

# FA-03: Agency-Authority Mismatch

When Manual Integration Becomes the Invisible Tax on Travel Operations

## Page 1: The Diagnosis

### KEY TAKEAWAY

A systemic failure exists when frontline staff are held accountable for guest outcomes but are denied the system permissions or budgetary authority required to resolve issues autonomously. The result is a cycle of escalations that increases both operational costs and employee churn.

## Systemic Anatomy

**The Symptom:** Frontline staff are held accountable for customer outcomes but denied the system permissions, budget authority, or decision rights required to resolve issues without escalation.

**The Root Cause:** Organizational Authority Design

**Why It Recurs:** Centralized risk controls remove discretion from operational roles to minimize variance, fraud, and unauthorized expenditure.

**The Governance Failure:** Hierarchical decision structures concentrate authority at management levels that cannot scale to real-time operational volume.

**Scope Boundary:** Does not explain staff competence, attitude, training quality, or hiring standards. Only explains friction caused by structural denial of authority despite assigned responsibility.

## Page 2: Strategic Risk & Impact

### STRUCTURAL RISK PROFILE

**Blast Radius:** localized

**Time to Impact:** immediate

**Reversibility:** costly

**Decision Frequency:** medium

### DECISION FALLOUT & IMPACT PATTERNS

#### Typical Decisions Affected:

- Removing override capabilities from frontline terminal software
- Requiring manager approval for service recovery actions below a trivial dollar threshold

#### Delayed Effects:

- Escalation queues overwhelm management capacity during disruptions
- Frontline staff develop learned helplessness and disengagement

#### Early Warning Signals:

- High frequency of 'I need to ask my manager' in customer interactions
- Service recovery failing due to approval wait times

### INDUSTRY MANIFESTATIONS

#### Airlines:

- Inadequate compensation for poor experiences

#### Hospitality & Hotels:

- Poor handling of negative experiences
- Poor response to complaints

## Page 3: The AERIM Resolution

### MOVING BEYOND LOCAL FIXES

Agency-Authority Mismatch is often 'solved' by giving front-line staff more override privileges or creating escalation hotlines. These workarounds fail because they don't address the structural problem: disconnected systems require manual coordination, and staff lack the authority to resolve cross-system conflicts. AERIM resolves FA-03 by introducing Coordination Contracts—pre-negotiated decision rules that span system boundaries. For example, when a flight is delayed, AERIM automatically evaluates hotel rebooking, meal vouchers, and loyalty compensation based on customer tier and delay duration, without requiring staff to manually check multiple systems. The resolution isn't about empowering staff—it's about eliminating the coordination burden entirely.

#### **Resolution Level Required:** executive

This friction requires executive resolution because it involves redesigning organizational authority structures and risk control frameworks that are embedded in hierarchical reporting relationships. Operational management cannot redistribute authority it does not possess, and cross-functional coordination cannot resolve vertical power concentration.

### TYPE OF CHANGE REQUIRED

#### **Authority Redistribution:**

- This friction persists because authority is concentrated at management levels that cannot scale to operational volume. The required change involves explicitly delegating decision rights to frontline roles commensurate with their assigned accountability for customer outcomes.

#### **Risk Control Framework Recalibration:**

- Centralized approval structures exist to minimize variance and fraud risk. The friction continues until risk controls are redesigned to separate high-consequence decisions requiring oversight from low-consequence decisions that can be safely delegated with appropriate guardrails.

#### **System Permission Architecture:**

- Permission denial at the software level enforces centralized control regardless of organizational intent. The change required involves redesigning system access controls to enable frontline discretion within defined parameters rather than blanket restriction.

### WHAT DOES NOT WORK

- Training staff to feel empowered fails when actual decision authority remains centralized. This approach treats the problem as psychological rather than structural, leaving unchanged the permission and budget

constraints that prevent action.

- Attempts to speed up approval workflows fail because they address throughput rather than authority distribution. Faster escalation still requires frontline staff to wait for management decisions, preserving the structural bottleneck.
- Publishing guidelines for staff to follow fail when execution requires permissions staff do not possess. Guidelines without corresponding decision rights create frustration rather than resolution.

## CONCLUSION

Resolving FA-03 is an executive-level decision. It requires a mandate to transition from tool-centric procurement to an architecture-first approach. AERIM provides the structural foundation to address the root governance and coordination failures that perpetuate this friction archetype.