

7.2: Operations Management in Service Industry

Learning Objectives

1. List the characteristics that distinguish service operations from manufacturing operations.
2. Describe the decisions made in planning the product delivery process in a service company.
3. Identify the activities undertaken to manage operations in a service organization.

As the U.S. economy has changed from a goods producer to a service provider, the predominance of the manufacturing sector has declined substantially over the last sixty years. Today, only about 9 percent of U.S. workers are employed in manufacturing, in contrast to 30 percent in 1950 (The Global Language Monitor, 2010; Strauss, 2010). Most of us now hold jobs in the service sector, which accounts for 77 percent of U.S. gross domestic product (International Monetary Fund, 2010; Wikipedia, 2011). Wal-Mart is now America's largest employer, followed by IBM, United Parcel Service (UPS), McDonald's, and Target. Not until we drop down to the seventh-largest employer—Hewlett Packard—do we find a company with even a manufacturing component (24/7 Wall Street, 2011).

Figure 11.9



Wal-Mart employs more than a million people in the United States.

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