

Operations Management in the Travel Industry

Edited by Peter Robinson

Operations Management in the Travel Industry

Edited by

Peter Robinson

University of Wolverhampton, UK

CABI is a trading name of CAB International

CABI Head Office
Nosworthy Way
Wallingford
Oxfordshire OX10 8DE
UK

CABI North American Office
875 Massachusetts Avenue
7th Floor
Cambridge, MA 02139
USA

Tel: +44 (0)1491 832111
Fax: +44 (0)1491 833508
E-mail: cabi@cabi.org
Website: www.cabi.org

Tel: +1 617 395 4056
Fax: +1 617 354 6875
E-mail: cabi-nao@cabi.org

©CAB International 2009. All rights reserved. No part of this publication may be reproduced in any form or by any means, electronically, mechanically, by photocopying, recording or otherwise, without the prior permission of the copyright owners.

A catalogue record for this book is available from the British Library, London, UK.

Library of Congress Cataloging-in-Publication Data

Operations management in the travel industry / edited by Peter Robinson.
p. cm. -- (CABI tourism texts)
Includes bibliographical references.
ISBN 978-1-84593-503-0 (alk. paper)
1. Tourism--Management. I. Robinson, Peter, 1979- II. Title. III. Series.

G155.A1M2615 2009
910.68--dc22

2008037563

ISBN: 978 1 84593 503 0

Typeset by SPi, Pondicherry, India.
Printed and bound in the UK by Cambridge University Press, Cambridge.

The paper used for the text pages of this book is FSC certified. The FSC (Forest Stewardship Council) is an international network to promote responsible management of the world's forests.

Operations Management in the Travel Industry

Contributors

Peter Robinson is a senior lecturer at the University of Wolverhampton, a member of the Tourism Society and Associate of the Tourism Management Institute. He is Course Leader for Tourism Management, Entertainment Industries Management and Work Based Learning, which includes the Foundation Degree in Travel Operations Management. Previous experience in the public, private and voluntary sectors includes working in senior management teams in a range of roles that have included Tourism Development Officer, Visitor Services Manager and Tourism Projects Manager. His research interest lies in the field of operations management and sociology of tourism. He has produced a range of small local publications for business stakeholders, and has developed and delivered training courses and consultancy projects.

Crispin Dale is a Principal Lecturer and has taught Strategic Management for Tourism at undergraduate and postgraduate level for a number of years. He has published widely in peer-reviewed journals on strategic management for tourism businesses. His research has focused upon the competitive environment of travel businesses in the tour-operating industry and the strategic networks of travel e-mediaries. He has also researched the impact of contemporary strategic management issues on small tourism enterprises in the expanding European Union. As a consequence of his expertise in the field, he was invited to write a resource guide on strategic management for the hospitality, leisure, sport and tourism subject network of the Higher Education Academy.

Steve Gelder is a Senior Lecturer at the University of Wolverhampton and has worked as a Principal Local Government Officer within the Leisure and Community Department. He has a Master's degree in Business Administration and focuses his teaching and research in policy, planning and operations management within the leisure and lifestyle industries. He cites the 'inclusion agenda' as close to his heart and of fundamental importance in ensuring equality of access to the service industry.

Sine Heitmann has been teaching tourism and leisure students at both undergraduate and postgraduate level after graduating with an MBA in Tourism. Work experience includes organizations within the public and private tourism and hospitality industries, from which her interest in human resource management derives. Current research areas include the sustainability of tourism, the relationship between tourism and media, tourism and accessibility and cultural tourism – the latter has been subject of papers presented in conferences.

Ade Oriade is a Senior Lecturer in Tourism and Postgraduate Programmes Course Leader at the University of Wolverhampton. Having worked in the industry in different capacities, he brought these experiences to bear in delivering customer service, quality management and operations modules. He specializes in Quality Management in Tourism, he also has special interest in Tourism/Hospitality Education and Career Analysis and Transportation for Tourism. His interest in the travel industry was fuelled by his research findings when he was studying for a Postgraduate Diploma in Transport Studies. His current research works focus on quality perception and career development in travel and tourism.

Ghislaine Povey is a Senior Lecturer within the School of Sport, Performing Arts and Leisure. She holds an MSc in Tourism and Hospitality Education from the University of Surrey (1996).

She joined the University of Wolverhampton in 1992, and has been a member of School of Sport, Performing Arts and Leisure (SSPAL) since its inception. Prior to that, she was a lecturer in tourism at Bourneville College of Further Education. She has extensive international industrial experience, having worked in the travel industry in four continents, in both public and private sectors. She wrote a regular regional food recipe column in the *Express and Star* newspaper for 2 years, and has made numerous appearances on television and radio discussing heritage, tourist experiences and regional food.

Christine Roberts is a Lecturer in Sport Management, having completed her MSc in Applied Sport and Exercise Science. Alongside maintaining an international athletic career and multi-regional coaching employment, she has established long-term work experience in the public, private and voluntary sport and leisure industries, whereby her interest in human relations and the management of human resources developed.

Debra Wale is an experienced marketing professional, who has been involved in local and national marketing projects in the public, private and voluntary sectors within the leisure and lifestyles industry. Her work history includes holding the position of Brand Manager within the Whitbread Group. She moved into academia 5 years ago and has complimented her industry experience by developing and writing Foundation Degree courses and associated materials. She is a Senior Lecturer who specializes in Marketing in Leisure Industries.

Caroline A. Wiscombe is an exceptional practitioner who has operated as an entrepreneur for some 20 years. An outstanding professional and current trustee of a major industry partner, she regularly makes decisions that have contributed to a £7.5 million turnover. Recently negotiating capital assets of £1.5 million, the business continues to strive for professional standards. A late blossomer in academic terms, she has provided a unique insight into applying business to practice. Publications include: (i) But why do I need training? A case study approach; (ii) On-licensed retail training philosophies amongst tenants, lessees and free-house operators; (iii) Foundation Degree (Arts) Professional Licensed Retailing: Innovations in Design and Delivery; (iv) Training for the Responsible Service of Alcohol: Guidelines for the Responsible Service of Alcohol. Brussels: The Amsterdam Group: the European Forum for Sensible Drinking.

Preface

When the staff team of Leisure Industries at the University of Wolverhampton were asked to develop and deliver modules for a Foundation Degree in Travel Operations Management, in partnership with Coventry University and University College Birmingham, it quickly became apparent that there was not much information available that was specifically focused on travel. For the most part, travel tended to be discussed as a part of tourism, in the same way that 20 years ago tourism was discussed in terms of generic business studies. Travel as a sector is only now becoming clearly separate from tourism.

The Foundation Degree was designed for staff working in the industry, people who may have years of experience, or who may be new to the world of work. Many of the students who started the Foundation Degree happily agreed that it had provided a multitude of opportunities to look outside their businesses, to consider the wider external environment and to have tools and models available to support research and analysis.

At the same time there are numerous examples of best practice that are happening in the industry, new approaches to management and new ideas for products and services that should be shared and developed. The University of Wolverhampton had numerous industry contacts and many of them contributed to this book with case studies. While students were the original focus of the book, our students are all practitioners, and the book is most certainly as useful in the workplace as it is in the classroom.

What we have created then is a book that offers a mix of theory, concepts, frameworks, case studies, review questions, practical suggestions and guides for further research. It is the creation of the Leisure Industries staff at Wolverhampton and the shared expertise of lecturers with significant industry experience and academic understanding of operations management, quality, logistics, finance, strategy, marketing and employability. We have strived to write an innovative and informative text with just the right balance of all the components that go into creating a really useful book. To clarify, the book has the following objectives:

- to provide an insight into all aspects of operational management in the travel industry;
- to demonstrate the role of operations through a range of business functions;
- to take the theory, apply it to practice and demonstrate its application through case studies;
- to enhance the learning opportunities presented through a range of tasks and activities to support self-reflection, group work and class activities; and
- to be as useful to students as it is to practitioners.

As suggested already, the book relies upon real-life case studies to deliver a text that has academic and practical grounding, and our grateful appreciation is extended to all our industry contributors, who are acknowledged in each chapter, and to the students from TUI UK plc who have studied the new Foundation Degree in Travel Operations Management and have shared their experiences in this book.

We hope that you enjoy reading this book as much as our staff team enjoyed writing it! We have learnt much more than we already knew from sharing each other's chapters as we prepared the final manuscript, and would like to also acknowledge the support we have received from the staff at CABI.

Peter Robinson BA, MA, MTS, MTMI
Wolverhampton, UK
2008

Contents

Contributors	vii
Preface	ix
1 Travel and Management: an Introduction <i>Peter Robinson</i>	1
2 Career Development Skills and Strategies in the Travel Industry <i>Ghislaine Povey and Ade Oriade</i>	14
3 Human Resources Management for Travel and Tourism <i>Sine Heitmann and Christine Roberts</i>	38
4 Operations Management <i>Peter Robinson and Steve Gelder</i>	68
5 Logistics and Supply Chain Management in Travel Operations <i>Ade Oriade</i>	93
6 Business Planning and Strategy <i>Crispin Dale</i>	112
7 Marketing <i>Debra Wale</i>	136
8 Financial Awareness for Travel Operations Management <i>Caroline A. Wiscombe</i>	169
9 Sustainability for Travel Management <i>Sine Heitmann and Peter Robinson</i>	221
10 Travel, Society and Culture <i>Ghislaine Povey and Sine Heitmann</i>	256
Conclusion	283
Index	287

1

Travel and Management: an Introduction

PETER ROBINSON

Objectives of the Chapter

This chapter is divided into three sections. The first, Part A, outlines the structure and focus of this book. The second, Part B, explains and investigates the definitions of travel, describing the nature and scope of travel as a service industry. The third, Part C, goes on to explore the theories of management and organizational structure that underpin the subject area and contextualize the industry. The chapter objectives are to:

- explain the structure and approach of the book;
- explain the nature and scope of the travel industry;
- provide current trends, features and characteristics of the industry; and
- provide underpinning concepts of management, organizational structure and culture.

PART A: STRUCTURE OF THE BOOK

In the writing of this book, there has been considerable debate about the topic content, detail and coverage, and the need to ensure it remains operational in its focus. The publication is designed for students of Travel and Tourism qualifications, but also for practitioners and, although focused on operations, does profile all aspects of the workings of a travel business. Throughout each chapter, theories and concepts are illustrated with case studies and debated within the text. All the chapters have a mixture of tasks, activities and questions to support the factual content and a set of review questions at the end, which can be used by lecturers or by the individual reader. A brief guide is also given at the end of each chapter for additional sources and reading material, in addition to the comprehensive reference lists that provide some of the quotes and ideas that are discussed and debated in each chapter.

This chapter commences with an explanation of travel, giving clear definitions to explain the industry and to differentiate it from related subject areas such as tourism and hospitality. Of course, none of these industry sectors is totally separate, in fact they interrelate all the time. A passenger buying food on an aircraft is involved in travel, tourism and hospitality, but it is important to identify what defines and characterizes travel. The chapter then goes on to explore the scope of the industry and profiles some of the key segments within the travel sector.

This chapter also considers management. This book was never intended to be a management volume, but it did become clear in its writing that it needed to introduce a few concepts that are discussed in subsequent chapters. The introduction here to

management theory considers approaches to management, organizational structure and organizational culture. Without this, however, it is much harder to understand, for example, the relationship between planning and implementation or the challenges managers face in consulting and communicating across a business.

Chapter 2 starts with an overview of careers in the travel industry. This chapter is also divided into two sections. The first deals with career planning and takes the reader through the different stages of employment planning, with a critique of the challenges that working in travel presents to its loyal, dedicated and hard-working workforce. There is no question that working in travel is challenging and demanding, but the rewards, satisfaction and fun that can be had make the experience worthwhile. The second section considers individual skills that are needed and discusses personal development planning to help take steps into management and up the management ladder.

Chapter 3 builds on this 'human' element of the travel business and looks at human resource (HR) management functions. People are unquestionably the most important asset to the travel business. When it is all going wrong, the hotel is over-booked, the flights are late and the coach has broken down, travellers have nowhere else to turn but the holiday representative. A friendly face may be all that is needed to take control of the situation, calm frayed nerves and sooth tempers. Staff have to be looked after and feel valued if they are to be motivated to deliver high standards of service. This HR chapter describes the whole range of functions covered in the topic area and considers not just the role of the HR department, but also the responsibility everybody in the business has to recognize, reward, motivate and support their staff and colleagues.

Chapter 4 then starts to look in detail at operations management. It sets out to define and characterize the systems and processes that support the organization and its people to ensure that the end product or service is effective. Time is also spent looking at operational strategy and its role within the business, and a range of revenue, performance and productivity measures are presented which enable managers to better understand what is happening in the workplace. In addition to health and safety, legislation and facilities design are also discussed. This content is also supported by Chapter 5, which focuses upon logistics and supply chain management. Logistics are a part of operations management so it may seem at odds to separate them. However, logistics is such a crucial part of the travel business that it needs this level of depth, which also allows the chapter to look at quality and establish the link between effective logistics management and the delivery of a quality service, together with the development of supply chain management strategies to improve financial performance.

Although the book is focused on operations – and this by its very nature is relatively short-term in its viewpoint, managing and reacting to day-to-day issues – it is essential to see operations within a strategic context, and this is provided in Chapter 6. Here a range of models and frameworks around which to plan strategically are presented. Consideration is given throughout to the relationship between strategic and operational management. Chapter 7 discusses the role of marketing and provides a further set of tools and frameworks that can be easily applied to all sectors of a business, but are best explained in marketing terms. Marketing is essential for businesses to promote themselves, and opportunities for advertising are becoming broader through the development of new technologies. As a relatively young industry, the travel sector is capitalizing on many of these new innovations.

Chapter 8 then underpins everything that has preceded it. Again divided into Parts A and B, it focuses on finance, and all aspects of strategy, operations, marketing and human resources are ultimately governed by the financial bottom line. Travel businesses generally operate within the private sector, but some are charities and voluntary sector businesses and their financial management is different. The first section of the chapter looks at types of accounts and explains accounting in a simple and straightforward manner. The second section is more concerned with finance at a strategic level and strong relationships exist here between operations and strategy as the chapter explains how finances inform and influence the business, and how financial data can be used for performance management.

The final two chapters are more concerned with emerging themes and current research in travel. Chapter 9 discusses sustainability, and as the environment moves up the political and social agendas, it does not attempt to preach about environmental responsibility so much as to define the delicate balance that exists between business, management and the natural resources upon which many destinations depend for their commercial and social existence. This chapter relies very heavily on tourism theory and concepts as less research exists that relates to travel, but there are many ideas here that are developed into travel concepts, combined with examples of good practice from the travel industry. In Chapter 10 the reader is introduced to more complex social theory as the book explains culture and society. This helps to underpin some of the challenges outlined in the sustainability chapter, but also establishes some of the prosaic frameworks that explain why people travel, how they make their travel decisions and the conflicts between host and visitor communities.

There is a short concluding essay before the index, an epilogue in many ways, which talks about the future of travel and some of the trends that can be expected in the future. Indeed many of these trends will probably shape the next edition of this publication!

PART B: TRAVEL

Introduction

The travel industry as it is known today can be traced back to the 17th century. Before this time, tourism certainly existed and was manifested by pilgrimages to cathedrals and shrines, but it would be hard to define this as travel, as most movement was on foot or horseback, and although there was a hospitality industry, there was no formal travel business. However, growing knowledge of the world and an increasingly accessible European continent promised opportunities for young aristocrats, who would travel across Europe on a Grand Tour for between 6 and 12 months, visiting places considered to be tasteful and from where fashions developed in architecture, clothing, garden design and furniture. Many young architects and designers would also visit what were considered to be highly cultured European cities (Italy, Greece) and the North African coast.

Travel would, however, remain elitist for many more years, through the Agricultural and Industrial Revolutions, until in 1840 Thomas Cook planned the first train trip, facilitated by the completion of the London to Manchester Railway. Increasing welfare issues, holidays, bank holidays and holy days, as well as increasing wealth, started to open up

travel opportunities for the masses. After World War I, Billy Butlin and Fred Pontin developed the first holiday camps, the forerunners of today's resorts, and after World War II, the development of commercial aircraft finally offered opportunities for mass air travel, opening up the world and transforming the travel and tourism industries.

The Travel Industry

The travel industry was historically associated with poor pay and unsociable hours. However, new qualifications, greater rewards and staff benefits are now reversing this trend. Many roles in the travel sector require people with general sales and customer service skills and a positive disposition. This combination of skills and characteristics will hold an individual in much better stead than a formal academic qualification within lower-paid roles, but as individuals look to progress up the management ladder a lack of education and understanding of academic and business principles is likely to considerably slow progression and promotional opportunities.

Travel as a Service Industry

Travel, tourism and hospitality are service sector businesses. This is defined by five characteristics.

Intangibility: Services are not tangible, they cannot be touched or sensed. For example, the holiday package cannot be looked out and tested before the customer experiences it.

Heterogeneity: Every experience is different to different individuals. Two people in the same restaurant may have very different ideas about the level and quality of service, based usually on their previous experiences which can be used to measure the experience.

Perishability: Services cannot be stockpiled. A holiday that is available from 1 April to 1 May cannot be kept and sold on 5 May because there are spaces left on the aircraft.

Inseparability: The service has to be used where it is bought – it cannot be taken home for later.

Lack of ownership: Because of the intangible nature of the industry, services which are bought do not confer ownership. A hotel customer who books a room does not own the bed or the room, just the opportunity to use it and to expect to receive a certain level of service.

Defining Travel

The difference between travel and tourism is not necessarily clear, and the two often merge. Some would argue that travel is a part of tourism; others would suggest travel is a key component or part of the definition for tourism. Tourism has been described as 'a multidimensional, multifaceted activity which touches many lives and many different economic activities' (Cooper *et al.*, 2000, p. 8), which was a development of the earlier definitions that focused on movement and struggled to identify the relationship between the industry and those involved in it as participants or as

hosts. One of these earlier definitions was the 'movement of people away from their normal place of residence' (Holloway, 1995, p. 1). The problem with these definitions is that they would include non-touristic activity because of the notion of movement away from a normal place of residence. Would travelling away from a place of residence to look at a new car be considered to be tourism and those involved to be tourists?

The characteristics of the industry help to define it better than some of the definitions. It usually involves travel to a different location to spend time away from home and with some form of expenditure taking place. It is likely to be an activity which will be enjoyable or interesting for those involved and may also include accommodation, activities and attractions, which cover all elements of tourism, travel, hospitality, events and leisure. All of these definitions demonstrate significant interrelationships.

Travel, however, also involves some other components which are easier to define. In many situations, travel encompasses tour operations and holiday packages. Yale (1998) describes a tour operator as 'a person or company who purchases different items that make up an inclusive holiday in bulk, combines them together and then sells the final products to the public either directly or through travel agencies'. This is supported by Medlik and Middleton (1973, in Middleton, 1988) who define it thus:

As far as the tourist is concerned, the product covers the whole experience from the time he leaves home to the time he returns from it....[T]he tourist product is not an airline seat or a hotel bed or relaxing on a sunny beach...but rather an amalgam of many components....Airline seats and hotel beds are merely elements or components of a total tourist product which is a composite product.

The interrelationship between the travel agent and the tour is explained by Holloway (1994, p. 5) describing the 'organisation selling and managing this type of product is usually a tour operator, although the product may be sold through a travel agent, who also manage the package, or elements of the package through resort reps'.

The role of the travel agent has changed over the years and continues to do so. The travel agent is described as 'one who acts on behalf of a principal, i.e. the original provider of tourist services such as a holiday company, airline, tour operator, shipping company' by Burkhart and Medlik (1974).

Structure of the Travel Industry

The travel industry is complex in its component parts: tour operators, travel agents, transport, accommodation, activities, events and attractions.

Businesses in the travel industry may be defined by size:

- Multinationals are the market leaders, and include AMEX (AE), Thomas Cook and TUI AG. Many independents (see below) are owned by these major operators and fulfil the more niche-market offerings.
- National multiples are those businesses which are based across the UK, and include Leger and Midland Counties Cooperative.
- Regional multiples are those businesses operating within a region, such as the West Midlands or London.
- Independents are the individual operators of generally very small businesses and often specialists.

Businesses operating in this sector each have distinct characteristics. Travel agents and tour operators have been defined earlier in the chapter, so this section concentrates on the actual operating companies involved in the industry.

Accommodation: Accommodation in this sector can cover a multitude of businesses and business models. It includes hotels, self-catering cottages, guest houses, farm holidays, bed and breakfast, camping and caravanning and resorts. The range of businesses involved is a result of the broadening scope of the travel industry. There was a time in the early period of the industry where accommodation really referred to hotels set up for the package holiday market, but there are so many businesses offering tailor-made packages that all sectors of the hotel business can now be associated with the travel industry.

Airline: The airline industry has in recent years been dominated by the growth in low-cost airlines and cheap flights. There are, however, still a number of more traditional charter flights for the package holiday market and traditional carriers still have scheduled services with different ticket levels, usually economy, business and club class. Most recent developments in this sector include the development of very large aircraft such as the Airbus A380 and the increased risk of terrorism.

Attractions: Attractions encompass a broad scope of 'things to do'. Of particular relevance here is the way that attractions are used. They include ruins, historic buildings, gardens, theme parks and children's activity parks. Some package holidays include visits to attractions as part of the package. Some sectors use attractions as add-ons, hence excursions from cruise ships and resorts. Very often they are a key part of the independent traveller's itinerary and provide a focus for special interest sectors.

Coaches: Pre-booked coaches are used for excursions and trips. Some coach companies offer their own holiday packages and many of the market leaders own their own hotels or have contracts with overseas hotels. Some people will choose to travel by coach as part of the holiday, often on scheduled services, and there is the decreasingly popular domestic day trip on coaches.

Cruise: Cruise operators traditionally offered high-end holidays but are widening the appeal and lowering the price of the experience. Some cruise companies also recognize that developing cruise markets may be unsure about what to expect so offer taster cruises to broaden the appeal. Cruise companies usually plan a number of excursions at different ports of call.

Ferry: Ferry companies are generally industry suppliers, providing coach companies with transport to overseas destinations and offering transport for individual and commercial travellers. There are some instances where the ferry company acts as a travel agent or tour operator, in particular to offshore locations. UK examples of this practice include Red Funnel and Wightlink (Isle of Wight) and Condor Ferries (Channel Islands).

Taxi: The taxi and private hire industry presents the biggest challenge for the reputation of the industry as so many small local operators exist; many tourists in overseas locations are charged more than they should be, and customer care is not seen as being as important to the operators. Some luxury private hire companies and limousine companies have entered this market and have improved service standards, but prices reflect this because of the higher-quality vehicles that are used. Many cities and destinations across the world also have service standards and training courses for the taxi sector, but not yet for the private hire business.

Train: This sector is one of the most complex. It encompasses a whole variety of combinations of business. The simplest structure at national level is individual or

group travel to a specific location, with a combination of economy and first-class ticket options. These national carriers include GNER, Virgin and First Great Western. There are, in addition, a myriad of local train operators. While the overall standard and quality of national travel has changed and improved drastically over recent years, this has been less noticeable on provincial railways. Some train operators provide packages for city breaks, and some travellers choose to tour different countries by train. There is also a large market for nostalgic steam-hauled train travel in the UK and across Europe managed by companies including the famous Venice-Simplon Orient Express.

The sector can also be defined by the typologies of the business that it is involved with.

Business travel: This encompasses travel for the purpose of work. International business travel is under threat from the growth in technology and affordability of communications technology. Traditionally, business travellers tend to purchase higher-class tickets which are very profitable for operators, but with increasing security risks and easy use of satellite and web technologies which facilitate communication and reduce travel time to zero, the market, although stable now, could face decline in the future. Short-haul business travellers are increasingly using low-cost airlines, although on trains first-class tickets are still popular with business travel.

Mass-market travel: Still the most popular form of travel, this sector is trying to improve its image. It includes a diverse range of businesses, from Club 18–30 to high-end ski holidays and everything in between. The industry is increasingly defending its environmental credentials and impacts on host communities. Businesses commonly operate as travel agents and tour operators, using charter flights and contracted hotels, with the experience being managed by overseas resort representatives. Some businesses in this sector, such as TUI AG, have bought specialist companies to offer niche-market package travel while still delivering mass-market travel under traditional brands. Some of these large players also now own their own aircraft, reducing the needs to rely on suppliers, but increasing the responsibility and cost of running the business.

Niche-market travel: This refers to more specialist travel motives. These may be packages or independent travel and often focus on particular interests. Common niche-market products include holidays to learn new skills, such as languages, art or adventure skills, or to explore emerging destinations. Over time, many of these sectors grow to the mass-market model as emerging destinations develop in popularity or niche-market interests (historically skiing is such an example) reach mainstream markets and as a result become increasingly affordable for a wider range of people.

Sustainable, green and eco-travel: There is considerable debate around these concepts, which will be discussed in more detail in a later chapter. It is sufficient here to identify that an increasing awareness of environmental issues combined with a desire to become more environmentally aware has raised all sorts of issues in the industry. There are travellers who believe in purchasing holidays which benefit local communities, and others who avoid heavily polluting forms of transport. There are resorts seeking accreditation from local, regional, national and international environmental standards agencies such as Green Globe, and there are others that are trying to change the way they work to appeal to a more environmentally aware consumer base.

Independent and specialist travel: The independent market is growing in popularity from its early beginning in the 1980s, pioneered by specialist companies such as

Travelbag; customers are able to have an entire holiday planned in every detail, taking away the worry of organizing flights and checking travel requirements, but still being able to travel when and where desired.

Domestic travel: A simple definition will suffice here, that domestic travel is within the traveller's country of origin using local, regional and national suppliers. This should not be taken, however, to mean short distances, as domestic travel for the US market could be a significant distance for a long holiday.

PART C: MANAGEMENT

Introduction

Management theory has evolved considerably over time and the style and approach of management vary across different industries. Approaches to management are discussed here to provide background to some of the detail that is discussed in subsequent chapters. First, it is crucial to understand what an organizational structure may look like, and a generic example is given in Fig. 1.1.

The structure of an organization provides the framework of order and command through which the activities of the organization can be planned, organized, directed and controlled. In a very small organization such as an independent travel agency, there will be very few if any structural problems. The distribution of the work, which staff have responsibility and authority, and the relationship between members of the organization can be established on a personal and informal basis.

It must be organized for business performance: The more direct and simple the structure, the more efficient it is. Individual performance can be easily assessed and altered if necessary to achieve a good result.

The structure should have the least possible levels: The chain of command should be as short as possible. Every additional level makes for difficulties in direction, communication and understanding. It sets up additional stresses, creates inertia on the part of those below and makes it more difficult for future managers to move up through the chain.

Any organization structure must make possible the training and testing of future top management: Future managers must be tested as they strive to reach the top. They should be given the freedom to make decisions while still young enough to benefit from

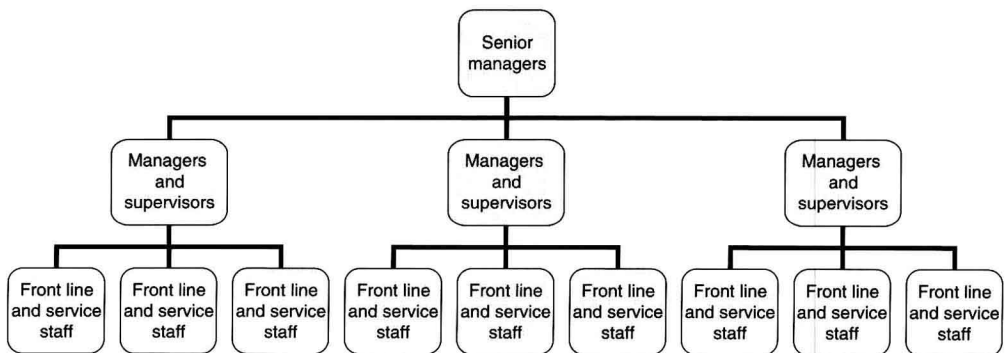


Fig. 1.1. Organizational structure.