
Book Review

Revenue Management in Service Organizations: A practical book on revenue management as part of business strategy for financial and other business managers

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‘Revenue Management in Service Organizations’ offers a practice-oriented overview of how to optimize the performance of a service business by connecting business strategy and accounting topics with revenue management. Despite the title, the focus of this book encompasses more than revenue management in its narrow sense, linking a wider array of business management topics with each other. This is a useful approach for the targeted audience of financial managers; the authors have clearly intended the book for practitioners.

The book is divided into six clearly distinct chapters. After an initial overview, the authors focus on business strategy, discussing themes such as blue ocean strategy and Porter’s five forces. This is followed by a basic chapter on traditional revenue management, with a closer look at the tactics and tools available to service businesses. The next two chapters connect project and cost management with a revenue approach in an interesting way, offering many practical examples to support a reader potentially planning to implement these ideas. The book finishes with a results-oriented discussion on the importance of measurement.

Revenue management can be approached from two angles, marketing or finance. In this

book, the authors use both. The first chapters are more marketing oriented, as illustrated by the references to Porter’s theory, and this makes for a user-friendly start. The reader is not immediately immersed in numbers, and the examples provide a common-sense introduction to the topic.

The chapter on tactics and tools – EMSR-b and linear programming included – shifts the emphasis towards numbers. Although the concepts are explained fairly briefly, the numerical examples offer good support for understanding them. The book does not teach revenue management heuristics and methods thoroughly; instead it provides a conceptual, fairly common sense overview of these topics. For example, the need for data is discussed, but without some prior knowledge of statistics and probability mathematics it might be hard to deduct how data is converted into useful figures. The same is true with some of the other topics, including linear programming. Fortunately, strong mathematical ability is not needed for grasping the concepts themselves; the authors do well in illustrating the tactics without requiring advanced numerical skills. A reader wishing to delve deeper into these techniques can continue with a wide selection of other references; these



usually tend to be fairly formula intensive. For a business manager looking for an introduction to the concept of revenue management this is not necessary, and the insights from this book should provide an adequate foundation for a review of operations, naturally depending on the size and complexity of the business in question.

The authors emphasize the importance of managing processes as a driver for a good revenue strategy. They also place some weight on costs, and the difference between types of costs is highlighted. The approach is clearly management oriented, and academic theories are not discussed much. The emphasis is on practical and straightforward examples. The final chapter on measurement follows the same theme; the measurement systems described provide food for thought to business managers, starting from the traditional balanced scorecard and continuing to more advanced techniques. Despite the practical examples, this is not a handbook on how to create actual measures and the emphasis is on what should be the goal of measurement.

As the table of contents suggests, this is not a strict revenue management book. However, the authors combine the various topics fluently, making relevant links between business strategy, costs and revenue management; this combination has not been extensively explored in literature. The incorporation of different areas, some of which will already be familiar to most readers, is one of the strongest aspects of the book. On occasion, the reader may actually feel that the authors are drifting too

far away from the core topic of revenue management, only to be shown the relevant link a few paragraphs later. The authors excel at finding meaningful connections between seemingly unrelated topics. This may cause some confusion until the reader becomes accustomed to their approach.

The real strength of the book lies in its broad approach, and a reader looking for more detailed advice on how to implement revenue management will have to look for further reading focused specifically on tactics and tools used to manage revenues. Yet this book offers a good first step into the discipline, with an embedded revision of more general business management. With the intended readers in mind, theory is kept at minimum, while at the same time providing references for further reading. Although many helpful illustrations are included, some of them would benefit from a higher print quality. This does not, however, threaten the delivery of the message.

This book, being fairly short, provides a compact way for business managers to revise the fundamentals regarding their companies and instigate some improvement ideas for further development. It is also a good read for anyone new to the discipline of revenue management, wanting to set it in context with managing a business in general.

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