

Service Operations

Business & Management

How services differ from manufacturing, and what that changes.

The four classic differences and their operational consequence.

Property	Consequence
Intangibility	Quality is harder to specify and measure
Simultaneity	Production and consumption at once; no inspection first
Perishability	Unused capacity cannot be stored
Heterogeneity	Every delivery varies; the customer is part of it
Customer contact	Front office and back office need different design

Managing demand — pricing, appointments, queues — is often more effective than managing capacity in services.