

A second organizational issue is how to manage the various levels of decision making. For example, traditionally most airlines had separate marketing, pricing, and inventory-control groups. The marketing group was responsible for high-level decisions about branding, fare structure, and promotions; the pricing group was responsible for monitoring and reacting to fare changes in each O-D market; finally, the inventory-control group was responsible for day-to-day overbooking and capacity-control decisions on each flight. Today, however, many airlines are integrating all three functions into a single group, as the three sets of decisions are interrelated. Again, the main tradeoff here is between a desire for coordination versus a need to keep the analysts' job focused and manageable.

A final issue concerns which functional area has overall responsibility for RM. It is common to have both inventory control and pricing as marketing responsibility, although there are many firms where the finance department or even operations department is responsible for both, and some where pricing and inventory control are organized in a separate department reporting directly to the CEO.

11.6.2.3 Organizing for Network RM

Organizing for network RM presents special challenges. For one, if the current organization has analysts responsible for a limited number of markets, then as a network RM system makes decisions that cut across market boundaries, reorganizing analysts' responsibilities is almost always necessary to avoid conflicts. For example, if analysts make changes to a forecast, should they be allowed to reoptimize the network? What if multiple users are making changes at the same time? Such concurrency and locking issues frequently come up in a network RM system.

A network RM organizational structure normally has some analysts work at the market level and some at the network level, responsible for resolving any conflicts that arise across the different markets and for coordinating and batching forecast and parameter changes. Such network coordinators can also liaison with groups desks and network (product) designers.

If the RM system is implemented across multiple resources (a retail chain using price-based RM across multiple stores, a hotel chain implementing a RM system across all its properties, or a freight company managing inventory over many branch offices), then the question of centralized versus decentralized control arises. That is, should the system reside at head office and forecast and optimize across all the dispersed resources, or should each unit have its own decentralized RM system?

The argument for decentralization is that local field managers are in closer touch with their markets, so they are perhaps in a better position