



## Business Article:

*Website Summary:*

### **Dell Shows the Way**

*by Leon Enriquez*

**Reading Time:**  
3 minutes

**Reader Benefit:**

- ◆ Learn from Michael Dell's example how to deal with the people and end-users;
- ◆ Insights about how you can be a better professional business person;
- ◆ Do your business homework before you take action on your marketing strategy.

Michael Dell is the epitome of success via the sell direct model. Despite the odds, this classic selling style has worked well for the company, Dell Computers selling PCs in a market of cut-throat competition. “Walking-the-Talk”, Dell’s amazing success story is really about taking a simple selling idea and making it work despite the intense competition in a commodity marketplace. Tons have been said about this man but his demeanour in real-life is truly compelling.

### **Dell Shows the Way**

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Close-up, Michael Dell speaks with a matter-of-fact demeanour. Straightforward and shrewd, he chooses his words with the savvy finesse of a graceful ballet dancer delivering a fine performance – yet giving away nothing in a flawless display of “you-tell-me”!

And the local journalists who gathered in Dell’s Singapore office were taught a unique lesson by the press-savvy founder, chairman and CEO of Dell Computers, Michael Dell in person. In a simple Q-and-A session during a Singapore stopover on-route to China, Mr Dell answered questions and made one point clear – journalists should do their homework first – if they expected to get their questions answered directly.

The highlights of that press event of 18 March 2002, were not the answers, but the way they were answered. Or more correctly, deflected – if they did not add value to the way Michael Dell wanted! Still, Mr Dell humoured the journalists, and made us laugh at our occasional ignorance of the way business is conducted in the real world. And that, to me personally, is a definite positive plus point!



At a time when almost all PC vendors are echoing that hardware sales are slipping, Dell seems to be making new inroads to new market segments.

“The PC model continues to be a profitable business for us. In fact, we’ve had our best quarter yet despite the economic downturn and the poor sales reported by some of our major competitors,” said Michael Dell. “And we are taking market share from our rivals in the PC business. We will continue to focus on delivering product offerings and services that our customers want.”

To clarify this point, Dell related that Yahoo!’s CEO Jerry Yang had told him that 99-plus percent of Yahoo! customers’ were connecting to the Internet using a PC. To Dell, the recent proliferation of handheld devices will not displace the PC platform – but just add to the access touch-points citing the following figures – as there are 500 million PCs and about 12 million PDAs worldwide.

Every once in a while, the leader of a leading technology company makes a grand entrance and then, just as quickly, leaves with his audience spellbound. Michael Dell’s brief Singapore stopover seems to have done just that – bring back a little of the glimmer of hope in these troubled times of high-tech stocks gone sour.

### Box Story 1:

## **Tips from Michael Dell**

1. Business Model: Michael Dell’s success formula is based on the “Sell Direct” business model. In simple terms, it means: No distributors, no dealers between Dell’s customers and the company. It is just the supply chain with Dell touching the customer directly. This ensures that the price points are sensitive and agile to meet market demands and needs, and yet return a profit to the company.
2. Supply Chain: “At Dell, we keep our inventory turnaround to four days. Three days will be better.” This end-to-end supply chain philosophy based on the BTO (built-to-order) delivery model ensures that Dell’s time-to-market has both velocity and agility and very fast inventory turnaround between materials in-process to finished goods.



3. On Mergers: Michael puts it this way: “We have our own merger in the industry – it is called price-and-performance. Customers love the company that can deliver both on price and on performance. At Dell, we try to give them both.” Selling in volume and with rapid product turnover to fulfill market expectations makes good sense to the margins and bottom line profits in this case.
4. PC Model: The PC model will continue to be relevant to the market as people are still accessing and connecting to the Internet through the desktop PC or laptop PC devices. In terms of practicality and cost-effectiveness, the PC is still the most affordable means of getting to the Internet.
5. Market Focus: Dell’s market strategy is to go for the high-volume, high-margin enterprise segment which today accounts for 85 percent of total business, with the rest based on the consumer market. In the enterprise space, the margins are healthy and when Dell sells to the consumer market, the company expects to make a profit despite the so-called “commodity-like” environment. Also, increasing the company’s focus is on cross-selling services such as storage solutions, servers, professional services, and other value-added offerings that are needed by enterprises who are the big buyers of IT hardware, etc.
6. Manufacturing Sites: Dell is a good example of a company that keeps a singular orientation or focus to sell direct, and have multiple manufacturing sites that cater to the various geographies where the company has a strong customer base. To increase market share, Dell plans to compete in markets where the company does not presently have a high market share. This strategy to gain market share will not be at the expense of profit, which is what business leveraging is all about says Michael Dell.

#### ***About the Author***

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