TIM158
Business Information Strategy

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• Can Ford emulate Dell?
• Is mass customization possible?
  – To what extent
  – With what result?
• Can automobiles be delivered like PC’s?
  – It is 10 years ago ...
Differences and Similarities

• Supplier network
• Purchasing methods
  – In Ford Procurement drove product
  – In Dell Product drove procurement
• Consumer cost
• Complexity of configurations
• Organizations
• Speed of obsolescence
• Consider the experiences that you (or your friends or members of your family) have had in buying a car; compare these to the experience of buying a computer online (if you’ve never done this, go to Dell’s website—www.dell.com— and explore how online computer buying works). What do you think explains the differences?

• What advantages does Dell derive from virtual integration? How important are these advantages in the auto business?

• What challenges does Ford face that are not also faced by Dell? How should Ford deal with these challenges?

• If you were Teri Takai, what would you recommend to senior executives? To what degree should Ford emulate Dell’s business model?
Ford

- Internet site – mid ‘95 (1m/day by mid ‘97)
- Intranet in mid-’96
- Extranet (B2B) ready by Jan 1997
- Created ANX with GM/C to set standards
- Jac Nasser CEO Jan ’99 (cost cutter)
- $6.9B profit in ‘98
- $1.7K profit per vehicle
- 4th behind Honda, Toyota, Nissan
Existing Supply Chain

• Thousands of suppliers
• Emphasis on fostering long term relationships with suppliers versus creating competition to reduce component cost
• Tier 1 suppliers managed T-2 suppliers ...