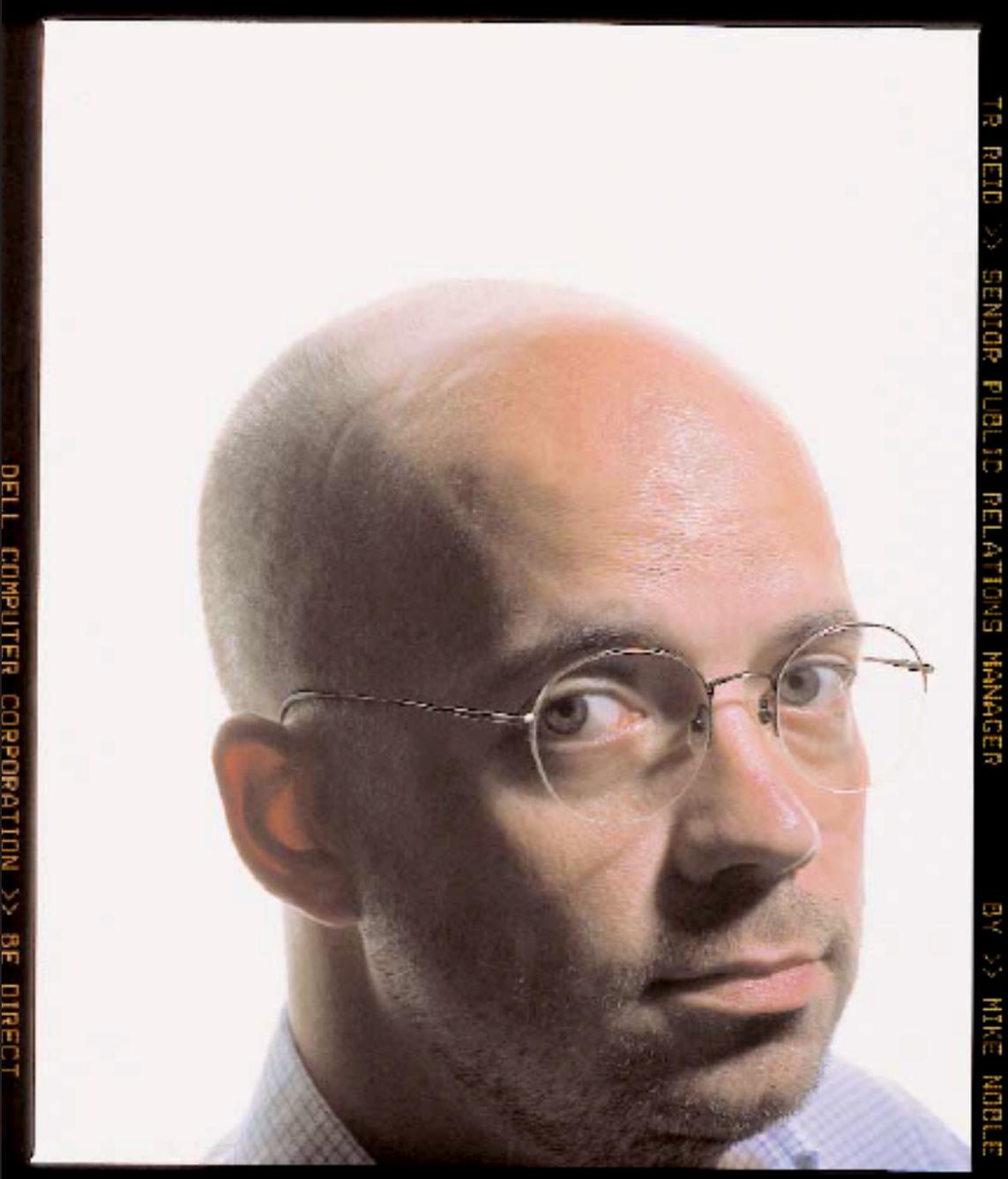


**GRAPHIS INTERNATIONAL
ANNUAL REPORT**
volume 7

Graphis profiled Rigsby Hull's work with Dell Computer Corporation in the introduction to this hardbound 256-page volume on corporate communications.



TR REID >> SENIOR PUBLIC RELATIONS MANAGER

BY >> MIKE NOBLE

DELL COMPUTER CORPORATION >> BE DIRECT

Being Direct.

There is nothing ostentatious about Dell Computer Corporation's headquarters on the outskirts of Austin. A network of gleaming steel and glass rectangles form a rapidly growing campus. The now familiar corporate identity with its upturned "E" stands out against a seemingly limitless Texas sky; otherwise buildings are labeled simply "1, 2, 3". Everything here seems clean, sharp angled, geared for efficiency. As I enter the building I see Michael Dell—at 34 the longest-tenured CEO in the industry—stride purposefully through the lobby and bound up the stairs, taking them two by two. I'm reminded of an old stagecoach drivers' adage: "The speed of the leader is the speed of the team." One of the planet's most respected and profitable corporations, Dell has a growth story so well-known and well-documented that it hardly needs to be repeated here. Dell's is the top-performing stock in the world for the decade of the '90s and the most successful stock in the history of Nasdaq, with a 10-year return of better than 63,000%. Its growth over the past decade spikes so sharply upward that on a chart, Coke's, Microsoft's, the S&P 500...all look like flat lines in comparison.



No need to quote current measures of performance, since by the time this essay is published, those figures will be far surpassed, way out of date. But in the context of this volume of recent achievements in annual report design, Dell's story is brand new. While other ARs are growing larger and more complex, Dell's is getting smaller, simpler, more focused. And Dell's view of the design process is both instructive and inspiring, even a little scary.

TR Reid is the senior public relations manager who turns management's vision into Dell's annual report. He handles a lot more than the annual, and the day I met him his desk was overflowing, his phone ringing constantly. A red ribbon blocked entry to his cubicle, and in the middle of that ribbon was a warning penned in black magic marker DEADLINE. Reid gets right to the point: "Most annual reports fail," he tells me, "because they try to be all things to all kinds of diverse audiences. We don't have all the answers, but our sense of audience is clear." And that audience is Dell customers.

Investors, analysts and employees surely read the annual report, but customers are the primary target. To those customers Dell says one thing, loudly, repeatedly. "Be Direct." That simple and commanding phrase is both business approach and defining brand characteristic; it runs, like an electrical current, through everything the company says and does. No other phrase better explains Dell's inimitable model: selling directly to customers (eliminating distributors, resellers, and dealers); dealing directly with a tight cadre of vendors (again avoiding middlemen); and building every computer only after it's been ordered (in many cases, paid for as well). And nowhere in the company's literature are the model and its benefits so crisply outlined as in the annual report.

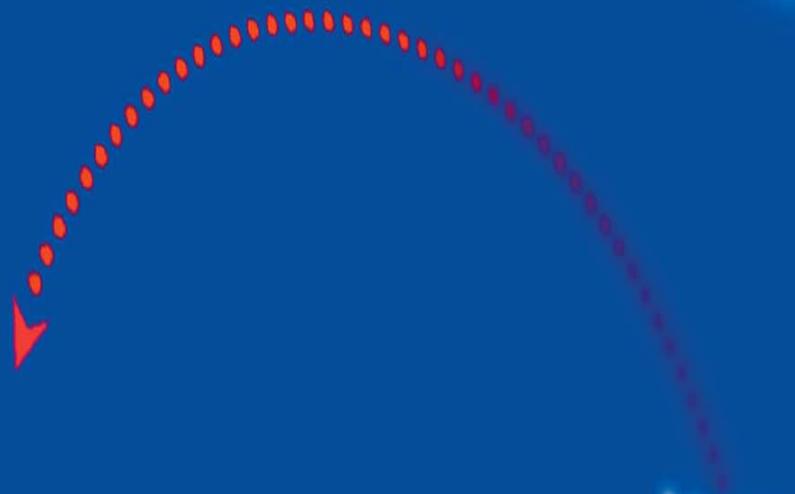
While other reports get larger, Dell's is getting smaller and more focused.

In Reid's mind, the key is eliminating anything that conflicts with, obscures or over-embellishes the "Be Direct" message. He eschews the overt themes and abstract metaphors that seem to be the lifeblood of so much award-winning graphic design. Relentless reductionism eventually yields a report with the brevity and wallop of a good ad campaign. Full-page, full-color spreads juxtapose powerful photography against simple headlines. Subtly addressing concerns about Dell's ability to compete globally against other top-tier computer makers, one report asks a series of questions: "How many? 1 or 100 or 1000." "How close? Direct." "Services? Around the world." A recent *Fortune* magazine article sums up the approach: "Wall Street likes it simple. Dell keeps its story very simple, as in 'We sell custom-made computers directly to our customers.' Compare that with the complicated stories [other computer companies] must walk analysts through. They are great communicators."

And so they are. If "direct" is the Dell business model, it's also the communications model for the annual report. The tempo is fast, easy to grasp, compelling. The letter to shareholders is concise, to the point. (Notably succinct, it's less than half the length of rival IBM's.) For the past two years, the narrative has centered on a handful of tightly phrased case studies that clearly spell out how Dell's model has benefited customers such as AOL, Sony, Wal-Mart, Nasdaq, Microsoft. Dell's online address, www.dell.com, appears on every page of the report and in inch-tall letters on the cover. In even larger type is the unequivocal pronouncement "Be Direct".

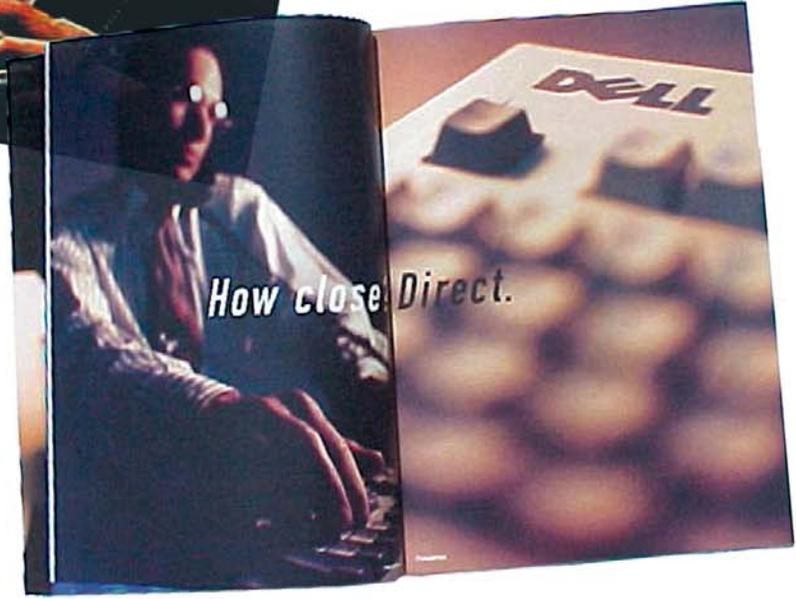
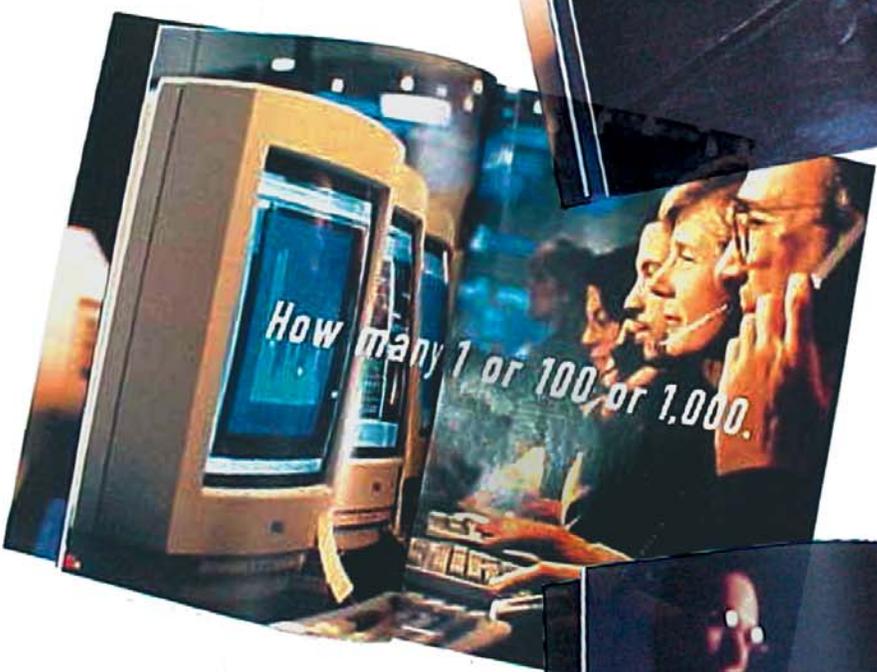
But if the type is getting bigger, the book itself is getting smaller. As corporations grow, annual reports often grow along with them, bulked up by increasingly lengthy financial reports, divisional performance reviews and the like. Not Dell's. Last year the printed report was a mere 24 pages. Cost is one consideration; the most recent print run was in the neighborhood of 1.6 million copies, up from half a million the year before and a few hundred thousand the year before that. If Dell continues its pace of 7 stock splits in as many years, the number of shareholders—and the volume of annual reports—is guaranteed to keep rising exponentially. But that's not the primary issue. The question for TR Reid is, once again, what is the most direct route to the customer?

of the CEO | Why Be Direct? | Customer



you

DELL



Given the velocity with which Dell moves, financial information is out of date before the books even hit the press. Performance is yesterday's news. At the time of writing the '98 annual report, Dell was selling \$1 million a day online; by the time the book came out that number had grown to \$5 million; today it's closer to \$30 million. And besides all that...are customers really using the annual report to review financial performance anyway? Isn't that kind of information much more usable in an electronic format? It took Dell little time to answer those questions, and whack twenty-six pages of financial discussion down to a two-page summary. The twenty-six pages now appear—in downloadable form—in Dell's online report, along with a full 10-k. The printed piece is freed to focus nearly its entire bulk to the central mission: communicating to customers the benefits of Being Direct.

By moving timely financial information online and using print to express the company's more enduring ideas, Dell demonstrates its usual savvy for matching the medium to the message. There is some recognition that the print and online audiences don't perfectly overlap; individual investors and many portfolio fund managers may use the printed report to learn about the company but look for financial data online. So Dell's online report contains detailed financial information, expanded through interactivity and links to other parts of dell.com. Quarterly reports and conference calls are webcast in real time. The print report is amplified online in other ways too: an animated diagram dramatizes the static, printed visualization of how the direct model works. New customer stories supplement case studies featured in the book. But when the suggestion arises that the Internet might one day render printed reports altogether obsolete, Reid disagrees. "As long as there are physical relationships," he says, "we'll need physical tools that help us communicate."

In Wall Street's view, keeping it simple is Dell's strong suit.

That may be good news to paper companies, but designers should take careful note. The process is changing. Adaptability and speed take precedence over an ability to exact stylistic refinements. In his recent book (entitled, what else? *Direct from Dell*) Michael Dell remarks that his company's suppliers must have "sprint capability." Though the key messages presented in the annual report don't change much, bigger, more interesting examples of Dell's success emerge almost daily. New products are announced, new awards won. Communicating a reality in which constant, accelerated change is the status quo is a matter of continual course correction. Not always easy work.

And there has been the occasional misstep. One year, *Fortune* magazine featured the chart mentioned earlier, in which the performance of six bigtime bull-market success stories (including Coke, Microsoft, Cisco and Intel) appear to flatline next to Dell's. An enormously dramatic image, instantly communicating a story that no company on earth could match. At the annual shareholders meeting earlier in the year, Michael Dell had led his presentation with that same chart, to an immediate extended ovation. The design firm proposed several alternative covers featuring the chart, only to be reigned in by Reid's insistence that the customer, not financial audiences, are the report's primary target. And that financial performance—no matter how spectacular—is not the primary message of Dell's annual report.

The phone rings yet again. My host has deadlines to beat; my hour is up. In parting, I ask for that one defining statement, his prediction for the future of communications in general and annual reports in particular. He doesn't make one. Instead he patiently repeats his boss' conviction that the Internet will not only change everything, but that it will determine who wins and who loses in the game of global big business. Dell's success has always been fueled by paying close attention to the customer; continuously refining delivery methods to give people what they want, in exactly the form they want it, ever more efficiently. TR Reid smiles. "It's simple really. We'll just keep approaching the annual report that same way."

