

Avon: the reason for organizational change essay sample

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1. What reason is given for the organizational change?

The past several years had been difficult for the organization. Avon sales volume in the United States and international markets showed little or no growth. Profit margins on many products declined due to price discounting by competitors. Turnover rates of sales representatives had increased. The corporate debt was referred to as “staggering”. Avon’s research department informed the management that corporate problems centered on image and market access. Change in Avon is needed to put the company on better footing, as said by BMO Capital Markets analyst Connie Maneaty. Chief Executive Andrea Jung was confident, however, that this year would be a year of improvement for the company.

2. Has the organization changed personnel along with structure? If so, what people have changed? Did the people change before or after the organizational structure changed? Avon Products, Inc. had a comprehensive management realignment to enhance the company’s effectiveness. The reorganization provides added management depth and increased operational oversight of its Commercial Business Units and also reflects leadership changes. As part of the reorganization, Avon is splitting itself into two units, focusing on developed and developing market group. However, Avon’s CEO, Jung will remain in her job, while many of the executives who report to her are moving into new roles.

3. How do you think the change will impact the organization’s culture? Under the new organization structure, Avon will become more centralized by strengthening and unifying functions and eliminating divisional roles and positions. The new organization may speed up decision making, promote sharing of successful business practices

among divisions, and reduce expenses by centralizing such functions as purchasing, manufacturing, and research and development.

4. Does this give the company competitive advantage? Why or why not? This gives Avon a competitive advantage making it more responsive to markets by sharing successful marketing practices. With a “ think global, act local” orientation, management would concentrate on discovering what buyers wanted in each individual market and provide those products in a way that would let Avon achieve its long run growth objectives.

Source: <http://archive.chicagobreakingbusiness.com/2011/02/new-corporate-structure-calling-at-avon.html>