

## Sales Machine

# Sales Culture: Interview with Michael Dell

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By [Geoffrey James](#)

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This morning's post "QUIZ: Assess Your Sales Team's Culture" explained why sales culture is so important. Some of the ideas behind that post came from a conversation I had a while back with Michael Dell, the founder/CEO of Dell Computer. In this never-before-published interview, Michael discusses the culture he tried to create at Dell, as it relates to his direct sales business model.

- **James:** What does it really take to manage a corporation like Dell?
- **Dell:** You have to have a business model that comprehends the rate of change in technology and customer preferences for products and services. You've got to have an organization that can deliver around customer expectations, Those are fairly easy compared to the final part, which is really executing on the first two. A lot of companies have had products and strategies which sound like they make sense, but the people weren't been able to pull it off. You really have to put together a model that can be executed.
- **James:** What kind of changes have you gone through as a manager to be able to adapt the changes that have taken places as Dell has grown?
- **Dell:** Well, the nature of managing an organization at different size or scale changes. My responsibility is more along the lines of determining what businesses we're going to be in, and where we're going to make our investments, prioritizing investment decisions, and establishing the criteria for success in the different businesses that we're in, and, obviously, prioritizing opportunity. We've always had more opportunity than what we've known what to do with, and the key is which ones to go after first. As the company was evolving, I was much more into 'ok, now let's go do it.' As an organization changes, you go from detailed implementation to deciding which things are going to get done and ensuring that they, in fact, are the right things.

- **James:** Dell has a tradition of being very responsive to customers and coming out with products quickly. Do you look for a particular kind of employee to hire who manages to fit in well to that culture you've created?
- **Dell:** We do look for certain kinds of employees, particularly in the areas where it's a sales or service orientation. We have a lot of processes within the company that really involve everybody in understanding the customers' desires. For example, at any Dell operation in any country you might see something we call a customer advocate meeting, which occurs generally every Friday at 7:30 in the morning. We have a series of people from all around the company, oftentimes 200, 300 people, who talk about the key statistics that describe whether we're meeting customers' requirements. If we find that we're not meeting their requirements, we discuss what's gone wrong with the process, and what we need to do differently to change that. We have manufacturing folks there, human resources, finance, engineers, of course, sales and marketing. And we invite customers to come to it. I think it sensitizes everyone in the organization to the needs of the customer. It's a very key part of the way we do our business in terms of exposing everybody to customer concerns. One thing that's different about our company compared with a number of our competitors is we actually do our own distribution. So, we're in contact with the customer every day. We take 50,000 phone calls every day and we're sort of immersed in customer feedback all the time, which gives us a great opportunity to use that to improve our products, and our services, and our processes. We think that's a really key structural advantage.
- **James:** Do you view competition as a battle?
- **Dell:** That's a good question. Sometimes it's a battle, but sometimes we're clearly working with a number of companies to grow an industry. I think the leading companies tend to be able to grow together. This industry is so large. To give you an example, this year our industry will grow more than the size of any single company that competes in it. The growth this year of the PC industry is more than Compaq's PC business or IBM's PC business or Apple's PC business. In that sense, I think, the leading companies in an industry have an opportunity to work together. In fact, in the computer industry, it's really required that they work together because the products are so interconnected. Our products must interface with software and hardware from companies that we are related to in some way, or compete with, or cooperate with, every day. That's the nature of computers and electronics. There's more opportunity for us to work with others in the industry, and that's an important part of the growth.
- **James:** Do you think that comes from alliances, or from business partnerships, or just from an informal way of working together?
- **Dell:** There have been a number of formal partnering efforts we've been involved in and others have been involved in around specific hardware and software standards. Those kind of things are developed in conjunction with a number of companies working together. Without all those companies working together, you aren't able to create those broad standards, and I think that's a very important part of the way our industry works. There definitely are business groupings where companies don't always work together very well. It's a fairly fluid process.
- **James:** Did you envision that Dell was going to be this successful?
- **Dell:** I was 19 years old, so I thought about next weekend. The planning horizon was not very long when I started the company. But, as the company grew, it became obvious what the opportunity was and we started to plan a little more long range.

- **James:** Do you still think about next weekend sometimes?
- **Dell:** Yeah, yeah. Not quite in the way I did when I was 19, but...
  
- **James:** Is running Dell something that you want to do for your whole life?
- **Dell:** Well, I certainly like doing it. I think I'll keep doing this for a long, long time. As long as I keep enjoying it, I don't see any reason [to stop].
  
- **James:** What personal techniques do you use to keep from being overwhelmed or being burnt out?
- **Dell:** I would separate overwhelmed and burned out as two different things. Burned out is when you don't enjoy doing what you're doing anymore. Overwhelmed is when you have no idea what to do next because you're totally confused. This is a very challenging business that continues to present me and everyone that's involved in it with opportunities to learn and grow. We're always doing something that's very exciting and new, whether it's expanding in Asia or launching into a new product segment. There's always plenty to keep me sort of intellectually stimulated and challenged, so I'm not really too worried about being burnt out. Overwhelmed? Well, let's see. I'd like to think I've never been overwhelmed. We've certainly had situations where we've had a number of challenges in the business, but my approach to that has always been to work that much harder to solve the problems. One key strategy that I've used is to make sure that we have the necessary help and assistance inside the business because, clearly, you can have the opportunity in a business like this to sort of take on too many things yourself. You have to regulate, and you have to make sure you have a strong team in place, and you have to lead a balanced life. There's a limit to the number of productive hours a person can actually work and there's also only so much fun you can have before it starts to not be, not be as much fun.
  
- **James:** What's it like to work at Dell?
- **Dell:** You sort of get in a a rhythm, in a pattern and you find what works for each person. You have to have mechanisms to relieve some of the day-to-day issues that come up in the business. Like exercise. That can be pretty helpful. We encourage it inside the company and it certainly works for me. We have a fitness center and, generally, we have an active, athletic kind of workforce. People get out and do things and we certainly encourage that by sponsoring those kind of events and giving people every opportunity.
  
- **James:** That would seem to be a way to building a sense of community in the organization?
- **Dell:** Well, absolutely. I mean, I think people look to the company as a place where they want to build a career and a life and not as a place where you come here for a little while, then leave and go somewhere else. We definitely want to build that sense of belonging and being a part of something. And, with a company like this that's growing rapidly, there's every opportunity to do that, and I think you'd be really foolish not to take advantage of that kind of enthusiasm and excitement in the people that are building what we expect will be a great company.
  
- **James:** Are there other things that you do to build up a sense of community?
- **Dell:** One thing I think has worked particularly well for Dell in Austin is that our workforce is very active in volunteer and community activities. We regularly sponsor volunteer fairs, and the company through its charitable donations directs funds at those

activities that employees participate in as volunteers. We poll our employees to understand what things they're interested in and direct our funds towards those things that our employees are actually actively involved in.

- **James:** Does the feeling of community helps people work together as a team?
- **Dell:** No question about it. What also works well is sponsoring sports teams that employees can be a part of. Any kind of activity where you can get people together and communicate is very helpful for our business. You have to break down barriers and promote informal communication. You build friendships within the company, people begin to understand that — `no, those people aren't out to get me, we're all in this together. I think that electronic mail is very helpful in that regard also. It promotes this very free flowing, horizontal communication. It's a very unstructured kind of device and people really don't have ranks or titles on electronic mail. It allows anybody to communicate with anybody else. It serves as a `de-layering' device.
- **James:** Do you think that your original involvement from the very start in the nuts and bolts of building PCs has stood you in good stead as a manager?
- **Dell:** This is a business where you really have to understand the products. You can't just manage people and numbers and expect to win. The business is technically complicated enough where you would make too many wrong decisions if you weren't really understanding the core product. When you looked at the industry, you see distinct patterns of companies that understand and the leadership really understands and uses the product — and those who don't.
- **James:** So maybe a tobacco company executive isn't the best candidate to head up a computer company. How would you characterize Dell's culture?
- **Dell:** It's open and not particularly formal in terms of orientation. I'd say it's much more of a meritocracy than, perhaps, other companies. People don't go around calling each other `Mr.' and `Ms.'. Everybody calls each other by their first name. You can show up for work in blue jeans if you want to. There are areas of the company where you never, ever, wear a tie. There's certainly no assigned parking spaces, or executive anything. It's basically an open, free-form culture where you can bump into everybody and talk, and everybody goes through the same sort of process. I get E-mail all the time from people anywhere in the company. Anybody can send me a message and I always send them a message back. I walk around the company all the time and talk to anybody in the company, everybody in the company. That's very common. I think it's important because as the company gets larger, you can definitely lose track with what is actually going on. It is often very different from what appears to be going on.
- **James:** That's a different way of thinking about management.
- **Dell:** Ultimately, the job of someone like myself is to really empower the organization to do what it's capable of doing. I mean, we're not really supposed to do a whole lot more than that. If I have to tell people what to do, then I've screwed up somewhere along the way. Occasionally, we do have to do that. But, it's much better to enable people to do the things that they're really good at doing and providing some structure and some focus.
- **James:** Do you think it's difficult to learn this new way of managing people?
- **Dell:** This is not the kind of stuff you can dictate to people. They have to either believe that it's a good idea or it won't work. At this point, it's so ingrained in the culture that if

you try to get on the highway and you can't deal with it, you just get thrown right off. Or you just get sucked into it and you sort of naturally realize that, hey, this is a really good idea because it's such a strong part of the company culture at this point. But, let's say that somebody came into the company and they were not doing this kind of stuff... It's quite possible that the organization would chew them up and spit them out.

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