



**Burt's Bees** It started with a truck, a dog, and an old farmer's almanac. Faster than you could say "beeswax," Burt's Bees sprouted—flourished—into a household name synonymous with natural, responsible personal care.

**It's a simple story, really.**

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Credits: burtsbees.com; New York Times, wykepedia.com, forbes.com, findlaw.com

2014 smartcycledesigns.com



Click on Burt's Bees Icon to view how he got started!

**A**lmost 30 years ago, beekeeper Burt Shavitz made a decent living selling honey from the back of his truck in Maine. But fate had other ideas for the bearded hero. One day whilst hitchhiking in Maine Burt met Roxanne Quimby, an artist with spirit and determination. The rest, as they say, is history.

From the original candles to creating the iconic bees-wax lip balm we all know today, Burt's Bees has stayed steadfast and true to a very simple idea: what you put on your body should be made of ingredients you can spell and pronounce. This simple principle has helped Burt's Bees become one of the world's leading natural skincare brands, with more than 150 products for almost every part of your lips, hair and skin. Take a look at just a few of the many milestones that have made Burt's Bees the iconic natural brand it is today.

**1984:** Burt's Bees originated in Maine as a candle making partnership between Roxanne Quimby and Burt Shavitz in 1984. Shavitz had a honey business which provided the excess beeswax needed for the candles and Quimby's focus on maintaining high quality helped to grow their business from an initial \$200 at the Dover-Foxcroft Junior High School craft fair to \$20,000 by the end of their first year. Their first headquarters was an abandoned one-room schoolhouse rented out from a friend for \$150 a year.

**1989:** Burt's Bees increased production after a New York boutique, Zona, ordered hundreds of their beeswax candles. Forty additional employees were hired and an abandoned bowling alley became their new manufacturing location. During this time, Quimby found a 19th-century book of home-made personal care recipes and Burt's Bees entered into the personal care products industry.

**1991:** Burt's Bees became incorporated and had a product offering including candles, natural soaps, perfumes, and eventually lip balm, which became their best-selling product.

**1993:** Quimby bought out Shavitz's shares in the company. Increasing demand and product offerings necessitated a move from Maine headquarters to North Carolina where other personal care product manufacturers were also situated. Burt's Bees changed its focus to exclusively personal care products.

**1994:** The new manufacturing location was in an 18,000-square-foot (1,700 m<sup>2</sup>) former garment factory in Creedmoor, North Carolina. Automated machines, such as a former cafeteria mixer from Duke University, were introduced to increase production, although Burt's Bees continued to focus on the "homemade" product theme. Chapel Hill was the site of the first Burt's Bees retail store which offered 50 natural personal care products. Distribution and demand of products had also reached the Japanese market.

**1998:** Burt's Bees was offering over 100 natural personal care products in 4,000 locations with sales in excess of \$8 million. Distribution had reached higher-end national retailers such as Whole Foods Market and Cracker Barrel. New product offerings branched into travel-sized skin care and hair care products.

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It wasn't until '99, with increasing demand and an increase product offering including sugar and milk-based body lotions and bath products, Burt's Bees relocated to Durham amongst many other high-tech companies and enterprises in the Research Triangle area of North Carolina. An eCommerce website was launched allowing distribution in a much larger, nationwide scale. The brand also went global, adding offices in the U.K., Ireland, Canada, Hong Kong and Taiwan. In 2003, after the major success of the now iconic lip balm, the brand decided to branch out into other products and launched its first toothpaste, first shampoo, and successful Baby Bee product line of infant personal care products.

With expansion into Target and other major retailer's, in 2006 Burt's Bees launches 30 product's in one year. The products include haircare and skincare lines,

including body wash, shampoo & conditioner and a shimmery-colored lip balm that becomes an instant hit and has a cultlike following.

Burt's Bees' ability to expand into mass-market retail chains while maintaining its mom-and-pop storyline has made the company a force to be reckoned with in the beauty industry. According to analysts who track national cosmetics sales, Burt's Bees is the best-selling mass-market natural personal-care brand on the market.

Some beauty companies that style themselves as “natural” use an earnest tone when marketing their brands, offering discourses on the responsible sourcing of exotic ingredients and advertising their earth-friendly efforts, like tree planting.



Burt's Bees takes a different

# Approach

It makes simple products using plain ingredients like milk, honey, beeswax and almond oil, selling them in cheerful, tongue-in-cheek retro packages. It appeals to a diverse audience using a retail distribution system that includes national chains like CVS and Whole Foods Market, along with college bookstores and village gift stores. And it employs seemingly low-key marketing, without preaching a green gospel. This laissez-faire approach inspires word-of-mouth promotion.

“Burt’s Bees is like lightning in a bottle,” said Leigh Anne Rowinski, director of client solutions at Information Resources, a market-research company that covers the

personal-care industry. “Everyone would like to capture that word-of-mouth viral marketing that spreads like wildfire, attracting a young consumer who appreciates authentic niche brands and stays away from mainstream advertising techniques.”

In the last five years, Burt’s Bees has doubled its sales outlets and quadrupled its retail sales. According to the company, the products are now sold in more than 20,000 locations nationwide, up from 10,000 in 2001. Retail sales increased to \$250 million in 2006 from \$60 million in 2001.

Its executives said that two major changes since 2005 account for the brand’s expand-

ing bottom line: a revamped line of products and a wider retail distribution network. They had previously relied on sales from thousands of independent gift stores and pharmacies, but in 2005 began selling nationally at CVS and Walgreens.

“Drugstores are the No. 1 beauty destination at the mass level,” said Mike Indursky, chief marketing and strategic officer at Burt’s Bees. “If you are going to be a serious player, you have to be there.” Burt’s Bees is drawing a larger audience as Americans are increasingly concerned about the environment and their exposure to chemicals. It has found success in promoting the idea that products virtually



free of chemicals are healthier for the skin.

Burt's Bee's capitalized on the green shopping movement by taking the niche brand to a mainstream audience, when the major personal-care players had yet to address eco-conscious consumers. "The rapid shift on the consumer landscape toward natural and environmentally friendly products is the single greatest consumer change our industry has seen in probably 50 years," states, John Replogle, current CEO of the company. "Brands like Burt's Bees, which give you a chance to pioneer the way forward in our industry, come along only once in a lifetime."

As the brand has increased market share and has grown into the top seller in the eco-friendly industry, the big players moved in for a piece of the pie. In 2004, Private equity firm, AEA Investors, purchased 80% of Burt's Bees for \$173 million, with co-founder, Roxanne Quimby, retaining a 20% share and a seat on the board.

But the major takeover came in 2007, when the Clorox Company forked over a reported \$925 million for the company. Although, critics and tree huggers claim the company "sold out" and received further criticism for its Clorox Green Works line, regarding claims the products are environmentally friendly. Several Clorox Green Works

products contain ethanol, which environmental groups state is neither cost-effective nor eco-friendly. Many Green Works products also contain sodium lauryl sulfate, a known skin irritant. Some have also questioned whether or not the Clorox Green Works line is greenwashing, as Clorox's "green" products are far outnumbered by their traditional products. Environmentalists have asked, "Why sell one set of products that have hazardous ingredients and others that don't?"

Another dark cloud in this silver lining is the relationship between the two founders...But not even Clorox can sanitize the details of a fallout between Mr. Shavitz and Ms. Quimby that began

in the late 1990s — when Ms. Quimby managed to buy out the bee-man for a low, six-figure sum. She has been paid more than \$300 million for her stake in Burt's Bees, and she spends her time traveling, refurbishing fancy homes in Florida and preserving large tracts of land in Maine. Burt himself, now 79, makes his home again in his original converted turkey coop — expanded but without running water or electricity — but with \$4 million or so to his name, and recently a documentary, *Burt's Buzz*, telling his side of the story. But as Burt claims in the movie, "it was never about the money, and still isn't".

A few business lessons to learn

# from Burt:

## **Don't Sign Things Without Consulting an Attorney**

In "Burt's Buzz," Shavitz says that he had "no one to turn to for guidance," so he agreed to the ouster, reports The Daily Beast. He ended up with 50 acres of land in Maine but lost one-third of a multimillion-dollar company. This is one reason it's wise to hire a business attorney to look over agreements and keep you from signing anything shoved in your face that you may later regret.

## **Take an Interest in Your Business' Organization**

In many ways, despite being the name and face behind Burt's Bees, Shavitz evinced very little interest in the actual running of his former company. When he and Quimby incorporated in 1991, Shavitz only owned one-third of the company while Quimby owned two-thirds. His minority share made it that much easier for Shavitz to be bought out years later. Don't make the same mistake.

## **Get a Cut for Your Documentary**

If "Burt's Buzz" makes a nickel, here's hoping they'll cut Shavitz in. You don't have to be Steve Jobs to be compensated for something like that.

Don't feel the sting of regret, take Burt's business lessons to heart.

## **Protect Your Image**

Burt's Bees is valued at over \$1 billion today, and Shavitz's likeness (not to mention his name, Burt) is still used on many of its products. The Daily Beast reports that Shavitz still is paid "an undisclosed amount" for his publicity rights.

## **Don't Sleep With Employees/Business Partners**

It's never a good idea to sleep with employees, especially if you're the co-founder of a small business. According to The Daily Beast, in "Burt's Buzz" it is revealed that in 1993 Shavitz had an affair with "a college-age girl who worked at one of the retail stores."

Whom was Shavitz cheating on? None other than the company's other co-founder Roxanne Quimby. She accused him of sexual harassment and bought out his shares in the company as a way to make the ordeal (and Shavitz) all go away.



As unlikely as their journeys have been, Ms. Quimby and Mr. Shavitz are pioneers in an entrepreneurial movement that has lately won the affection of corporate behemoths. Clorox was willing to pay almost \$1 billion for Burt's Bees because big companies see big opportunities in the market for green products. From 2000 to 2007, Burt's Bees' annual revenue soared to \$164 million from \$23 million. Analysts say there is far more growth to be had by it and its competitors as consumers keep gravitating toward products that promise organic and environmental benefits.

In the meantime, the task of defending Clorox's purchase of Burt's Bees has fallen on Mr. Replogle's

shoulders. He says that in six months, he will post a blog on the Burt's Bees site about whether he thinks Clorox is making enough progress on its green initiatives. He says Burt's Bees' 380 employees have an opportunity to influence the direction of Clorox, a company that generated \$4.8 billion in sales last year and employs 7,800 people.

Burt's Bees maintains its founders' green philosophies. Employees' bonuses are based in part on how well the company meets energy conservation goals, and there are prime parking spaces for staff members who drive hybrid cars or carpool. It buys offsets for 100 percent of its carbon emissions and is working toward a goal of sending no trash to landfills by 2020.

Mr. Replogle calls his current job a "mission" and says he is trying to reinvent business with an idea he calls "the Greater Good," based on the founders' ideals. The premise is that if companies are socially responsible, profit will follow. Burt's Bees not only prioritizes the natural origin of its ingredients but also emphasizes animal rights, responsible trade, employee benefits and the environment.



IT'S NOT JUST A  
BUSINESS MODEL  
— *it's our life's work.* —



# The Greater Good

Most companies look out for the bottom line. We do, too. In fact, we have a triple bottom line: people, profit, planet. You can't have one without the other two. So when we look after our own, we mean everybody: our employees, our customers, our families, ourselves. And yes, our environment, too. Our ingredients—right down to the packaging—are simple, natural, and responsible. We practice what we preach—and we hope to set the example for others to follow.

“It's called **The Greater Good.**  
And it's how we're going to  
help change the world.”

Watch the Burt's Buzz video:  
[https://youtu.be/6rdhPyM2IJ0?  
list=FLA4xzx\\_YAvzZR8SKT8DfqoQ](https://youtu.be/6rdhPyM2IJ0?list=FLA4xzx_YAvzZR8SKT8DfqoQ)