**15.280 Assignment: Ontario Gateway Case**

This assignment is based on the Ontario Gateway Case that you analyzed for Data, Models, and Decisions (15.060). The assignment for 15.280 should be written individually.

**Case Re-Cap**

In Autumn of 1995, Ontario Airlines, a marginal carrier serving North America, and Air Prix, an upstart airline in France, merged to form Ontario Gateway Corporation. The firm is highly leveraged, requiring much of its cash flow to service its debt. The situation is further complicated by pre-existing loan agreements that restrict the firm's freedom to issue any further debt for a minimum of five years. If for any reason the firm were to face a cash flow problem, creditors could easily bring the firm into bankruptcy for failing to meet current debt obligations.

On December 1, 1996, Robert McDermott, the Chief Executive Officer (CEO), directed his Chief Operating Officer (COO), Mary Litton, to obtain bids and recommend a single insurance policy covering aircraft losses for a five-year period beginning on March 1, 1997. After obtaining bids, Ms. Litton selected four policies for further analysis. In a memo to her operations staff, she assigned them the task of analyzing each of the policies and making a recommendation to her, to be passed on to Mr. McDermott. Based on the CEO's guidance, Ms. Litton outlined specific criteria concerning the number of aircraft covered, liability limits, and costs during the first year and over the five-year period of the coverage (see her memo in the case).

**Your Task**

Using a simulation model, the operations staff has conducted a detailed analysis of each policy (in 15.060). As the senior staff member, you have been asked to prepare a memo to Mr. McDermott and Ms. Litton recommending one of the policies. Your recommendation should be based on the statistical analysis your staff has conducted. Having worked for Ms. Litton for much of the past year, you have learned something of her background. Ms. Litton graduated twelve years ago from Sloan, with a prior education in civil engineering. She is well versed both in analytical tools and in technical concepts. While you are less familiar with Mr. McDermott, you know that as an older manager and a graduate of a top-tier business school, he has, at some earlier time, worked with quantitative tools (probability, means, standard deviations, etc.); however, he may very well be rusty on specific details and nuances of meaning at this point in his career. Your task is to prepare a recommendation memo which is supported by the statistical evidence and understood by both the CEO and COO.

Ms. Litton has asked for a recommendation memo that does not exceed two pages. In addition, you may include up to two pages of attachments.

**Grade Weight**        15% of course grade

**Criteria**
**for grading**       **Strategy**:  Have you fully assessed the needs of both members of your audience in terms of information content and detail, macro-structure, and micro-structure? Have you met those needs?

**Macro-Structure and Development**: Was your structure (direct/indirect) appropriate to both members of your audience? Did you provide sufficient and appropriate evidence for your audience to find your arguments persuasive? Is your rationale for supporting your recommendation clear?  Is your rationale for *not* supporting other possibilities also clear? Have you considered *all* the possible courses of action that your audience might consider? Have you eliminated information extraneous to your argument? Have you layered information, putting additional detail, especially detail interesting primarily to one member of your audience, into the appendices?

**Micro-Structure**: Can your argument be quickly grasped by skimming? Did you use active rather than passive sentence constructions? Is your tone appropriate to the audiences? Have you linked any charts or other graphics, whether in the test or in the appendices, into your argument? Have you highlighted the key findings in each? Have you double-checked your figures? Have you double-checked your spelling and grammar?