



# Role of HR in Dell's Business Transformations

Gulf Coast Symposium on  
Human Resource Issues

May 12, 2016

# Dell Heritage



**1988**

After just four years, Dell completes its initial public offering



**2001**

Dell becomes the No. 1 computer systems provider worldwide



**2013**

Dell goes private

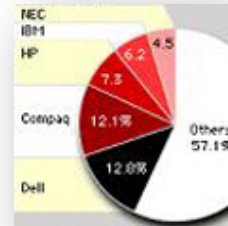
**1984**

Michael Dell founded PC's Limited with \$1,000



**1992**

Dell debuts on the Fortune 500

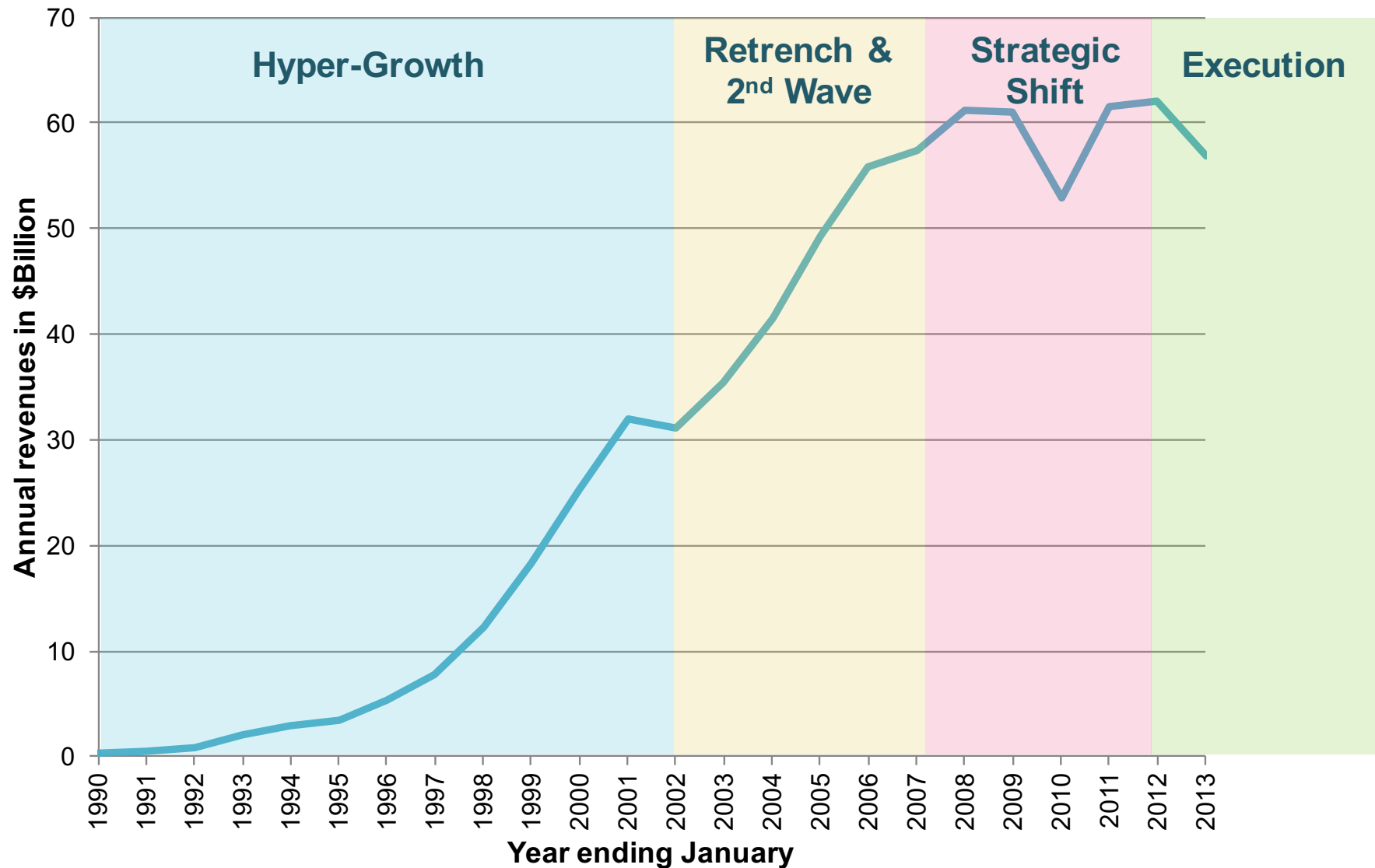


**2009**

Dell acquires Perot Systems



# 4 phases of Dell's growth





# Business Phases

Phases		Product Mix	Competitive Advantage
Hyper-Growth		PCs Servers	Supply chain Direct business model
Retrench and 2 <sup>nd</sup> Wave	+	Storage Printers	Global support
Strategic Shift	+	Software    Data Center Services    Solutions Networking	Breadth of offerings
Execution	+	Integrated technology solutions	Integration



# HR Phases

## Phases

## HR Top Priorities

## Signature Practices

### Hyper-Growth

Hiring  
Talent Management

Talent Acquisition  
Annual HR tactical plan

### Retrench and 2<sup>nd</sup> Wave



Retention  
Scale and Efficiency

Soul of Dell  
Tell Dell

HR Technology  
Offshoring/Site  
Development

### Strategic Shift



Globalization  
M&A  
Employee Engagement

Global Talent  
Management  
M&A Model &  
Execution

People strategy  
Leadership  
Imperative

### Execution



Business Consulting  
Change Leadership  
Leadership as a differentiator

Unifying culture, employee  
expectations and leadership  
principles



# transformation

*noun* | trans·for·ma·tion | \,tran(t)s-fər-'mā-shən, -fər-\

## Simple Definition of TRANSFORMATION

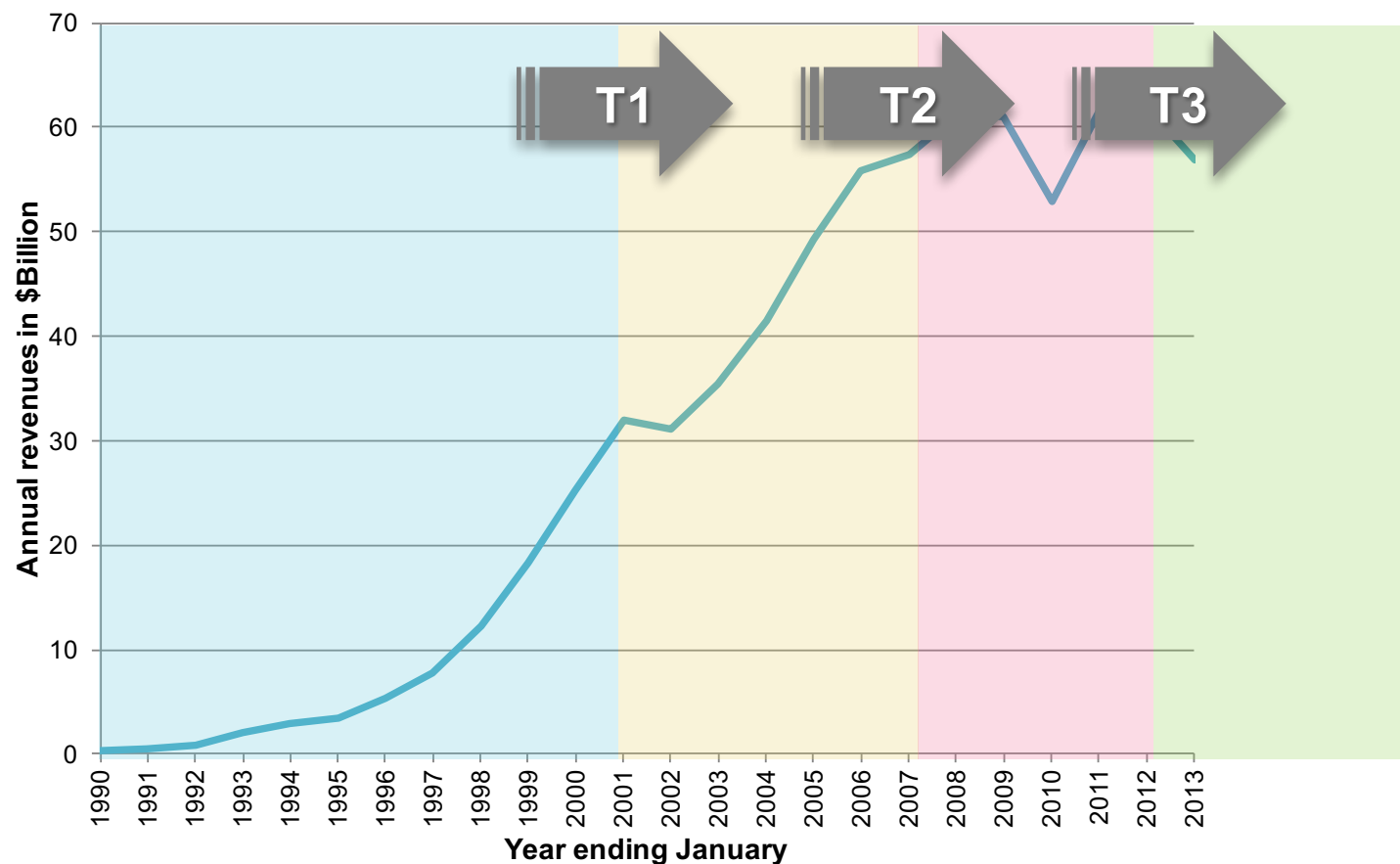
Popularity: Top 10% of words

: a complete or major change in someone's or something's appearance, form, etc.

Source: Merriam-Webster's Learner's Dictionary

# Transformation happens in-between phases

*We have gone through **3 MAJOR transformations**,  
and dozens of smaller ones in the last 15 years*





# Transformation Triggers

**T1**

## Retrench and 2<sup>nd</sup> Wave

52% CAGR, leading to \$25 Billion revenues in 2000;  
slowest we ever grew was 21%

The 2001 perfect storm: Dot com bust, Enron and 9/11

**T2**

## Strategic Shift

ODMs out-scaled us and drove faster commoditization  
of our core business

Profit pools shrank quick; Our business model had outlived  
its useful life and there was no clear “Plan B”

Our competitive strength turned to a competitive weakness . . .  
almost overnight (~2006-2007)

**T3**

## Execution

Industry consolidation and changes in buyer preference

Macro economic uncertainty

Go to market engine needed work – solutions AND products





# Major changes in HR Structure & Skills

## Hyper-Growth

- Business aligned structure with minimal shared services
- Jack of all trades
- Highly decentralized process and program management
- Varied development and execution
- Managing on the fly - “Do whatever it takes”

## Second Wave

- Rise of strategic business partnering
- HR IT/systems efficiency and best practices
- Leadership matters – “Tell Dell” implemented
- Extensive focus on accountability and execution – forced ranking performance management

## Strategic Shift

- Shift to New HR Model
  - Shared Services
  - HRBP
  - Global COEs
- Enhanced cost and efficiency focus
- Extensive labor cost mgmt/ workforce mgmt/offshoring
- Extensive HC reductions from difficult market
- Standardization and globalization of HR programs and processes
- M&A management
- Expanded external focus/ benchmarking



# Major changes in HR Structure & Skills

## Execution

- Next evolution of shared services, extensive matrix, modular and fluid
- Further rise of critical business partnering - influence and change leadership
- Simplification and pragmatic innovation – driving thought leadership at scale
- People Strategy adopted to align on common beliefs and expectations
- Rational program differentiation in support of new, varied business portfolio
- Off the shelf tools adopted to enable HR scalability and support
- Extensive focus on leadership capability (matrix management)
- Extensive focus on sales capability – acquisition, development, and accountability to new selling profile
- Eliminated forced ranked performance management structure to better support employee development



# What's Next?

## A Focus on Strategy, Culture and Leadership

### Strategy

Strategy is our plan to outperform the competition.

Ours is unique and it differentiates us.

### Culture

Culture is what makes us a great place to work and it makes our strategy viable.

Our competition cannot copy our culture.

### Leadership

Leadership is what keeps our strategy on track and our culture strong so we can win and create value for our customers.



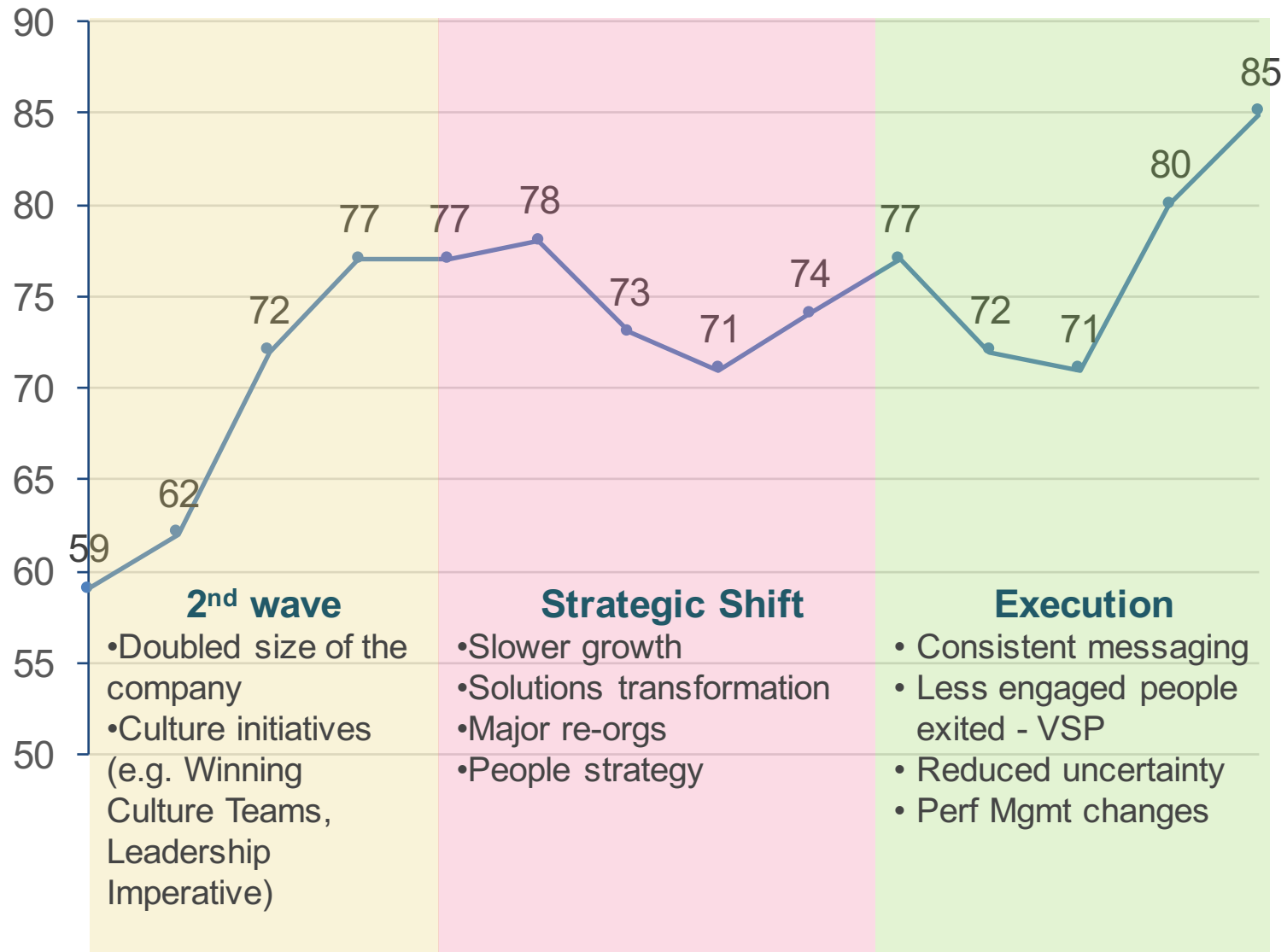
# What Hasn't Changed in HR



**Our founder's expectations of the HR function**

# Employee Perceptions Through the Transformations

*Tell Dell scores are highly correlated to (employee awareness/perception of) business success, with a 1-3 year lag*





# What Did We Learn as a Business?

## **Build for the chaos**

We were too slow to realize this had become the new normal

## **Leadership is exponentially more critical in a transformation**

We could have moved faster in key spots

## **Complexity happens**

We could have managed it better and more proactively

## **Change happens slowly unless managed**

Needed a stronger change effort to translate new strategy into operational action

## **It is a lot easier to build out the portfolio than the capability to sell it**

## **It's good to be private!**



# What Did We Learn as an HR Function?

## **The new HR model was critical**

It enabled HRBPs to consult vs being consumed by tactical volume

## **Self service matters**

Tool and systems efficiencies are critical enablers

## **Policy and process is our friend**

“Enabling infrastructure” – helps us move faster

## **Standardize what does not differentiate us**

Save your time for what does

## **We can be our own worst enemy**

Does the business really want us to keep doing this, or are we the problem?

## **Sometimes people breed work**

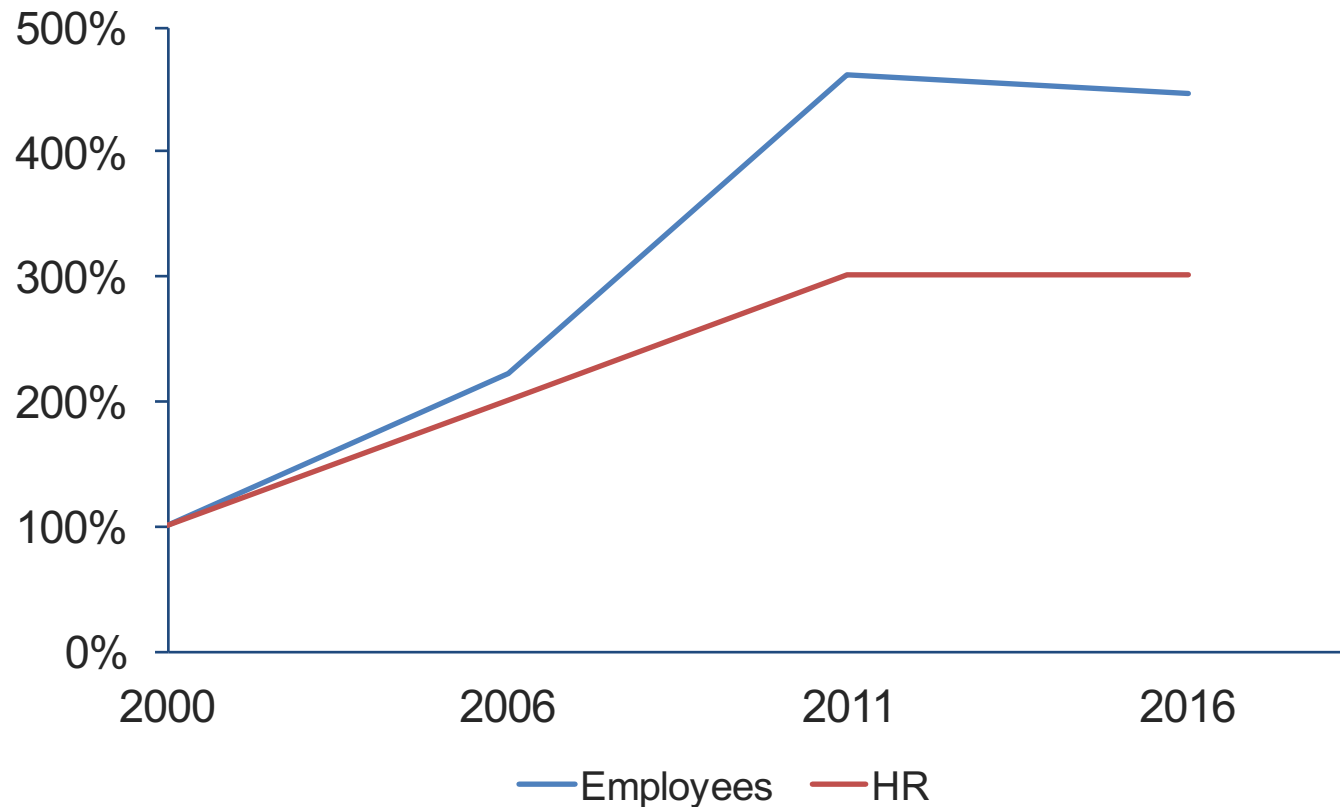
Having too many is as bad as having too few

## **Managing Change**

We could have better managed the changes within our own function, and within the business  
HR people who navigate change well are essential to make the business changes happen

# You don't need a large HR team

*Since 2006, Dell's employee count has grown 4.5x while the HR team has only grown 3x.*





# Transformation is needed in all industries

*Crude oil prices from 1990: proxy for industry growth*





# THANK YOU

Slides available at [slideshare.net](https://www.slideshare.net)

Continue the discussion:

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[avneet.jolly@insightory.com](mailto:avneet.jolly@insightory.com)