

# AVON

the company for women

San José, Costa Rica - August 2014

To whom it may concern:

AVON de Costa Rica, SA is a franchise and exclusive distributor of AVON Products Intl, a leading company in the sales of Cosmetics and Fragrances with a presence in 135 countries, with over 6 million consultants and is the pioneer company of the concept of direct selling through catalog. In Costa Rica we have had a presence for 49 years and we have over 30,000 independent consultants who promote our products throughout the entire country.

From November 2013 to July 2014, we developed along with London Consulting the project called "EslAVONes" which was focused on improving the company's profitability through the redesign and implementation of Sales, Marketing, Supply Chain and Service Platform strategies, with which we have established the foundation for sustainable growth.

In summary, the project's results were as follows:

## **A 106% increase of the EBITDA**

### *Sales:*

- Implementation of a pilot to seek a 20% increase in retention of consultants in 2015.
- A 155% increase in online sales.
- Development of digital tools for field management.

### *Commercial:*

- Implementation of best practices for the estimation process.
- A 13% reduction of the total inventory at the project's closing, with an annual projection of 35%.
- A 27% decrease in slow moving inventory due to liquidation initiatives.
- A 0.5% margin increase by means of prices and spread minimum profitability policies.
- A 20% decrease in product portfolio.
- A 9% increase in the area's productivity.

### *Purchasing:*

- A 17% reduction in annual purchase requisitions due to the implementation of Sales & Operation Planning.
- Establishment of purchasing parameters and controls, in alignment with the commercial strategies.

### *Warehousing and Distribution:*

- Proposal for the optimization of distribution routes by 17%.
- Reduction of overtime in distribution by 27%.
- Increase in productivity at the distribution line by 5%.
- A 10% increase in inventory reliability.

### *Backoffice (Call Center, Billing, Credit and Collections):*

- A 54% increase in productivity of the billing team.
- An 8.8% decrease in receivable days.
- A 33% increase in Call Center productivity.

Additionally, we redesigned the organizational structure and trained our personnel to achieve a management culture focused on results. With this we ensured the continuity of the achieved and projected results. We project a return on investment of **3.96 to 1 in 2015**.

Based on the aforementioned, I highly recommend London Consulting Group as a professional company that is focused on obtaining results for its clients.

  
Hermann Kruse Quirós  
General Director