



FAMOUS EFFICIENCY

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Speed and efficiency are at the core of everything Dell does. Dell assembles nearly 80 000 computers every 24 hours. The computer manufacturer has done more than any other company when it comes to tweaking its supply chain. About 10 years ago, Dell carried 20 to 25 days of inventory in a sprawling network of warehouses. Today, Dell does not have a single warehouse and carries only two hours of inventory in its factories and a maximum of just 72 hours across its entire operation. Dell's vast, global supply chain is in constant overdrive, making the company one of the fastest, most hyper-efficient organisations in the world.

Dell's ultimate competitive weapon is speed, and it is this speed that gives the technical giant's bottom line a real boost. Table 9.1 on page 383 displays a five-point plan for building a fast supply chain—direct from Dell.

Some Dell savings in Australia

Everyone knows that when Australians call long distance, they *do* mean long distance! In order to overcome the tyranny of distance, Dell has saved 'multiple millions of dollars a month'

TABLE 9.1 DELL-LIKE SUPPLY CHAIN PLAN

1	The supply chain starts with the customer	By cutting out retailers and selling directly to its customers, Dell is in a far better position to forecast real customer demand.
2	Replace inventory with information	To operate with close to zero inventory, Dell communicates constantly with its suppliers. It sends out status updates three times a day from its assembly plants; every week it updates its quarterly demand forecasts. By making communication its highest priority, Dell ensures the lowest possible inventory.
3	If you cannot measure it, you cannot manage it	Dell knows what works because it measures everything from days in inventory to the time it takes to build a PC. As Dell slashed those numbers, it got more efficient.
4	Complexity slows you down	Dell cut the number of its core PC suppliers from several hundred to about 25. It standardised critical PC components, which streamlined its manufacturing. Dell got faster by making things simpler.
5	Create a watershed mindset	Dell is not content with incremental improvement; it demands massive change. Each year, it wants its US-based PC-assembly plant—already very fast—to improve production by 30 per cent. 'You don't get a big result if you do not challenge people with big goals,' Dell CEO Kevin Rollins said.

by conducting conference calls on its corporate network instead of using traditional telephone services. Like most multinational organisations, the Australian arm of the company has a large pool of employees who work closely with their overseas counterparts.

According to Dell global chief information officer Robin Johnson, workers typically generate 35–40 million minutes each month on conference calls. 'We pushed our entire conference calling on to our own MPLS (multi-protocol label switching) network,' he told *The Australian* during his visit to Sydney in early October 2011. 'I can't tell you the rates, but we saved a ton of money . . . it's in the multiple millions of dollars a month.'

The company installed software by Avaya and uses British Telecom as its sole global conference call provider. 'You make a call and a British Telecom operator will connect everyone, but the network is Dell's,' Johnson said. Dell employees engaged in conference calls are given a unique 10-digit phone number by British Telecom. He said the migration was 'simple' and that 'anyone' could do it. 'I haven't met anyone else who's done it, but I'm sure there are a few.'

Like many CIOs, Johnson is under constant pressure to realign costs, but urged tech executives to re-examine and fine-tune their

current business process. Using Dell's conference call example, he said those savings would be ploughed back into the business and were likely to support innovative projects. 'You've got to be re-examining what you do today, not just talking about what's new,' he said. 'When you change what you do today, the money being freed up can be put into other services or be invested in innovation.'

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