

Dell, inc recalls laptop batteries



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Running Head: Dell, Inc. Recalls Laptop Batteries Dell, Inc Recalls Laptop Batteries in APA Style

Michael Dell, who is also regarded as the computer industry's longest tenured chief executive officer, founded Dell Computer Corporation in 1984. Later in 2003, the company changed its name to Dell, Incorporated. The company is one of the most famous manufacturers of computer worldwide, which caters to the needs of individual and corporate clients with a very unique business concept. Dell Incorporated is headquartered in Round Rock, Texas. Dell, Inc. and its subsidiaries are actively involved in the design, development, manufacture, marketing, sale, and support of a range of computer systems and services worldwide. The main business activity of Dell is in the provision of products and services to customers, which enables them to establish their information technology and Internet infrastructures (About Dell 2004). From its establishment, Dell gains worldwide recognition of being one of the most successful information technology companies. The company holds a large market share in all their product lines.

Last August, Dell recalls its lithium-ion batteries powering its laptops after pictures of its laptop exploding in a conference in Japan floods the internet. It should be noted that recall involves 4. 1 laptop batteries and is the largest made in the consumer electronics industry. The recalled batteries include 2. 1 million lithium-ion batteries installed in laptops sold in the United States and another 1. 4 million sold overseas from April 2004 to July 2006. Dell does this in order to ward off potential fire hazards which can cause more damage to the customers and the company's brand image (Blakely 1-6).

Currently, the cause of the explosion remains unknown. Experts are expressing their concerns over the new battery technologies which make

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gadgets susceptible to " thermal runaway." Thermal runaway refers to a condition where a faulty battery hits a certain level of temperature and continues to heat up by itself until it finally explodes. It should be noted that Dell's value chain is highly streamlined, pursuing strategic partnerships with its input suppliers. Sony is the company's supplier of lithium ion batteries. Aside from Dell, Sony also supplies batteries to its competitors like Hewlett-Packard and Lenovo. So far, there have been no reported problems on the products of Dell's competitors (Blakely 10-15).

The news article is a two edged sword for Dell. At the first glance, the recall of disadvantages has negative effects on the stakeholders of Dell because it mirrors the inefficiencies in its value chain. The battery recall signals weak quality control in the side of Dell. It cautions customers in purchasing laptops and other products of the company to prevent possible hazards.

Stockholders, on the other hand, become wary of the performance of the company's stocks. They may opt to shift to other players' stocks making financing harder for Dell. The decrease in customer demand together with weak support from stockholder does adversely affect the brand equity of the company.

However, the battery recall can also be advantageous for Dell. It can be recalled that years ago, Johnson and Johnson also recalled its Tylenol due to tampering issues. In the short run, it brought demand and stock price for Johnson and Johnson's products down. In the long run though, the move further enhanced the position of the company in the market as the recall represents the company's commitment to social responsibility. The action of Dell might possibly bring the same results.

Works Cited

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