

Jit-dell computers essay



**ASSIGN
BUSTER**

Dell Computers Dell has adopted the (JIT just-in-time) inventory method as its method of inventory management. Dell uses this method to reduce inventory and eliminate waste. Before this method was used, Dell Computers had problems managing its budget, since using JIT the company has felt a large improvement in inventory turnover and a lower amount of days inventory is stocked and stored.. As a result of computers depreciate at a high rate; if computers are sitting in inventory, it loses a ton of value quite rapidly.

The company achieved improvement its success and improvements by switching its focus to building customized orders and selling directly to the customer. By only carry supplies needed for specific orders, Dell was able to implement costs associated with storing inventory. JIT eliminates carrying costs in inventory management. Consequently, Dell has low overhead costs by keeping its inventory to the bare minimum. Within four years, Dell's revenues grew from \$2 billion to \$16 billion, earnings per share increased by 62 percent.

Based on the table below, it identifies to show from 1992 to 2001. Dell drastically cut down on the time it held inventory in stock. With each passing week, it was estimated the inventory depreciated by 1%. In conclusion, two things resulted from Dell following the JIT method. First, Dell was able to align its inventory and sales and manage its profitability.

Secondly, it was able to see its returns grow substantially. In addition, Dell's forecast accuracy was about 70 to 75 percent. Reducing inventories helped Dell generate funds that helped it thrive and continue to grow. After JIT

implementation, many other companies have followed in Dell's footsteps.

Source: Atkinson, Charles. Dell Computers: A Case Study in Low Inventory.

Inventory Management Review (2005). [http://www.](http://www.inventorymanagementreview.org/2005/09/dell_computers_.html)

[inventorymanagementreview.org/2005/09/dell_computers_.html](http://www.inventorymanagementreview.org/2005/09/dell_computers_.html)