

Unverkäufliche Leseprobe



Alfred Reckendrees

Beiersdorf

The Company behind the Brands NIVEA, tesa,
Hansaplast & Co

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Introduction

Beiersdorf is an exceptional company. It helps people feel good in the morning. All over the world, many millions of people start their day with Beiersdorf skin-care products. The global NIVEA brand is world-famous, yet the company that has been producing it for considerably longer than a hundred years is relatively unknown. Depending on the country they grew up in, many consumers believe NIVEA is an Italian, French, American, or Swiss brand. This is part of its success. Besides NIVEA, Beiersdorf produces a large number of other articles that are used by millions of people every day. Often it is only the brand names that are familiar. Brand awareness is also the most important factor, alongside quality and availability in the shops, because these are the reasons consumers all over the world choose to buy Beiersdorf brands again and again.

The firm's origins stretch back to the year 1882, when pharmacist Paul Beiersdorf was granted a process patent to produce medicinal plasters, and started a business that initially focused exclusively on making and selling plasters. Oscar Trowlowitz, who bought the small Hamburg-based firm with its handful of staff from Paul Beiersdorf in 1890, continued with the production of plasters. Above all, however, he brought out new body care products and made the brands Leukoplast and Pebeco – the top-selling toothpaste in the USA around

1910 – world-famous. Tropolowitz was also behind the NIVEA (1911) and Labello (1909) brands. His focus on branded products and cosmetics continues to define the company to this day, with cosmetics limited to skincare and body care. There have been hardly any “decorative” cosmetics from Beiersdorf. In addition to plasters and cosmetics, Beiersdorf gradually developed its adhesives technology business under the “tesa” brand name, based on self-adhesive plasters and tesafilm, which was introduced in 1936. Even before the First World War, more than 500 men and women were involved in developing and producing, marketing and distributing Beiersdorf products. In 1950, around 1,500 people worked for Beiersdorf and by 1972, the group employed more than 10,000 men and women. Today, in August 2018, Beiersdorf products are available worldwide thanks to around 19,000 group employees, subsidiaries in 69 countries, and partners all over the world. Beiersdorf shares are among the most valuable on the German market.

The focus of this book is on the Beiersdorf company. It recounts the journey from a small pharmacy in Hamburg to a global corporation producing well-known brands – a story closely connected to the economic and social changes that took place from the end of the 19th century and the historical political upheavals in Germany.

Only a few German manufacturers of consumer goods have managed to create a global brand like NIVEA and maintain their position on the market for such a long time. Even Beiersdorf’s long-term success was not self-evident. On the contrary – the company’s existence came under threat on several occasions. During the First World War, Beiersdorf lost the Pebeco business in the USA, which accounted for nearly half of its revenues. Shortly afterwards, in 1918, Oscar Tropolowitz, the company’s owner and strategic mastermind, died. After his death, Beiersdorf was restructured as a stock corporation under the leadership of Willy Jacobsohn (1922–1933), with the help of the Warburg bank. Since then, the executive board members – especially the chairmen – and in some cases the chairmen of the supervisory board and major shareholders of Beiersdorf AG have set the direction and have often taken difficult decisions which, in retrospect, were sometimes farsighted and sometimes unfortunate. In 1933, under the Nazi dictatorship, the company’s ‘Jewish’ executives and the ‘Jewish’ Warburg bank withdrew from Beiersdorf to save the company. Jacobsohn continued to run Beiersdorf’s foreign firms from the Netherlands until 1938, while in Germany, Carl Claussen (chairman of the executive board 1933–1954) and Hans E. B. Kruse (chairman of the supervisory board 1934–1967) steered the company through national socialism and the war with commercial success. After the

Second World War, however, Beiersdorf lost its foreign trademark rights for the second time and had to rebuild its international business step by step. It was not until 1997, having acquired the trademark rights for Poland, that Beiersdorf once again owned the global rights to the NIVEA trademark.

Beiersdorf can look back on an eventful history, which is told in this book up to the beginning of the year 2004. Shortly before this, the Tchibo holding company (now maxingvest, and a major Beiersdorf shareholder since 1974) became a majority shareholder of Beiersdorf by taking over a block of shares from Allianz AG. The deal ended a long period of uncertainty, during which many Beiersdorf employees feared the company would be taken over by an international competitor, since Allianz AG (a major shareholder since 1938) had announced in 2001 that it intended to sell its Beiersdorf shares. No one on the Beiersdorf executive board was against a foreign major shareholder, but they did not want to see the NIVEA brand taken over and the others sold off to the highest bidder.

This thrilling episode concludes our story. If we look for the conditions and reasons for Beiersdorf's long-term success, it is not easy to find a simple answer. Beiersdorf was active in four separate business sections with different economic cycles: cosmetics; plasters and bandages; adhesive tapes and adhesive technology for households and industry; and pharmaceuticals (Beiersdorf produced heart and cold remedies and other medicines for around sixty years). As a result, until the end of the 1980s, the dominant view was that the different divisions supported each other and gave the company stability. They helped the company survive economic crises and structural changes within the industry. However, economic conditions and external factors tend to highlight challenges and opportunities, rather than explaining success. In the following, I outline starting points for possible explanations and invite readers to draw their own conclusions as they read the book.

Looking back, it appears that Beiersdorf had the right products at the right time. Oscar Troplowitz captured the spirit of the times when he brought out Leukoplast, the first self-adhesive plaster that could be kept on hand at home. It was used for injuries and found a wide range of applications in households. Troplowitz introduced one of the first toothpastes in a tube and developed Pebecco into a popular brand. Conditions for these products were good at the beginning of the 20th century: Many employees were now earning enough that they no longer needed to live from hand to mouth and were increasingly able to afford body care and hygiene products. In addition, more and more people were living in the towns and cities, where there were shops and where they could be targeted through advertising. NIVEA Creme was another ingenious product:

Before the First World War, there were no other skin creams that could be found in every pharmacy or drugstore and that always had the same fragrance. It was initially sold at what were high prices for the time and bought by an “upmarket clientele” and perhaps also as a gift.

Later, when competition increased, many customers were already familiar with Beiersdorf products and associated them with positive experiences. In the case of NIVEA, the masterstroke was positioning it as an everyday cream for the whole family in the mid-1920s. This was when the blue container was introduced, which is a characteristic aspect of the brand to this day. Above all, the company ensured that NIVEA has been a feature of many people’s lives since childhood.

Beiersdorf also pursued a farsighted pricing policy. Taking NIVEA Creme as an example, when disposable incomes were still low, the company primarily targeted customers in the upper middle classes and sold the cream as a luxury item in tiny tins and tubes. Advertising positioned the brand accordingly. As income rose, instead of increasing prices to achieve high profit margins in the luxury segment, Beiersdorf kept prices stable and increased its spending on advertising – the potential customer base was growing and a product that had previously been too expensive for many people was becoming an affordable “luxury” and then an everyday product that one would not want to miss. Beiersdorf focused on mass consumption and grew in line with the market. A similar positioning was successfully established abroad. In the 1920s, Beiersdorf was among the first companies on this market in many European countries. It was not a particularly big business to start with, but when in Italy, for instance, purchasing power rose in the decades after the Second World War, NIVEA was present as a high-quality product and increasing numbers of people wanted to treat themselves to a little daily luxury. Similar processes took place later in other parts of the world.

Beiersdorf kept developing new brands. Those that were successful were the ones that opened up a new market, rather than being me-too products. The introduction of Hansaplast plasters (1922), tesa adhesive film (1936), and 8×4 deo soap and deo spray in the 1950s are excellent examples of the development of new markets. At that time, there were hardly any branded deodorant products in Germany. However, the process described for NIVEA of continually expanding the markets and “percolating” through to ever-wider customer circles was not easy for other brands to repeat, because introducing new brands on markets with established strong competitors had become extremely costly even in the 1960s.

On several occasions, Beiersdorf was in the right place at the right time. Yet this was not simply “luck.” Success was based on recognizing social and cultural changes early, and responding with appropriate, useful and desirable branded products. In the case of cosmetics, if consumers like a product, they don’t simply replace it with something else. The perception and understanding of social changes was not just a one-off act, or Beiersdorf would not have managed to survive so many upheavals. Beiersdorf has always kept a close eye on its markets and responded early – or at least never too late – when adjustments were needed. Examples include when the company started taking NIVEA into the supermarkets and drugstores in the 1970s, at a time when these outlets were achieving an increasing share of the retail market, or when it set a strategy in the early 1990s of establishing a firm worldwide presence for the NIVEA umbrella brand because in a global economy, only a really global brand could enjoy long-term success in this area.

This brief introduction is not intended to address the specific characteristics of all the different business sections, but it should at least be pointed out that product development, production, and sales of the very diverse tesa products differed significantly from the cosmetics business. Since the 1950s, tesa had primarily been a business with large industrial customers. In Germany and some other European countries, it was not possible to maintain market leadership via price competition; and rapid technological change, including production automation, meant there was a constant demand for new product specifications and application solutions. In the last few decades, for instance, Beiersdorf (tesa) has had success with new adhesive technologies for the printing industry, solvent-free adhesives (Hotmelt technology), and ultra-thin die-cut mounting tapes that are used in cell phones.

Launching new products capable of establishing themselves and surviving on the market requires a massive investment in research and development. This has long been the case in all areas – skincare and body care, plasters and bandages, and tesa. For tesa, process engineering is key, whereas the vital element for cosmetics is Beiersdorf’s skin research, without which the NIVEA deodorants and Q10 creams could not have been developed. Since the start of the 21st century, the Beiersdorf skin research center has been one of the biggest and best-equipped in the world.

The success factors mentioned here – the ability to identify products for emerging markets, to define branded products and develop markets, to create high-quality products capable of winning the trust of consumers, to spot and interpret social and cultural changes early on, to adapt to altered economic

conditions and develop suitable organizational structures to facilitate all of this – are based on organizational performance that can only be achieved through large numbers of people working together. Such organizations do not arise of their own accord, however. The conditions for them had to be put in place by management – primarily by the executive board, but also by the supervisory board, which decided on the make-up of the executive board.

Time and again, since the days of Paul Beiersdorf and Oscar Tropolowitz, Beiersdorf has had executive board members and chairmen who did the “right thing” for their time. Responding to the political challenges after the First World War, Willy Jacobsohn built up a network of foreign firms in Europe and the USA. They were established to be largely financially independent from Hamburg and were only linked to the parent company through trust agreements. Jacobsohn wanted to rule out a repeat of losses like those suffered by Beiersdorf in the USA during the First World War. It was this decision that laid the foundations for NIVEA being perceived as a local brand in many countries.

Georg W. Claussen had the personality needed to integrate the different parts of the company – no easy task in view of its rapid growth from 2,300 women and men at the start of his period of office in 1954, to nearly 13,000 in 1979, when his term on the executive board came to an end. In the early 1970s, he also managed to push through a new organizational structure that gave the cosmetics, plaster, pharma, and tesa divisions greater independence. Hellmut Kruse understood that Beiersdorf’s future would depend on whether it could recover the trademark rights lost during the Second World War, and on being present on all key markets around the world. And he had the ability to find pragmatic solutions in very different and sometimes diplomatically tricky situations, which ultimately enabled Beiersdorf to regain the global rights to the NIVEA trademark.

Hans-Otto Wöbcke prepared the company for a new sales and distribution culture, away from the pharmacies and specialist retail outlets and into the competitive arena of supermarkets and drugstore chains. He knew that branded products for everyday use had to be available everywhere. Later, he released Beiersdorf from the belief that sales growth was the most important objective. In its place, at the end of the 1980s, he set competitiveness and a profit focus, at a time when the economic and political opening up of Eastern Europe and accelerating globalization were not yet discernable. Only a few years later, this proved to have been a just-in-time decision. Rolf Kunisch understood that Beiersdorf’s most important asset was the NIVEA brand and that in the early 1990s, in view of international competition and the conditions of a global

economy, the brand was too small. This view was by no means shared by everyone in the company. Wöbcke supported Kunisch in his drive to turn Beiersdorf into a 'NIVEA company' – plus tesa.

It was not always the grand strategic move that was “right” for the company. Sometimes it was about doing what had to be done; sometimes about doing what was possible. The individuals mentioned often had “good judgment,” but they also made mistakes. British economist Mark Casson sees “good judgment” as the ability to make decisions in situations of “uncertainty.” These are situations in which it is not (yet) possible to calculate the results, and for which there are not (yet) any rules or reliable experiences. He calls these decisions “entrepreneurial decisions.” Very often these are controversial decisions because they entail the possibility of failure. Time and again, Beiersdorf had individuals, not just executive board chairmen, who were prepared to take such decisions. Because of the conditions of “uncertainty,” however, it is only ever possible to judge whether their decisions were right in retrospect.

Part of the reason the executive board members were able to take the “right” decisions for the company was because Beiersdorf has a strong corporate culture. Any fundamental changes had to take this culture into account. It slowed down some processes – and a few sensible ideas were rejected – but it ensured that the company was actually in a position to embark on the new paths chosen. This corporate culture was based on a narrative that is almost a hundred years old: the founder figure of Oscar Tropelowitz, his branded products, and the social responsibility that Tropelowitz assumed for his employees at the beginning of the 20th century. The measures may have been paternalistic and aimed at recruiting workers, but they also served to create an attachment to and identification with the company. Beiersdorf has basically stuck to this obligation, even though other factors have been incorporated since the 1980s. These relate to pay, the decentralization of decisions, employee involvement in shaping the company, and respectful conduct between colleagues. The company's useful and beneficial products, to which no one can take exception, are also extremely important.

The fiction of being (or having been) a “family firm” contributes to this culture. It is based on the family relationship between Oscar Tropelowitz and the Claussen family – Carl Claussen was chairman of the executive board from 1933 to 1954, his son Georg W. Claussen was spokesman and then chairman of the executive board from 1954 to 1979, before becoming chairman of the supervisory board, a post he held until 1987, (and honorary chairman from then until his death in 2013) – and on the fact that the heirs of Gertrud and Oscar Tropelo-

witz (the Claussen and Westberg families) were shareholders. But since 1922, Beiersdorf had been a stock corporation that was not controlled by the Tropolowitz heirs.

A book has a limited scope and it has not been possible to include many aspects. The emphasis of this account is more on processes at executive board level, major challenges, and strategic and organizational issues than on marketing, research, production, or sales and distribution. And although many domestic and foreign subsidiaries can look back on a similarly fascinating past and played a key role in the success of the Beiersdorf brands, the primary focus of this book is on the group and the head office in Hamburg.

The text is based on the Beiersdorf AG archives (Corporate & Brand History department), to which I was granted free access, on records from the Warburg Archive Foundation and other private and public archives, as well as publicly accessible materials and comprehensive interviews with important decision makers. I was also able to consult the minutes of Beiersdorf AG executive board meetings for the period up to March 2004, despite the usual closure periods of German archives. For a more detailed description and analysis of the archive material, please see the “Afterword for academic readers” at the end of the book. Here I also explain the conceptual and historiographical considerations underpinning the book and give a brief overview of the research to date. Finally, I relate the origins of the project and my collaboration with Beiersdorf AG, which commissioned the book. Since I assume that most readers will be more interested in the story itself than in methodological considerations, I have decided to cover these aspects in an afterword. For similar reasons, the comprehensive explanatory notes can be found at the end of the book.

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Something I did not want to “relegate” to the end of the book is my thanks to the many people involved in the project, without whom this book would not have been written. My thanks go first and foremost to Hellmut Kruse, who initiated the project and gave it his full support. At the advanced age of over 90, he read the manuscript page by page and helped improve it through knowledgeable comments and questions. Unfortunately, Hellmut Kruse did not live to see the book printed. He died on 25 January 2018 at the age of 91.

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Nikolaus Rulle used his design skills and a great deal of patience to turn the electronic text into not just one, but two beautiful books – the German and English versions of Beiersdorf's fascinating history are being published simultaneously. I hope that many readers will now enjoy the book and the reading.

Frederiksberg, September 2018

Paul Beiersdorf.

The “laboratory of dermatotherapeutic preparations” and the beginnings of the company

“B. did not have a flair for business.”¹ With this laconic sentence a biographical handbook of German pharmacists concludes its short entry on Paul Beiersdorf, providing a good example of the image of him handed down to posterity: He hardly seems suitable as a role model of a successful entrepreneur. But not much is known about Paul Beiersdorf (1836–1896). Only half a dozen of his business letters have survived, and his patchy curriculum vitae gives little away. Within the Beiersdorf company, interest in his person did not emerge until the firm could look back on 25 successful years under his successor, Oscar Trowitz.² By this time, Paul Beiersdorf had been dead a long time, his family no longer lived in Hamburg and had had no dealings with P. Beiersdorf & Co. for more than two decades.

In the fall of 1880, Beiersdorf bought a pharmacy in Hamburg and worked primarily together with physician Paul Gerson Unna, a leading dermatologist of his time. In the course of many experiments, Beiersdorf, in collaboration with Unna, developed the gutta-percha plaster and applied for a patent. The date on the patent certificate, 28 March 1882, is today considered the founding date of

the Beiersdorf company. It is also Unna who provides us with the only surviving brief description of Paul Beiersdorf by someone who knew him personally. His special ability appears to have been the development of pharmaceutical products. Many years after Beiersdorf's death, Unna wrote about his "old silver-haired friend," saying that his "tender love [...] for the flawless preparations created after arduous tests" was exceeded only "by his contempt for all unfinished or flawed products." He was, Unna reported, dominated by the "firm resolve" to "make any sacrifice" for the results of scientific work. As a result, Unna claimed, " 'Beiersdorf' became synonymous with 'flawless'." The old friend described by Unna does not appear as a calculating entrepreneur performing cost/benefit analyses and aiming to sell his products to make a profit. And yet Beiersdorf was no stranger to business success. Eight years after he obtained the patent, Beiersdorf employed eleven staff, his plasters met with considerable interest and he received orders from many countries in Europe. He had turned "the basic Mühlenstraße Pharmacy laboratory into [...] a small and busy factory."³



Paul Carl Beiersdorf, circa 1890.

Paul Beiersdorf: Pharmacist and pharmaceutical technician

Paul Beiersdorf was born in Neuruppin (Brandenburg) on March 26, 1836. He was the fifth of six children born to a wealthy merchant family. Beiersdorf left school two years before his highschool diploma. He began an apprenticeship as a pharmacist, after which he studied pharmacy at Berlin University and was awarded a license to practice as a pharmacist in 1862.⁴ A few years in Moscow followed. According to an early company chronicle, Beiersdorf might have managed a nickel silver factory there.⁵ But no information is available about this period. The family of the woman who was to become his wife lived in Moscow, and some of his relatives probably lived there, too. The city was home to a large number of Germans and there were German churches, shops, companies, clubs, and restaurants and – something Beiersdorf may have found particularly interesting – “pharmacies on every major street; German is spoken everywhere.”⁶ The only surviving document referring to Moscow is the announcement of his marriage to Antonie Marie Mauß (1850–1933) in 1871.⁷



The view along Schaarmarkt in Hamburg towards St Michael's Church, circa 1890 (postcard 1907). Paul Beiersdorf set up his pharmacy near St Michael's in 1880, in one of Hamburg's poorest neighborhoods.

At the time, Beiersdorf had already moved back to Berlin, where he was an authorized signatory of J.F. Luhme & Co., a well-known manufacturer of technical instruments that supplied pharmacies and laboratories, in particular.⁸ He probably worked there for some time before being made an authorized signatory. W.J. Rohrbeck, the owner of Luhme & Co., had also owned Berlin-based company Schmidt & Haensch since 1869. Established in 1864, it was a workshop for optical precision instruments.⁹ On Rohrbeck's death in 1870, his widow inherited both firms and immediately withdrew the authority to sign from the signatories of Luhme & Co., Paul Beiersdorf and Agathon Lipka. Only Lipka obtained signing authority again, but not Beiersdorf.¹⁰ It is unclear whether Beiersdorf remained in employment at the company or whether he was perhaps responsible for Schmidt & Haensch. What is known, is that he was deployed in the Franco-Prussian War (1870–71).¹¹ In 1872, the founders of Schmidt & Haensch, Herrmann Haensch and Franz Schmidt, bought their company back from widow Rohrbeck. Beiersdorf now joined the firm as a partner. He presumably raised most of the purchase price because he was the only one of the three partners with authority to sign on behalf of the firm. It sold pharmaceu-

tical utensils and microscopes, as well as physical and chemical instruments.¹² His activity within the company was only of short duration. It is not known why he left, presumably in 1873.

At any rate, in January 1874, Beiersdorf's wealth was sufficient to allow him to buy a pharmacy in Bärwalde (present-day Mieszkowice) located in the county of Königsberg in Neumark. There he settled with his wife and daughter Emmi Hedwig Luise (born 1872). His two sons, Carl Albert Arthur (1874) and Hans Otto Wilhelm (1875), were born in Bärwalde. In 1877, after less than three years, Beiersdorf sold his business and with the proceeds acquired a pharmacy in Grünberg (present-day Zielona Góra) in Lower Silesia, which he sold after only 15 months in February 1879. Finally, in late 1880, Beiersdorf moved to Hamburg.¹³ Rapid change and periods of no employment were a recurring feature in Beiersdorf's life. A whole year elapsed between the sale in Bärwalde and the acquisition in Grünberg, and more than one and a half years passed between the sale in Grünberg and the move to Hamburg.

We can picture Beiersdorf as a man full of ideas and initiative. It may be that he rapidly lost interest in new projects, that his pharmacies were not as successful as he had wished, that he was fascinated by new things, or that other reasons prompted him to make a fresh start. We do not know whether Beiersdorf was unsuccessful in Bärwalde and Grünberg, or whether he was so successful that he could afford to buy pharmacies in ever bigger places. Whatever the truth of the matter, he clearly had the necessary means to survive prolonged phases of professional reorientation. His next stop was in a big city: Hamburg.

The pharmacy and its laboratory

On 22 October 1880, Paul Beiersdorf notified the Hamburg police authorities that he was taking up residence in the city of Hamburg. One month earlier, he had bought a pharmacy in the immediate vicinity of St. Michael's Church.¹⁴ It was located in the densely populated southern Neustadt district, not far from the harbor, at that time the poorest residential district in Hamburg. Here, the per capita income was just half of the city average; in the wealthy suburbs of the city, it was up to eight times as high.¹⁵ It would seem that Beiersdorf was not familiar with the neighborhood of the pharmacy when he bought it: Only a few residents of Neustadt were able to afford medical care. The daily sales figures for the pharmacy were correspondingly low and did not provide sufficient income for the family. When permission was granted for a new pharmacy to open in his

neighborhood in April 1881, Beiersdorf's financial situation was already strained. He lodged an appeal with the relevant medical council, arguing that the new pharmacy was jeopardizing his financial footing and that a physician popular in the district was supporting his son-in-law by holding surgeries in the new pharmacy. The appeal, however, was unsuccessful.¹⁶

Paul Beiersdorf tackled this situation by opening up a second line of business with laboratory activities. Although he was new to Hamburg, he was not new to the profession and had held a license to practice as a pharmacist for 20 years. To present himself and to make his specialist expertise more widely known he probably targeted Hamburg physicians. Given that his pharmacy had a small laboratory, he is likely to have offered them laboratory services in order to place his business on a broader footing. Everything we know about Paul Beiersdorf suggests that laboratory work was more to his liking than dealing patiently with customers in the pharmacy. At any rate, after some time, Beiersdorf enjoyed considerable success with the products made in his laboratory, whereas the pharmacy business continued to bring in very little revenue. Even in the second year, there were days when fewer than ten prescriptions were handed in.¹⁷ As a result, Beiersdorf now focused increasingly on laboratory work.

The dermatologist Paul Gerson Unna¹⁸ (1850–1929), who had been running his practice on Dammtorstraße for some years, played a key role in this reorientation. An intensive collaboration and a friendship based on great mutual respect developed between him and Beiersdorf.¹⁹ Initially, Paul Beiersdorf made ether and alcohol sprays for Unna. But soon a new idea claimed his attention. Before meeting Beiersdorf, Unna had been experimenting with another pharmacist on gauze fabrics coated with medication (so-called ointment-mulls), but this pharmacist had since closed his business down.²⁰ Beiersdorf took advantage of the opportunity and put much effort into improving the gauze and developing medical plasters. In this, he relied on Unna's knowledge. Unna later claimed



The pharmacy at 22 Mühlenstraße, in the Neustadt district of Hamburg, circa 1900.

that he had worked with Beiersdorf in the pharmacy every Sunday afternoon. This may have been an exaggeration, but improving the ointment-mulls and utilizing the gutta-percha plaster was a joint project.

The challenge was to ensure that the plasters would be highly effective from a medical point of view and that the adhesives used would last for a long time without reacting with the skin or with the pharmaceutical preparation. Other pharmacists were also involved in sharing ideas. Thanks to Unna's suggestions and Beiersdorf's physical and technical knowledge, new solutions were found. We do not know how many laboratory tests he needed for the new plaster, but the development process seems to have taken a few months. Promising prototypes were tested in Unna's practice and improved further.²¹ Beiersdorf finally settled on gutta-percha²² paper reinforced with gauze as the carrier material. On top of this he applied a mixture of lard, tallow, Vaseline, dissolved natural rubber, and the desired medical compounds. Once the solvents had evaporated, the rubber allowed the mixture to adhere to the skin even when cooled. The advantage of the natural material was that it did not react with medical compounds. The idea of using rubber for plasters came from the USA: A Hamburg merchant had first brought a similar plaster to Hanover in 1879.²³ Beiersdorf's key innovation was not the raw materials used but the preparation and application of the medical compounds. For his method of manufacturing "coated plasters," which he called gutta-percha plaster gauze, Paul Beiersdorf was granted Imperial Patent no. 20057 with effect from 28 March 1882.²⁴ It was to make the Beiersdorf name known beyond Germany's borders.

The "small and busy factory"

The first product list of 1882 that Beiersdorf enclosed with shipments or sent out on request was not an advertising catalog. Yet in it, Beiersdorf explained the quality of his plasters in great detail. He offered to apply any dermatological pharmaceutical preparation in any desired concentration. All the customer was asked to do was state "the desired quantity of the pharmaceutical preparation [...] by weight per one-fifth of a square meter." The listed products, he added, were "almost all in stock. New composites can be made within a few hours."²⁵ In this sense, Beiersdorf was offering a pharmacy service. The plasters were advertised principally via the publications of Paul Gerson Unna, exclusively in specialist medical literature. Beiersdorf wrote in 1890: "I abstained from any advertising and that proved the products' worth."²⁶ His only means of advertising

involved name insertions in *Medizinische Wochenschrift* and *Dermatologische Zeitschrift*.²⁷ These publications had an international audience. Furthermore, they provided a forum where physicians could share their experiences of new medications. After only a short time, orders started coming in from many parts of the German Reich and from other European states. The first rubber plaster in the USA made by Johnson & Johnson in 1887 does not seem to have possessed the same quality as the Beiersdorf original. In the early 1890s, *Pharmaceutische Zeitung* even reported on attempts to copy the plaster in Russia and France.²⁸

Meanwhile the fortunes of the actual pharmacy business had not improved. In October and December 1882, Beiersdorf tried again to relocate the pharmacy from Mühlenstraße to a location with a larger customer base. When these applications were also rejected by the medical council, he decided in summer 1883 to sell the pharmacy for which he had come to Hamburg three years earlier. The favorable outcome of his patent application, which he had filed in March, was published on 8 November 1882 and probably made it easier for him to take this step. But it had not yet prompted him to start a new 'enterprise'.²⁹

In early summer 1884, Beiersdorf moved to neighboring Altona, where he established his "laboratory of dermato-therapeutic preparations" on the ground floor and in the basement of his residence at no. 40, Wohlers Allee.³⁰ Once again, a few months passed between the sale of the pharmacy and the establishment of a laboratory. No information has survived telling us whether Beiersdorf continued manufacturing during that time and, if so, where. He may have used the laboratory of a pharmacist friend. In Altona he quickly circulated an expanded new edition of his "list of dermato-therapeutic preparations and apparatuses according to Dr. P. G. Unna," which also served the purpose of spreading the news about his new address.

Beiersdorf expanded his standard range of gutta-percha plasters and ointment-mulls, and he continued to make plasters according to customer specifications. He offered improved recipes and sold products catering for day-to-day surgery requirements, such as "odorized cotton wool wadding," "iodoform pins," "maximum thermometers," and "spray apparatuses with and without ventilator for throat, nose, ear, uterus." He also carried a range of superfatted medical soaps produced "as per the specifications of Dr. Unna by soap manufacturer Mr. Th. Douglas [...] with my pharmaceutical assistance."³¹ Beiersdorf used the name of the dermatological expert like a brand name, rather than his own name as producer: "according to the specifications of Dr. Unna" or "according to Dr. P. G. Unna." His cooperation with the physician intensified during these years. New products were tested in Unna's skin clinic before being placed on the market.³²

KAISERLICHES PATENTAMT.



PATENTSCHRIFT

— № 20057 —

KLASSE 30: GESUNDHEITSPFLEGE.

AUSGEBEN DEN 8. NOVEMBER 1882.

P. BEIERSDORF IN HAMBURG.

Herstellung von gestrichenen Pflastern.

Patentirt im Deutschen Reiche vom 28. März 1882 ab.

Auf eine zarte Guttaperchaschicht, welche auf Mull entweder durch Handarbeit mittelst eines Pinsels aus einer Guttaperchalösung in Benzol oder Petroleumäther oder durch Walzung mittelst Maschinen gleichmäßig vertheilt ist, streicht man gleichmäßig die aus Vaseline,

von Fetten und Gummi, z. B. Jodbleipflaster: 10 g Jodblei werden mit 10 g Vaseline fein verrieben und mit 50 g Gummilösung versetzt, diese weiche Masse wird auf die Guttaperchamasse aufgetragen; Quecksilberpflaster: 20 g Quecksilber werden mit einem Fettgemisch von

The letters patent of 1882 is regarded by today's Beiersdorf AG as the company's "birth certificate."

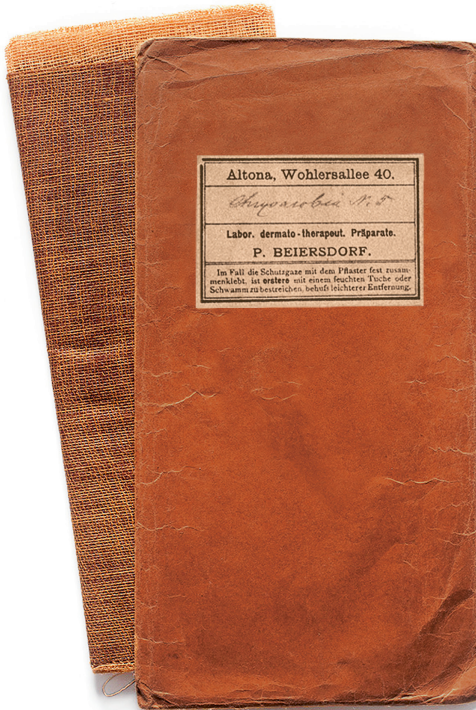
We do not know how Beiersdorf managed his firm or when he recruited his first workers. Production grew sharply in the following years and the number of customers increased. When he decided to sell his business in 1890, he owned a financially successful enterprise. He described to the potential buyer how his plaster and ointment-mulls production had risen from 6,900 meters in 1884 to 31,000 meters in 1889. However, operations in Altona did not actually commence until summer 1884. In the first full financial year of 1885 the volume produced was 11,800 meters. Nevertheless, after four years, the small company was manufacturing almost three times as much as it had in the first full financial year. Production increased substantially in 1886 and also in 1888. Presumably Beiersdorf recruited new workers during these years. In spring 1890 his firm employed eight workers, one laboratory assistant and two "dispatch clerks" to handle sales.³³

In the late 1880s, Beiersdorf's company was doing well. His medical plasters were highly regarded throughout Europe, and demand was so high that Beiersdorf thought it necessary to move production from his residence to a separate building. The family had already moved into a house in the neighbor-

hood in 1888, presumably in order to escape the smells from plaster production in their home. The Beiersdorfs had had their fourth child the previous year.³⁴ In 1889, Beiersdorf found land for his operations in nearby Oelkersallee. An investor had plans to construct a residential house and factory building there and let it to Beiersdorf. It would seem that Beiersdorf himself commissioned the building contractor. The dimensions he envisaged were modest: The entire usable area was less than 200 square meters, while the work area measured perhaps 100 square meters.³⁵ The space would have been sufficient for him and his eleven employees but the plan permitted, at best, very limited scope to expand capacity.

Whatever Paul Beiersdorf may have planned for the future of his company, things turned out differently. On 29 March 1890, his 16-year-old son Carl took his own life. He had failed the end-of-year exams that would have allowed him to move onto the next stage at secondary school and shot himself in front of the family home with his father's pistol.³⁶ The shock threw Paul Beiersdorf off course. A few weeks later he put his business up for sale. An advertisement appeared in *Pharmaceutische Zeitschrift* on 21 May 1890 for a “factory and store-

room, chemical-pharmaceutical apparatuses and utensils, wholesale only,” for the sum of “approx. 70,000 marks.”³⁷



Original gutta-percha plaster, 1886.

The new owner: Oscar Tropolowitz

Oscar Tropolowitz (1863–1918), a young pharmacist from Breslau (present-day Wrocław), was interested in Beiersdorf's offer. Beiersdorf replied in a very short letter that he wished to sell his business for 70,000 marks, 30,000 of which were payable immediately. The remainder of the purchase price would be payable in eight annual installments plus four percent annual interest. Apart from the price, he mentioned only the existing eleven employees, made reference to the international customer

base and stressed that annual sales were rising considerably, with four-fifths derived from the patented plasters. 27-year-old Troplowitz saw this as a good opportunity to start his own business and asked for more in-depth information. In his reply, Beiersdorf described the rise in plaster production since 1884 and estimated the expected net earnings for 1890 at around 15,000 marks. He also outlined his trust-based relationship with Unna that was not about generating a profit.³⁸ Beyond this he was not able or willing to provide further details. Moreover, it would seem that he never drew up a balance sheet and was not interested in calculating his costs. “Of what use are all statements of expenses, revenues, rents, etc. if there is no net profit. The main things are the shipments ledger and the cash register.”³⁹ Beiersdorf’s tone was self-assured. He attached the utmost importance to the quality of his products and his own technical abilities. “So far, I have been at the top, and if I continue my up-to-date cooperation with the dermatologists I will remain at the top, even if my patent expires, [of] whose existence most pharmacists and physicians are ignorant.” He described himself as a pharmacist or pharmaceutical technician, not as a pharmacologist or inventor. “A pharmacist alone is not able to execute such work without medical authority.”⁴⁰ The letters, rather than evoking an image of a profit-oriented entrepreneur, paint a picture of someone who regarded himself more as a service provider to dermatological science.

Further enquiries were to no avail: “Spare me any further written communications,” requested Beiersdorf, who did not have a telephone line. In addition, he applied pressure by hinting that two other colleagues had expressed an interest.⁴¹ Troplowitz and his uncle Gustav Mankiewicz (1833–1905) – an experienced pharmacist and Troplowitz’s future father-in-law – therefore traveled to Hamburg. Before meeting Beiersdorf, and certainly before signing the sales contract, the two men went to see Paul Gerson Unna. In a commemorative address in 1919, Unna recalls how a “very intelligent and friendly looking gentleman” came to his surgery to “introduce his son-in-law, Dr. Troplowitz, who was intending to buy Paul Beiersdorf’s factory. I was to give a judgement on the quality and profitability of Beiersdorf’s preparations.”⁴²

Beiersdorf and Troplowitz soon came to an agreement. On 14 June 1890, they signed a sales contract; it only needed to be certified by a notary. Beiersdorf sold his “factory of dermato-therapeutic preparations including all utensils, apparatuses, movables, the customer base, and the existing, necessary, and appropriate stocks of goods,” including the “German Imperial Patent no. 20057,” for the price of 60,000 marks. Half of the amount was payable on the transfer of the business on 1 July 1891, the remainder in ten annual installments

plus four percent interest. The company was to be named P. Beiersdorf & Co. They planned to run the company together until July 1891. Beiersdorf, as the sole managing director, was to receive the first 10,000 marks of net profit, thereafter Troplowitz was to receive 1,900 marks, with the remaining profit shared out between the partners.⁴³

The partnership was of short duration. As early as the end of their first week together in Hamburg, Troplowitz offered to take over the business immediately. He was willing to pay 70,000 marks, but Beiersdorf should bear the cost of transferring to the new building and equipping the laboratory. Presumably the dowry of his cousin, Gertrud Mankiewicz (1869–1920), whom he married in January 1891, allowed him to finance the early purchase.⁴⁴ Beiersdorf immediately agreed to the proposal.⁴⁵ We can assume that Troplowitz – before returning to Hamburg in early August – had had second thoughts about the hastily settled, slightly unusual first contract. He might have noticed that the contract restricted his ownership rights to an unnecessary extent. Art. 6, for example, reads as follows: “The seller retains free commercial discretion until the day of the hand-over”⁴⁶ on 1 July 1891. Under these conditions, the 27-year-old would have found it very difficult to implement his own new ideas in the first year. The provision therefore included the potential for conflict with Beiersdorf, who was twice his age, and this was avoided by an early and clear parting of the ways. Troplowitz had already discovered that it was not easy to convince Beiersdorf of new ideas, when he suggested in vain that they attend a trade fair in Berlin together.⁴⁷ The move to a new building and the resultant need to inform customers provided a good opportunity to make a fresh start. The personal relationship between the two does not seem to have suffered, since Troplowitz lived in the rental apartment on the ground floor of the Beiersdorf residence until Easter 1893.⁴⁸

Following the sale of his company, Beiersdorf continued his laboratory work in his own house and was involved in the development of a patent for a “method to produce anti-odor insoles.”⁴⁹ Meanwhile, his financial situation worsened. In particular, an investment in Berlin turned into a fiasco. Paul Beiersdorf was one of the mortgage creditors of a Berlin-based pharmacist who filed for bankruptcy in 1893 burdened with large amounts of debt. Beiersdorf bought the land, the house, and the equipment, assuming that in doing so he would also get the license to operate the pharmacy. There followed years of expensive lawsuits and a grueling dispute with various authorities who refused to award him a license, without taking a decision that he could appeal against. In November 1896 his lawyer again submitted an urgent appeal to the “Oberpräsidium,” the governor’s office, to come to a decision, against which Beiersdorf might at least



Paul Beiersdorf received increasing numbers of orders each year from all over Europe. Postcards from Italy (1886) and Belgium (1888).

be able to take legal action: “For years he has been waiting in vain for a decision, and slowly but surely he is coming close to financial ruin.” The license, he added, was a question of “to be or not to be for him and his family.”⁵⁰ But the petition was rejected. Thereupon, Paul Beiersdorf presented himself in person at the Berlin Ministry of Culture on 17 December 1896 – again, in vain. While still in the civil servant’s office, the 60-year-old took poison and died immediately.⁵¹

It is, therefore, possible to say that Paul Beiersdorf “did not have a flair for business,” but what kind of yardstick would this imply? He had managed various pharmacies and, following a difficult start in Hamburg, had run a small company for six years with great success. Judging by his income, he was among the top earners in Hamburg.⁵² When his life went off the rails because of his son’s suicide, Beiersdorf was 54 years old. He had a wife and four children, a house in Altona and, by all bourgeois standards, was a successful businessman. Beiersdorf was unlucky with a fraudulent mortgage and the Prussian administration



Oscar Tropolowitz, the new owner of P. Beiersdorf & Co., before 1900.

at a time when he seems to have been overwhelmed by other existential conflicts. Even a flair for business cannot protect against a stroke of fate.

With his patent, Paul Beiersdorf laid the foundations for today's global company Beiersdorf AG. However, its further development was anything but inevitable. The company would probably not exist today had Paul Beiersdorf not sold it. He was a pharmaceutical technician who was enthused by his products and was able to live very well off the proceeds, and he ran his small company successfully. However, he also seems to have been content with what he had achieved. He was not interested in what the competition did nor in changes in the markets.

He planned a factory that accommodated his current employees but not much beyond that. The long-term further development of the Beiersdorf company required a different perspective and new business concepts. His successor, Oscar Tropolowitz, would develop the strategy.

[...]

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