URL: https://stvp.stanford.edu/blog/videos/overcoming-some-of-the-early-mistakes-of-dell-inc

In 1989, following the year when Dell, Inc. went public, Dell explains how the company had a large problem with inventory management. As a result, the company failed to transition properly in the industry from one technology to the other. However, because of this critical mistake, the company learned how to correctly manage their inventory, and according to Dell, became the best in the world at it. Later on, Dell also notes the company did not have the systems and processes to deal with rapid growth. This experience, however, proved to be another learning lesson for the company, as it installed a much better set of processes that helped further its growth.

Transcript

A lot of it was dealing with very rapid growth.. We made some mistakes.. And many people would look back on Dell and say, "You just went straight up." Well, not exactly.. In 1989, about a year after we went public, we had a horrible problem related to inventory management.. And specifically -- our industry's constantly transitioning from one technology to another, and we sort of screwed up one of the transitions.. And we learned a lot about how to do that correctly and arguably became best in the world at managing inventory and dealing with technology transitions after that near-death experience.. Fast forward just about four years later, and the company's literally ten times larger.. And that created enormous challenges, because we had all sorts of mismatches in terms of our capability and systems and process to deal with this tremendous growth and expansion.. And we had to kind of slow down and instill a much better set of processes.. But once we did that, we kept growing..

And the company grew 80%per year for the first eight years compounded, and 60 % per year for the six years after that, which adds up to tens of billions real quick, as you know...