

Date: January 29, 2003

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Class: Marketing

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Due Date: Feb 11, 2002

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Subject: Paper 1: Market Demand at Dell

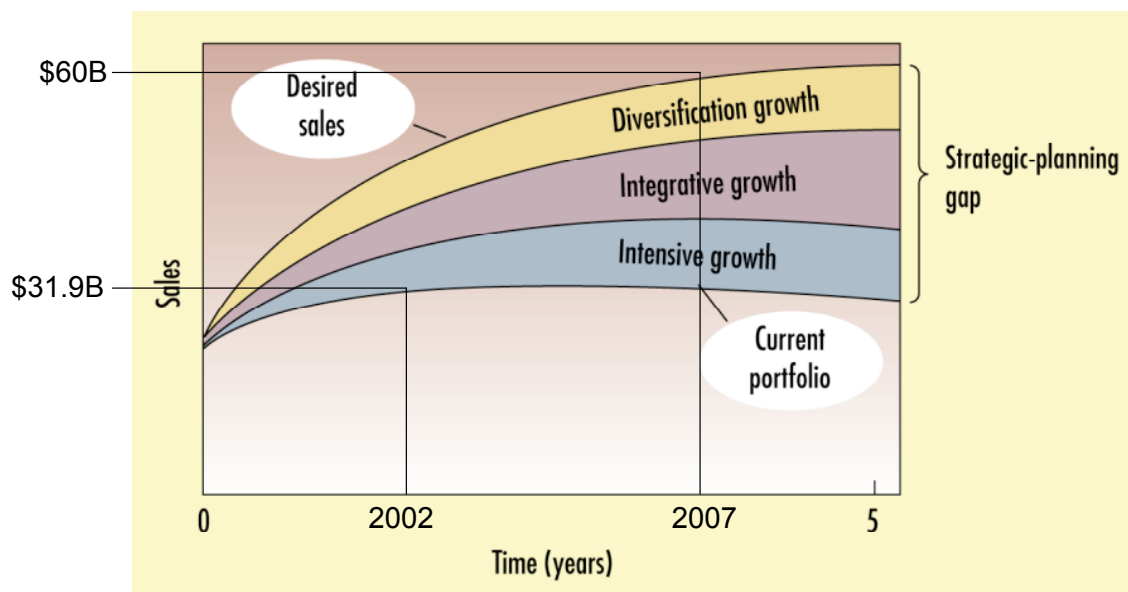
Learning Objectives:

- Build skills required to estimating market demand using simple assumptions and trends.
- Build skills required to develop an internally consistent set of marketing initiative which meet sale objectives and growth goals.
- Build a clear understanding of various strategies for market growth.

Description:

This assignment is to be completed independently. **Assignments are due at the start of class on the day assigned or before and will not be accepted late under ANY circumstances.** If you are going to miss class on the day an assignment is due, to receive credit for the assignment, you must get the assignment to me before class.

See figure below, which is based on figure 4.4 in your text. In 2002, Dell had worldwide sales of \$31.9 Billion. In an August 12, 2002 *Business Week* articles, Michael Dell indicated that his goal was to grow Dell to \$60 B by 2007. Where is this growth going to come from?



Use the data in the case to answer the following question.

1. If Dell does not modify its strategic marketing plan where are sales likely to be in 2007? To say it another way, estimate the market for Dell's products assuming that they continue with business as usual.

2. If Dell attempts to fill this strategic planning gap through **Intensive** growth,
 - a. What initiative(s) would you recommend?
 - b. How much incremental revenue would this (these) initiative(s) generate? Show your math and state your assumptions.
 - c. What changes if any, would be required to the *Dell Direct* sales model if this (these) initiative(s) were implemented? Asked another way, if this (these) initiative(s) is not consistent with the current marketing strategy, what needs to change? Said yet another way; what changes, if any, would need to be made to Dell's target markets, marketing channels, product offering or supply chain to implement this (these) initiative(s)? At this point in the semester, I am not looking much depth, but I do want to know if you recognize the issue.
 - d. In light of the incremental revenue and the impact to the Dell Direct sales model, be sure that your initiative(s) are justified.
3. If Dell attempts to fill this strategic planning gap through **Integrative** growth,
 - a. What initiative(s) would you recommend?
 - b. How much incremental revenue would this (these) initiative(s) generate? Show your math and state your assumptions.
 - c. What changes if any, would be required to the *Dell Direct* sales model if this (these) initiative(s) were implemented? Asked another way, if this (these) initiative(s) is not consistent with the current marketing strategy, what needs to change? Said yet another way; what changes, if any, would need to be made to Dell's target markets, marketing channels, product offering or supply chain to implement this (these) initiative(s)? At this point in the semester, I am not looking much depth, but I do want to know if you recognize the issue.
 - d. In light of the incremental revenue and the impact to the Dell Direct sales model, be sure that your initiative(s) are justified.
4. If Dell attempts to fill this strategic planning gap through **diversification** growth,
 - a. What initiative(s) would you recommend?
 - b. How much incremental revenue would this (these) initiative(s) generate? Show your math and state your assumptions.
 - c. What changes if any, would be required to the *Dell Direct* sales model if this (these) initiative(s) were implemented? Asked another way, if this (these) initiative(s) is not consistent with the current marketing strategy, what needs to change? Said yet another way; what changes, if any, would need to be made to Dell's target markets, marketing channels, product offering or supply chain to implement this (these) initiative(s)? At this point in the semester, I am not looking much depth, but I do want to know if you recognize the issue.
 - d. In light of the incremental revenue and the impact to the Dell Direct sales model, be sure that your initiative(s) are justified.

5. Summarize your plan in a table similar to the following example. In the column marked page, place the page number where you describe this initiative and estimate the incremental revenue.

		Cumm.	Page
2002 Sales	31.8 B		
Baseline Growth			
PC's	\$1 B		1
Workstations	\$3 B		1
Servers	\$x.x B		
Storage	\$x.x B		
Item n	\$x.x B		2
	<hr/>		
	\$5.2 B	\$36 B	
Intensive Growth			
Item 1	\$5 B		2
Item 2	\$3 B		3
Item n	\$x.x B		3
	<hr/>		
	\$10 B	\$46 B	
Integrative Growth			
Item 1	\$0.5 B		
Item 2	\$0.3 B		
Item n	\$x.x B		
	<hr/>		
	\$1 B	\$47 B	
Diversification Growth			
Item 1	\$5 B		
Item 2	\$3 B		
Item n	\$x.x B		
	<hr/>		
	\$13 B	\$60 B	
Total		<hr/>	
		\$60 B	

Additional Material:

- Harvard Business Case: Dell—New Horizons (9-502-022). A copy of this case located on edisk.
- Do not use or consult other sources for information on Dell.
- You may consult our text and other general business texts.

Writing Guidelines:

It's what you actually turn in that gets graded. Unfortunately, I cannot observe and grade your actual time and effort, and even your true knowledge. Therefore, make sure that your work does not get shortchanged because of hasty last-minute writing. I spend a lot of effort going over written reports. As I grade, I pay attention to the big picture but also to the details. Your paper will be graded based on evaluations of (1) whether you accomplished the assignment, (2) the

richness of your ideas, including the degree to which you generate and support your ideas and key points, (3) the clarity of your work, and (4) the accuracy of your work.

In terms of generating and supporting ideas and key points, I look for several things. Are the ideas and analysis realistic and sensible? Have you provided enough detail so that I know how your ideas may be applied, or how your recommendations should be applied differently in different contexts? For example, if your idea involves making a recommendation about marketing to a specific customer segment, then identify this segment, and tell me why the idea is appropriate for this segment but not other segments. To support an idea, try to counter-argue your idea. Anticipate counter arguments that I might consider, and address them. If you have an idea that can be supported by referencing a page in an article or book, then make a reference to the material and include a copy of the key page as an exhibit to your paper.

Try to follow the guidelines below. However, use your judgment. If a guideline seems to clearly not work on a particular assignment, then do something else.

1. **To be accepted**, all assignments must be prepared on WHITE 8 1/2 X 11 inch paper, and all multi-page assignments must be stapled. This is a pet peeve, believe it.
2. All assignments are to be typed, single sided, double-spaced, 10 to 12-point font, with 1-inch margins. (Failure to follow these guidelines will result in a loss of points)
3. All assignments are to be professional quality and incorporate proper grammar, spelling, word usage, clarity, sentence structure, sentence variety, and use proper writing principles.
4. Any suggested paper length should not be seen as a hoop to be jumped through, or a firm requirement but as an indicator of the instructor's expectations of the depth of coverage an assignment requires. As such, attachments are not counted in these estimates. Regardless of length, your goal should be to cover the material as concisely as possible. A short tight paper will receive a much higher grade than a long puffy paper.
5. When making claims, use cites. You might or might not need to rely heavily on cites when you write for manager-audiences, but usually these audiences only bother reading your reports because they trust you to have the facts right in the first place. As an instructor, my job is to critique and enhance your ability to distinguish between the correct uses of facts versus opinions. I don't require stylized bibliographies, but when you state facts, please include cites within your text. For example, if you write that a certain brand is the category leader, then this is a claim that needs to be referenced. If you say that a brand appeals to women more than the brand appeals to men, this too is a claim that needs a reference. After the sentence, inform me of the cited material in parentheses, and then append a photocopy of the cited work as an appendix (although you may get your cite from a source such as a televised news show or a personal interview in which case an appendix may not be practical). For example, you may be writing about IBM and say that "IBM's corporate revenue grew by 3.3% from 1996 to 1997, from \$75,947 million to \$78,508 million (per 1997 annual shareholders report, see appendix C)."
6. If you are not stating a fact, but rather you are stating an opinion, then state "our opinion is" and then explain why you have formed this opinion, providing logical arguments that draw on observations or other valid information.
7. If your writing is weak, consider contacting the writing center (available for free through the college).
8. Try to finish your assignments a few days prior to the due date, and then review and polish them before turning them in. This review-and-revise tip is one that many people don't "get" when they start working with me. However, at the end of the semester many people have suggested this as an important tip.

9. Proofread your work, and make sure to review what you actually wrote, not what you meant to write. It is advisable to read your paper out loud. If I can catch your spelling and grammar mistakes will hurt your grade.
10. To organize your ideas, consider using headings and bullet points.
11. Don't assume that I know what you're discussing as you present your ideas. For example, even if you met with me and you think I know which target market you are referring to, be sure to specify your target market explicitly in the paper. This writing tip puzzles some students. I've had students tell me that they've been trained to avoid writing things that their reader already knows. A problem, however, is that you as a writer don't really know what your reader does and does not know. Thus, you must be careful when deciding whether to include information. If in doubt, assume that I don't know a piece of information. I've found that I sometimes can't quite follow the authors' train of thought in a paper because they've omitted information and incorrectly assumed that I know what they are talking about.
12. However, avoid replicating facts – assume reader has read the case, and our text
13. Make your sentences short. If you find a sentence that has over 25 words, make sure it reads well. If it doesn't read well, then turn your sentence into two sentences.
14. If two words mean the same thing, then use the shorter word. For example, the word "use" generally means the same thing as the word "utilize" so go with the word "use" and look for similar ways to make your work short but clear.
15. Compose a few different versions of a difficult paragraph or section, and compare these versions to each other. See what you think works best, and don't become too attached to what you write first.
16. If you find yourself wondering whether a sentence or paragraph is clear, then it's probably unclear. Fix it.
17. Try to find someone who was not in our class, and ask him/her how your work could be beneficially revised. Try to get honest and critical feedback, perhaps even from a manager or marketing professional.
18. In terms of exhibits (meaning figures, tables, and appendices), make sure your exhibits are easy to understand. Use a highlighter to draw my attention to particular numbers, passages or other key points. Circle a key piece of information with a crayon if you have to. In other words, do what you can to make it easy for me to see your point. If possible, write a sentence or two below each exhibit to tell me how the exhibit helps me understand your work. For example, if you have a pie chart as an exhibit, you might begin a sentence under the exhibit that says, "Notice that revenues due to direct consumer sales are small when compared to revenue due to franchise sales. The comparatively small revenue means that(put in an interpretation)..."
19. Also in terms of exhibits, make sure to label each exhibit and refer to each exhibit in your text. Don't include exhibits without referring to them. The first appendix you refer to should be Appendix-A or Appendix-1, and then the next should be Appendix-B or Appendix-2, and so on. Reading a paper becomes harder if the appendix references are not in a logical order, so keep them in order.
20. For small tables and figures, instead of making them appendices, insert them within the text so the reader can see the table or figure without having to find it on a different page.
21. In terms of writing style, feel free to write in first person if you want.

22. Try hard to not be ambiguous. For example, avoid using pronouns where a pronoun might plausibly refer to more than one noun. And if you use phrases such as 'more than' or 'less than', then you must tell me 'more than what?' to make sure that I know what you're comparing.
23. Avoid using technical terms that a layman might not understand. Also, avoid using technical terms that you yourself don't completely understand. However use the "Jargon" of this class.
24. If you do use a particular term to express a particular thought, then feel free to use this term repeatedly when you want to express the particular thought. When you use more than one term, I generally think that you are using different terms to express different thoughts. Stick to one word for one thought; peak my interest with your dazzling ideas rather than your large vocabulary. This advice does not apply when you write entertaining fiction. But when writing for business, clarity is critical, and this will help you achieve some clarity.
25. When reporting numbers, tell me what the units are, for example when reporting numbers of dollars. Don't forget, you may think of dollars, but other people may think of hundreds of dollars, or British pounds, Japanese yen, etc.
26. Also when reporting numbers, don't use the word 'average' or 'variation' if you are referring to a specific number. An average could be a mean, median, or mode, so be specific. And variation could be expressed in terms of standard deviation, variance, or mean absolute deviation. Again, be specific. For example, if you are referring to a mean, then use the word mean instead of average.
27. When stating conclusions, provide rationales or reasons to convey that you have facts and/or logic that support your conclusions. Use the word "because" and then put something after the "because" that logically supports your conclusion. In other words, "conclusion, 'because', logic/facts".
28. Avoid making claims that cannot possibly be true, such as "everybody likes the brand."
29. You may find that your work ties directly to marketing material that we covered in our course, or that was covered in another course. If so, you can demonstrate your ability to link specific applications to general principles by noting the connection, and perhaps even discussing how the principle seems to have boundaries.
30. Please answer questions head on. If an assignment asks you to answer a question, then very directly answer the question. As an example, if asked to make a conclusion about why people buy a brand, your answer might be something such as "We found that people buy brand-x for five main reasons:".
31. Try to deal directly with difficult issues. If your assignment involved a difficult issue, or an issue that you could not resolve, do not simply avoid writing about the issue. Instead, very directly state the issue, tell me that it was a tough issue, explain why it was a tough issue, and then move on to the next section of your paper.