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KEYS TO UNLOCKING THE VALUE OF ART ADVISERS

When the relationship between collector and adviser clicks, artists, dealers, auctioneers, and museums benefit as well

BY ERIC BRYANT

Buying art is an increasingly complex endeavor that can quickly draw collectors into the study of artistic traditions on several continents, questions about the preservation of ephemeral and new media, and an analysis of international tax law. Professional art advisers are at the ready to help with all these tasks and more. But with the range of collecting areas increasing all the time and no regulators overseeing

the industry, finding the right adviser can be a challenge. "It is like choosing a doctor or a shrink," says New York-based curator and adviser Allan Schwartzman. "You want to be in the hands of someone who knows not only more than you but more than most of his or her peers." We spoke with several leaders in the field about how clients should go about seeking their best match and maximizing that relationship.

1

Know your needs.



ELIZABETH SZANCER
KUJAWSKI

Collectors of all stripes can benefit from working with an adviser, but they may require different services depending on their level of knowledge at the outset. "Many new collectors dive in too quickly," says Megan Fox Kelly, an adviser who

has run her own firm for nearly 15 years. "Taking the time to look, read, learn—to go to museums, private collections, galleries, studios, and art fairs with your adviser and to really learn what kind of art is truly exciting to you—will make for a much more meaningful collection in the long run." Once you establish your tastes, introductions to top dealers and access to works not available to the man off the street are the basic starting points. For those whose walls are already crowded, an adviser can provide a clear eye to help analyze the quality of holdings and identify gaps. "It is paramount that the adviser provide connoisseurship, which comes from a certain level of education and experience," according to Elizabeth Szancer Kujawski, principal at ESKart and a longtime adviser to Ronald Lauder. "As collections develop and grow, so do [collectors'] needs." Even those who have largely stopped adding to their holdings can hire a professional to act as a collection manager who aids with scholarship on the works, loan logistics, and estate planning.

“THE IMPORTANCE OF PERSONAL RELATIONSHIPS WITH DEALERS AND GALLERISTS CANNOT BE OVERSTATED.”

FROM LEFT: JULIE SHARRATT, AUBREY MAYER

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Seek advice on advisers.

When deciding how to move forward, the collector must understand an adviser's role in the art economy. Private dealers and some galleries will aid collectors in searching out desired artworks or buying at auction, but they will also sell works from their inventory or may arrange to take commissions from both the seller and the buyer in a transaction. That is the key difference between a dealer and an adviser, who "should not represent any special interests other than the collector's," says Wendy Cromwell, an independent adviser and president of the Association of Professional Art Advisers. That organization maintains a roster of more than 100 vetted members who have met certain requirements in terms of experience and have agreed to uphold a code of ethics. In addition to that list, collectors should seek referrals from other collectors and gallerists with whom they have developed a rapport. The reputations of advisers are built on those of both the collectors and the dealers they work with, so recommendations should flow both ways. "The importance of personal relationships with dealers and gallerists cannot be overstated," notes Thea Westreich, an adviser for more than 30 years and coauthor, with her husband and fellow adviser Ethan Wagner, of *Collecting Art for Love, Money, and More* (Phaidon).



THEA WESTREICH
ETHAN WAGNER

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Understand the environment.

As in any successful relationship, moderating expectations is key, and having an idea of what to expect from your adviser will ease the process. "What many collectors don't understand is that the art world is like an iceberg: Only 10 percent is showing, and I search mostly underwater," says adviser Todd Levin, of Levin Art Group in New York. The key to finding the right partner is to ask plenty of questions about a candidate's range of experience in different settings and at different price

points. Some specialize in the secondary market, either through private sales or at auctions. For a collector considering a purchase at auction, the adviser can not only evaluate the fair market value of a work but also provide discretion by carrying out the purchase. And

advisers can assist in placing works if a collector decides to sell. "If it was bought on the primary market, we go first to the gallery that sold the work," says Schwartzman. If an auction is determined to be the best route, Cromwell notes, "the adviser can negotiate with the houses to obtain the most favorable deal, protect the client's interest when setting the reserve, and even aid with mundane things, like cataloguing, that can all contribute to a successful sale."

4

Don't expect investment advice.

All the advisers who spoke with *Art+Auction* said they would not take clients who seemed to approach art collecting strictly as an investment vehicle. One objection is the broader impact investors tend to have in generating and then bursting market bubbles. "Overloading the market with investors makes for a more volatile market," says Allan Schwartzman. "Having said that, I don't know any collector who doesn't think about the financial aspects. But for that to be the principal angle is a losing battle for the collector and the adviser." Investors, whether they win or lose, can always turn to other investments. Advisers, on the other hand, stake their careers on the reputation they build with dealers and colleagues.



ALLAN SCHWARTZMAN

"THERE'S NO SUCH THING AS AN INSTANT ART COLLECTION, AT LEAST NOT AN INTELLIGENT, REFINED ONE."

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Think of it as education rather than access.

Many collectors, especially those just starting out, assume the primary benefit to hiring an adviser is access to material. The truth is, dealers pick and choose where to place artworks to foster the health and longevity of artists' careers, and this practice benefits both the artists and the collectors who have a stake in their work. Dealers have understandable concerns about work that is flipped too soon or a single collector who has too much control over an artist's market.

But most advisers see education as their more important offering, particularly when a client is embarking on a new area of interest. "I'm always wary when a potential client makes the remark 'I don't know much about art, but I know what I like,'" says Joel Straus, of Joel Straus Consulting in Chicago. "It's a clue to an unwillingness to learn about anything



ANA SOKOLOFF

new," he adds. "It is important for a collector to know where to find the added value of a work of art when collecting in a new field," says Ana Sokoloff, of Sokoloff + Associates, who specializes in modern, contemporary, and Latin American art. "You must provide historical context on both art and politics. Often, when confronted with something different, one tends to approach it through the same lens. Our task is to change the lens."

5

Discuss payment up front.

Transparency can seem like a foreign concept when it comes to financial transactions in the art world, but your relationship with your adviser is one place where you can be sure you know the deal. Most advisers are willing to consider working either on commission or retainer, which can be monthly or yearly. Some will even work for an hourly wage on certain types of projects such as cataloguing a collection. Discuss the terms and details

of what is included. Trips to fairs, private collections, or artists' studios, while arranged by the adviser, might be paid for by either party. Even when working strictly on commission, some advisers will bill extra to handle shipping, insurance, or research on the Art Loss Register prior to a purchase. While a typical commission for the purchase of a new work from a primary gallery might be around 10 percent of the price, overall budget and the involvement of other parties can lead to significant variation. Whatever the deal, it is important that you and your adviser come to an understanding before you approach any galleries, and that you make the terms clear to the gallery to avoid misunderstandings.

7 Consider the full range of added-value services.

Maintaining diverse holdings of art can involve many tasks—some esoteric and some mundane—that may be unfamiliar to collectors, and advisers can help. “It truly runs the gamut,” notes Erica Samuels, who was a director at New York’s Bellwether Gallery before cofounding Art & Advisory in 2007. “We handle all logistics, overseeing framing and installation, sometimes very tricky installations. We catalogue and appraise the works in a collection, organize storage, manage conservation or restoration when necessary.” Advisers can also bring experience to bear on a range of questions touching on charitable donations and estate planning. “A great deal of my work focuses on museums,” says Megan Fox Kelly. “For many of my clients, the most rewarding aspects of collecting involve



MEGAN FOX KELLY

supporting shows and making loans and gifts. I research where the gifts will make the greatest impact. On the financial planning side, we explore options for bequests to museums or family members, [or for] designating works for eventual sale to benefit a charitable institution.”

8 Don't expect quick results.

“There is no such thing as an instant art collection, at least not an intelligent, refined one,” Wendy Cromwell says. “The longer an adviser can educate the client, especially in contemporary art, which is a living, breathing field, the better the collection can be.” Some advisers will suggest starting with a trial period of 6 to 12 months to mutually decide if the match is right, but none suggest setting a deadline for completing a collection. “A collector should plan to work with an adviser for as long as they believe that adviser provides added value to their collecting experience,” Cromwell says. Even after decades of collaboration, knowledge of a collection can help when it comes to conservation, insurance appraisals, or even selling a work of art—the adviser knows the object from the ground up.



WENDY CROMWELL

9 Get a letter of agreement.

The days when the art world operated on handshakes are past. A simple letter of agreement that spells out the financial terms and scope of the relationship should suffice. If you have reservations about your potential adviser, maybe you need to keep looking.

10 Trust is paramount, but don't forget to have fun.

As when choosing a therapist, trust is essential to the bond between adviser and collector. If all goes well, the relationship may last for years and will inevitably involve sharing sensitive transactions and personal information. But through it all, the experience should be a positive one. As Erica Samuels notes, “Collecting can be great fun, and you should enjoy the person you are working with as much as you trust their eye and expertise.”



ERICA SAMUELS