

AXEL RUNGWEBER, DIRECTOR OF DR. BRONNER'S EUROPE, EXPLAINS HOW "THE MAGIC SOAP" IS MEANT TO TAKE OVER GERMANY

By Michael Raschke, Handelsblatt - July 19, 2018

America's largest natural and organic cosmetics company, Dr. Bronner's Magic Soap, has German roots. Rungweber, Director of Dr Bronner's Europe, now wants to create a real breakthrough - also here in Germany.



Axel Rungweber, The Director of Dr. Bronner's Europe has his sights set on expansion.

Asuom is quite far away from Neuss. But from his office—based in South Neuss, a city located in the German Rhineland area—Axel Rungweber describes Dr. Bronner's Magic Soap's project in Ghana as vividly as if he was there every day.

Rungweber, 37, leads the European business of the largest US manufacturer of organic cosmetics with a small team of 20 employees from North Rhine-Westphalia. He could tell other stories, for instance about the remarkable annual turnover of \$ 111 million for a niche product, from the company's historical roots which can be traced back to the city of Laupheim in Baden-Wuerttemberg in 1858, to its continuation and new beginnings in 1948 in the USA, or even talk about the brand's revival linked to the hippie movement in the 1960s. Or he could maybe even tell the story about the astonishing Emanuel Bronner, who revived the soap making of the German

Heilbronn in his new home country.

But the reason why the family-owned business is starting to thrive here in Germany as well is more linked to what's happening in the African location of Asuom. Dr. Bronner's natural soaps and other natural and organic cosmetic products are essentially based on certified organic and fair trade ingredients. Other brands tell the same story. "But luckily here in Germany, people question nearly everything these days," adds Rungweber.



Dr. Bronner's, The family-owned business makes an annual turnover of 111 million US dollars with natural and organic cosmetic products.

This is the reason why Rungweber spends quite some time explaining why they use their own palm oil mill in Asuom, with 500 small family farms providing the raw material. Their fields are of medium size, surrounded by citrus, cocoa and cassava plantations. Slash-and-burn farming and monocul-

tures that typically are associated with extensive palm oil plantations simply do not exist here. In addition to that, social benefits are provided for the mostly unskilled workers.

Rungweber could also talk about Dr. Bronner's other international projects. Ninety-five percent of the ingredients used in Dr. Bronner's products come from their own supply chain. The manager knows: "If you don't do it yourself, you always end up getting gulled when you buy your supplies internationally." The company's policy is based on philanthropic aspects, including social commitment, social responsibility and sustainability as some of the main aspects.

THE PROFIT REMAINS WITHIN THE COMPANY

Rungweber has integrated these philanthropic aspects, he likes to mention "constructive capitalism," when asked to describe the business model. And it seems to work. Also because the around 200 employees in the US receive up to 25 percent more income than usual in the industry. They also benefit from a private health insurance system and the directors earn maximum five times the lowest salary.

There are no distributions of dividends to shareholders, profits remain within the company and one third of the profit is being redistributed to different charitable causes. In Germany for example, the environmental NGO Sea Shepherd received funding from Dr. Bronner's for a patrol boat, now used for their missions in the Baltic Sea.

An unusual company, with an unusual history and unconventional corporate directors. David Bronner is the current

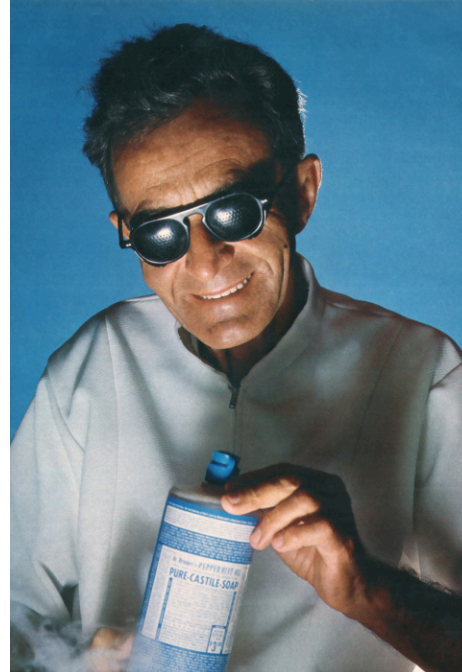
CEO, which translates as “Cosmic Engagement Officer” within the company, “and this is exactly what we aspire to be,” says Rungweber. Following his biology studies at Harvard, Bronner went abroad to Amsterdam for a couple of months in 1995, got immersed in the city’s alternative scene and returned to the US with, to some extent, revolutionary ideas.

But instead of becoming a cannabis farmer—as initially planned—he started to get involved within the company and took over the management from his father Jim, who died in 1998. His brother Mike, another graduate from a prestigious university, joined the company as well in 2000. He is now acting as President for Dr. Bronner’s and shares the unconventional approach with his brother.

And while we are talking about unconventional approaches, let’s not forget Emanuel Bronner, Jim’s father, grandfather of David and Mike, who could be considered as their spiritual brother, with his outstanding, eccentric way of life. On the company’s website, you can still see pictures of him, topless, with sunglasses and a big grin on his face. On occasions he would apparently attend business meetings simply dressed in leopard shorts. Emanuel Bronner seemed to be unconventional; sometimes, even a bit crazy.

This is also what an official certificate declared. In the 1940s, the FBI opened a file about his case which simply stated: “nuts.” In 1946, Bronner was eventually hauled off to an asylum, protesting with abusive language, following his passionate, non-authorized speech at the university of Chicago. He escaped from the asylum, travelled to California and eventually founded the “Dr. Bronner’s Magic Soaps” company. He still did not consider himself as an entrepreneur at that time, but saw himself more as a political activist. “He was not really a good salesman and did not really care if it costs a dollar more or less,” explains

Rungweber. “He just wanted to save the world.”



WITH THE “NUTTIES IN CALIFORNIA”

He could not do that in Germany. In 1929, at the age of 21, he fled the increasingly anti-Semitic environment and his father’s soap factory. From then on, he forged a plan for world peace, which he called the “Moral ABC”. The young man advised domestic manufacturers in soap production, he used his business trips as a self-proclaimed “Doctor Bronner” for glowing lectures.

And while he was doing his speeches, he would give away his peppermint soaps as presents—soaps that he had just started producing. Until now you can still find the “Moral ABC” printed on the product’s labels. An example: Be an engine for positive change—share profits, share talent, share muscle, share voice—give & give, fund & fight!

The company’s headquarters are in Vista, California, the European branch is based in Neuss. Rungweber got to know the company while he was attending Harvard Business School in Boston, where the German was doing research

on Corporate Social Responsibilities—among the case studies were the “nutties from California.” Back in Germany, Rungweber started providing corporate social responsibility consulting services. Very soon, Mike Bronner remembered Rungweber. In 2011, the American flew to Düsseldorf and convinced Rungweber that he was the right fit for the expansion in Germany and two years later, the expansion in Europe.

Natural and organic cosmetics represent a growing market in Germany. Instead of just looking at the prices, consumers are now increasingly attentive to labels, checking ingredients. The turnover increased from 600 million euros in 2007 to nearly 1.2 million in 2017 - just to give you an general idea of the context: the general turnover for the cosmetic market is around 13.6 million euros. “Dr. Bronner’s has of course also benefited from the general boom of natural and organic cosmetics in Germany,” says Elfriede Dambacher, branch expert and business consultant. “Because of the cult status that the brand already benefits from in the US, it perfectly fits into the German market.”

One of Dr. Bronner’s top-selling products is the “18-in-1” natural soap. A website, that provides assistance for travelers when preparing their gear for trips and doing their packing lists, highlights up to 13 uses for the space-saving product—ranging from wet shaving, stain removing to fruit cleansing.

Like the hippies before in the USA—who cleaned their VW busses with the soap, after having washed their flares and brushed their teeth with it—in Germany it’s probably the backpackers, who will now carry the brand even further.



drbronner.com