CHAPTER SEVEN

M.N.O. Private Limited

a) A Profile

b) Brief Account of Business Done

c) Results of the Investigations Made
CHAPTER SEVEN
M/S MNO PRIVATE LIMITED - A PROFILE

The Company:
M/S MNO started its business very recently in the month of July 1985 and from the very inception started specialising in inbound foreign tourism. It has around three years of experience and has specialised in handling Japanese tourists besides other tourists.

The People:
The company has a staff of 10 people who contribute to the unique personality of MNO Private Limited. Most of the staff is young and has work experience in different agencies in India.

Membership and Affiliations:
The company is recognised by the Department of Tourism, Government of India and also a member of the Travel Agents Association of India.

The Network:
The company has only one office at New Delhi but has its associates throughout India. They are the company’s sub-agents who take care of the company’s requirements anywhere in India.

The Service:
M/S MNO offers a wide range of services, right from air booking, rail booking, international tickets to visa
passports etc. but specialises in inbound tourism. To meet the needs of inbound tourism it is well equipped with all modern means of communication.

**Business Growth:**

Started only in 1985 with first two staff members - Director and Managing Director, it has grown to such an extent that the turnover has been now ten times of the first years i.e. it has risen from two lacs rupees to over 2.4 million rupees now. MNO has handled over 900 tourists from different parts of the world, most of them from Japan.

**Discussion:**

The salient points that emerge from the investigations and observations made on the application of general management functions in the present company can be discussed below:

**Planning Function**

The organisation expresses its objective in two terms - primary and secondary. Primary objective is to make profits on the money invested and for the efforts put into the business. The secondary objective is to get name in the trade and one of those subsidiary objective is to be effective in the trade to be able to effect the trade further at the national level. For this purpose the organisation's planning depends on the planning of foreign tour operators. There are agents who operate on long term basis, may be 5
years or more like Thomas Cook and American Express and there are agents who operate just one or two tours a year therefore the planning goes accordingly and time horizon of the plans also depends on foreign agent’s planning. The tour programme that the management discusses with the foreign tour operator takes the shape of the tour when it finally arrives at in 2 to 3 years time. The role of the organisation in the entire planning of a tour begins when it receives a confirmed booking of a tour. But for short term foreign agent, the organisation does not plan anything as such but only executes the planning of foreign travel agents. In order to plan, whatever it has to do, all its operations are pre-programmed. They may be pre-programmed for five years in advance or a week in advance but the nature of business is such that we can not operate without being pre-programmed. In the case of inbound tourism, airline seat has to be made and so on, all in advance. The plans are not flexible, specially short term plans for the execution of tours are not at all flexible. The moment any flexibility is allowed, the whole system has to be changed. The infrastructure has to be changed completely and it has to be made available on demand.

The Organisation takes an amalgamation of hotel seats availability, airline’s seat availability, mix up the whole lot and that becomes a tour programme. The technique used is, usually to start with an airline a seat’s availability, which is the toughest segment of the complete organisation of a tour, based on the availability of a seat in airline (if it
is a part of this programme also, otherwise, if he had
already planned it then it doesn't have to) hotel reservations
and so on. But if he chooses to do his own planning of air
seat's availability he will not be in the best position, to
do so because of the frequent changes in the air time table
of this country. Almost 99% of employees participate in
planning and they are very effective also. The possibility of
receiving a distorted information for planning does not exist
within the organisation, but from outside the organisation.
But there is definitely, a possibility of a change in the
schedule of airline without notice or change of cost without
notice, although this is not the distorted information but
not a definite information either.

To quite a great extent, the organisation plans a tour
in such a way that all the problems of future are viewed at
and minimised in a sense that a second option is always
planned. For example, a margin to send people by any other
means of transportation in the case of flight does not
operate or cancelled is kept. Further suppose a tour has
to go to Agra-Khajuraho-Varanasi. If it is not able to reach
Khajuraho, the day it was supposed to reach, the company
keeps a possibility of sending it to Varanasi on the day it
was supposed to be there without disturbing the rest of the
programme, leaving one destination. The company includes such
destinations in programme only in slack seasons. The
organisation uses a lot of innovation. The company tries to
give the final product to the client in different essence.
Usual tour would be to put them in a hotel, take them for sight seeing and back. Here it tries to give them extra personalised services. The company invites them home and has home visit. It some time visits them for sports and games. It tries to make them feel that it is giving them more, which one can call 'beyond the hotel window tourism' and takes a lot of risk also. Any time one deviates from the track one is taking a lot of risk. But it goes to that extent that if the change and innovation does not work, it should not affect the total tour or time table of the tour. Introducing change in the organisation depends on end users. Some end users, like Americans, Germans like change some do not. In fact introducing a change depends on the end users. But by and large if a client has paid for a particular thing, he is mentally prepared to receive just that thing. The people working in the organisation also appreciate change because it is too much boring to go to and come from the airport all the time so they appreciate it.

**Organising Function:**

The company has 10 employees and annual turnover is 2 million rupees. Here, organisationally it is decentralised as its all four executives are in complete charge of what they do. But because of physical positioning most of the decisions are combined. 100% of division labour is there in a sense that everybody does everything but what a person is specialised in, he does that thing most of the time. Members of the organisation are in a position to do every aspect of
the job, but they have their own speciality. There are two departments in the company—Sales and Operations. Within the sales there are two groups of activities—one is personal sales when Managing Director goes abroad and sells them and other one is correspondence sales which is from the base. In operations department, there are various groups like there are airline liaisons, hotel liaisons, transportation liaisons, bank liaison, within that it has booking, amendment, cancellation. Then there is accounts department which looks into the checking of bills, foreign exchange and so on.

Being only 10 members of the organisation roughly one man is in charge of one job and there is no span of control as such, and all its specialists are generalist. Over the use of authority and responsibility relationship, there is no friction at all. Because every person knows what he has to do and if he does accept it without necessary an authority being put into it. Because of this the organisation does not make use of committee or group for decision making and it is very informal organisation. The organisation is completely flexible to adopt the changes of the external environment.

**Staffing Function:**

To recruit the personnel mainly it looks for the experience in the trade. At the same time at the current level it takes 25% of its employees as fresh. The company likes to train them. The method of recruitment is personal
level's recommendations and by words of mouth. There is no
distinction between recruitment and selection in the
organisation and promotion in the sense of designation wise
is non-existent because of size of organisation, but the
monetary promotions are there subject to two conditions.
First the output of a person and secondly the availability of
the funds within the organisation.

To appraise the personnel, similar tasks are given to
two people and execution of the task by an executive is the
criteria along with the final satisfaction of the end user.
Here the organisation does not exactly measure but the end
user of the product that is the client measures. It
distributes questionnaires and analyse them to appraise the
performance. Those employees who are not in direct contact
with the client their performance is appraised on the basis
of their updation of the records or supplying the required
information within the stipulated time period. To describe a
job, verbal instructions are given. The organisation gives
them the means to do a job and ask for end result by
explaining them that this is what it wants.

Levels of compensation are the satisfaction of
employees and no separate time is given for the training. The
person is trained while he is on the job and the kind of
training is informal. For layoff, the company does not have
any rules as such. If a person is causing any financial harm
or burden to the company, he is simply fired. There are no written code of conducts. The organisation finds it difficult to get the desired kind of persons. To maintain them is again difficult because in this trade each of the employees is so personally involved with the end user that sooner or later ambitious toughs of going abroad come and as a result of which he leaves the job.

**Directing, Motivating and Staff’s Function:**

The management is authoritative to a low extent and participative to a greater extent and to motivate the personnel, the organisation feels that personal satisfaction though the satisfaction of client is must. No monetary incentives are given but it tries to inculcate in the employees, the personal satisfaction in their doing the job well. On the job supervision is done so far as the use of supervisory techniques are concerned. Personal communication is used in directing and motivating. The communication system to direct and motivate is very effective. The organisation finds it completely at ease to motivate the personnel without monetary incentives. All individuals identify their interest with that of the organisation because their survival depends on the survival of organisation. Everything is linked with the survival of the organisation for them, that is why no distrust is there among employees. There is no frustration absenteeism or turnover among employees because the nature on functioning is such that if
there is no work one can easily go home any time. If there is work he works. The organisation is working with the original employees since its inception. The employees do not waste time, but since the company is not working at 100% capacity therefore there is an element of wastage of time but not at all due to the restrictive work practices.

Controlling Functions:

The controlling function in the organisation has been studied from finance and marketing point of view. In marketing it takes its past records as its achieved standards and it restricts its standard to a minimum of those levels.

In finance almost the same thing is done. If it had a particular turnover last year it tries to increase the turnover and if the turnover does not increase it tries to increase the profitability.

In personnel, the result of the other two specially finance reflect the performance of personnel, and if it is felt that staff has not done well, it does not advocate reducing them for bringing the cost down but tries to increase the turnover to compensate that. There exists no reporting system as such for information collection but the executives just sit and discuss. The organisation does not believe in probability theory of checking defective pieces in a lot. It is of the opinion that if its 10% client goes
dissatisfied, it will be 100% for those who went
dissatisfied. In this light the control over its activities
is exercised but the system does not exist. As to why the
organisation applies these functions and practices, has been
summarised in the following pages.
Summary and Notes

The above analysis and interpretations of the investigations made can be summarised below along with a reason as to why the company applies a particular function in a specific way.

The company’s main aim is to make profits and subsidiary aim is to achieve the leadership in the industry. Being a small size organisation, its long term as well as short term planning depends on the planning of its foreign agents who in fact generates business for them. The organisation has not yet started planning on long term basis for any of its operations. The management does not believe the flexibility of the plans because of the fact that any change in planning of a tour increases the cost which at this time it can not afford even if it loses the business. It is very systematic in planning the services that it offers, takes into consideration all variables that may affect the operation of a tour and makes some provision for the unforeseen also. In a way the management is pro-active not a reactive one. The effectiveness of the employees in the planning process is clear from the fact that each of the departmental head is in complete charge of his work and has enough authority in the decision making. The organisation’s innovativeness is clear from the fact that it keeps on giving every service as a new one which is ordinarily not common among most of the organisation. For example a new concept
has been introduced by the organisation which it calls as "beyond the hotel window tourism". It shows the organisation's attitude towards risk also. These kind of changes are welcomed by the employees mostly because most of them are young and the culture of the organisation is also very favourable with regard to changes.

As said earlier, it is completely decentralised organisation. The fact is confirmed by the use of 100 per cent specialists who are of course generalists and capable of performing every aspect of the job but generally do not do that. Because of clear cut authority being given to the department's head, there is no friction over the use of authority and responsibility relationship. This fact has further been confirmed while investigating the identification of employee's interest with the organisation's interest where it is believed that the survival of the employees depend on the survival of the organisation. There is too much trust and cooperation among the employees. The investigation gets support from the above point also.

The organisation, being very informal in its functioning selects people mostly by personal recommendations and by word of mouth. It happens because of the fact that most of the men in the trade know each other and their recommendations about a specialist are as good as if a formal screening has been done before the selection. It has no specific measurement to appraise the performance but has a
systematic way of doing it in the sense that it gives similar

tasks to two persons and the quality of end results with
equal resources used, determine the performance or in other
words, it is man to man comparison. The personnel
performance appraisal also comes from the user of its
services because it is the consumer ultimately who speaks of
the liking or disliking of a product or service, which the
organisation understands well and practises also.

The organisation has now written code of conduct. It
is because of the size of organisation. Similarly, there are
no rules for lay off or dismissal and all is done informally,
depending on the requirement. Her one major finding gets
strength en and that is about the concern of employees for the
organisation. The organisation does not believe in dismissal
of a person even if he is no more required for lack of
business or growth but it tries to achieve a higher turnover
with the help of employees’ efforts.

Like other organisations studied, it also finds it
very interesting in dealing with personnel because of the
kind of people it has. There is no element of unproductive
bargaining or waste of time and so on. Neither the
organisation forces a person to work for specified time nor
it stops them going home after finishing the day’s work.
Therefore it does not necessitate the organisation to have
strict control over the personnel. But it does have some
control for its business plans. It compares its performance
with its own past records. It pays much attention on the quality of services delivered in the past and at present thus makes a constant effort to give better service. However, the company has not designed a control system for its all functional areas. The following chapter has been developed in this direction and a detail description to this effect has been given.