# Michael Dell (1965 - )

- Direct model
  - very low inventory
    - faster reactions
    - SPEED!
    - short lead time
  - Internet
    - business backbone
    - transform supplier-vendor-customer chain
  - 1/3 price
  - 2/3 service & support
    - lest service = best customer
    - install at assembly
    - Value adding operation
  - Transparency
    - to suppliers
      - reducing suppliers
      - Mc Donald's
      - Ask proximity
    - Bi-directional
      - defect metrics
  - Research & Development
- 3 golden rules
  - Disdain inventory
  - Always listen to the customer
  - Never sell/source indirect
- Shift in focus
  - from: grow-grow-grow
  - to: Liquidity-Profitability-Growth
    - Segmentation
  - Profit&Lose and cash flow
  - Training sales people
    - tools to monitor margin
  - Restructuring
    - units regrouped
    - centered on facts
  - Laptop
    - new battery
    - Longer life
- International Expansion
  - IPO
    - 1988
      - First private placements
      - $85M
      - 3 years
  - Errors
    - Inventory crisis
      - 256k -> 1G
      - obsolete
    - Olympic model
      - all-in-one
      - engineer dream
      - not customer
- Research
  - Value added
    - (+) Capital expenditures
    - (-) days of supply
    - (+) Research & Development
  - Just in Time
    - Speed is important everywhere
  - For now value creation is mainly
    - automation
    - Acquisitions and mergers
- Bypass the middlemen
- 1) Stamp
  - exchange
  - Catalogue
- 2) newspaper subscriptions
  - Pattern
  - New married or mortage
  - Enrolled students
- Interested in computers
  - Cheap parts
    - opportunity
  - Sold out of dorm room
- Company (1000$)
  - young
  - no hierarchy
    - great service
  - high performance
    - 12Mhz 1/2 price IBM 6Mhz
  - fast delivery
  - telephones
    - individual
    - big companies