

# ART & MUSEUM



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# Highlights from the 4th Art Business Conference London 2017



Family Offices rely on their art advisors to guide them in investing wisely and to manage their cultural assets to preserve value for the family and for future generations. This responsibility compels advisors to comprehend and communicate current market data, law and trends along with advances in technology that can foster efficient art management services.

In an evolving and multi-faceted art world, how do art market professionals stay ahead, evaluate developments or meet the right connections to sustain exceptional performance for their principals? London's Art Business Conference is now leading the way as such an international forum. Each September leading industry players; dealers, auctioneers, gallerists, historians and advisors gather to meet colleagues face-to-face and

appreciate, first hand, the critical issues facing the current art market.

## Policing Art Crime

Top of the critical issues list is criminal activity and the keynote speech addressed this much publicised topic. Richard Ellis, a veteran investigator who founded Scotland Yard's Art Fraud Squad is a consultant with deep concerns about the absence of resource in policing art crime. Art crime thrives on some 200 incidents a day in England and Wales and as of August 2017 there is no resource to fight it. With a vulnerable public – art crimes do not solely affect the elite - Ellis speculated as to whether the commissioner might even be sued for negligence, failing in the obligation to recover stolen assets.

This is nearly what happened in 1989 and it led to



by: Pandora Mather-Lees

what was a suspended and financially weak squad being reinstated. By comparison, the US has 400 trained officers and sixteen special agents. Dick Ellis who, despite a long career, still goes out into the field, is well placed to suggest solutions.

## Preservation and Protection

Where valuable artefacts are lost or spoiled through crime, the industry agrees that most damage occurs in transit. With 270 art fairs worldwide (a fourfold increase in ten years) art makes millions of journeys a year. The values are higher and so are the risks. Some familiar horror stories were related in a revelatory presentation entitled "Picking up the Pieces, The Real Costs of Artwork Packing and Conservation". Exploring how intelligent conservation and packing can work in tandem to mitigate risks, an expert panel demonstrated what can go wrong and why it never makes sense to cut corners.

Conservator Joanna Shepard received a ripple of laughter from the room as she shared a Condition Report bearing no more than a hastily scribbled 'fine'. Following on, Mark Harton from logistics specialists Momart, caused a gasp from the audience with a story about unpacking a perfectly crated painting imported from abroad only to discover a punctured masterpiece - a sharp stanley having been carelessly left inside.

Best practice in art handling really is the key to avoiding painful and costly errors. Moreover, one cannot fall back on insurance or restoration. Restoration has limits, an artefact may not be repairable and when it is, it can adversely affect value. Surface marks from bubble wrap or polythene, damage by scissor-happy customs officials and chipped frames from careless knocks are sadly not uncommon in the art world.

Damage to our cultural assets is bad enough, but reputations and relationships are hurt too. Jo Shepard explained how a £40,000 object underwent £10,000 worth of repairs, causing bad relations between the parties involved, an incident which involved email trails continuing for months. The entire debacle could have been avoided if the seller had not opted for cheap packaging which cost no more than £30.

What does best practice look like then in this context? Momart believes that the shipping company should be involved right at the early stages of the artist's creative process to maximise long-term preservation. Mark Harton explained that challenges are presented by new media which may not endure. Also important as values rise, is for commercial galleries to learn from the museum world. Distinguish the unpredictable from the predictable and keep a set of house rules: no objects on the floor, crates should acclimatise before opening, condition report at every stage of the process.

Asking the right questions of your packer is vital: Is the tissue acid free? How robust is the crate? How will the work be moved? Who do you trust, what technical team will you use and how will you communicate effectively with them?

Good use of these principles will mitigate risks in transit. As insurance expert David Scully explained, the claims process for damage or loss can be problematic and is subjective where for instance satisfactory cover has not been secured, where artists may disown a damaged work, or where there is disagreement on the insured value or post-repair value. If you do not have a good claims record or adequate risk management the insurer may not pay out. There is less tolerance today of blemished items in the contemporary market and restoration, however good, is often not acceptable.

The Indian Art Market Each year the conference has a new territory focus, last year was the Middle East and this year Southern Asia. A panel of experts from the British Council, Grosvenor Gallery and auction house Saffronart discussed the rise, fall and rebirth of the Indian art market. 2017 marks 70 years of independence for India and panel moderator Melanie Gerlis described how far the Indian art market has developed in recent times with a boom during the early millennium and subsequent bust in 2009. Having now recovered, the market is mature with sales of around US \$100m compared with US \$3m in 2000. Where

has this growth come from? Who are the top selling artists and what are the challenges to market development?

The British Council's Alan Gemmell told about aims to inspire creativity and to educate a younger aspirational market in India hailing 2017 as the Year of Cultural Exchange between the two countries. Britain supports "Mix The City" a geo-mobile project involving musicians and artists fuelled by India's strength in digital connectivity.

Abha Housego of Saffronart, the sub-continent's largest auction house explained that smart phones and the internet were key in development of its online business.

Buyers are comfortable with purchasing works on a click, unseen and with transactional transparency. Saffronart in turn thrives on cost savings and an ability to reach across the entire region not to mention the very important Indian diaspora. Younger buyers with disposable cash are enticed by no-reserve sales with bidding starting from as little as US\$ 100. Artists including FN Souza, Akbar Padamsee, Sayed Haider Raza and Arpita Sing are well established with Sing commanding what was in 2010 the highest ever mobile bid globally of \$2.2m.

Conor Macklin described how his Grosvenor Gallery developed to build up what is now a dominant Indian artist contingent and a global sales operation. The rapidly developing middle class has a healthy interest in cultural activity. Delhi art fair now has 120,000 visitors in 3-4 days and is extremely overcrowded with rising values and small starters converting to bigger players. Different genres interplay - the 2008 boom in contemporary was surpassed the following year by a surge in modern art sales.

A question arose on corruption, tax and customs duty. There are moves to support better practice. The Indian government recently abolished interstate vat duty that previously made moving artworks around the country so difficult. Currently fine art enjoys 12% import duty and 12% vat. The transparency of the online auctions market means that no cash changes hands.

What did these three experts foresee as the path

to securing an enduring art economy? More Asian cities need to channel in to the national art scene with programmes to nurture artists and cultivate the type of public programmes introduced by the British Council. Local creativity could be better promoted in the West, particularly at the biennales and the Indian public should visit its empty museums which in turn should provide opportunities for artists to grow. Underlying all this is the need for greater confidence in art investment across all genres.

#### **Public versus Private Art Programmes**

The blurring of boundaries between public and private art initiatives was a relevant topic for the conference to explore in a world where public funding is drying up or hard to navigate and competition for private, particularly philanthropic patronage, is increasing. The question remains as to what these sizeable and complex projects will look like, how they can be brought to fruition and be subsequently maintained.

Sebastien Montabonel who runs a consultancy firm strategising with public and private partnerships, Robert Wilson of the Jupiter Artland Foundation, Jonathan Ruffer of Auckland Castle Trust and James Carleton of Farrer & Co shared their approaches to private philanthropy. These raised the challenges of balancing effective regeneration in local communities with the need to gain international recognition and to create an enduring legacy. The considerations are the commissioning and collecting process, social and environmental impact and importantly, the programme's contribution to the economy. This is more significant than one might think. For example, Auckland Castle near Durham hosts 430,000 visitors a year and has created 107 full time jobs plus training opportunities and a further 320 indirect jobs. There are schemes for volunteering, apprenticeships, education and even a creative business incubator hub, something one might rather expect from a national institution. The economic impact amounts to £20m annually to Bishop Auckland through the various projects.

More in-depth analysis is available from Montabonel & Partners in its report, 'Art Institutions of the 21st Century'. The report examines the impact of technology on institutions, artists and the evolving institutional landscape.

#### **Future Initiatives**

Other topics at the conference included a presentation from The Association for Art History, a 1000 strong member association developing an 'embrasive' approach to the discipline to build partnerships and to continue the debate around the syllabus. Having championed the return of the Art History A level along with the Worshipful Company of Arts Scholars, the former AAH currently campaigns to increase the number of undergraduate students, to diversify intake and raise awareness of art history as a relevant subject. The result of this, one hopes, will be to bring more expertise into the industry.

Farrer & Co's Ian Defreitas presented a short, sharp warning on GDPR and the sanctions that will be applied to those who break the incoming data protection law. The government's zero-day approach means that as of 25 May 2018 all organisations holding, processing or transferring personal data must be compliant. Brexit will have no impact on the EU wide regulation and companies can face fines of 4% of turnover or up to €20m, a move clearly made to impel monoliths such as Google and Facebook to sit up and be accountable.

An afternoon session on managing reputation was confined to social media where it might perhaps have encompassed the broader aspect of the burnt reputations of the artworks and those who sell them. Toning down one's social media posts was favoured in place of highly opinionated subject matter that might offend or be misconstrued. Live streaming video, virtual & augmented reality, personalised content and the increased use of social influencers are all features of current technology. Highly commended in the industry were three social media auctioneering gurus; from Sotheby's, Macintosh antiques and Joe Trinder of the Antique Young Guns.

PAIAM (Professional Advisors to the International Art Market) has undertaken a project to inform government about issues relevant to the British art industry in light of Brexit. These include the Artist's Resale Right, consumer protection, AML, taxation, custom controls and the export of cultural property. The aim is to safeguard the future of the British art industry as vibrant, creative and competitive post-Brexit and is being conducted as a survey.

#### **Standards**

Standards and due diligence in the market is a recurring theme at The Art Business Conference amid what many believe is an unregulated market. Trade body LAPADA has approached the BSI to explore how The British Standards Institute could apply its principles to both LAPADA association members and the wider market. In fact, the BSI does not write standards, it is one of many bodies that rather facilitates and oversees those set by a sector. As such, Director Scott Steedman explained this includes ensuring that an industry does not fall foul of being both poacher and gatekeeper. Many areas of the market are affected including AML, data protection and trading standards according to Ivan Macquisten, the panel's moderator. Macquisten, a columnist and consultant who has lobbied extensively on behalf of the industry, emphasised the need for trade associations to address standards in general, to make business for its members more secure and to support global trading whilst responding to pressures from government and AGOs.

#### **Conclusion**

Opening this year's conference, journalist Georgina Adam summarised the success of a steadily growing ABC having launched a New York event last Spring. London is welcoming 285 delegates in 2017 compared to 100 in the first year. The art market continues to strive to set high standards across the board hosting a growing corpus of advisors, subject specialists, art lawyers, accountants, shippers and insurers among others.

The continuing success of conference and the large turnout is testament to a professional and energetic art market in the UK, keen to learn, engage with peers, develop good practice and most of all become better connected.

This demonstrates the need to bring the industry together to debate critical topics and current market conditions. As such it is a must-attend forum for those trading in an environment with many uncertainties.

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