

Avon products, inc

Finance



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Avon's investment and financing decisions Avon made the right choices to invest more to its core beauty products and divest from the health care business that was causing it losses. It experienced losses from selling several distribution companies. It experienced losses by losing its sales force and customers (Tiemann 2). Broadening of its direct-sales product lines and offering of generous sales incentives declined the company's margin of beauty sales. A decline in the Company's beauty business weakened its cash flow.

Avon decided to concentrate on sale of its beauty products. The Company decided to buy some companies dealing with beauty products that added prestige fragrances and sold its products through retail stores. This approach helped Avon achieve its transition from direct sales of the beauty business. The Company developed additional distribution channels that helped it improve in sales. Through its double commitment in the beauty products the company was able to gain

Avon's financial condition in mid-1988

The Company had begun to improve through its commitment in the beauty products business. Maintaining its dividend at \$2.00 per share did not result to a drop in Avon's Stock price. It maintained a fairly steady stock price during this period. Investors held Avon stock since it paid high dividends. The Company planned to reduce its dividends but was worried that it might drive down the stock prices. Retail business was helping the company make more sales thus increased profits. Avon was to reduce its dividends to conserve cash flow in the company (Tiemann 3). It believed that many of its investors would sell their shares quickly once it reduced its dividends.

Works Cited

<https://assignbuster.com/avon-products-inc/>

Tiemann, Jonathan. " Avon Products, Inc." 05 August 1994. Harvard Business School. 01 March 2015 .