much cash can be offered. Customer-service staff also needs to be trained to manage customer expectations about the level of compensation.

It should be pointed out that in the airline industry, despite the highly refined practices and many years of experience, overbooking still ranks among the most prominent customer-service problems. Thus, the practice is something of an awkward compromise between service quality and efficiency.

11.6   Cultural, Organizational, and Training Issues

With all the sophisticated models and mathematical techniques employed in RM, it is easy lose sight of the human and organizational challenges involved in implementing and maintaining a RM system. The huge investments in technology also tend to overshadow important organizational issues. Yet poor organizational planning is often the reason cited for the failure of a RM implementation, and poor training is frequently blamed for subsequent inadequate performance. In this section, we look at the main RM organizational and training issues.

11.6.1   Changes in Responsibility by Function

Organizational and business process changes are usually required at the time of the introduction of RM, and once the RM system stabilizes, even broader organizational changes may be desirable. As a RM system implementation cuts across multiple departments and functional areas, it requires significant cross-functional coordination. Product design, capacity planning, pricing, inventory control, operations, IT, sales and marketing, and finance departments are all affected to some degree or the other by a RM system implementation. Let us first review how the main groups are affected.

11.6.1.1   Analysts

If a firm is managing pricing or inventory manually, the analysts who make the day-to-day decisions are the most affected by a RM system, in the sense that it is their work routines and roles that change the most. As the technology behind RM is alien to most analysts, they are often intimidated by the sheer complexity of a RM system and suspicious that an automated system could replace their own intuition and experience. They also often may feel their jobs are threatened by a move to automated decision making.

Therefore, top management ought to emphasize that RM is first and foremost a philosophy and a set of business practices and is secondarily a