

**PURCHASING & PROCUREMENT MANAGEMENT**

**SBS MBA SPECIALIZATION**

**ASSIGNMENT II**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| STUDENT ID |  |  |  |  |  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| UNIT TITLE |  | UNIT CODE |  |

|  |
| --- |
| Name (in Full) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

**Total Marks: \_\_\_\_\_\_\_ /60**

Dell relies on a unique supply chain slrategy that gathers large volumes of customer information through its direct sales model and share it with internal procurement and sales department as well as external suppliers. These close relationships allows dell to know what to supply on real timeand also very quickly and precisely meet the demand, whilemaintaining low inventory. These relationships able io forecast accurately without filling a pipeline of finished goods.

To succesfully forecast, Dell maintains a constant flow of data in two information loops .One between customers and the Dell sales team, and the other amongsales,procurement and suppliers. This helps dell to know how well suppliers can support these forecats and also on other end, how dell sales team can effectively promote .Dell’scomunication system provides a rich mix ofcurrent and historical information about supplier performanceIn order to compete globally, Dell should look at efficiency and cost containment. Unlike certain companies who strictly focus on revenue increases; Dell has made use of emerging concept of outsourcing even at early stage while adding value to it through the advanced ICT. As companies seek to enhance their competitive positions in an increasingly global marketplace, they are discovering that they can cut costs and maintain quality by relying more on outside service providers for activities viewed as supplementary to their core business. Firms usually derive two main advantages by outsourcing; strategic flexibility and lower costs. Dell outsources because it enables Dell’s business model to be successful.

Dell believed that their comparative advantage is in pricing, customization and rapid order fulfillment. They also realized that they can explore more advantages through supply chain management and logistics than focusing on manufacturing of components. It may be true that Dell does little more than final assembly of components into PC under such concept but the fact remains that it facilitated Dell to focus on the most critical factors in customer satisfaction and retention. Dell very correctly focused on core areas where they are good at while allowing their suppliers to do the rest in other areas of the process.

Outsourcing, in general has become one of the most important and popular strategies in an increasingly competitive marketplace. This concept has proven results for Dell considering their global success which is a prime result of development of and recommitment to the core competencies of the company. Dell was able to do this by delegating most of work to their suppliers who independently contributed their share in completing “Dell total product” for mutual benefits. Because Outsourcing allows companies to focus only on their most successful work and enjoy the benefits of allowing their outsourcing partners to do the same in whatever their core areas.

Dells, outsourcing relationships have been focused from cost savings to multidimensional partnerships that support the core business of client corporations. This type of outsourcing relationships have delivered lucrative results for Dell to engage in more and more outsourcing activities as partnerships. Therefore Dells component providers are taking increasing responsibility in improving service standards. Dell is so big that the suppliers want to be associated with them badly thus they revisit their corporate strategy, information management,business investment, and internal quality initiatives to be on par with Dells needs.

Accordingly, in consideration of several advantages that Dell gains through purchasing most of the components from independent suppliers, it can be concluded that outsourcing allows Dell to focus on what it does best and leave their component suppliers to do the rest at their best for Dell.

**ANSWER ALL THE QUESTIONS( 4 x 15=60marks)**

1. Explain what role procurement and sales plays in Dell unique Supply chain strategy?
2. Comment how effectively different drivers of supply chain and internal procurement utilized by dell?
3. Why does Dell purchase most of the components that go into its PC from independent suppliers, as opposed to making more itself? (Dell does little more than final assembly of components into PC)
4. How Dell can eliminate redundancies and maximize the value of the procurement process today?