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

PS: Why was your first reaction coming back to the trade in Australia, and what would you characterise as the most dramatic change since?  
JR: To answer this question you have to look at the 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.

PS: What do you feel characterises the current Sydney/Melbourne divide?  
JR: What was your first reaction coming back to the trade in Australia, and what would you characterise as the most dramatic change since?

JR: What was key to surviving the shift between Mossgreen's single-vendor sales. Sumner business model?  
JR: What are the chief challenges facing Mossgreen with its business model?  
JR: What would you pinpoint as your company's best asset?  
JR: How, if at all, does this influence your business model?  
JR: What do you feel characterises the current Sydney/Melbourne divide?  
JR: Given your history it certainly seems that the trade is in your blood. Were you born into the biz?  
JR: What was your first reaction coming back to the trade in Australia, and what would you characterise as the most dramatic change since?  
JR: Have you always been involved and surrounded by art and antiques?  
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JR: What would you pinpoint as your company's best asset?  
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.

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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 Tregellas, 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 experts and to have relationships with our experts based on trust and mutual benefit.

This has worked well with Shaun Davison, formerly head of Christie’s Aboriginal Art and Bill Evans who is expert in early Aboriginal artworks 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 buzz which our café provides. The courtyard café was to add a friendly and welcoming environment to attract our clients. Comments?

JR: Given the size of the Kluge collection sale, which was relatively small, and the tight market for Aboriginal art in Australia, was there ever any doubt over the business value of taking on the collection? Did you think it might not work so, were profit concerns outweighed by the value of the PR, or did Christos’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 too many of other clients’ property, especially with markets that are recovering from the impact of global uncertainty. In every case we try to form a relationship with the vendor, and our own expectations of our business return in proportion to the collection being sold. Sometimes this means that by being the best people for the job, our attention is limited to 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 cordially for our vendor, we should look to handle the sale the best way possible, even if this means not unreasonable 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 clients. We are quite confident that Mossgreen is clearly leading the pack in this regard. What is the key to your success, persistence or panache?

PS: We run Mossgreen as a whole basis of our auction business model from one day as we set ourselves up specifically to handle single-owner auction sales. Single-owner auctions are dramatically different when compared to multi-owner auctions and this we have proven last year, where we averaged 143% sold by value and 92.5% sold by lot over the 14 auctions we held. Interestingly we also set more auction 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.

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 discontinue 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 principle of directness is a very long way off being redundant and it is my view that it won’t become so in my lifetime for the most 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 have known 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 ill fated Ocula, which offers a quicker turnaround but with a longer than average preview for works, and where there are no costs until an item 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 do not have to throw out thebaby with the bathwater so to speak, in fear of changes we will yet to see. All the same, 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.
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. We need to protect our clients and ourselves, so we have to a large degree reduced the risk and the rewards are outweighing 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 grow much beyond our shores but we seem to always want contemporary art has a voice that extends well as a more united industry. For example aboriginal the individual endeavours of artists or galleries.

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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 02 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 Rianricks 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 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 us 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.