

# Dells strategy for success

Business



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**Abstract** This research seeks to investigate a number of questions concerning the Dell Company. What is Dell's strategy for success in the marketplace? Does the company rely primarily on a customer intimacy, operational excellence, or product leadership customer value proposition? What business risks does Dell face that may threaten its ability to satisfy stockholder expectations? What are some examples of control activities that the company could use to reduce these risks? This study is important because it will be informative to other companies involved in the business. There have been various research carried out by individual researchers as well as other institutions on this topic. The scholars have more or less agreed about my topic, and my paper argues for a better interpretation.

**Methodology** This study has utilized a comparative case study as the methodology. The research utilizes the benefits of using comparative case studies in the topic of discussion, which concerns Dell as a company. Information dealing with the research topic is in abundance. By looking on previous researches and studies, this research ascertains various strategies that have been used by Dell Company in its business ventures. Is Dell a merchandiser or a manufacturer? What information contained in the 10-K supports your answer? What are some examples of direct and indirect inventoriable costs for Dell? **Research findings** This study has established that, key marketing strategies have made Dell Computer very successful; however, it had less to do with the computer business. The success of Dell as a company is largely dependent on market segmentation, as well as, specialization strategies.

One striking development for the company has been the growth of its enterprise-systems business. The business is made up of workstations, which servers, and storage. Revenue has been on the upward scale, for example, in was up eighty five percent in the third quarter. The company is aiming at decreasing its reliance on desktop systems (Lee, 2006). The company seems to be relying on a customer intimacy basis.

Dell has turned its attention to its services as a customer requirement. Some time in August, Dell unveiled an online support program, known as the Open Manage Resolution Assistant, which is supposed to provide management and diagnostic services for Power-Edge servers over a network that is secure, virtual and private. Moreover, the company also plans to extend the program to all Dell hardware in he near future. The company has also been quoted wanting to retain the advantage associated with customer intimacy, even when it is expanding its services arrangements so as to include more partners. The company is also placing emphasis on enhancing its Internet business.

For example, in the last month of its last quarter, their Internet sales to customers reached over thirty million dollars per day. Moreover, they recently added new features for easier pricing, as well as, order systems from its Premier Pages. Its executives are planning on keeping up with commoditization, which in essence, continues to shape elements belonging to the product line. They believe in the fact that, in a commoditized world, customer experience is the first and most important aspect in their business; this will make them head in the right direction (Lee, 2006). There are many factors that may affect Dell's business, as well as the results of its

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operations. It is important to note that some of them will be beyond their control.

It is notable that the conditions of the business and economy may bring a decrease in the net revenue of the company. Dell is a global company with diverse customers in every type of business and industry, the end results could be that their revenue could plunge due to various macroeconomic trends in the United States and abroad. It means that if the economic climate deteriorates, then Dell's customers have a possibility to reduce their technology investments. Hence therefore, Dell's net revenue, in addition to profits being negatively affected. Dell's business could also be affected if they happen to lose government contracts.

The contracts are important in their future funding that may which may affect termination of programs. Which means they cannot afford to terminate or violate these contracts? The cash conversion cycle for Dell has consistently been negative. It is a good sign for Dell because a low or negative conversion cycle means a better future for any company. So, there should be no worry for Dell. Dell has been involved with various operating expenses recently. They have tremendously increased their employee numbers.

This can be termed as period costs because, while they will spend a little bit more, the end results will be beneficial to them because these employees will bring profits to the company (Lee, 2006). The Sarbanes-Oxley Act of 2002 did affect the disclosures contained in Dell's 10-K report. Dell has been among the companies who consolidate their cash flows. The company

consolidated accompanying financial statements, which included their accounts and its wholly-owned and controlled subsidiaries. This affects their outcomes because the Sarbanes-Oxley did affect in a negative way such companies.

Dell is both a merchandiser and a manufacturer. This is because despite the fact that they manufacture computers, they also offer a wide range of enterprise systems, for example, storage, server, workstations, client systems, software and peripherals, printing and imaging systems, and global services. Dell has also been involved in various direct and indirect inventoriable costs. For example, they were engaged in selling, general, and administrative expenses. They have been involved in global expansion efforts, as well as in a greater mix of business on a global scale.

They also buy microchips from outside sources as they employ more workers (Kraemer, 2002). Dell's gross margin steadily increased from 2003 to 2005 because they have always been focusing on improving their global network, in addition to, diversifying their services. Their range of services enable them receive profits from every other sector. The inventory balance on Dell's January 28, 2005 balance sheet is small compared to the other because they have been recently engaged in a number of businesses ventures with the aim of bringing in more profits and placing themselves as a global leader in their business sector. The low inventory levels keep them ahead of the other competitors in the market. Their products are cheap but good (Kraemer, 2002).

There are different cost objects for Dell. First is the customer, the direct cost is making sure they get their computer needs. The indirect cost is keeping up with the latest technology. Secondly, are the projects that they undertake, the direct cost is investing in them while the indirect cost is putting employees to make sure they succeed. Thirdly are the products they sell; for example their provision of internet. The direct cost is that they have to make sure that most of their employees have an access to the internet.

The indirect cost is that they have to give the best services. Lastly, the departments; they have to employ a number of employees to meet their growing demands. Conclusion Dell's business strategy has always been combining its direct customer model together with a highly and efficient manufacturing and supply chain management organization. They have also emphasized a lot on standards-based technologies. This is the strategy that has enabled the company to provide its customers with superior value that is of a high-quality and relevant technology. These services are easy to buy and use.