

Combining persistence with panache, Paul Sumner has carved out an impressive niche in the Australian auction market with Mossgreen's single-vendor sales. Sumner isn't overly concerned with the moguls, market share or being on the media radar, and his lean approach enables him to balance entrepreneurial flexibility with commercial resilience. He talks with Jane Raffan about the local secondary market landscape and the benefits and challenges of Mossgreen's business model.



## PAUL SUMNER

### MANAGING DIRECTOR

#### Mossgreen Auctions and Gallery, Melbourne

**JR:** *Given your history it certainly seems that the trade is in your blood. Were you born into the biz?*

**PS:** Yes my father was an art dealer in London and my mother an antiques dealer and I have always been involved and surrounded by art and antiques. I have worked in the field since the age of 15, when I got my first job working on the removals van at the local auction room in my home town - Bath in England.

**JR:** *What was key to surviving the shift between various auction houses you've worked for here and overseas, and what was the biggest challenge moving from one to another?*

**PS:** I have been lucky to have had an early start in the business; it is my 30th year in the business this year and I am not yet fifty. Having been young in the business allowed for a long career working for many companies gaining experience and contacts before setting up on my own. Sadly the days of being young in the business seems to be changing now,

as I see I am now being referred to as an industry veteran!

**JR:** *What was your first reaction coming back to the trade in Australia, and what would you characterise as the most dramatic change since?*

**PS:** While the business is smaller here than in London, where I was running a business for Sotheby's with some 400 employees, I much prefer the scale of the art scene here, as one can really make a difference in Australia and be more entrepreneurial, which isn't possible in the same way in Europe. You can get a feeling that you have your hands around the business here and know your place in the scheme of things, which you can never do in a big city like London or New York.

While the gallery scene or the primary art market (as we call it here) is changing and progressing well when compared to what's happening around the world, I don't think the same can be said for the secondary auction market, which is a long way behind what is happening elsewhere. Partly this is caused by a lack of supply and other market factors beyond one operator's control, but there is also a certain predictability to what is happening here and I guess to a degree we are trying to change this with what we do at Mossgreen, as much as we can.

#### The local scene

**JR:** *You are very active in the charity auction scene, having presided over 230 such events in Australia and London. How important are social connections for the auction business in Australia?*

**PS:** Without sounding overly altruistic, I do enjoy contributing to charity auctions, where I rarely get involved without being truly involved. By helping a charity or cause run an event well, you can contribute significantly with pro-bono advice and I get a great sense of satisfaction from being involved with these events around the country when they work well. Naturally any event that succeeds becomes a good brand association for you also, so everyone wins with this approach. Being well connected socially is very important as buyers and sellers come from every walk of life and many of our clients come to us from outside of the regular art scene.



**JR:** *What do you feel characterises the current Sydney/Melbourne divide?*

**PS:** To answer this question you have to look at the gallery market very differently to the auction market. I think that the gallery scene in Sydney and Melbourne, which 30 years ago was quite separate, has grown much closer these days and in fact I see little difference these days between the best galleries in Sydney, Melbourne or Brisbane and the other main cities for that matter. Artists themselves are more connected on a national level also.

With auctions the internet is causing greater and greater impact to our business and as internet services get better and more user-friendly and everyone gets more savvy in its use, regional boundaries are getting broken down fast.

In our auction business, we try to advise on the best venue for sale and we will often base our advice on supply and demand factors, which are important to consider as well as matching the content of an auction to the region in which you hold the event.

For example a collection of antiques, such as our most current auction at the time of writing this, is being staged at a grand National Trust house in Tasmania, in a state where fewer large-scale auctions are being held. We have found that antiques might have a greater demand when sold in settings away from the centre of urbanised cities, where the speed of change has not affected the incorporation of antiques to interiors to the same degree.

Also we have observed that many clients like to travel for an auction to a place where they love to go and where the backdrop is very appealing as an opportunity to travel and indulge their interests at the same time.

A sale of contemporary art might fare better in a more hip area of a modern city and for example we are selling a collection of Contemporary Aboriginal and broader contemporary art later this year, which we will view in a warehouse-style home in Marrickville, Sydney. Here we think the unusual and intriguing setting will act as a draw-card that will encourage new buyers and not just the more hardened auction goers.

**JR:** *How, if at all, does this influence your business model?*

**PS:** We have tried to establish a business model that survives the harder times as well as rides the good times. The Australian market is a tough one, as we see in recent times with galleries closing and auction houses ceasing operations and changing their ownerships.

This last calendar year 2011 was a record year for us, when market conditions were not at their best. Despite this mood, we delivered great sales in our gallery for our artists, as well as some very pleasing auction results and so we feel that our business model is proving itself a good one that works for the Australian market.

#### Business model

**JR:** *What are the chief challenges facing Mossgreen with its business model?*

**PS:** The greatest challenge for me has been staying confident in what we are doing and not worrying about market share or being somewhat under the media radar for market analysis compared to the companies that I once worked for or ran in the past.

I have learnt that market share is not as important at the end of the day on its own as a barometer of success.

When you run your own company you are driven by different factors – most importantly, pride in what you are doing and the bottom line. I have learnt that it is much more fun being an over-achieving smaller player that can move quickly and effectively and ultimately it is much more rewarding on every level.

**JR:** *What would you pinpoint as your company's best asset?*

**PS:** Our good name and the trusted reputation that we have built, through having an experienced team and by hard work.

**'I much prefer the scale of the art scene here, as one can really make a difference in Australia and be more entrepreneurial, which isn't possible in the same way in Europe'**

**Below:**  
A magnificent Chinese Imperial dragon and phoenix jar, Jiaqing six character iron red seal mark, of the period (1796-1820) Estimated at \$60,000-80,000 it fetched \$103,700.00 at Mossgreen in June 2012.

**Opposite:**  
Mossgreen Gallery, Melbourne





**'If all sectors of the Australian art market both primary and secondary worked better together it would be much easier to expand the market and get more people interested.'**

**JR:** Mossgreen has a lean staff, utilising a raft of contractors. This is clearly important in keeping fixed costs down. What are the other advantages and challenges posed by this aspect of your business model?

**PS:** By treating each field we operate in within our auction business as a separate business venture, we have attracted the best experts in the fields we operate in. For example with Chinese and Asian arts we have, in Ray Tregaskis, the most experienced and most trusted commercial expert in Chinese art in this country. No-one else comes close with his knowledge and contacts in this country, but in reality it would not work to try to employ such a person in a relatively small field, so we have set up joint ventures in each area which allows us to have the best expertise and to have relationships with our experts based on trust and mutual benefit.

This has worked well with Shaun Dennison, formerly head of Christie's Aboriginal Art and Bill Evans who is expert in early Aboriginal artifacts and tribal arts. They run our Indigenous art department, but as we don't employ them in a day-to-day sense, we are not forced into holding auctions to justify wages, unless the right collections come up and this is particularly relevant in the field of Aboriginal art where constructed multi-vendor auctions have been very tough of late.

Also by not having the traditional employee/ employer model, we enjoy the relationships with our experts and have strong friendships with all of them. This is a similar relationship to what we have with our gallery artists and in many ways I enjoy this type of working relationship that exists only for mutual benefit, having become fatigued myself with being an employee and being the boss of a company with a large number of employees in the past.

**JR:** Mossgreen's business incorporates a gallery profile as well as a café. I imagine both are designed to secure additional foot traffic and the latter is a great way to engender a more intimate relationship with clients. Comments?

**PS:** Yes; the main reason for setting up our popular courtyard café was to add a friendly and welcoming front to our company, where clients can linger and feel more engaged with our business. We want to move away from the cold church-like gallery experience and make it a more inclusive and welcoming experience for those that might not always visit commercial art galleries and we prefer an atmosphere with a bit of a buzz which our café provides.

## Single-owner sales

**JR:** You have been highly successful securing single-owner collections for sale, which is a blessing for any auction house, especially one with limited in-house resources. Other firms, both larger and smaller have managed to snare one-owner collections, but Mossgreen is clearly leading the pack in this regard. What is the key to your success, persistence or panache?

**PS:** This has been the whole basis of our auction business model from day one as we set ourselves up specifically to handle single-owner auction sales.

Sale statistics are dramatically different when collections are kept together and not divided up into

multi-vendor auctions and this we have proven last year, where we averaged 143% sold by value and 92.6% sold by lot over the 14 auctions we held. Interestingly we also set many artist records where individual artworks were sold within mixed collection content sales and it is often the case that individual artworks stand out better when there are fewer other artworks competing with them in the same catalogue.

**JR:** Mossgreen was awarded the estate sale of Aboriginal works of art from John Kluge's personal collection. That's quite a coup. Christie's New York is handling the dispersion of the estate, so it is understandable that they would not want their international rivals Sotheby's and Bonham's to offer the works in Australia. What advantages do you think Mossgreen offered over Deutscher & Hackett, given their profile and dedicated Aboriginal art department?

**PS:** We don't compete on the basis that we say we are any better than our competitors. We compete on the basis that we know that collections are best sold together and should not be divided up or diluted by being offered in with other owners' property in a larger auction sale. This then sets us apart from the other auction houses and gives vendors a different option to consider when they sell.

**JR:** Given the size of the Kluge collection sale, which was relatively small at 56 works, and the tight market for Aboriginal art in Australia, was there ever any doubt over the business value of taking on the collection as a dedicated sale? And if so, were profit concerns outweighed by the value of the PR, or did Christie's mandate a single-owner scenario?

**PS:** It is in the best interests of the vendor not to put their collections up for sale with large numbers of other clients' property, especially with markets that are recovering from the impact of global uncertainty.

In every case we try to tailor our terms and our own expectations of our business return in proportion to the collection being sold. Sometimes this means that by doing the right thing for the vendor, we are not always maximizing our potential income on paper. But we believe that we should not always look for the maximum return with an auction as the pre-determining factor. If we are acting correctly for our vendor, we should look to handle the sale the best way possible within reasonable budget constraints, not handling it the cheapest way and then very often, the results justify the means and everyone does well.

We rely totally on our good reputation and solid results for our future business. You cannot plan for single-owner auctions and you are not always sure where the next one will come from. Unlike multi-vendor auctions, you cannot construct a single owner auction, so this means you rely very heavily on the appeal of the concept to a relatively small number of vendors and their faith has to be very strong as their commitment to the concept is for their entire collection, not just one or two pieces.

We have made it very easy for clients to consider using our services by not having a threshold at which we will be prepared to sell a collection. The reason we can do this is because we have a very lean business model. So we can afford to put up collections in the \$150,000-450,000 bracket on their own, which other companies can't do, as this is often in the best

interests of the vendor to do so. If we had a high cost business to run, we could not afford to tie up our business for a whole month or more, as it does for any auction, even for a relatively small auction.

**JR:** Mossgreen recently handled the sale of stock-in-trade and select works from the collection of Martyn Cook and partner Thomas Hamel. Was this awarded through a tender process? In light of the Sydney locale and Bonham's previous success with Warren Anderson's Owston Collection, what was Mossgreen's competitive advantage in this instance?

**PS:** Virtually every auction that we handle is awarded to us on the basis of our relationship with the vendor. We also have set ourselves a high bar for results and how we will handle our auctions. We avoid comparison with other auctioneers as the way we operate is very different to them and so a comparison to them is not fair on them or us. If we tried to replicate the multi-vendor auctions that they all do, we might not be so successful and therefore less favourably viewed by the market, so sticking to our single-owner sale model is important to us.

**JR:** How (on earth) did you convince dealers to sell without reserve?

**PS:** Firstly we don't advise vendors to sell without reserve as a policy. We do not like to be seen holding a fire-sale. However, there are occasions where goods under a certain value level or of a certain nature, need to adopt a wide auctioneer's discretion at the auction allowing for a high clearance rate.

It is not possible to have a truly successful auction with the hotter items selling well, if you don't sell the less-in-demand at what the market decides, as they will drag down the overall result if unsold. This principle is at the basis of many successful business models in other sectors where, for want of a better expression, 'dead stock' needs to be quit. So why would the antiques and art trade be any different to other fashion driven markets?

In the case of Martyn and Thomas' auction on May 20, goods under a certain value threshold were sold unreserved.

## Virtual realities

**JR:** In the past Mossgreen has included lower valued illustrated lots on a CD rather than reproduce them in a catalogue—for example some of the Aboriginal and tribal sales. Given the enormous cost of printing catalogues, do you have plans to wholly port sales online? And if not, why not? What about major paintings sales—are printed catalogues always going to be a must?

**PS:** We are always experimenting with ideas to find acceptable marketing options for clients. The fact is, the printed catalogue is a very long way off being redundant and it is my view that it won't become so in my lifetime for the more important collection sales. But for smaller collections there is a need for more cost effective options and so ideas such as our popular new newspaper style catalogues have relevance. One thing I know is that you cannot dispose of a printed catalogue altogether, as those companies that have tried this here and overseas have suffered in the eyes of vendors.



**JR:** Do you have an opinion on the value of a business model such as the NZ outfit Ocula, which offers a quicker turnaround but with a longer than average preview for works, and where there are no costs until an items sells?

**PS:** I am very interested to observe these new business models, but a lot of them are start up companies, looking for a new business platform altogether, rather than established companies that are needing to find a new way to operate. I personally think that there will be an evolutionary process of gradual change rather than anything more immediate, so companies such as Mossgreen have enough time to follow the trends and we don't have to throw out the baby with the bathwater so to speak, in fear of changes we are yet to see. At the same time, I am sure that the way we all buy and sell art and antiques is set to change significantly over the next decades and Mossgreen will not be left behind in denial about the inevitable changes caused by the technological boom, but we will observe the trends and adopt those that make business sense.

**Top:** The sale of the estate of Ann Lewis A.O held at the Art Gallery of New South Wales.



## Asia

**JR:** Mossgreen and other firms around the works have had recent successes with huge prices being paid for Chinese material. Have you had any default payments? And what safeguards, if any, do you have in place against this?

**PS:** The recent boom in Chinese art has been an exciting time for our company as we are now the clear market leader for selling Asian art in this country. However, not everyone might be aware that Ray Tregaskis and I have been involved with Asian art auctions in this country since 1987, when we held our first collaboration in Sydney. It was a wholly unsuccessful event but we have stuck to it since, despite the ups and downs, as both of us are very interested in Asian arts and now some 25 years later we are reaping the benefits from it, which is gratifying. We now have other expert consultants and mandarin speaking staff to assist in what has become a significant part of our business.

But with this success has come the problems that all operators in Chinese art would be aware of and they are the very real issues of fraud and payment defaults. We have for the last six years been taking large deposits and getting high levels of verification from new buyers in this field to protect our clients and ourselves, so we have to a large degree reduced the risk and the rewards are outstripping the risks for us now.

## The future

**JR:** What would you suggest are the chief challenges facing the future of the fine art auction industry in Australia at the moment?

**PS:** The greatest issue holding back Australian visual arts from impacting globally is largely one beyond our control. For the Australian visual arts scene to have great International impact then we as a country need to have great impact socially and economically. If we look at the boom in India, Russia, Britain and China, the success of their visual arts has followed as a result of socio-political and economic influence. So for now we have to find ways to influence though the individual endeavours of artists or galleries.

But that said, I do think we could do a lot more as a more united industry. For example aboriginal contemporary art has a voice that extends well beyond our shores but we seem to always want to separate it from the canon of contemporary arts here and this is surely not to our national advantage if we are looking to make waves overseas. If all sectors of the Australian art market both primary and

secondary worked better together it would be much easier to expand the market and get more people interested. I think we need to change some of the ways we work as an industry.

**JR:** Mossgreen's highlight for 2011 was the Ann Lewis estate sale, which drew crowds and generated a swathe of new records that pushed the total to double pre-sale expectations. The business stats will no doubt be lauded for some time to come. What personal satisfaction did you draw from this experience?

**PS:** I have to say that the auction of the estate of Ann Lewis was the greatest auction experience I have had to date. While I have been lucky enough to have been involved with some of the biggest auctions over the last 20 years here for other companies and in London, this auction was the best experience for me of all of them.

We set 52 artist records at this auction in a year that was meant to be tough and hundreds of people attended the auction, which we held in the main hall of the Art Gallery of New South Wales, where the atmosphere was electric. I took the auction in black tie, which was a first for me and it was a night that I will never forget. I am sure that Ann Lewis would have been very happy with the way it was handled by Alison Renwick and my team and so it was an extraordinary event for us on every level.

**JR:** Has the scale of the sale's success influenced any possible changes to Mossgreen's focus going forward, perhaps expansion to Sydney?

**PS:** It was the first serious art based collection that we had been instructed to handle and this has led to discussions with several others for the future, so it is correct to say that this auction, more than any other, has put Mossgreen on the map to be considered when significant art collections come up for sale.

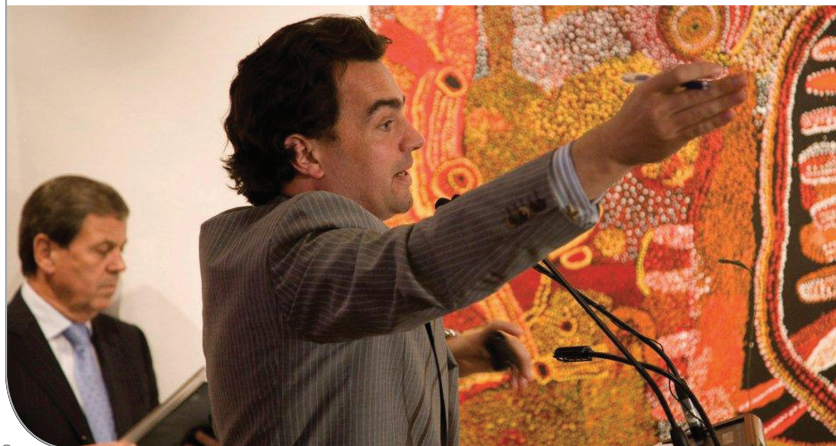
We feel that we have got a very good model for our auction business without the burden of a national network or offices. This last year we did over 50% of our business in Sydney with no real need to open an office there. If clients want to sell a collection they call us and it is not like running a multi-vendor auction house, where someone might have a picture or one object looked at through a local office. Selling complete collections as we do requires a visit to the vendor's home so the need for an office is not really so relevant. We hold a lot of auctions in Sydney and our clients there know that if they employ us to do their auction, we bring with us a powerful Melbourne and national clientele.

**JR:** Where to next?

Our gallery has been more focused on our Melbourne clientele to date, but we have plans to expand its influence with some significant artists joining our stable this year. So our greatest concentration for the next year or so will be on the development of our gallery business, as we are encouraged by its growth over the last 2 years and we believe we can develop this side of our business significantly.

I have learnt from past experience that consolidation in good times can be wiser than expansion, as the future is never certain in this unpredictable, but nevertheless very exciting Australian art market.

**'I think that the gallery scene in Sydney and Melbourne has grown much closer these days'**



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Christian Thompson *Heat* 2010 (detail) digital media, on loan from artist and private lender