

27.4: Operations Management in the Service Industry

Learning Objectives

- Explain how operations management relates to the service industry

In businesses that produce services, the need for operations management may seem less obvious, since they don't produce tangible goods. Operations management is all about transformation, though—taking inputs and transforming them into outputs—and it involves things like suppliers, supply chains, and logistics. All of these things are present in service industries. Consider how “operations” play out in a service business—let's say in a theme park like Wally World. Although the company doesn't manufacture products, it is still producing an experience. The following breakdown gives you an idea of how and why operations management is so important to this kind of business:

- How do you control the crowds? How many guests should be let into the park before the line to ride the Tea Cups is intolerably long?
- How many cars should be attached to the Cyclone of Doom rollercoaster to maximize the number of riders but still ensure their safety and security?
- For July 4th weekend, how many tons of ice cream need to be ordered to supply all the ice-cream carts and keep all the hot, tired, and hungry patrons happy?
- Where do you purchase the park's supplies? That's everything from souvenir cups with Wally's picture on them to paper plates and napkins for the restaurants.
- How do you staff entrances and exits? How much security is enough to let guests feel comfortable letting their children roam around?

How do you manage the operations of this type of business that produces fun as its primary product? Answer: You hire an operations manager!

Practice Question

<https://assessments.lumenlearning.co...essments/14457>

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