

Aveda

Bridging the gap between hippy and hip

IN THE 1970s, HORST RECHELBACHER STARTED MAKING SHAMPOOS in his kitchen because he couldn't find the all-natural products he wanted to work with in his hair salon in Minneapolis, Minnesota. This idea was the basis of a hair and beauty company that Horst would sell to the Estee Lauder cosmetics giant for \$300 million in 1997. By filling this gap, the potential market for Aveda continues to be nothing short of huge.

Rechelbacher grew up in Austria with a mother who turned their kitchen into a place to make natural remedies from plants and herbs. "The kitchen was not just for making food. It was a little lab," he says. School life was hard for the dyslexic Rechelbacher, who dropped out at age fourteen to become an apprentice hairdresser. The handsome, competent Horst became a jetsetting, hard-living hairdresser, working in New York, Milan, and Paris in the 1960s, even tending to the tresses of Brigitte Bardot. In the bad old days, Horst fit the stereotype of the racy hairdresser—a long way from the meditating entrepreneur he would become.

Horst's life in Minneapolis began literally by accident. He was there for a hair show in 1965 when his car was hit by a drunk driver, leaving him so severely injured he was forced to stay to recuperate for six months. He set up a salon there called Horst of Austria. The salon was a hit, and he opened four more salons in the area.

In the late 1960s, Rechelbacher's life changed when he met a yogi who was passing through town. Rechelbacher began meditating and then spent time in India, where his whole outlook on life changed. Rechelbacher rediscovered his mother's natural remedies,

inspiring in him enormous faith in the power of natural plant and herb remedies. He worked with an Indian herbalist to create a range of shampoos, conditioners, oils, a blood purifier, and a bowel cleanser. “Nobody was interested when we started,” he says. His first product was a pungent, delicious clove shampoo.

Customers loved the Horst of Austria potions. Even snobby New York hairdressers were interested, as long as Horst changed the name of the products. (Why would they want to promote the name of another hairdresser?)

Rechelbacher rebranded the company in 1978 as Aveda, a word meaning “whole knowledge” in Sanskrit. Sales began climbing with products selling through a network of distributors to salons, retailers, and eventually, in Aveda’s own stores. As the company grew, Horst was able to source plants and materials from Brazil, Nepal, India, Malaysia, Indonesia, and Africa.

In the 1980s, the growth of the company, while not the juggernaut of Anita Roddick’s Body Shop, was steady. The products became more widely distributed to select salons throughout the United States, and by the mid-nineties, the privately-owned business had reported annual sales of \$110 million (compared with The Body Shop’s more than \$700 million). Despite never liking the management side of running a business, Rechelbacher wanted his company to keep growing. “I was looking to get out. I had to sell to someone,” he says.

In 1997, Rechelbacher received an offer he could not refuse. The cosmetics giant Estee Lauder bought his company for \$300 million. Critics accused him of selling out his hippie-principled business to the enemy. But Horst argues, “If you want to change the cosmetic industry, you don’t fight them. You join them and then work from the inside to change. We are doing more of what we have always done but now we can utilize Lauder’s 300 scientists, use their infrastructure, and get the best retail locations globally. On my own it would have taken me twenty years to go global.”

Today, Rechelbacher is setting up a string of health-related businesses through a company called Intelligent Nutrients that centers on organic food. He has an estimated fortune of \$275 million and lives on an 800-acre estate in Wisconsin and has a New York City residence. He has eight dogs, takes lots of vitamins, meditates, does yoga, and has a beauty laboratory in his house. Meanwhile, the Aveda brand continues to appeal to both the fashion-conscious narcissus as well as the philanthropist, a bit like Rechelbacher himself. He appears to be a wonderful mix of principle and pleasure. He runs a charitable foundation and an education center, has an honorary doctorate in Ayurvedic medicine, and likes visiting far-flung places in search of herbs. On the other hand, he does not mind town cars and elegant clothing, and he has a taste for fine art. He is still a man who likes to bridge the gap between hippie and hip, and he showed the rest of the world how to do it.

NOTES

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