

Increase revenue by focusing on ticket costs or number of days of opening and reduce operational costs by focusing on total skiable area, number of total runs.

4 Constraints within solution space

Increased operating cost of \$1540000 for the additional chair
Have to accommodate about 350000 visitors

5 Stakeholders to provide key insight

Jimmy Blackburn - Director of Operations
Alesha Eisen- Database Manager

6 Key data sources

CS file from database manager