

## **Management Case Study for Dell Inc.**

### *Introduction*

Dell, from a company formed in a dorm room with just \$1,000, has come a long way to being one of the most admired and richest companies in the world (Fortune, 2006). Early on in its history it managed to give the image of being a giant while it was running as a small firm (Chozich, 2005). As a company it has managed to give the IBM, HP, Compaq, and many others stiff competition by selling individual computers that are assembled from custom ordered components. Its business philosophy was to sell directly to the customers, which enabled the company to directly interact with the clients and helped in understanding their requirements.

The strategy enabled the organization to serve the needs of their customers with some very effective solutions. Dell custom assembled each computer according to the selection of options by the clients, which lead to lower prices than competitors but enhanced convenience to customers and to the company. Over the past twenty three years, Dell worked hard and overtook industry giants following their own business model of direct selling instead of going through retailers and reseller (Lee, 2006).

Dell's mission is simple enough for both the customer and for all other stakeholders in the company. They wish to be the most successful computer company in the world at delivering the best customer experience in markets they serve. However recently the company has faced multiple challenges and has missed their sales forecast figures in six consecutive quarters, surprising for a company which consistently produced results beyond expectations. In the third quarter of 2006, Hewlett Packard dislodged Dell from its leadership position and sold more notebooks (Olenick, 2006). This paper aims to conduct SWOT and PEST analysis for dell and make recommendations in order for Dell to reclaim its leadership position in the industry.

### **Micro (SWOT) Analysis**

**Strengths:** The biggest strength of Dell is its direct business model. Dell wasn't the first company to try the direct sales model, but was the first one to make it a success in the technology industry. The business model helped accurately identify customer's needs and made the computer assembly model one of the leanest in the industry. The focus on the model helped company develop their supply chain where components are delivered just in time for assembly (Margulius, 2006). The company ordered the required components only after the customer places the order for the system. It facilitated in not only identifying the customer's requirements but also the component requirements for the company.

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