

# **SERVICE INDUSTRIES**

Service businesses are enterprises that are established and maintained for the purpose of providing services which are offered for sale or are provided in connection with the sale of goods."

If you are in the service industry you know what you are selling is customer satisfaction. Emphasis is placed upon service performance and the "product" is the delivery of the service. Services companies face a myriad set of problems. Among them - managing the skills / resource gap; ensuring you have the right people onboard to serve the client; that they are serving the right client at any given time; that they are working at the right billing rate and that they are at maximum utilization. Most organizations still use manual tools like spreadsheets or even whiteboards to manage their people.

Market factors such as liberalization and increased competition, coupled with growing populations around the region, mean that services and the concept of customer service are coming under increased scrutiny.

"Many service enterprises can be launched with far less money than the amount of capital typically needed to open a manufacturing, wholesale, or retail business. Many new service operators are able to begin at home, thus avoiding the expense of renting, buying, or constructing business premises. Moreover, end-of-year earnings in the service sector compare favorably with the profit margins enjoyed by most other types of enterprise. Moreover, they generally do not have to make the same levels of investment in inventory, raw materials, finished goods, operations, or production management as do firms engaged in manufacturing, wholesaling, or retailing.

Of course, initial investment requirements can vary significantly from sector to sector. While some service businesses, like bookkeeping, house painting, child care, lawn care, housekeeping, and tutoring, can all be launched with a modest investment by individuals with special skills or knowledge in those areas, other service businesses require a far greater investment of money. Attorneys, doctors, and other professionals who make their living by providing their services to clients make heavy up-front expenditures (tuition), while entrepreneurs interested in launching service businesses that require extensive investments in facilities and/or equipment (hotels, laundromats, car rental agencies, nursing care facilities, medical offices, etc.) have to make big up-front expenditures of their own, albeit in different form.

# **FACTORS IN SERVICE INDUSTRY GROWTH**

Researchers point to a number of factors that have accounted for the surge in service business startups over the last few decades. Many of these factors reflect fundamental changes in societal structure and character:

1. Increased affluence—As consumers have raised their standard of living, they have increasingly chosen to purchase services such as lawn maintenance and carpet cleaning that they previously took care of themselves.
2. Increased leisure time—Some segments of the population have been able to garner larger chunks of free time; this trend, coupled with increased wealth, has spurred a higher demand for certain service businesses such as travel agencies and resorts, adult education courses, guide services, golf courses, health clubs, etc.
3. Changing work force demographics—Over the past few decades, increasing numbers of women have entered the work force. This has spurred greater demand for services in such realms as child care, housekeeping, dry cleaning, etc.
4. Greater life expectancy—Another development that has had a particular impact on certain service sectors, particularly in the health care industries.
5. Increased complexity of products/technological advancement—High-tech products have created a corresponding increase in demand for specialists who can fix and maintain those products (computers, cars, electronic equipment, etc.).
6. Increased complexity of life—Many service sectors have enjoyed tremendous growth because of their orientation toward helping individuals and businesses stay on top of the many facets of today's fast-paced society. Tax preparers, psychiatrists and counselors, and legal advisors are good examples.
7. Increased environmental awareness—General trends toward increased ecological sensitivity and enlightened natural resource management practices have spurred growth in environmental service sectors (waste management, recycling, environmental advocacy).
8. Increased number of available products—Technological advances have spurred development of service industries in such areas as programming.

## **TYPES OF SERVICE INDUSTRIES**

Following is a representative listing of service businesses in a range of commercial sectors that could conceivably be launched by an enterprising entrepreneur:

- Professional services (physicians, pharmacists, dentists, attorneys, architects, civil engineers)
- Business services (advertising, financial planning, mailing services, computer and data processing, consulting, training, recruiting)
- Counseling services (marriage, weight loss, career planning, pastoral, psychiatric)
- Transportation services (trucking, busing, taxicab service, limousine service, car rental)

- Personal services (pet grooming, health clubs, catering, beauticians, barbers, hairdressers, tailors and seamstresses, photography studios, realtors, funeral parlors, wedding planning)
- Restaurants and lodging (diners, family restaurants, taverns, hotels, cottages)
- Social services (individual and family services, child day care, residential care)
- Maintenance services (landscaping, plumbing and electrical, appliance, equipment, automobile, bicycle)

## **KEYS TO SERVICE BUSINESS SUCCESS**

"Service supplier skill should be distinguished on at least two levels. The first is the technical product/service knowledge level. The service giver is expected to know the offering in depth and detail so that information about its utility and application can be provided on demand. He or she must also be technically competent to deliver the service expected, adapting as needed to varied or changing customer need. The second level of skill pertains to customer relationship. Here it is often as simple as whether the service-giver treats the customer as an object to be controlled and used, or as a unique, important individual to be served."

Entrepreneurs engaged in service businesses also need to recognize how service marketing differs from product marketing. "Service marketing," "can be far more challenging than the marketing of products because of these three distinctive characteristics of service offerings: 1) Services are intangible; 2) Services are perishable; 3) Services cannot be separated from the service providers."

## **PERSONAL QUALITIES REQUIRED IN THE SERVICE INDUSTRY?**

**PATIENCE.** The desire to serve, ability to help customers with needs, memory for products, patience, nice teeth because you smile a lot, patience, cleanliness, patience, good communication skills, patience, and patience.

The service industry requires that you be unfailingly polite and calm. It is quite similar to being a babysitter.

The service industry is essentially non-good producing industries.

Good examples of the service industry include health care, hospitality & accommodations, and real estate. The financial and insurance sectors would also be included within the service industry.