The relationship between strategic and financial planning of dell

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Dell Corporation, initially called PC Ltd before it went public in 1987, was founded by Michael Dell with the aim of providing build to order personalized computers for its customers. The foundation of its success was its ability to maintain direct relationship with its potential customers and that has always given it an edge over its competitors. Its strategy resulted in the elimination of the task of the middle man as direct transactions and dealings methods were adopted through various sources, the most popular being the internet.

Operating as one of the low price leader firms in a constantly technologically changing industry, Dell has managed to maintain its position by constant innovation, high ethical standards, reassessment of strategic policy and meeting financial targets. Strategic and financial planning together is viewed as essential tools for the growth and success of Dell Corporation. The purpose of strategic planning is to keep in consideration the Dell Corporation's mission statement and to come up with long termgoalsand targets that will have to be achieved over a specified time.

The long term goals are then broken into smaller achievable targets and delegated to the motivated workers. Financial planning co-relates with the strategic planning because the former ensures that there are sufficient resources allocated in the form of budgets to allow Dell the ability to succeed in meeting its objectives. This means that Dell's assets, operating expenses and future income are calculated in a way to ensure that there is sufficient capital to support the strategic planning (Megginson & Smart, 2008).

Dell's strategic planning has always included strong initiatives like prioritizing customer satisfaction, innovation and organizational efficiency. In the late 90’s, Dell focused on operating efficiency initiatives by reducing its cash conversion cycles and day’s payable outstanding which led to the risk of reduced customer base and to compact the potential revenue loss, the corporation revised its strategies and initiatives.

Over recent years the corporation implemented an initiative of going green in which it is re-addressing material use and asset recycling and focusing onenvironmentfriendly sources which has scored points with its stakeholders despite the initial risk of its possible impact on efficiency and set up costs (Davies, 2008).