

Gibson Declares Bankruptcy



David Diaz, CEO, [Davenport Laroche](#)

Another timeless rock and roll icon is headed to “rehab”. This time, though, it’s not a performer. It’s the brand that tied together some of rock’s biggest names, from Elvis Presley to Keith Richards, Jerry Garcia, Slash, Ace Frehley and Jimmy Page. Each of these icons played Gibson. Slash, in fact, was an official brand ambassador for the guitar brand he proudly played on stage during a meteoric six-year run with Guns ‘n Roses.

Seeing one of the new breed of guitar gods ripping through sets on his Gibson inspired a new generation of shredders to grab their Les Paul or Standard, jam and dream. Now, though, Gibson has hit a major roadblock, filing for bankruptcy protection as the company struggles to mitigate half a billion dollars in debt.

As a result of the bankruptcy filing, the [press](#) is reporting that creditors will “take control” of the company, that was founded way back in 1902 and helped defined American music for more than a century.

Because Gibson guitars were so popular for so many years, many are wondering why, exactly, the company is in such dire

straits. There are several reasons, though many are blaming the relatively recent acquisition of Philips' consumer audio division a few years back. That, in fact, is the first thing Gibson's new ownership plans to let go in an attempt to get the business back in the black. The company will divest itself of the line of headphones, loudspeakers and turntables that have proven to be a drag on profitability.

From there, Gibson has no intentions of fading quietly away. According to company CEO Henry Juszkiewicz, the purpose of the bankruptcy filing is to ensure "long-term stability and financial health" going forward.

The streamlining efforts may do the trick. After all, Gibson guitars are actually doing really well. The company sells more than 170,000 guitars a year, in more than 80 countries, and electric guitar sales are growing by double digits.

By focusing exclusively on guitar sales, Gibson hopes to get through the bankruptcy process and get back to being one of the most iconic rock brands in the history of American music. To help them with this, Gibson would be well served by leaning heavily on its colorful and dynamic past, as rooted and connected to America and its music as any instrument in history.

Orville Gibson crafted a mandolin way back in 1894. Less than a decade later, Gibson was off to the races, crafting stringed instruments for appreciative fans far and wide. Breakthrough came in the mid-50s, with the advent of the Gibson Les Paul, a solid-body electric that remains a favorite of many rock legends and new superstars alike. When Led Zeppelin guitar virtuoso Jimmy Page switched from his Fender Telecaster to the Gibson Les Paul, a generation of would-be guitarists followed suit.

So, if Gibson can get its debt under control, the company should be well-positioned to continue to dominate the

industry, and the dreams of budding guitarists everywhere.