

Beiersdorf

CHRONICLE

05



The crisis manager

The Jacobsohn era, 1914–1938

From the First World War to National Socialism

A world in turmoil

“Carpe diem” – seize the day. This Latin motto is carved on the gravestone of Dr. Willy Jacobsohn in Los Angeles and captures the essence of his life admirably. Given the decades spanned by Jacobsohn’s career, this outlook on everyday life made a lot of sense: after all, his career at Beiersdorf took place during what was arguably the most turbulent period in European history. In fact, there are quite a few historians who describe the period between 1914 and 1945 as the “second Thirty Years War.”

The First World War broke out shortly after Jacobsohn joined the company in 1914. Although the war ended four years later, Beiersdorf continued to suffer crisis after crisis. Dr. Oscar Tropolowitz and Dr. Otto Hanns Mankiewicz died in the same year and the company had no one at the helm until Jacobsohn took

over their positions. Beyond the factory gates, things were also far from peaceful: German society took a long time to recover from the war. The period up until the end of 1923 was scourged by unemployment, food and housing shortages, and high inflation. The “Golden Twenties” offered a brief respite, but even in the heyday of Germany’s first democracy, racist and anti-Semitic feelings were simmering below the surface in society and politics, erupting in 1933 when the National Socialists came to power. Jewish businessman Jacobsohn was no longer able to remain in Germany and, five years later, was even forced to leave Europe for America. However, by then he had succeeded in stabilizing the company during the trying times, setting up several companies abroad and increasing employee and sales figures substantially.



PERISHED MICHIGAN; S MISSING

PIECE OF PLANE LIKE DITEMAN'S IS FOUND AT SEA

Picked Up In-Craft Went th All Aboard.

Black and Orange Wreckage Indicates Daring Flier Went to Death.

Washington, D. C., Nov. 11.—(By the Associated Press.) (The terms of the armistice, it was announced, will not be made public until later. Military men here, however, regard it as certain that they include:

Immediate retirement of the German military forces from France, Belgium, and Alsace-Lorraine. Disarming and demobilization of the German armies.

Occupation by the allied and American forces of such strategic points in Germany as will make impossible a renewal of hostilities.

Delivery of part of the German high seas fleet and a certain number of submarines to the allied and American naval forces.

Disarmament of all other German warships under supervision of the allied and American navies which will guard them.

Occupation of the principal German naval bases by sea forces of the victorious nations.

Release of allied and American soldiers, sailors, and civilians held prisoner in Germany without such reciprocal action by the associated governments.

Photo snapped Thursday in front of the New York Stock Exchange building in Wall street, New York, as police dispelled crowds following the greatest smash in prices of securities in the nation's history. More than \$5,000,000,000 in paper profits was wiped out as sales reached an all time record of 12,894,650 shares.



BLACK TUESDAY

THE STOCK MARKET CRASH OF 1929

BY BARBARA SILBERDICK FEINBERG

NEW YORK, OCTOBER 29.—As the hurricane of legislation hit the stock market today, its financial uncertainty led in turn and turned to panic. Frightened investors ordered their brokers to sell at any price, and the stock market crashed. Those on the floor of the Wall Street exchange waded in paper and tried to add up their losses.

It is believed those losses total billions of dollars. Thousands of accounts were wiped out in a record

NEW YORK, TUESDAY, OCTOBER 29, 1929

CRASH

returned to Vier, Belgium, and brought... On the whole, the people were very quiet, but...

FINANCIAL CRISIS IN GERMANY BRINGS POWERS TOGETHER

PARIS, July 16.—(AP)—Tentative plans for extending financial assistance to Germany under some form of international supervision were worked out today at a meeting attended by Secretary of State Henry L. Stimson and Representatives of France and Great Britain, it was learned from authentic sources.

BOSTON JOURNAL

Sidelights



HUNDREDS OF LIVES ARE LOST ON THE TORPEDOED LUSITANIA

SUNDAY EDITION

Bankers Finally Bring Selling to Halt Three Minutes Before Closing

Additional Staggering Losses Marked Against Even Strongest Issues at Close of Greatest Trading Day in History

NEW YORK, Oct. 29.—Millions of dollars in backing from bankers, and statements of confidence from financiers, applied brakes to the stock market at the close Tuesday and prices swung upward in the last three minutes of trading.

Sidelights

NEW YORK, Oct. 29.—The Curb Exchange Tuesday announced suspension of John J. Bell & Company, the firm having announced failure to meet obligations.

But the rally was ended by the gong which closed the greatest day in the market's history and the books were closed with additional staggering losses marked against even the strongest issues.

GERMAN'S WARNING AND CUNARD REPLY. The Imperial German embassy published in New York papers of April 22 one day before the Lusitania sailed on May 1, the following advertisement, as a warning to passengers on Cunard and other English steamship lines:

FEAR SAFETY OF AIR LINER WITH FIVE ON BOARD. Southwest Joins in Second Great Search in Three Months.

NEWS

Hitler Named Chancellor. BERLIN, Jan. 30 (AP)—Adolph Hitler, leader of the fascists, today was made chancellor of Germany to succeed Gen. Kurt Schleicher who resigned last week.

KAISER WILHELM PROCLAIMS WAR ON RUSSIA.

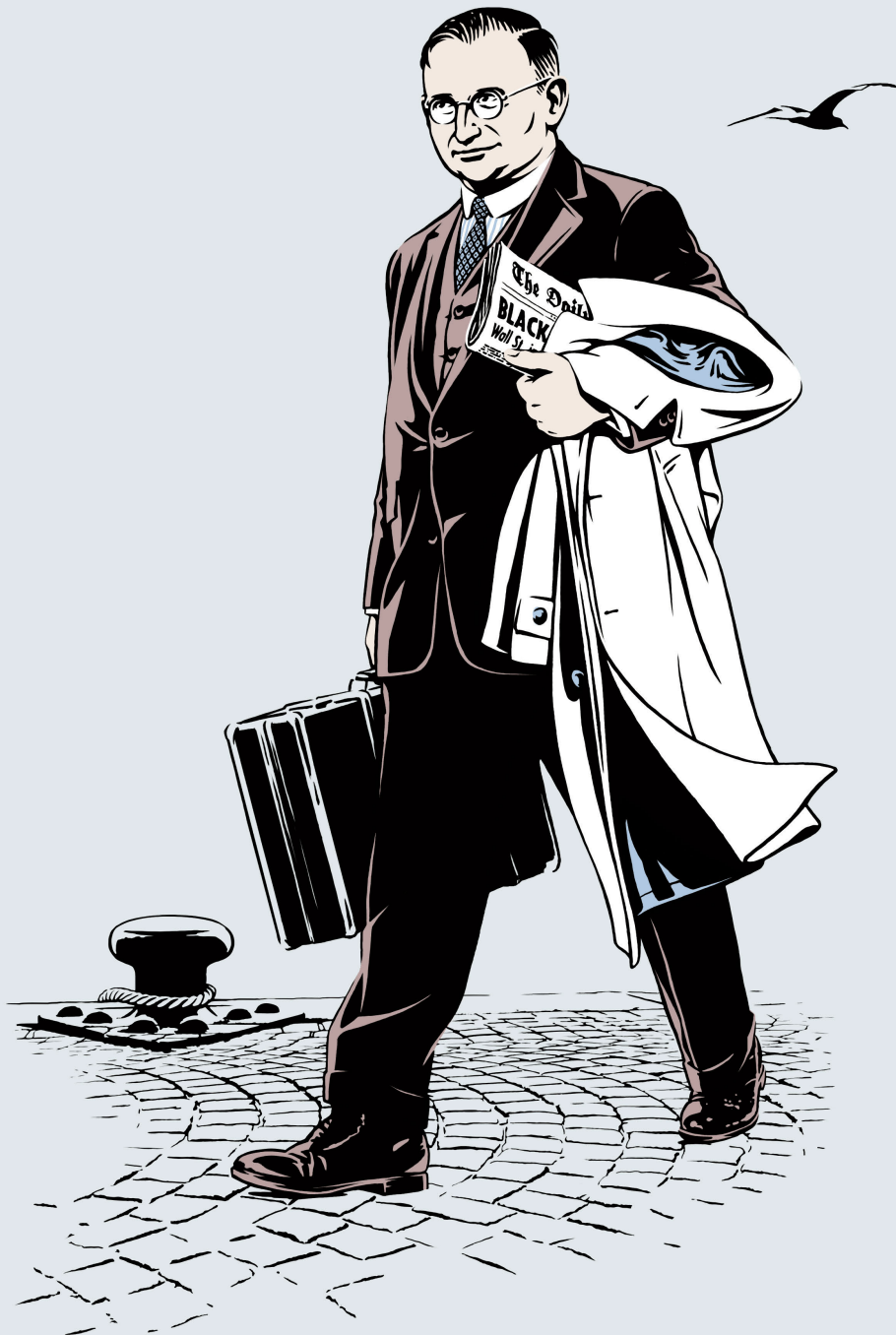
OUR ROAD TO THE RHINE

GREAT WAR ENDS

Troops in Berlin Desert to Workers; General Strike On

Ebert Promises to I... Seeks to I...

WALL ST. GETS



“This trip is for business purposes ...

... and is not for the purposes of emigrating.”

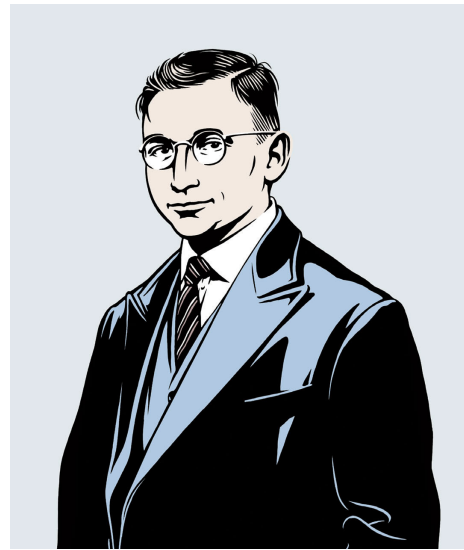
This is the clear wording that P. Beiersdorf & Co. AG needed to use in a letter to the American consulate regarding an eight-month stay by Willy Jacobsohn in the USA in 1927. This was not a one-off: Jacobsohn spent many months of each year traveling around the world, setting up affiliates and maneuvering Beiersdorf skillfully through its many crises.

1914–1918

From desk to battlefield

Text: Thorsten Finke/Daniel Wallburg

>> When Willy Jacobsohn signed up to work for Beiersdorf in December 1913, the 29-year-old pharmacist with a doctorate in chemistry had no idea what a turbulent life he was going to lead over the following 25 years. The German Reich was flourishing, people were relatively prosperous and no one could have predicted the approaching horrors that would plunge Europe into chaos for decades. Before joining Beiersdorf, Willy Jacobsohn had been the manager of a small pharmaceutical factory in Hamburg. At the time, his new employer already had a workforce of over 500 people.



After signing his contract, almost five years passed before Willy Jacobsohn was able to start working in Hamburg in 1918.

Early days at Beiersdorf

Jacobsohn had made the acquaintance of Beiersdorf's then owners, Oscar Troplowitz and Otto Hanns Mankiewicz, through his active involvement in the German trade mark association, or Markenverband (then known as Verband der Fabrikanten von Markenartikeln), which had been founded in Berlin at the beginning of the 20th century. Although he cut a somewhat inconspicuous figure, he was able to win them over with his charismatic personality, creativity, and work ethic. Troplowitz and Mankiewicz were evidently so impressed by the young pharmacist's

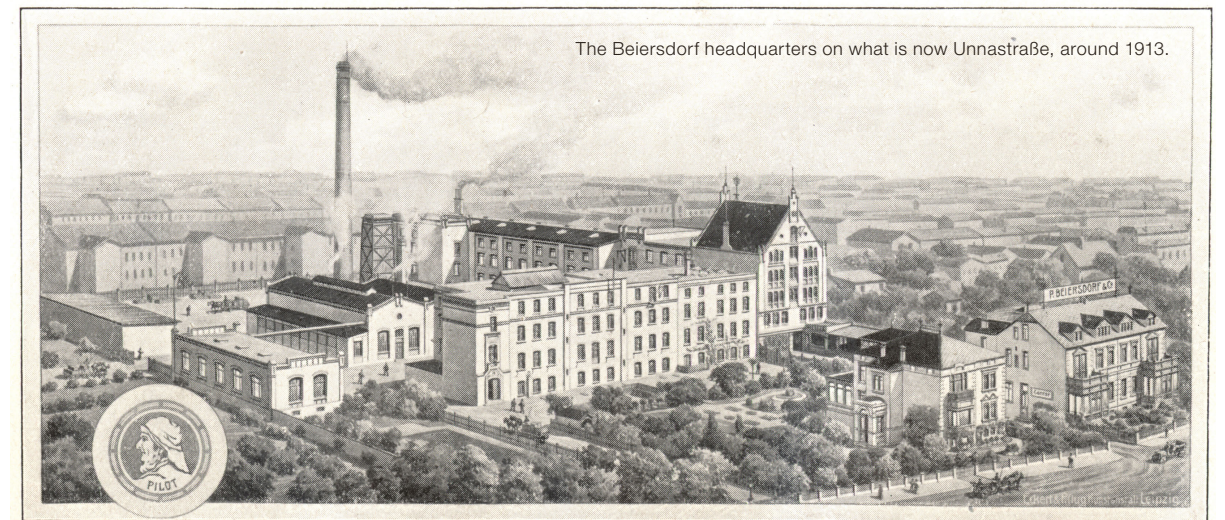
knowledge and skills that they offered him a newly created position in their company. They believed that the high level of sales in Austria justified setting up a production facility there and founded P. Beiersdorf & Co. Ges.m.b.H., its first foreign affiliate, in January 1914. The plan was for Willy Jacobsohn to be the Managing Director of this company, but the outbreak of the First World War prevented Beiersdorf from commencing business operations in Austria. As well as this, Jacobsohn had been drafted by the German army and, after being deployed in Belgium, was stationed in Berlin from 1917 until the end of the war as a consultant in the Kaiser Wilhelm Society (now the Max Planck Society).

After the war, in which millions of people lost their lives, Willy Jacobsohn returned to Hamburg in November 1918 at the age of 34. Departing from the original plan, he was appointed to the Executive Board in Hamburg. A new beginning.

BACKGROUND

Life before Beiersdorf

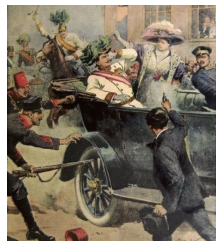
Willy Jacobsohn was born to Gustav and Margarethe Jacobsohn in the Pomeranian town of Stolp (today Słupsk in Poland) on January 6, 1884. As a young man, he trained as a pharmacist in Berlin, before studying chemistry and natural sciences at the universities of Munich and Berlin (including under Hahn, Alzheimer, Röntgen, and Mendel). In 1909, he attained his doctoral degree. After working briefly in smaller companies in Hamburg, Jacobsohn joined Beiersdorf in January 1914.



The Beiersdorf headquarters on what is now Unnastraße, around 1913.

1914

On June 28, the heir to the Austrian throne Archduke Franz Ferdinand is assassinated in Sarajevo.



In August, the German Reich declares war on Russia, France, and Great Britain. The First World War begins.



Famine in Germany ("Turnip Winter"). Oscar Troplowitz sets up a soup kitchen to feed hungry local people.

1916/17

1917

The revolution in Russia brings an end to czarism.



On April 6, the USA declares war on Germany.



1918

The First World War ends on November 11 with the signing of a ceasefire agreement. Around 17 million people died in the war.

November revolution in Germany. End of the German Empire, proclamation of the Weimar Republic by Philipp Scheidemann.

1922 – 1933

Events unfold rapidly



Willy Jacobsohn in 1933

As P. Beiersdorf & Co. GmbH had already been founded back in 1920, the strategy for continuing the company was now focused on a further change in its legal form: Beiersdorf became a German stock corporation – or Aktiengesellschaft – on June 1, 1922, with Willy Jacobsohn as Chairman of the five-man Executive Board. In the early 1920s, Beiersdorf was still in danger of losing the trademark rights for Pebeco. The lack of licensing revenues led to sizable financial losses from the company's international business. Jacobsohn gave extensive thought to how such occurrences could be avoided in

future. One of the consequences of this was that the company was set up in the USA without formal ties to the German headquarters. However, other Beiersdorf companies were set up with a view to protecting specific company values or regaining lost rights.

The next crisis is always around the corner

At the same time, the Weimar Republic experienced a period of severe inflation, culminating in hyperinflation in 1923, when money lost value virtually by the minute. For Beiersdorf, this meant that fewer and fewer people were able to buy the company's products – they barely had enough money to cover their basic needs. It was only with the introduction of the Reichsmark in 1924 that prices stabilized again. In addition, the Dawes Plan aligned the reparation payments set out in the Treaty of Versailles with the economic power of the Weimar Republic, and German companies were given access to loans based on an international bond issue. The Golden Twenties had begun and consumption was on the increase again in Germany.

In 1925, under Jacobsohn's direction, NIVEA arrived on the market in its new blue-and-white garb. As a result, the company's domestic sales increased three-fold by 1929, while its employee headcount in Hamburg passed the 1,000 mark. At this point, Jacobsohn concentrated on building up the company's international business and spent most of his time traveling.

This steady growth ended abruptly in 1929 following the catastrophic stock market crash in the USA. Among the effects of the crash was that loans to Germany were recalled and massive restrictions placed on US imports from Europe. Unemployment figures in the German Reich went through the roof: Between 1929 and 1931, it rose from 10% to 24%, peaking at 34% in

the winter of 1932. Thanks to the company's strong brands and prudent leadership, Beiersdorf's workforce remained relatively stable during this time. In 1932, the company even celebrated its 50th anniversary, marking the occasion by gifting each Hamburg-based employee 50 Reichsmark – the equivalent of half the average monthly wage. At this time, Beiersdorf already employed more than 1,400 people worldwide.

Between 1929 and 1931, Willy Jacobsohn founded nine new companies abroad. NIVEA, and the plaster brands Hansaplast and Leukoplast, were the main driving forces behind the company's international success during this period. However, this was to take a back seat as the political crisis engulfing the Weimar Republic became increasingly virulent: when the National Socialists and Reich Chancellor Adolf Hitler came to power in 1933, the Jewish members of the Beiersdorf Executive Board stepped down, including Chairman Willy Jacobsohn.



Beiersdorf celebrated its 50th anniversary on March 24, 1932. The entire Hamburg workforce assembled in the factory courtyard.

In 1925 NIVEA was given a new design under Jacobsohn's management. The blue tin was born.



1923
Hyperinflation takes hold in Germany in August. At its peak, a loaf of bread costs over 5 billion marks. Political street battles are fought between National Socialists and Communists.

1924
The Reichsmark is introduced in Germany in August, ending the period of inflation.

1925
Adolf Hitler publishes "Mein Kampf." The book contains Hitler's stylized autobiography, but for the most part is polemic propaganda with a very specific agenda.

1929
"Black Thursday" on October 24 marks the beginning of the Great Depression.



1932
In January, more than 6 million people are registered as unemployed in Germany.



1933
The National Socialists come to power on January 30. Adolf Hitler is appointed Reich Chancellor.



1933 – 1938

Forced departure from Hamburg

As soon as the National Socialists took over power, Beiersdorf was subject to anti-Semitic attacks. In 1933, three of the six Executive Board members – Willy Jacobsohn, Hans Gradenwitz, and Eugen Unna – were Jews. Jacobsohn declared in a memorandum that “[...] all members of the Jewish faith and baptized Jews are to be removed from our Supervisory Board and Executive Board, otherwise our company will be reduced to rubble very soon.” In doing so, he proposed his own removal as Chairman of the Executive Board. This timely move enabled Beiersdorf to survive the National Socialist era in Germany, while Willy Jacobsohn himself relocated to the Netherlands.

A new beginning in the Netherlands

From his new base in Amsterdam, he initially began to set up the company’s foreign headquarters at Beiersdorf N.V. Such a construct had become necessary given the extent to which the export business of all German companies had suffered. It was not just reservations about the political situation in the German Reich that weakened sales, there were also emergency decrees on the procurement of foreign currencies and far-reaching measures preventing the transfer of capital between Germany and other countries.

However, as many companies were still being set

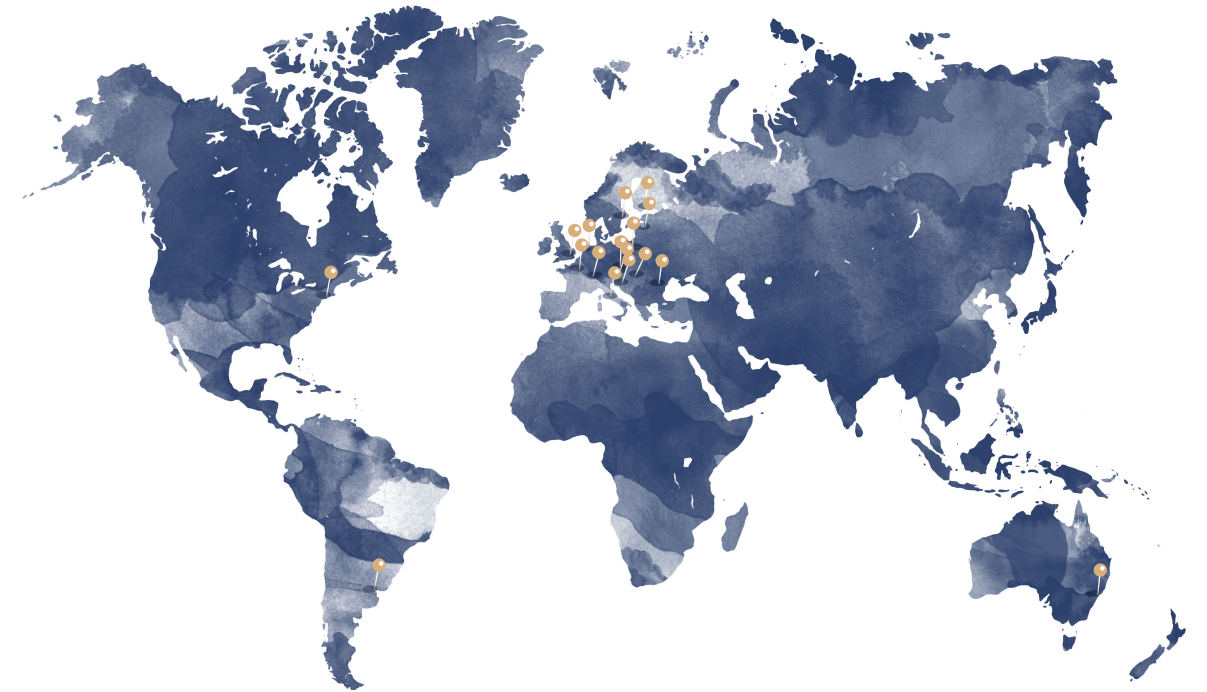
up, they needed funding. Companies helped each other out. Jacobsohn established a network consisting of 13 foreign companies. In practical terms, Beiersdorf now had two people at the helm – Willy Jacobsohn and the new Executive Board Chairman in Hamburg – a fact that immediately led to tensions, particularly in financial matters. It was necessary to clearly divide responsibility between the foreign headquarters and the stock company in Hamburg. To this end, the chain of command for overseas business needed to be completely restructured. Willy Jacobsohn operated in this tense environment up until 1938.

At the same time, the political and economic situation in the German Reich was becoming increasingly difficult and its Ministry of Economics demanded that Beiersdorf part company with Jacobsohn. The Supervisory Board complied with this in June 1938 by failing to extend Jacobsohn’s contract.

Nonetheless, he had left a lasting mark on Beiersdorf: under Jacobsohn’s leadership, the company had not only expanded the Hamburg production facilities following the First World War but, above all, had taken its foreign business to a new level. In September 1938, Willy Jacobsohn moved to Los Angeles at the age of 54 to begin a new life after some 25 years of service to Beiersdorf.

BACKGROUND

Willy Jacobsohn and Beiersdorf’s international business



When Willy Jacobsohn came on board in 1913, Beiersdorf already had over 30 international agents and sales offices, but no active international affiliate as yet. After the First World War and throughout his career, he set up 17 companies with a view to expanding the company’s international business in the protectionist climate of the 1920s and 1930s and in order to hone Beiersdorf’s international competitive edge.

Affiliates set up under Willy Jacobsohn:

- | | |
|----------------------|--------------------|
| 1914 Austria | 1931 Great Britain |
| 1919 Switzerland | France |
| 1921 The Netherlands | Italy |
| USA | Hungary |
| 1925 Poland | Romania |
| 1927 Australia | 1933 Argentina |
| 1929 Yugoslavia | Finland |
| 1930 Latvia | 1934 Sweden |
| Czechoslovakia | |

1933

The boycotting of Jewish businesses begins on April 1. This was systematically planned by the Nazi regime and introduced throughout the German Reich.



1935

Hitler announces the “Nuremberg Laws” at the Nuremberg Rally on September 15, giving a legal basis to the discrimination of Jews based on racial-biological criteria.



1938

On March 12, German troops march into Austria, annexing it into the German Reich.



A pogrom throughout the German Reich – known as the November Pogroms – takes place on November 9, 1938. This event marks the transition to the systematic persecution and murder of Jews.

1938 – 1963

From Amsterdam to California



Jacobsohn with then Executive Board Chairman Georg W. Claussen at Beiersdorf's 75th anniversary celebrations in Hamburg in 1957

The decision to leave Europe was one that Willy Jacobsohn considered very carefully. The years following his departure saw Europe experience the most dreadful events that it has ever seen. For minorities that did not fit into the National Socialist world view, emigration was often their only chance of survival. Beiersdorf AG's company archive only contains a few snippets of information about Willy Jacobsohn's life after 1938. However, he retained close ties with "his" company until the end of his days, as evidenced by an exchange of letters in the 1950s with then Executive Board Chairman Georg W. Claussen: these letters concerned Jacobsohn's planned trip to Hamburg following his 75th birthday. On January 4, 1959, he wrote: "My dear Beiersdorf friends, one and all [...] I know it and you know it, too: our mutual affection will remain intact and that is exactly as it should be." Claussen responded a few days later on January 22: "My dear Jacobsohn [...] We still feel very strongly that our gift to you [editor's note: a plane ticket] was not very generous and in fact was barely enough to convey even a fraction of the affection that we all have for you here at Beiersdorf."

A bond for life

A letter written by Willy Jacobsohn to one of his former staff members five years before his death contains a sentence that sums up everything that he had felt for Beiersdorf: "Once a Beiersdorfer, always a Beiersdorfer! Active or inactive!" In his years as a "Beiersdorfer" and for the rest of his life, Willy Jacobsohn always saw himself as part of the company. He died in Los Angeles in 1963 at the age of 79.

"Everyone who came into contact with him felt the sheer force of his personality. His achievements and his character have secured him a place in the annals of our company forever."

Obituary of Willy Jacobsohn in Beiersdorf's employee newsletter, 1963

1939

Germany invades Poland on September 1. The Second World War begins.



1941

Germany attacks the Soviet Union and declares war on the USA.

1945

Germany and Japan surrender. The Second World War ends. More than 60 million people died in total, including as many as 6 million Jews.

1949

Federal Republic of Germany founded. In the 1950s, the "economic miracle" goes from strength to strength.



BLUEPRINT

Farsighted decisions

When the National Socialists come to power in Germany in 1933, Willy Jacobsohn is quick to realize – and is one of the few members of the Executive Board to realize – what this will mean for Beiersdorf: the company would not be able to survive the following years with Jewish people on its Executive Board and Supervisory Board. He takes the necessary steps and "removes" himself as Executive Board Chairman.

Between 1933 and 1938, he oversees the international companies from his Amsterdam base and is still instrumental in much of the decision-making – a fact that must be kept under wraps and that is deliberately misrepresented to the general public in order to preserve Beiersdorf's independence.

February 16, 1938
Ministry of Economics to Beiersdorf

"It has come to our attention that [...] directors Claussen and Behrens are both receiving instructions from Jacobsohn regarding the running of domestic business. We request that this be investigated so that the necessary steps can be undertaken."

February 18, 1938
Beiersdorf Supervisory Board to chamber of industry and commerce

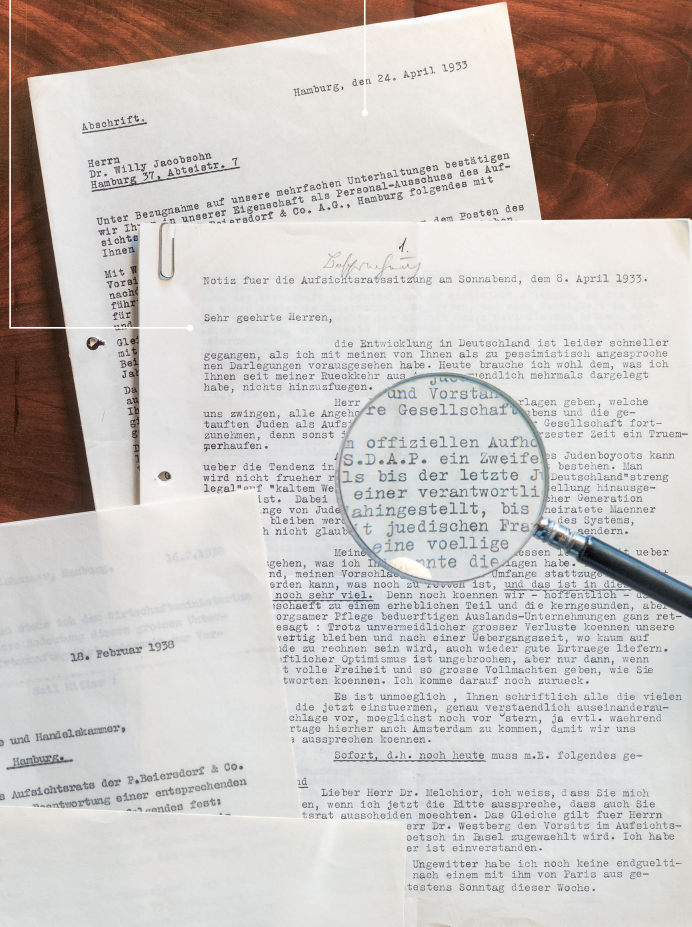
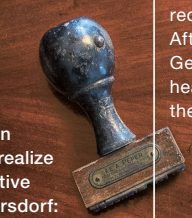
"Under no circumstances does [...] Dr. Jacobsohn have any influence on the running of the [...] business [...] Dr. Jacobsohn's five-year contract [...] will not be extended."

April 8, 1933
Willy Jacobsohn to Supervisory Board

"[...] all members of the Jewish faith and baptized Jews are to be removed from our Supervisory Board and Executive Board, otherwise our company will be reduced to rubble very soon. [...] After all, we can still save the German business and the perfectly healthy overseas enterprises in their entirety."

April 24, 1933
Supervisory Board to Jacobsohn

Effective April 18 of this year, we have removed you from the position of Executive Board Chairman of the Hamburg company given that the presence of Jewish persons on the Executive Board now jeopardizes the continued existence of the company. [...] At the same time, we are relocating you from Hamburg to Amsterdam [...] so that you can take over at the helm of Beiersdorf N.V. [...] and devote your particular attention to the Western European countries.



The Golden Twenties

In spite of the overwhelming crises that shaped the Willy Jacobsohn era, the period is still referred to as the “Golden Twenties.” In Germany, the term applies only to the short period between 1924 and 1929, which was characterized by a moderate, rather unstable economic upswing. Art and culture flourished briefly, only to founder again for the most part in the economic crisis and under the Nazi regime.

What factors made the 1920s a “golden” decade?

01 Bauhaus (1919–1933)

Art and architecture were heavily influenced by the Bauhaus movement, which took the name of the state art school founded by Walter Gropius. The modern designs focused primarily on function and simple aesthetics, raising the profile of German design worldwide. In 1933, repressive measures by the National Socialists caused the school to close.

02 New media/nightlife

In the 1920s, cinema and radio held sway in Germany's cities. Germany boasted more cinemas than any other European country, their number increasing from 2,300 to 5,000 between 1918 and 1930. City dwellers who could afford such luxuries could also enjoy music and nightclubs until the early hours of the morning. In Berlin, the buildings around Alexanderplatz and many railway bridges sported neon signs, turning night into day.

03 Major changes in society

Significantly outnumbering men in the post-war years, women moved into new professions. In 1919, German women were afforded the right to vote and to stand for election. They defined a new role for themselves and secured their position in the workplace. Smoking in public was an important expression of this new freedom.

04 Embracing technology

Even though many people could not afford the new technological wonders, devices such as telephones – as well as general power supply in cities – were a clear indication of an increasingly modernized society. At the end of the 1920s, Berlin had the highest telephone density in the world.



IMPRINT

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