

# Operation Flow Reconstruction of Travel Agency

## CHAINE D'OPERATION DE LA RECONSTRUCTION DE L'AGENCE DE TOURISME

Fan Qiumei<sup>1</sup> Jin Chengzhu<sup>2</sup> Zhang Zhenjia<sup>3</sup>

**Abstract:** Travel agency is the leading part of travel industry, and plays the role of promotion. However, the development of travel agency in our country at present is incompatible with the developed travel industry today very much, so the out-of-date operation flow needs reforming so as to adapting to the high speed development of economy. This text analyzes the present situation of travel agency's business development and the countermeasures against the reconstruction of operation flow.

**Key words:** Flow, Flow reconstruction, Information technology

**Résumé:** L'agence de tourisme est le leader de l'industrie de tourisme et joue un rôle de promotion. Pourtant, le développement de l'agence de tourisme de notre pays est incompatible avec l'industrie de tourisme développée d'aujourd'hui, donc la chaîne d'opération démodée en cette matière demande la réforme afin de s'adapter au développement économique à grande vitesse. Cet essai analyse la situation actuelle du développement de l'agence de tourisme et les mesures contre la reconstruction de la chaîne d'opération.

**Mots-Clés:** chaîne, processus de la reconstruction, technologie informatique

### 1. FEASIBILITY OF OPERATION FLOW RECONSTRUCTION FOR TRAVEL AGENCY

#### 1.1 Generation and development of Internet technology help the global turn into an information society

The current information technology makes the plan of flow reconstruction and organization innovation feasible. For operation flow reconstruction, travel agencies aim at that all the operating staffs relating to the reception of some tourist party can provide and get information of customers in time and correctly, and perform the work concerned in order to satisfy the customer.

Along with coming of the upsurge of personal tour, network economy of tour becomes more and more important. Booking room, tickets and other service by network technology and electronic commerce as business volume of tour has accounted for 30% of

organized tour, and it is still increasing. Otherwise, the economic globalization and integration brings forward severe challenge, so we have to develop the application of electronic commerce and network technology of tour, recommend travel industry products, facilitate tour consumption and promote tour development.

#### 1.2 Affection of the global economic integration to the operating mode of travel agencies in China

##### 1.2.1 It is of benefit to increasing the volume of foreign passenger source

With the open policy on establishing the travel agency with Sino-foreign joint venture and foreign sole investment, the channel for large foreign travel agencies to enter China has been broaden and the modes has increased, which will promote the expansion of foreign travel agencies to China. Generally speaking, foreign-owned travel agencies usually have their own international marketing system and stronger promotion capacity and steadier passenger source. With the

<sup>1</sup> School of Resource and Civil Engineering, Northeastern University, China.

<sup>2</sup> School of School of Resource and Civil Engineering, Northeastern University, China.

<sup>3</sup> School of Tourism and Geography Science, Shen Yang University, China.

\*Received 20 January 2006 ; accepted 3 May 2006

expansion to China's market, new interests will greatly improve these travel agencies' enthusiasm for dealing in China's tour business, thus makes them use more energy and more powerful promotion campaign on the promotion of China's travel industry products, which will promote the extension of China's international passenger source market objectively, especially the development of the passenger source market of high-quality holiday tour and business tour, it is advantageous to the increase in overall international tourist source and comprehensive benefits of the travel industry.

### **1.2.2 The competition with foreign travel agencies has intensified**

Most foreign-owned travel agencies come from the passenger source country of China's international entry tourists, with shorter marketing channel in the tourist market, thus have the superiority of lower transaction cost, comparing with China's travel agencies that go to foreign countries to solicit visitors from afar, they can easily capture the tourist consumption market, which poses a deadly threat for China's travel agencies to maintain their shares in overseas market.

### **1.3 The adjustment of division of work system in travel agency needs operation flow reconstruction**

Division of work means that the work originally finished by one person or one organization independently is divided between two or more than two individuals or organizations, and it is done separately. The travel agency's division of work system refers to the role travel agencies of different categories play in various market regions and the circulation links of travel industry products and the correlation between them. In the development of international travel agency, there are two kinds of main systems in division of work. One is vertical division of work, which mostly adopted by the countries in Europe and America; the other is horizontal division of work, which currently adopted by our country.

According to scope of business, our country's travel agencies fall into international travel agency and domestic one. The scope of operation of international travel agency includes entry tour, exit tour and domestic tour; and that of domestic one is only limited to domestic tour business. In the meantime, travel bureau implements strict examination and approval system to exit organized tour. Obviously, this kind of division of work system is horizontal one. It can be seen that this kind of division of work system is decided by the country's relevant policies, which embodies the feature of China's travel industry with the government as leading, so many problems arise there from in our country's travel agencies.

(1) The large-scale travel agencies have not realized

scale-economy, so its scale-superiority cannot be put into play

The large-scale travel agencies have superiorities in such aspects as development of travel industry products, purchase of traveling service, exploitation of traveling market, traveling reception as well as fund, information, talented person and risk resistance, so it is easy for them to realize scale-benefit. But in China's travel industry, the scale-benefit of large travel agencies is not obvious, and their superiority cannot be put into full play.

(2) The medium and small-scale travel agencies lack specific market orientation, so they have difficulties in taking steps

As far as the overall current situation of domestic medium and small-scale travel agencies concerned, their difficult position lies in the limited reception quantity and low profit, which are attribute to many causes. Viewing from the travel agencies themselves, most of which have limited people, capital and material resources, but their operation involves actually each link from product design, development to traveling reception, which increases the cost and reduce the profit margin. Therefore it is a certainty for them to be in such hard condition.

To sum up, the travel agencies of our country are characterized by "large and complete, small and complete", which aggravates their burden, increases expenses and hinders development. Therefore, it is required to reconstruct the operation flow.

### **1.4 Reconstructing operation flow to enhance enterprise efficiency**

At present, it is urgent for many travel agencies to consider how to enhance their economic activities' efficiency, especially the operation flows, thus the reconstruction of which cannot be bypassed. For improving the internal and external operation flow, maintain the information to be unobstructed and enhance the competitive power, it is essential to carry on reconstruction of internal operation flow and the reform in information flow and organization structure. Only by realizing the reconstruction, can all the information be shared within enterprise, which will finally make the high effective and harmonized operation and management of enterprise come true.

## **2. OPERATION FLOW RECONSTRUCTION OF TRAVEL AGENCY**

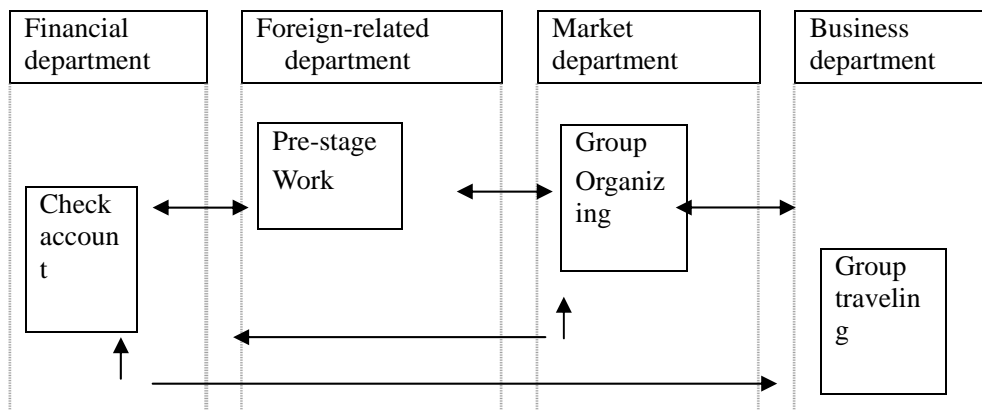
The operation flow roots from social labor division and enterprise interior labor division, concretely, it means to assign specific tasks to the personnel in different posts, and then integrate them by management department.

The operation flow aims at making customers satisfied, it has two basic characteristics, one is geared to the need of customers, including enterprise's interior customers, and the second means to surmount the existing boundary of functional department and subordinate units. The operation of modern enterprises relies on various flows, and the enterprise flow is an integration of a series of related activities, decision-making, information flow and logistics. For each work step and link, the time for completing standard tasks are set down, saving the flow time will bring more values to customers, enhance enterprises' market response ability, thus strengthen their core competitive power and realize

the target profit. The flow reconstruction follows with the emergence of knowledge economy and information age, aims at changing the work mode of industry age. We shall take the operation flow of outbound travel as an example.

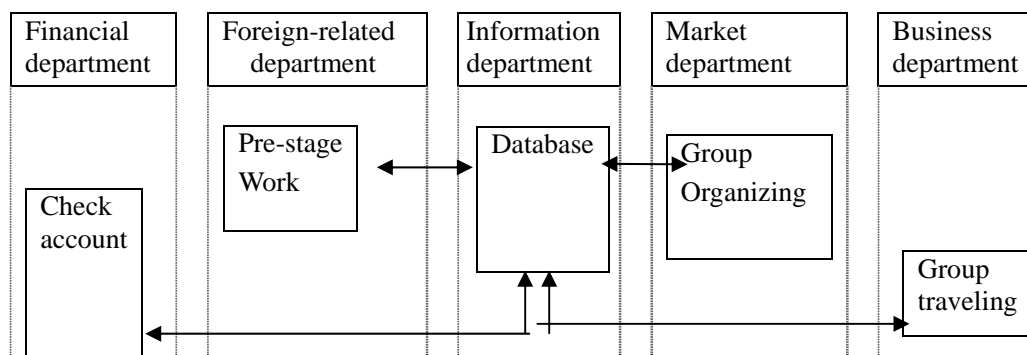
### 2.1 Current operation flow of travel agency

The flow chart listed below is for unbound travel taken charge by market department, finance department, foreign-related department and business department.



### 2.2 The operation flow of travel agencies after reconstruction

The flow chart of travel agencies' operation flow after reconstruction is as follows:



#### 2.2.1 Pre-stage work

The pre-stage work refers to some preparatory work that should be ready before group activities. According to company's annual operation target, a certain business volume should be achieved, i.e. the so-called traveling group number. Directed by the company, the group working personnel will start with the pre-stage work concerning the traveling group.

##### 2.2.1.1 Setting up of group files

Group file is just like personal ID card. After the group file is set up, all affairs related to the group procession are all recorded on the group file numbered convenient for management and tracing. When the group comes back, the filing will come to a close. Filing

of group seems like personal name and basic data. In a general way, the surname isn't permitted to change; the given name is not only of meaning, but also sounds pleasant in surface. Personal data should be clear for others to see at a glance and lucid. So, the group file should be formulated in order of English abbreviation of organizers of group travel, group departure date, English abbreviation of travel destination, number of travel days. On the basis, the filing information will be computerized to convenience the staff's operation. Then after a period, the company's various groups' departure detailed list, i.e. basic data of annual group filing, can be tabulated monthly.

##### 2.2.1.2 Choosing of Airline and Seat Booking

Choosing of airline: According to annual group

departure quantum booked by travel agency members, the travel agency members should get the airline's support first, while the airline in consideration of seat sale factors, too, should choose cooperation and support of tourism. Especially, tourism is of seasonality. Balance between supply and demand is very important. So the strategy changed, and the annual seat booking system called "IN HOUSE PROGRAM" finally emerged. Main basis for practitioner to choose airways generally include if ticket price has a competition ability and a refund system; the way of payment; the number of flights and if the connection networks covering everyplace around the world is convenient or not. If the airways and travel agencies can make the agreement after evaluating themselves and each other, the latter should put forward their annual seats demand in the cabin within required time, and submit integrated tables of group bookings to the reservation department of airways.

#### 2.2.1.3 Selecting Overseas Agents and Annual Booking

Agencies are very important in the tour group business because they provide related service in tour destinations, so they are often called "local agent". No matter their names, they supply lots of services to tour groups, such as accommodation, traffic, sightseeing, and comment. Some principles should be considered seriously for selecting a overseas agency, such as the scale of its company; abilities for managing tour groups, negotiating with local hotels and airways; the number of tour guides; and its tour productions' prices and qualities.

### 2.2.2 Organized tour business

Organized tour business is one of the most important parts in tour group exercise, including adjustment of the number of seats in the cabin and tight communication with the local agencies. To conclude, this kind of tour business is the most changeable and to be treated more seriously, especially there are not enough flight seats to fulfill the demand of travel agencies and conflicts between them come out.

#### 2.2.2.1 Flight seats control operation

Annual seats demand of each tour group comes from travel agency's management target and will probably change in practice. So the operation department of travel agency should keep in touch with the airways to confirm if the number of the seats will match the original seats order.

#### 2.2.2.2 Oversea business agent contact operation

Before each tour group departs, the operation department of travel agency should notice its oversea business agent the following things: the correct arriving time of each flight; the number of the tourists in each stop which have to be explained particularly during the whole travel period abroad; if contents of the original travel route has been changed; if it needs to help with

traffic tickets for each travel destination, contact accommodations and provide name list of linkmen and telephone schedule in each stop.

#### 2.2.2.3 Group departing business

Group departing business is the last stage of travel operation system. Before each group set out, travel agency should affirm the written booking plan and issue of the formal plan. After the traveler pay fees, an organizer of group travel begins its operation system. Firstly, it will fax or telephone reception agent its plan forecast to order hotel and traffic tickets as soon as possible. That forecast must be sent to reception agent 30 days in advance before the group set off and ask it to reply within 3 to 5 days in written way to confirm contents of the forecast, especially flight, vehicle and ship tickets. Since forecast is forecast, it needs to be corrected occasionally and duly, and the name list of travelers is needed to sent to the reception agent as early as possible as well. If there is nothing to be corrected, two copies of the final fixed plan that must be printed and sealed should be posted to each tour destination 10 to 15 days earlier before the tour group comes to the first stop, which are both reception plans, but the proof of being paid for providing reception service. Generally, the final plan is attached with return receipt to let the opposing party send it back and can't be changed largely. 24 hours before the group starts, related personnel have to check the final plan again to find possible neglects or problems and remedy them in time.

#### 2.2.2.4 Repatriate operation

Repatriate operation is a plus business for travel agency. Striking a balance on come-and-go fares becomes possible between two travel agencies that do business continually, vice versa. Firstly, after each tour group comes back, each reception agent from everyplace on the travel route will fax the group gathering bills. Personnel from organizers of group travel have to check them clearly; correct mistakes when needed and ask the financial department pay them back according to the contract. Then, in order to improve its works, enhance its well-known and beauty praise degrees, promote customers loyalty and complete targeted benefits, the travel agency should try it best to get valuable feed back from customers.

### 3. AFFECTS OF RECONSTRUCTION OF THE FLOW

Comparing those two operation flow charts, we can find out that nothing but information department makes the working of travel agencies totally different. That department improves the whole company's work efficiency, reduces cost and achieves its commercial benefits.

### 3.1 Affect on travel agency's cost

It's the necessary choice for travel agencies to rebuild their operation flows in order to utilize advanced information technology to reform their operation flows, reduce their costs and set their competitive advantages. Even rebuilding operation flow can satisfy customers better than before and improve work efficiency, its core purpose is to shape and upgrade core competitive power of a travel agency, for the operation flow is tightly related to core competitive power and even becomes a part of it. The operation flow supports the company's core competitive power, and then that power can support its core products and services.

### 3.2 Affect on travel agency's management

Every travel agency needs to survive and even develop in the market, and rebuilding its operation flow can make it stronger and more powerful to meet different challenges. This process can centralize its predominance and utilize the limited capital to strengthen international cooperation. Internet technology is cheap and works fast, which can help the

travel agency, survive better and acquire bright prospects in the future.

## 4. CONCLUSION

Travel Agency utilizes modern information technology to reconstruct operation flow, brings into better balance the relations between various departments, cuts down program run time, and improves organizational management efficiency. After reformation, the existing financial department, marketing department, promotion department, and information department in organization structure are enough for the travel agency. Accordingly, it saves the cost. The more important is that, with strong information acquisition capability, the relevant business departments get an improvement by a large margin in both servicing speed and quality when extending market, combining route and satisfying special requirements as well as resolving temporary and sudden problems, consequently, customers' satisfaction degree will improve, therefore, the enterprise's nuclear competitive power get enhancement foundationally.

## REFERENCES

- Bao Qizong. (2002). 'Study type organization helps Management of Travel agent break out'. *China Tourism Newspaper*.
- Daibin and Dujiang. (2002). *Travel agency management*. Higher Education publishing company, Beijing, PRC.
- Du jiang. (2002). 'Joining WTO and Chinese Tourism Industry', *China Tourism Newspaper*.
- 'Facing WTO commentary: Tourism Industry should promote Competitive Ability'. (2001). *Economy daily*
- He li.&Li Zehua. (2001). 'SOP of China tourism is coming to the World'. *Tourism Research*.
- Huangjie. (2001). 'Developing trend of Demand of modern tourism market', *China Tourism Newspaper*.
- 'Tourism Industry Countermeasures of "Join WTO"'. (2002). *China Tourism Newspaper*.

## THE AUTHORS

**Fan Qiumei**, School of Resource and Civil Engineering, Northeastern University, P.R.China.

**Jin Chengzhu**, School of School of Resource and Civil Engineering, Northeastern University, P.R.China.

**Zhang Zhenjia**, School of Tourism and Geography Science, Shen Yang University, P.R.China.

E-mail: Paulzzj\_gu@yahoo.com.cn