

# Problem Statement Worksheet (Hypothesis Formation)

**Big Mountain Resort's (BMR) recent CAPEX investment has exposed an opportunity for changes in their value-add pricing strategy and operating cost structure.**

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## 1 Context

BMR appears to own a unique position in its market due to the location, quality of facilities, and scope of experiences. BMR suspects a competition based pricing strategy undervalues their business. Consequently, BMR investments are capitalized equally, undermining asymmetric value add of those expenses, for example, the \$1.5M spent on a new chair lift. The goal of this study is to find a new pricing strategy that captures this value.

## 2 Criteria for success

1. BMR receives a current-state market and business analysis.
2. BMR receives a historical and future facility value analysis.
3. BMR's place in the market is quantified.
4. Delivery of at least two (2) new pricing strategies.
5. Delivery of CAPEX ROI based on new pricing strategies.

## 3 Scope of solution space

1. Facility importance analysis.
2. Analyze current pricing versus market for most important facilities.
3. Propose new cost-plus, demand-based, and experience pricing.
4. Leave behind ROI models for future CAPEX.

## 4 Constraints within solution space

1. Is there market research quantifying the value proposition of BMR's facilities for customers?
2. Anomalous historical events and "acts of god" that contaminate historical trends for building models.
3. Availability of competitive intelligence to analyze similar offerings of competitors.
4. Restrictions/tolerance for pricing experiments.

## 5 Stakeholders to provide key insight

- Jimmy Blackburn, Director of Operations
- Alesha Eisen, Database Manager
- Director of Marketing
- Director of Analytics
- All In-house Sr+ analysts/data scientists working on pricing
- All Executive sponsors for engagement

## 6 Key data sources

- Data pulls from DB team
- Market research data
- Competitive intelligence reports
- Recent P&L statement
- Recent balance sheet

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