

## Loretta Wurtenberger

**Marion Maneker:** Welcome to the Artelligence podcast. Loretta Wurtenberger, together with Daniel Tuempel you run Fine Art Partners in Germany, which does an number of different things which we'll discuss in a minute, but I wanted to thank you for taking the time to sit down and talk to me.

**Loretta Wurtenberger:** Thank you for your time, Marion.

**Maneker:** You do a lot of work with both artists and art dealers, and one of the reasons I wanted to have this discussion is I think you do something, if not unique, at least different in the marketplace. And I wanted to both give the listeners a sense of what you do, but also your observations on how the art market functions, particularly the way that public sales have become very important. And in a previous conversation you told me you that see many more dealers using the auctions as a way to get the best price, or conduct the best sale. And I thought as a way in, if you could sort of describe that for me again, and then we can talk a bit more about what you do.

**Wurtenberger:** I'd be happy to. If you look at how it worked 10, 15 years ago, auctions were a place where dealers were buying to sell the acquisitions privately afterwards. This has changed totally: today, the auctions are, at least at the moment, one of the most successful method to sell works of art. And if the dealers don't want to come into a pure competition games with the auction houses, the clever ones start using that method of selling, although it's against their traditional way of making business. The dealers advantage is that they can use their very good contacts to collectors to buy a piece privately, and then – with due time delay – put it up for auction.

**Maneker:** Well a big part of your business is partnering with dealers to finance some of those purchases, and then, I assume, advise on those sales. What is it you see in that process? Is it the fact that they're, they think they can get a better price? Or is there another reason to get a public sale? To establish that price so that they can go back and look for another piece that's similar or related?

**Wurtenberger:** First of all, let me comment on your description of us advising on the sale. Our clients mostly don't need our advice. They're very established, very successful galleries and art dealers. We support them mainly financially, and then go into a rather passive, inactive role. Only if the dealer wishes so, we would take on a more pro-active role. But each of our relationships with the dealers are different because each of them are different.

To come to the core of your question: the auction houses, at this current state of the market, have such a global reach to potential buyers, that almost none, even of the big galleries, can replicate. So some dealers trade very strongly, for example with an artist like Arp. They buy an Arp-piece privately, they know exactly the 20 serious collectors of Arp in the world, they can offer it and sell it very successfully in a short period of time. But often dealers have access to work which are do not fit into their core know how. Imagine a dealer or a gallery who is normally dealing with contemporary art gets offered an Arp sculpture for a good price by a trusted collector, who has inherited this art work from his father or his mother. It would be un-clever for him not to buy it, although it does not fit his traditional collector base. In that case, he has two options. One would be, to team up with other dealers he knows who have that core competence, but that normally means he would have to share his upside. Or he would address himself to the auction houses and use them to sell the work, and by that taking the full margin.

Maneker: It's few and far between especially now the family that has an Arp that they inherited and there is such demand for work throughout the art market, is there a squeeze going on where dealers, they certainly seem to be holding less in the way of stock, and they don't have as much access to it now that everyone has piled into the auctions. I suppose even in the day sales, there are people competing with dealers for work, so unless you have a great source for something privately or independently, you're basically working at the same public price.

Wurtenberger: What you're describing is true, unfortunately, and I to my view one of the negative sides of the current market development. If you look at successful dealers that have established their business for 30, 40 years, sometimes even longer, they are a hub for deepest knowledge of artists, their work and their markets. And if you look at big collections in art history, especially over the 20th century, you often find that there's mostly have been knowledgeable dealers behind these collections, building wonderful assemblies of art which then very often went to museums. That was often only possible because of a very dense and close relationship between a dealer and his collector, which was built over a long period of time. This kind of relationship I seldom see between auction houses and their clients.

Saying this, the current development supports a squeeze-out of the traditional dealer-collector relationship; this wonderful old-fashioned way of art dealing is in danger of fading. And of course you're right, the auction houses are doing a lot to get to a larger market share, and it often means that the dealers certainly can't successfully buy a lot at auction. They have to rely on their private sources. If they want to compete against the auction houses, one of the

key methods is to be able to buy the work upfront. If they go to a collector and say, "Well, I want this work on consignment," the odds of them winning against the auction house are low. In that case the dealers are in a weak position competing with auction houses and their inflationary use of guarantees; the auction houses always have the possibility to say "I can guarantee you that and this price," for example or "I will give you a huge estimate on this," no matter if they will get it later or not.

But if a dealer on the other hand goes out and says "I'm willing to pay now," and takes the work into stock at his risk, then he will be able to compete and survive.

Maneker: It's interesting you just brought up guarantees. What's your view of the guarantees? You describe them as inflationary? Is that a bad thing? Or is that something that helps you once you're in the position of being a principle?

Wurtenberger: I have a kind of neutral view on guarantees. It is a phenomenon, which I don't find bad or good. I just watch that they're getting very strongly used by the auction houses, because the competition between the big established houses is fierce, and guarantees have become a dominant method of convincing sellers to consign to a certain auction house. And the dealers have been taking advantage of that. Why shouldn't they?!

Maneker: Are you also participating in 3rd party guarantees? Are you providing the guarantee to works at auction?

Wurtenberger: No, we haven't been doing this yet, because our clients are the dealers, the galleries, not the auction houses.

Maneker: Well, as someone who could potentially do that, is it something that interests you? Is it something that's too complicated and you want to stay away from? Or is there a risk factor? I mean, it's interesting to me, you're essentially having an auction or a sale before the sale, and one of the problems with that is just by the very nature, it has to be limited to a very few people. Otherwise you're having a public sale right then, and that's the only part that seems to frustrate people, is that only a select few people get to participate in those guarantees.

Wurtenberger: I wouldn't underestimate the semi-public or quasi-public auction there is in some of the guarantee negotiation processes. The auction houses often try to get the guarantees off their balance sheet, so they will, before they sign the guarantee-contract, go out and try to place the guarantee with 3rd parties. They will talk to the relevant players in the market of that certain artist. So to a certain extent what is meant to be a private process isn't that private

anymore. If you're a strong negotiator, I can only advise you to insist on not placing the guarantee to 3rd parties before they guarantee contract is signed.

Maneker: Because?

Wurtenberger: Because it means that many people in the market already know about the work, they can formulate an opinion on it and start talking about it, and we all know that the art market lives up to discreteness. And the more discreetly you handle your work the much better it can be placed in the end, in a possibly good private collection.

Maneker: So, one of the other things that you do in part because there's a limited amount of work out there available, is you often provide financing for fabricating for artists, correct?

Wurtenberger: Yes, we started off in the secondary market eight years ago. Today we finance also in the primary market, a part of our business which has developed through the demand of our clients. They, after a certain time, suddenly came up new ideas, e.g. financing fabrication for the primary market such as big sculpture projects, or for acquiring whole shows upfront and supporting artists in their studios financially. And since we are a privately owned and privately financed company, we are very free in opening up to new ventures. The interesting thing is and what we like about it, is that we mostly do it in the triangle: it is always the gallery, the artist, and us involved together.

When we step in it's mostly two-fold. One fold is, for example a European gallery representing an artist whose primary gallery is let's say Gagosian in New York. As you know, the primary gallery distributes the work for the galleries worldwide. And if you, as an example, are capable of buying upfront, three, four works you can negotiate with the primary gallery in New York a different dealer discount. You might be able to negotiate 35 - 40 percent instead of 30 - 35 percent, because you made a financial commitment upfront. Additionally you have the chance to secure better and possibly more work. So that's a situation in which we help and support the galleries.

Another situation is financing galleries to protect their artist relation. In addition to all the other services a gallery can and must provide, it's also a financial game, meaning that a gallery is able to provide financing to the artist. For example, by telling him no matter how much the show is sold, we will buy this show into our stock if some is not sold. That supports the position of the gallery towards a very sought after artist. And we all know that with very successful young artists there's a fierce competition among galleries to secure these artists for their gallery.

Maneker: So then you become the owner of those unsold works that can later be sold on the secondary market.

Wurtenberger: Well that's a detail I wouldn't want to go into in this interview.

Maneker: (laughs) Lets' switch for a second and talk about artist's estates, because I know the other part of your business is advising artist's estates, and helping them manage the estate. I know that you've done, or are in the midst of doing, a lot of work with the Arp estate. Could you sort of walk me through your relationship with them, and what you were able to do, and where you see it going next?

Wurtenberger: The estate management side is one that is particularly close to my heart. It is extremely fulfilling to work with estates on a long-term basis. It's something which is not directly connected to our financing business. It's really more about using our know-how in the art market to the best benefit for the estates.

What we have been doing with the Arp estate and which we also do with the estate of Sophie Taeuber-Arp, Keith Arnatt and Wolfgang Tuempel, is that we manage three pillars:

One is the contact to the museums: Making sure that the artist stays in favor of curators. It is about enabling each curator generation to re-find their way to interpreting the artist and by that keeping the discourse alive. The second pillar we work on is the field of academia, which is often strongly interlinked with the museums world. We all know many wonderful publications come out of the museum world. On the other hand, people in the art historical departments look at what's being exhibited. And the aim of an estate should be to keep the discourse within academia and the museum world alive, and not having the artist being forgotten by these two very strong and important institutions. And the third pillar is the art market. Prices are made in the art market, we all know that if the prices rise the artist's esteem rises. It's really a triage between those three pillars. Managing an estate successfully means to service these three pillars in the best way for the artist. It is about supporting his work as well as his market support.

Most estates own a large body of their artist's work. They often finance themselves by selling work, so they have a vital interest in a strong market. Ideally they have the means to support the market and having the right galleries in place and by that securing their own future financially mid and long-term. Making works available on the market side, as well as the museum side is a very important part of an estate's policy. To give you an example: some weeks ago, we heard the news about the Rauschenberg estate selling all

the later works of the later period of Rauschenberg to six museums. And if you see what PR, what media reaction that evoked, and that six museums were interested in them, I'm sure that people will look differently at this period of his work.

When we started working with the Arp estate, we were confronted with questions of casting rights and posthumous additions. The most important thing is to create confidence in the artist's estate and you can only do this if you are transparent about the estate's work. So for us, within the Arp estates, one of the most important things to do was to publicize a catalogue raisonnée, and to open the achieves. Today the Arp estate even gives out art scholarships to art historians working with the estate's archives, and promotes conferences on Arp-related topics. The next one will take place in 2015 and will look at and America'. The United States were the most important market for Arp in the 50's and 60's.

Maneker: And museum shows planed as well?

Wurtenberger: Absolutely, 2017 the National Sculpture Center is planning a big Arp retrospective, in 2015 the Hepworth Wakefield, I don't know if you know about-

Maneker: Yes.

Wurtenberger: Is a very good museum in the middle of England, is planning a Arp retrospective. The aim of the estate is to not only react to loan requests, but to go more actively out. They have re-defined themselves as a service to museums, as well as a service to researchers, giving them all the information they need, and going very proactively out and not only lending to, but also initializing exhibitions. The estate actually owns the largest Arp-collection in the world.

Maneker: And is that a big part of it, these estates not necessarily having a road map, or a plan that it too often ends up being a few family members with really no experience, strong sense of how to do this eventually waking up one day and realizing there's a big job that they don't really know how to get started on?

Wurtenberger: I don't know if I always envy heirs to artists estates. Just imagine inheriting the estate of your father or your mother, and them then posthumously continuing to be a part of your everyday life. Many people are happy when they're able to lead their own lives independently from their parents when they're adults, so I find it very brave and admire if heirs take on that responsibility. But this emotional link also means, that it is sometimes

difficult to step back and have a more objective view of what there is to do. There are wonderful examples of great artist's widows, great artist's children, but there are also many examples where the children or the grandchildren were struck down with that burden. Then it is very advisable to engage outside know-how, to engage people who have a more emotional distance. Many artists' estates have often relied on tax advisors and lawyers only. The Arp Foundation for example, certainly also have lawyers involved very closely. I am a trained lawyer myself. I see the total value of lawyers in this. But sometimes it's important to also involve people who have a deeper understanding of the structure of the art market, and the museum side, and how it all plays together: the tax side, the law side, the art market side, also a strategic PR marketing side. Then you can get the best out of it for the artist and his *oeuvre*.

Maneker: So does that mean it's sort of a unique set of talents that has put you in this position? Or are there other people who are doing this kind of estate advisory work?

Wurtenberger: There're not many. Actually, I'm only able to name one whom I admire greatly, who's Barry Rosen in New York, who has really made the Eve Hesse estate. He has been an outside advisor for Helen Hesse, the sister of Eva Hesse, for over three decades. If you look at how he has handled the estate and has really made what it is today, I admire him greatly. Aside from him, I don't see many. Which is actually a pity, because I think there's so much out there to do in that field-

Maneker: Especially if this, the expansion of the art market that we see, the demand side is getting bigger. One of the limitations is just on the structure of the artist's estates, and the work that is either not available, or not fully understood. There's an infrastructure issue with the art market that the auction houses and dealers used to provide that, for a number of different reasons, isn't really their primary concern these days, and maybe ought not to be. But no one else has really stepped forward and taken that on, and built the structures that would be the underpinning of an artist market.

Wurtenberger: You have mostly galleries representing artists' estates, and there's a tradition of galleries representing artists' estates, but I think an advisor as we are one, will never compete with a gallery. We don't substitute the galleries at all. We, e.g. in the case of Arp, always work together with the gallery.

We are very, very happy that two years ago Iwan Wirth took on the Arp estate, representing that estate on the art market next to Mitchell-Innes & Nash. We work very close with David and Iwan, supporting the work of the galleries in

the best way to benefit the estate. So I think it's important to stress that, that we're never in competition with the galleries. It is even the contrary: many galleries are happy that on the side of the estate they have professionals to talk to.

There are some very good examples of estates that are capable of structuring without outside advice. I'm thinking of, I also greatly admire the Judd estate. They have the burden of a lot of real estates. They own so many buildings. They've been able to renovate their wonderful building in Spring Street. They do academic work. They're very serious about the whole archival work. It's also fascinating what the Warhol foundation is currently doing in selling off their entire stock in order to benefit young artists. It's a total paradigm change going on.

Most artists seldom leave cash, but rather works of art to their estates. And then the estates suddenly have the burden of running an estate which costs many 100,000 dollars or Euros a year if you do it modestly, even a small structure, or 1-3 million if you do it in a larger structure. In order to finance this, the estates are dependent on selling works. But the outside world expects them not to sell, which is kind of contradictory. I always found it more honest if an estate like the Judd estate, or the Warhol estate, doesn't do the selling secretly, but markets is proactively. I think that going out proactively makes those sales successful because people even have that side effect that if they buy a work out of such a sale they also do something good by supporting the estate's work. Most estates simply have to sell from time to time, they have to sell to create endowments, and creating endowments then can relieve them from selling more in the future. But if you do so, do it actively, stand behind it, and do it professionally.

Maneker: One last question: In part of the [unclear] and some of the other estates, I think it was the Rauschenberg, and several of the estates, and some of the controversies of estates in the last few years. There was a very good article that pointed out that there's' been a huge growth in the number of artists' estates in the last 20 years, I think the last 10 years there's been a surge of it. And I presume some of it is the tax laws, but it's also become a thing to do. One, are you seeing something similar in Europe, and two, what are the ramifications of more artists, long before they reach the end, thinking about and establishing estates, and either doing it more professionally or waiting for someone else to take it over?

Wurtenberger: I think it's a development more common in the United States, having to do with your tax laws. I also have to say, that many of the American estates are real role models for state-of-the-art estate management. They're managed

more professionally than many estates I have seen in Europe. But there are also very good European estates: think of the Henry Moore foundation, a wonderful institution with very, very professional structures, and a great success model. But in general, I think European estates can learn a lot from American estates.

I'm currently writing a book on the topic of estate management. It is due to come out in late 2015, early 2016, dealing with the most of the issues related to estate management. One aim of my book is trying to transfer the American know-how to Europe.

Maneker: Well, I can't wait to read the book (laughs), and I appreciate you taking the time to do visit.

Wurtenberger: Well thank you, Marion.