



# Organizing to Produce Goods and Services



- A Good is a physical product that you can see, touch, or possible consume
  - Durable Goods -->  $\geq 3$  years
  - Non-Durable -->  $< 3$  years
- A Service is any primary or complementary activity



# Characteristics of goods



- Tangible product
- Production usually separate from consumption
- Can be inventoried
- Low customer interaction



# Characteristics of services



- Intangible product
- Produced & consumed at same time
- Often unique
- High customer interaction
- Often knowledge-based

## GOODS

1. Can be resold
2. Can be inventoried
3. some aspects of quality measurable
4. Selling is distinct from production
5. Transportable
6. Often easy to automate

### Pure service

- Teaching
- House cleaning
- Plumbing repair
- Restaurant
- Made to measure clothing
- New car
- Radio
- Soft drinks
- Salt

### Pure Commodity Good

## SERVICES

1. Reselling unusual
2. Difficult to inventory
3. Quality difficult to measure
4. Selling is part of service
5. Provider, not product, is transportable
6. Often difficult to automate