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THE HBR INTERVIEW

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An Interview with Michael Dell and Kevin Rollins

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Michael Dell founded the computer company that bears his name in 1984. Eight years later, at the age of 27, Dell became the youngest CEO in the *Fortune* 500. Soon the business world was abuzz with talk about the Dell business model, which allows the company to bypass middlemen, sell directly to customers, and achieve superior management of information and working capital. "The Power of Virtual Integration," HBR called it in a 1998 interview with Michael Dell. Since then, the company has continued to gain market share while delivering better shareholder returns than any of its competitors. Initially capitalized with $1,000, Dell is now worth more than $100 billion.

The secret of Dell's success goes beyond its famous business model. High expectations and disciplined, consistent execution are embedded in the company's DNA. Dell is more than an efficient factory—it's an organization that can turn on a dime and that has demonstrated impeccable timing in entering new markets. The company now employs 53,000 people and operates in more than 80 countries. Last month, its founder and chairman reached the ripe old age of 40. Kevin Rollins, a former Bain & Company consultant who began working with Dell back in 1993 and joined the company in 1996, was appointed CEO last year. Chairman and CEO work in adjoining offices. The wall between them is glass, and it has a large door in the middle that is never closed.

While providing extraordinary rewards to its shareholders, Dell has created a culture that expects great performance from its people. In order to double its revenues over a five-year period, the company has had to adapt its exe-

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cution-obsessed culture to new demands, as Rollins and Dell reveal. To discuss how the company has sustained its advantage over two decades, Thomas A. Stewart, the editor of HBR, and Louise O'Brien, an HBR consulting editor who served as Dell's VP of strategy from 1999 to 2002, met with Rollins and Dell at the company's headquarters in Round Rock, Texas. In this edited interview, the two describe how they've worked together to refine Dell's business model, management-development structure, and culture.

The elements of the Dell business model are no secret: going direct, information over inventory, world-class manufacturing, and superior customer information. Everybody knows these, so why haven't other companies been able to copy your model or beat you at your own game?

Rollins: The same reason why Kmart can't imitate Wal-Mart. What Wal-Mart does isn't rocket science—it's retailing. Why can't everybody be Wal-Mart or JetBlue or Samsung or whatever the best company in their industry is? Because it takes more than strategy. It takes years of consistent execution for a company to achieve sustainable competitive advantage. So while Dell does have a superior business model, the key to our success is years and years of DNA development within our teams that is not replicable outside the company. Other companies just can't execute as well as we do.

Dell: Culture plays a huge role. As our industry transitioned to a standards-based model from a proprietary model, with its 40% gross margins, protected franchises, and tiered distribution, a whole new set of business disciplines became important. Things like customer-centricity, supply chain logistics, and cash flow management had been completely off the industry's radar screen. Dell changed the game.

Rollins: We started talking about return on invested capital (ROIC), which focuses you on high returns at very low asset intensity. Before that, the market believed heavier asset intensity was better because you could charge huge margins for a proprietary product. We said, "No, that's not the way the world works." Asset reduction, inventory reduction, speed and time consolidation—these became more important than how much you spend on R&D. High R&D spending, when you do it to create proprietary products, leads you into a niche strategy, not a broad-based strategy. Yet many companies continue to argue that the winner will be the biggest R&D spender.

Dell: That paradigm belongs in the Smithsonian with the dinosaurs.

Rollins: Dell changed the strategic success factor for our industry from R&D spending to being the lowest-cost producer of standard technology. No company in the history of mankind that's been a low-cost provider has been a loser. But staying low cost is tough, especially when you have to keep improving your product.

Dell: Proprietary, vertically oriented technology companies believe that you're not a real company if you don't make your own chips and disk drives. Although we've proven our virtual model time and time again, we still see the same skepticism every time we enter new businesses. We're in the printer business now, and people are saying Dell won't get access to printer technology. Well, it turns out there's an abundance of technology available.

Rollins: Our competitors can't beat Dell while also spending a ton of money on R&D and trying to be "invent" companies. Those two goals are mutually exclusive.

So Dell is not an "invent" company?

Dell: We invent quite a bit but have a different approach. Our business model reflects what customers truly believe is important. We were the first in our industry to really embrace the Internet and to identify the role that standards would play in the server and storage markets. We leverage partners where it makes sense, rather than trying to reinvent things that have already been invented. But we've undersold our R&D model. In fact, if you look at the products that still represent most of the industry's revenues—PCs and Intel servers—we're actually doing more R&D than our competitors. We have 4,000 people and we spend $600 million a year on R&D. That's a significant investment, and we've figured out where R&D spending will generate the best return.

For every dollar we put into R&D, we get about six dollars back in profit. When Samsung puts in a dollar, it gets three or four dollars back. Those are both pretty healthy ratios. Microsoft earns about $18 billion in operating in-

Thomas A. Stewart is HBR's editor; **Loiuse O'Brien** is a consulting editor at HBR.

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come on about $7.7 billion in R&D spending. But Sony invests $1 billion and gets back only $200 million in profits. Sony is overinventing. They invest in things that might be exciting but that aren't valued by customers. So they can't generate good returns.

Rollins: The true test of a company's innovation is whether the customer is willing to pay for it. Struggling companies have a ratio of R&D profits to R&D spending that's less than 1:1. OK companies are about 1:1, and successful companies exceed 1:1.

Dell: Our R&D strategy is shareholder focused. We don't reinvent and we don't do defensive R&D. A lot of the spending by proprietary companies is really to defend against attacks by other companies. They put features in their products so that the customer can't use them with other companies' products. For example, we have a competitor that's investing a lot of money to make sure customers can't save money by refilling used-up ink cartridges. Inventions like this might benefit shareholders in the short term, but they certainly don't benefit customers.

We don't waste money building moats and walls. We tell potential component suppliers which product features are important to our customers. If the suppliers' designs include those features, they'll have a better chance of getting our business. And, by the way, we hope they're successful in selling their components to as many companies as possible, because that drives costs down for everyone and we know we'll win our fair share of the market. This is how Dell defines standards. We think standards should be set in the marketplace, not in the patent office. Given our customer relationships and worldwide market share, it's pretty hard to set a standard without Dell's involvement.

How did Dell's DNA become so different from others' in your industry?

Dell: I founded the company over 20 years ago with $1,000 in starting capital. By contrast, Compaq had been launched two years earlier in Texas with $100 million in capital. That's an unbelievable difference. Dell bubbled up through a kind of Darwinian evolution, finding holes in the way the industry was working. We didn't become asset-light just because it was a brilliant strategy. We didn't have any choice.

Rollins: History was the starting point for our culture. But by the mid-1990s, we had plenty of money. The issue was no longer necessity; we'd just found a better way to run a business. But we needed to articulate the strategic principles of our business model for customers, employees, and investors.

So we defined a complete set of management principles, with metrics, to the nth degree. Things that had been necessities at Dell became virtues. Although we didn't have much in the way of assets, we decided we should have even less. We knew that poor quality costs money. We knew that too much time in the cycle from order to delivery costs money. No inventory is better than any. With the steep depreciation curve for components in our business—they're like fish or vegetables—the value goes away the minute you buy them. Everyone at Dell came to understand these principles. We began to rigorously measure DSI (days of sales in inventory) and stamp it on the forehead of anybody who had anything to do with development, purchasing, or manufacturing.

Dell: In our industry, with all the permutations, combinations, and transitions, it's impossible to forecast. By getting rid of inventory, we created a pull rather than a push system and eliminated the need for a crystal ball.

How did you implant the Dell DNA throughout the company?

Rollins: We drummed into our people's heads, through presentation after presentation, what's good performance and what's bad performance. They saw data on inventory every day. They got rewarded when inventory came down and punished when inventory went up.

Dell: By the way, the reward and punishment didn't come from us, it came from our people seeing for themselves how much better their businesses worked when they didn't have inventory.

Rollins: Another lesson we implanted was how to contain operating expenses while increasing margins and growth. That sounds pretty basic, but most companies can't do both. Many companies like to talk about investing for the future. We say the future is today and tonight. Good execution requires a sense of urgency. The notion of investing for the future can become a trap.

Dell: Of course, there are times when we have to make investments that take a few years to fully pay back. But to Kevin's point, we don't tolerate businesses that don't make money. We

"While Dell does have a superior business model, the key to our success is years and years of DNA development within our teams that is not replicable outside the company." [Rollins]

used to hear all sorts of excuses for why a business didn't make money, but to us they all sounded like "The dog ate my homework." We just don't accept that. Our shareholders don't pay us to sit around and lose money.

If you're a Dell manager and your product or sales region falls off track and starts losing money, what happens to you?

Rollins: You become a pariah.

Dell: It hasn't happened recently.

Rollins: We've had a no-excuses culture from the beginning. Whenever we hear that a business might have to lose money for a while, we challenge the GM to figure out how to run the business better than anyone ever has and not lose money.

Dell: If you start accepting the idea that a business doesn't have to make money—for reasons that you might convince yourself are real—then that's what happens. The opposite is also true. If you say, "No, we're going to make this business profitable," good things happen. Of course, the first kind of culture is easier to live in than the second.

Rollins: I'm not saying we're the only real men in the world, but we set expectations very high.

Isn't there more to creating a high-performance culture than setting high expectations?

Rollins: It requires discipline and consistency. We know, down to our toenails, that our model works. When Dell fails to execute, it's either because the GM is applying the model wrong or he's not the right GM. In either case, Michael and I are to blame.

Over time, we've steadily improved the managerial talent at Dell. Our team of general managers is now very strong. They've learned the discipline, they have what it takes, they understand the model. So when they miss, it's just a failure to execute. And we're pretty hard on people who miss—not just the two of us but the whole company. When you fail to execute, our culture says, "Fix it. Find what's wrong, and fix it. Or ask for help."

Dell: We all make mistakes. It's not as though at any given time, Dell doesn't have some part of the business that's not working for us as it should. But we have a culture of continuous improvement. We train employees to constantly ask themselves: "How do we grow faster? How do we lower our cost structure? How do we improve service for customers?"

Is it as tough as it sounds to be a general manager at Dell?

Rollins: It's really tough. To succeed as a GM here, you have to be smart and you have to be tough. You have to be a team player, and you have to understand the P&L. You're in trouble if you don't understand the P&L.

Sometimes our managers think that what we've asked them to do is irrational. But the fact of the matter is our general managers have succeeded time and time again. When we hold somewhat irrational expectations and convince them they can do it, they come up with fantastic breakthroughs. We challenge our people to substitute ingenuity for investment.

Dell: In the late 1990s, we were growing really fast and bringing lots of new talent on board. We used to just throw people in the deep end and see if they'd sink or swim. If they couldn't swim, we'd get someone else.

Rollins: Now we believe we owe our managers more than that. Part of the problem was we were hiring the wrong people—people who weren't going to be able to swim at Dell. I think we've gotten better at picking people. We've also gotten better at developing them.

Five years ago, we weren't spending much senior-manager time on people development. That has changed dramatically. Our promotions to VP and director have shifted from about 75% outside hires and 25% promotes from within to about 30% outside and 70% within. We now understand this yields better results. There's less risk than in hiring random executives from outside. You've seen your own people. You know what they can do. And you know they've already got the DNA.

So we now give lots of swimming lessons. But if you still can't swim after the lessons, then this is going to feel like a tough place to work.

Are you managing by fear? Or by truth telling?

Rollins: We've tried to create a culture where openness and honesty are encouraged.

I think there was a time when people were afraid, but even then, the fear of not telling the bad news was greater than the fear of telling.

Dell: The worst thing you can do as a leader at Dell is to be in denial—to try to convince people that a problem's not there or play charades. A manager is far better off coming forward and saying, "Hey, things aren't working,

here's what we think is wrong, here's what we're going to do about it." Or, even, "Hey, I need some help. Will you help me?" That manager won't have a problem. The manager who covers up and says it's really not as bad as it looks—he'll have a big problem.

Rollins: Our culture has evolved from a fear of the consequences of not telling, to where you just know you have to tell. It's the way we all operate. Everybody sees everybody else's numbers and gets to help with suggestions about their businesses. Here you can't tell your boss or your peers, "Stay out of my business." Openness and sharing are part of success at Dell.

Dell: We also have a huge number of people inside the company with incredibly accurate and detailed information about a whole range of things. That level of transparency makes it difficult to hide a problem.

Rollins: Like many companies, we're organized in a matrix of sales regions and product groups. Then we break each of those groups down to a pretty fine level of subproducts and sales subsegments. Dell has more P&L managers, and smaller business units, than most companies its size. This not only increases accountability to the customer, it helps train general managers by moving them from smaller to larger businesses as their skills develop.

Our matrix organization has a third level—our business councils. For example, we have a small-business sales group in each country, along with product development people who become very familiar with what small-business customers buy. In addition, we have a worldwide small-business council made up of all our small-business GMs and product managers. Everyone in these councils sees everyone else's P&L, so it provides another set of checks and balances.

Dell: Our performance metrics are the same around the world, which allows us to identify the best practices on any given dimension: generating leads, increasing margins, capturing new customers. If a council sees that Japan has figured out a great strategy for selling more servers, its job is to learn how Japan is doing that and transfer the lessons to other countries.

Information is our most important management tool. Our salespeople know the margin on a sale while they're on the phone with the customer. This financial data is in real time, so our people know if there's a problem. If the folks in our consumer business notice it's 10 am and they're not getting enough phone calls, they know they have to do something: run a promotion on the Web, starting at 10:15, or change their pricing or run more ads. They can't wait until 30 days after the end of the quarter to figure it out.

Rollins: And they don't need to call us for permission. If they don't change something now, they can't come to us at the end of the quarter and say, "I guess we should have taken action in the middle of the quarter when we knew something was wrong."

Dell operates with a lot of data, and analyzing data takes certain skills. Is there a Dell decision-making model?

Rollins: There is, but it's not perfectly articulated. The first rule is: Make your decision fast—even if you don't have complete data. Get the best data you can, because making a decision with no data is a sin. But delaying a decision while you overanalyze the data is not good.

Dell: We don't have a lot of layers. Extra layers, approvals, and meetings just slow things down. Our organization is flat so that information can flow freely and quickly.

Rollins: We have a strong bias toward action and a strong bias toward data.

Dell: Any Dell presentation—it doesn't matter what part of the company it's from—will have lots of data. That's just the way we manage. Our number-to-word ratio is really high.

Rollins: Many companies believe in massive delegation—which has some advantages but also a lot of negatives. Michael and I like to roll up our sleeves. Our years of experience with the model allow us to spot trends that others in the organization might miss. Michael and I probably know a lot more and make more decisions than many CEOs do, but we also have a lot more people involved in decision making at Dell than you might find at other companies, because a lot of people here own P&Ls.

How do your decision-making styles differ?

Dell: We're pretty complementary. We've learned over time that each of us is right about 80% of the time, but if you put us together, our hit rate is much, much higher. We each think about a slightly different set of things, but there's a lot of overlap.

Rollins: We're both opinionated, but we also realize that listening to one another is a good

"It's a myth that one person can really run a company." [Dell] "Either he doesn't actually run it, or he dies trying." [Rollins]

thing. We have a lot of trust in each other's judgment.

Dell: Leaders have to show that they know the *way,* even if they have no idea what to *do*. The truth is that we probably have a lot more fear than we're displaying. We think about failure all the time. I think about failure all the time. We've been able to simulate failure in our minds—

Rollins:—before it happens—

Dell:—and avoid extinction or disastrous consequences because we've thought through all the bad things that could happen.

You two have been a team for many years. Now Kevin is CEO and Michael is chairman—how does that relationship work?

Dell: We're very collaborative. We share all the issues and opportunities. It's not at all a typical hierarchy, and this transition was not at all a typical CEO-to-chairman transition. The traditional distribution of labor doesn't really apply. Everybody likes to try to stereotype us, put us in boxes. "OK, now I get it, you do technology and you do operations." They're all wrong.

Rollins: The nuance is not what we each do, but where our expertise lies. Michael's expertise lies more in technology. My expertise lies more in the institutionalization of running a big company. But we both do strategy, we both meet with customers, we both manage the P&L.

Dell: In any given week, you could take my entire schedule and give it to Kevin, and he could do what I do. Quite well. And I could take his entire schedule and do those things pretty well, too. To some extent there's a divide-and-conquer element. You can't be in all places at all times. It's a myth that one person can really run a company.

Rollins: Either he doesn't actually run it, or he dies trying. Michael and I can see twice as many customers as a CEO alone would be able to see. We can meet with twice as many employees. The two of us *can* be all over the map.

Dell: Ultimately, we make much better decisions because each of us comes up with ideas that aren't fully developed, we work through them together, and we end up with better decisions. For example, we both recognized the strategic importance of printers, but we debated the fine points between ourselves, and this led to a better decision process and rollout.

Rollins: From the beginning, Michael was enthusiastic about getting into printers, whereas I was a little risk averse. With regard to our storage partnership with EMC, our positions were reversed. So it's not as though one of us always plays the optimist and one the pessimist. In both cases, we each talked a lot about the issues and our concerns and got the other comfortable. Then we proceeded as a team.

Does Dell make fewer bad decisions than most companies because of your joint leadership?

Dell: Absolutely. In our business, it's easy to get caught up in the excitement of the latest technology development, so Kevin and I ask a lot of questions. When someone runs into our offices saying, "We've got to do tablet computers," because Microsoft says we should, or because everyone else is doing them, we ask, "How's this going to work? How big's the market? What's it going to cost us? And do we have the organizational bandwidth to handle it?" Because you can't do everything at one time and expect to succeed across the board.

Rollins: Few things clear all the hurdles. At one time, printers didn't quite fit—that's why I was a little nervous about going into the business. But Michael felt we had to go after printers because of the ridiculous margins one of our competitors was using to subsidize its fight against us in PCs and servers. So we kept messing with it, and before long we found a way to make it fit.

Is there an innate conservatism in Dell's decision making?

Rollins: We're very risk averse. Occasionally our managers develop emotional connections to businesses that they really want to drive. But we make them prove the opportunity to us, and if we're not convinced, we don't move forward. We avoid areas where it's not clear we can be successful.

Dell: In our industry, many promising new ideas become short, dead-end roads. We have a pretty good record of not going down them. That's why our competitors accuse us of not being innovative—because we're not investing in tablet computers or artificial intelligence.

But are we innovative? Show me another company that's 21 years old, has $50 billion in revenue, and hasn't done acquisitions. We've achieved massive organic growth, despite our caution about entering new businesses. We've led the market in the areas of innovation we be-

lieve will be important to customers—like the Internet, the commoditization of servers and storage, and converting from CRT monitors to LCDs. In our industry, there's always a better alternative to getting into or staying in a bad business. We're not looking for the most challenging problems, we're looking for the easiest problems that have the most opportunity.

You've had to adjust your business model as the company has grown. How have you needed to change the culture?

Rollins: In 2000, our industry went through a major downturn, and the company's growth flattened out for a couple of years. Our people started asking questions like: "Is it over? Why am I here? Am I developing as a professional?" We learned about these concerns through our Tell Dell employee survey. It helped us realize that we were in sort of a crisis. We had to address the gaps in our culture or we wouldn't be able to keep growing.

Historically, working at Dell was about money—becoming a Dellionaire—not about working for the best company. The Tell Dell survey indicated that 50% of our people would have been willing to leave the company for a comparable job elsewhere. That's a terrible number. We had a very visible group of employees who'd gotten rich from stock options and considered themselves volunteers—meaning they'd check out any time they wanted.

Dell: The mind-set was "What are you going to do for me?" as opposed to "What can I do for the company?" Some of this was the result of the larger bubble in the economy. Expectations everywhere had grown to the sky. Getting rich was way too easy.

Then the market crashed. Dell's crash was not nearly as severe as our peer group's, but in a perverse way, this kept expectations higher here. Our punishment for doing well during challenging times was that our people thought they could leave any time they wanted.

Rollins: Our culture was becoming the culture of the stock price. Everybody at Dell, down to the shop-floor person, followed the stock price. You can't build a great company based on employees who say, "If you pay me enough, I'll stay. If you don't, I'm leaving." We had to reignite the spirit of the company, and we couldn't do it with the stock price, because the stock had busted.

Dell: We knew we couldn't get to $60 billion in revenue without changing the culture. But it's not like you just flip the switch and it's done. First, we implemented Tell Dell to measure how good a job we were doing of managing people. The survey is voluntary, and 92% of our employees participate. Based on what we learned from Tell Dell, Kevin created the Winning Culture initiative, which has become a top operating priority at Dell.

Rollins: We asked, "What's the social contract we offer at Dell?" That led us to define the Soul of Dell: Focus on the customer, be open and direct in communications, be a good global citizen, have fun in winning. These were all elements of our traditional culture that had just never been articulated.

Dell: How were all the new people we were adding in Asia and Europe going to understand what we were trying to do? It was imperative to articulate the Soul of Dell. And it turned out to be a huge motivator for our teams.

You'd gotten to the top of your industry and were still highly successful financially—what convinced you two data-driven guys that this was a crisis?

Dell: Here's the data-driven answer: We did the math.

Rollins: We looked at how many people we'd have to hire if we wanted to double our revenue—how much new talent we'd have to find if 50% of our people left the company. We couldn't do it.

Dell: And when we talked to our people, we could just sense their desire for more professional development. Throughout the first 18 years of our history, we had very specific and measurable financial objectives. The people stuff was there, but we didn't emphasize it the way we did the financial goals. The surveys told us that we had to get more serious about developing managers. This was also what the company needed in order to grow. So we launched the Leadership Imperative.

Rollins: Michael and I also each went through a 360-degree feedback process. Our executive team told me that I sometimes acted as though I had all the answers and that I could come across as arrogant and aloof.

Dell: They told me I didn't give enough positive feedback. That was because I've never required a lot of personal recognition myself. I've already gotten way more than I need. I'm actually suspicious when I get positive feedback.

Rollins: This was a blind spot for both of us, because personally we've never needed a lot of outside validation. And we created a management team that didn't need it because we never gave it to them. We thought, "If you need to have someone tell you you're good, you probably don't belong at Dell. You're obviously not strong enough to be here."

Dell: I also learned from the 360-degree reviews that I needed to do a better job of connecting with people—relating to people as human beings who wanted connection and recognition, not mere abstract objects doing work. I've always really enjoyed business problems and didn't feel as much need for connection as our team clearly wanted. It took me a while to see how important this quality of relationships is in building loyalty to the company.

Rollins: We just didn't get it. That was a mistake, because obviously everybody needs positive feedback, even though some of our team tried to pretend they didn't.

Dell: In 2001, we took an important step in making Winning Culture one of four strategic initiatives for the corporation. For the past decade, we've identified three major objectives every year—the same initiatives, supported by the same metrics, everywhere in the world. They help the entire organization stay focused on what we're trying to accomplish, typically in customer experience, product leadership, and globalization. We calculate performance bonuses based on strategic initiatives, as well as on growth and profitability.

A lot of our success is due to the fact that we've been able to pick the right things at the right time and align the entire worldwide organization around them. So placing Winning Culture on this list was a big statement inside the company. Of course, there was some skepticism in the first year or two.

Rollins: Initially, people didn't believe we were serious about leadership development because we hadn't yet put any meat on the bones. So we began to develop a set of management tools, and we told managers if they didn't perform on the Tell Dell metrics, it would affect their pay.

Just as we shared our feedback with our team, we insist that all managers share their Tell Dell results with all of their people. We said, "If Michael and I can improve, then everyone can improve." Tell Dell has become a referendum on the executives, including us. We have to share the results with our board. So now we all have someone looking over our shoulders.

How does your leadership development work?

Rollins: The structure is similar to GE's. They have three levels in their Session C program. So far, we have only one, but we'll probably add another next year. We'd like it to be a graduated program that tracks our high-potential employees throughout their Dell careers.

Our own executives teach, and we use our own material and facilities. Rather than bringing employees to a central location, as GE does, we travel to them. Either Michael or I meet with the top 10% of Dell managers around the world every quarter and give them a short training dose. We also have an intense ten-day leadership training program, which our people tell us is the best session they've ever attended.

It's been a huge retention tool among our high potential employees. We were surprised at how well they responded to the time and attention from us and other senior executives. Our future leaders get lots of benefits from participating in the program, but knowing we value them as our next generation is the most important.

Dell: Kevin and I each spend three full days teaching. We review individual development plans, compensation, and career paths for all these people. We now consider them the corporate talent, and they're "owned" by the office of the CEO, not by their immediate supervisors.

Rollins: Developing people is now part of the GM job at Dell. Our senior managers are measured and compensated on it. If we'd put in place a program without metrics, no one would have taken it seriously.

In five years, will Dell be known as a great place to have worked? Will other companies be trying to poach your people?

Rollins: They already are. They think hiring a Dell manager will allow them to replicate our operational and financial success. But it's not that easy. If you hire a Dell-trained GM, you'll get a smart, tough P&L manager. But a single manager cannot create Dell. That's why Michael and I don't take as much credit for the success as people might like to give us. It's taken a team of a lot of people to create Dell.

A Dell GM couldn't be as successful without

"Michael and I aspire to great things. We want a culture that makes people stick around for reasons other than money." [Rollins]

the tools he gets at Dell. At another company he'd find himself asking, "Where's my dashboard? Where's all the talent?"

It would be much harder to start over at another company, hoping for an uncertain return, than to stay here in this winning environment and get a predictable return. I think that's why none of our guys have left.

Are you satisfied with the results?

Rollins: For the first couple of years after we introduced Tell Dell, the scores were flat. We needed to make sure our executive team wanted to stay, in order for them to get their teams to want to stay. It had to start with us and move down through the organization.

After two years of flatlining, we're now seeing very encouraging results. On the first survey after implementing our Leadership Imperative, we saw a nice bump in scores. The second time, they bumped again. The third time, another bump.

Dell: Our employees now know we're serious about our Winning Culture and people development. If a manager's Tell Dell scores are in the lower quartile and not improving, he's got a big problem. You can't get promoted if you're not taking Tell Dell metrics seriously and embracing the notion of a Winning Culture.

Has all of this focus on people made Dell a kinder, gentler company?

Rollins: I'm not sure that was the intention, but I suppose it has. We've changed as individuals and as an organization—and it wasn't just about feedback or the fear of not reaching our goals. Both Michael and I aspire to great things. We've already created the best supply chain management model and one of the most financially successful companies ever. Everybody acknowledges that. We want the world to see not just a great financial record and operational performance, but a great company. We want to have leaders that other companies covet. We want a culture that makes people stick around for reasons other than money. We want Dell to be such a great place to work that no one wants to leave.

Dell: Of course, adding people development to our top initiatives doesn't take the pressure off driving for financial results. A key component of the Soul of Dell is winning. We care about our people, but we don't exist to make people feel good. We want to win and have fun at the same time.

Rollins: You don't find companies that have great winning cultures and terrible financial results. If a company with great financials and a great culture sees results start to slide, the culture will die real fast. So we've told our people that we're building a winning culture on top of great financial results. If we stop delivering results, the culture will slide into the ditch. We have to keep them both going.

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