

Diamonds on the Inside: A Closer Look at Black Diamond's \$90-million Sale

Contributed by Sawyer Sutton
Thursday, 27 May 2010

On May 7, Black Diamond went public in a reverse merger with backpack manufacturer Gregory Mountain Products. BD Ski Category Director Thomas Laakso offers his perspective.

In 2003, Thomas Laakso left his post as Advanced Products Manager at The North Face (TNF) to join Black Diamond Equipment (BD) as Ski Category Director. "I left TNF so I could live in the mountains, ski more and work for a company 100-percent dedicated to the sports that I love," Laakso, the engineer in charge of BD's skiing line, said in a recent interview. "I just skied 6,000 vert this morning before work, in powder, on May 25 for crying out loud!" Laakso loves where he works and enjoys using the products he works on. However, recent events have brought a once-unthinkable question to the surface: Will Black Diamond continue to serve those like Laakso in climbing and backcountry skiing?

On May 7, Black Diamond went public in a reverse merger with backpack manufacturer Gregory Mountain Products. Shell company Clarus Corporation, chaired by Warren Kanders and Robert Schiller, purchased both manufacturers in separate multi-million-dollar acquisitions.

In discussing the issue with Laakso, he suggested that because the BD Board of Directors will remain virtually the same, co-founder Peter Metcalf's retirement in the distant future would not create a drastic disturbance in the company. While the man at the helm will change, it will not create a new, separate chapter for BD.

Since the merger, online forums, chock full of concerned skiers and climbers predicted – abrasively at times – a decline in quality, hard goods production and customer care. Most voiced concern over the fact that BD is no longer employee-owned (and therefore no longer skier/climber-owned). Going public potentially indicates that the financial concerns of Wall Street shareholders exceed their interest in the outdoors. But Laakso dismissed any concerns that BD will lose its integrity. "We weren't purchased by a multi-brand conglomerate," he commented. "Our employees, management, ethics of business, what we stand for and support environmentally, and our standards of quality will remain the same."

"This merger gives us additional capital to spend on research and development," said sales representative Tyler Merritt. "Developing BD's recent line of Telemark ski boots required every other project to be put on hold. That will no longer be an issue." With more secure financial support, Black Diamond's future will ideally coincide with the company's roots. In 1989, climber and CEO Peter Metcalf co-founded BD from the bankrupt Chouinard Equipment, one of the pioneers in aid and clean climbing.

TNF opened their soft goods business and expanded to become a very profitable clothing line during Laakso's tenure. But he does not expect BD to jump into the soft goods industry anytime soon. "There's always a chance it's on the long list somewhere," he said, "but it's definitely not on the short list." Tyler Merritt also believes soft goods are not on the immediate horizon, adding, "I fully believe it would not affect the direction or core facets of our climbing and skiing product lines."

Laakso went on to point out, "BD can easily double our business by sharpening our focus on the existing categories we are in. The BD ski equipment line has a 3- to 4-percent market share in Europe and we have a huge opportunity to grow there within our existing product lines."

The BD/Gregory relationship could reflect historic acquisitions by the Salt Lake City-based company. In 1996, BD acquired Bibler Tents, but neither company changed much. The same in terms of product design and quality can be expected for Gregory, Laakso said. "There's opportunity to share some back-end logistic and business structure with Gregory, and to utilize our infrastructure in Europe where they virtually are non-existent," he added. On the consideration of component-sharing companies, Laakso swore that it simply would not happen. One will not find Gregory buckles on BD packs, nor will Gregory packs be sold outfitted with the Avalung.

It's impossible to say where Black Diamond will be five years down the road given the new ownership, but Thomas Laakso is hopeful. "Our customers – but importantly one in the same, my friends and I – use and therefore entrust our lives upon BD pro when we ski or climb," Laakso said. "This isn't about to change."