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Speaker 1:

The future of business is responsible.

Speaker 2:

[foreign language 00:00:03]

Speaker 3:

Conscious co-mingling of growth and impact.

Speaker 4:

[foreign language 00:00:08].

Speaker 5:

[foreign language 00:00:08].

Speaker 6:

[foreign language 00:00:08].

Speaker 7:

The future of business is intentional and transparent.

Speaker 8:

[foreign language 00:00:14]

Andreas:

Welcome everybody to the Future of Business, the podcast of the Oxford MBA, where we take you on a journey to explore the diverse sectors and stories embedded in the MBA. My name is Andreas, and today I will be hosting our conversation with Malina Ma and we're going to talk about her work in the art world. Hi Malina. How are you doing today?

Malina:

Good. Hi Andreas. Thank you so much for having me.

Andreas:

It is my absolute pleasure. Malina and I are friends and we also are in the same college, St. Hugh's.

Malina:

Yes, we are.

Andreas:

We even live in the same building.

Malina:

We do.

Andreas:

It's a big nice building and I love walking over the gardens and it's such a privilege to see all these students out there playing volleyball together, having dinner outside, studying under trees. What is your favorite thing about St. Hugh's?

Malina:

My favorite thing about St. Hugh's is the people, we have a lot of people living on the same, in the same college onsite. We live together and there are 30 MBAs, so it's the second largest MBA college. Not only that, you have a lot of chances to interact with other students from different disciplines. I live on the same floor with eight other boys. Some of them are astrologists, biologists, philosophers, the kind of conversations that we have over some adhoc dinners is insane. It just open up a lot of like things that you don't know about this world and that's what I like about St. Hugh's. And also our very beautiful gardens and our cute cats.

Andreas:

I love that you're using the college to broaden your horizon. I only try to set up my roommates with the MBAs, which is very exciting, but not very successful. But I won't stop trying. Did you go to other colleges?

Malina:

I do go to a lot of other colleges. I do college tours. And then in Oxford, we do these formal dinners. We don't have a lot in St. Hugh's, but I go to other colleges a lot. There are 39 colleges and I've been to 20 colleges for dinner.

Andreas:

Well done. The other day somebody said, "I visit a lot of colleges, but I'm not a Malina level yet."

Malina:

Yeah. I look at it as an MBA project, it's about how you like network and hustle.

Andreas:

Okay. My MBA project is making pancakes and your MBA project is formal dinner.

Malina:

That's a huge hit. Your pancake, is it Thursday or Friday now?

Andreas:

It mixes.

Malina:

It mixes? It's a huge hit. Everyone in St. Hugh's love it and we have a lot of MBAs over.

Andreas:

Thank you. Thank you. Thank you. Enough the compliments, let's dive in. What is it you used to do for a living before you came here?

Malina:

I started my career in fashion and then very quickly move on to fine art auction. I used to work for a company called Christie's, I think some of you may heard of it. It's one of the largest auction sales in the world. I was there for a little bit over five years. My last role was in business development and strategy, so I worked with in, the Asia office, worked with the APAP presidents to develop the long term business strategy for our business.

Andreas:

Cool. When you talk about art auctions and fine art, can you give us an idea of how fine we are talking here? Are we talking about something a hotel would put up in the lobby? **Are we talking about something that a middle class man would buy his wife for his 50th birthday?** Or are we talking crazy expensive? Can you give an example of the kind of art you're dealing with?

Malina:

I think everything that you just said, there are hotels with very expensive artwork, so that can range from any office building, sometimes they would be our clients, they would buy like millions dollars worth of paintings to like put in their buildings. That whole living with art sort of environment and trend is very presence now in terms of architecture. So those are definitely some of the clients. I was on the phone once with, that was my first auction actually, I was doing phone biddings for the handbags department and that was one of our first auctions in Asia to sell handbags. And I was on a phone with this man, clearly trying to buy an Ms handbag for his wife, but because the sale goes so well, so he's like, keep trying to add on different lots, different handbags. And then he's definitely someone's trying to buy an expensive handbag for his wife.

Andreas:

How expensive are these handbags?

Malina:

That can range from like 50K to like 200,000 Euro.

Andreas:

Crazy. And what about the paintings? What is the most expensive painting you sold?

Malina:

The most expensive painting that I did not sell personally, but I've seen in my naked eyes was the DaVinci painting that Christie sold for 450 million.

Andreas:

That is crazy. That is about 4,500 MBAs.

Malina:

That's about it, yeah.

Andreas:

That's 350, 10 times our class and it would all pay their tuition fee, living expenses, that is how much this painting went for. Help me understand this setting better. How do these auctions work? So I guess, there's people selling art, there's people buying art and then instead of doing it on eBay, they engage with you. Can you talk a little bit about which role Christie's is playing here and the value you bring to the transaction?

Malina:

So like you said, there are buyers and there are sellers in our auction markets. There are also artifacts, classified luxury items. So the role that Christie's play or any auction house play is it acts sort of like a broker. So, it can be us sourcing the paintings for auctions or sellers coming to us and say, "Hey, I have this \$5 million Monet that I want you to sell. Find me a buyer." And then we will sort of create a sale that is an auction that can range from a few paintings to a few hundred paintings at a time. And then we will offer it, like printed catalogs and then offer it to our buyers and then we will conduct the auction and then match buyers and sellers.

Malina:

So I would say, as an auction house, we don't actually have products. Things that we sell are the most important to us are the client intelligence, knowing who owns what, knowing where the important clients are, our client networks and relationships, our expertise to sort of understand the trend of art and also understand sort of what makes art expensive or all these things around that and also our brand.

Andreas:

I think you touched on a couple of things that you as an auction house bring to both the buy and the seller side. Can you talk a little bit about the value proposition that you would use to distinguish your auction house from a different auction house? So, if I'm looking to sell my very fancy van Gogh painting that I clearly own, I have an incredible van Gogh at home, you don't know about it yet, but my dad gave it to me for my birthday and it's worth a couple of millions. What would you point me to to understand that your auction house is the better one?

Malina:

Okay. It is actually a very competitive environment and we very often spent a lot of time just fighting over properties to sell. I would say, the last thing that I touched on brand, if you have, like you said, a van Gogh painting that is worth multimillion, you probably wouldn't feel comfortable going to like a small auction house, because A, you don't think that they have the enough rich to, the sort of buyers who can buy up to that level. And then B, you probably would go to a more, sort of reputable brand because you would trust that they will handle your paintings with a lot more care. So, I would say the brand aspect is one thing that is the most important intangible assets to an auction house.

Andreas:

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Yeah. Yeah. I totally believe that. Especially in this world where the vast majority of value is anywhere kind of intellectual and it's so up to curators to decide what is valuable and clearly your own brand is just like a piece of arts somehow that you're curating and selling.

Malina:

Yes.

Andreas:

Let's stick with the example of my-

Malina:

Van Gogh painting.

Andreas:

... famous van Gogh painting. [inaudible 00:09:08] I love having one, for the first time in my life I'm a millionaire.

Malina:

What is your favorite, do you want? What is your favorite van Gogh painting?

Andreas:

Well, there's this one where he screams, because the scream, I also only know one. So let's say I have a famous van Gogh painting, maybe it's even unknown to the public. I found it in the basement of my dad in a small town in Germany, that's where I found-

Malina:

And you don't know if it is real?

Andreas:

... No, I know it's real.

Malina:

Okay.

Andreas:

For reasons that I can't just disclose here, but I now have a real van Gogh painting and I'm going to sell it with you. Can you talk me through the life cycle of an auction? Can you tell me who initiates it? Can you tell me the steps behind it? And can you maybe touch a little bit on the moments where the auction house would add value to the transaction until it closes?

Malina:

Yeah. So you already have a painting that you want to sell, that is a good sign, because a lot of times during the consignment period there is like, that kicks off the auction life cycle. A lot of times we would go to clients actively and say like, "We know you have this painting and we think it is a good time to

sell." So, it's a mix of the consignment period that is the first step, is a mix of people coming to you with a painting that they're already own and they wanted to sell. And also, us actively going to business getting and trying to source these works of art for auction. And then the second step once you close the consignment period, you will go into a cataloging period, cataloging stage, where you'll have the catalogers, the specialists look at a painting, deal with all these due diligence because you don't want to be caught selling, for example, a [inaudible 00:10:50] painting or an unauthenticated painting, so that process involve a lot of work.

Malina:

And then producing the catalog, now a lot of it is online. And then thinking about... And then you go into sort of marketing your auction, your sale. So there's a lot of ads that goes out and there's a lot of, for example, one of the things that you ask about, why you would go to a, sort of a bigger auction house, is that they have the agency and they have the resources to tour your painting around, for example, that's part of the [inaudible 00:11:23] sale process.

Andreas:

Yeah. Yeah. That's quite similar to way our music [inaudible 00:11:26] works. Continue.

Malina:

And then there's the auction, the actual auctions that is a performance in itself. And-

Andreas:

And it's like a short, it's like an hour?

Malina:

... It's not just an hour, sometimes auction can be the whole day.

Andreas:

Okay. But it's a day, it's not like a couple of weeks or month, but it's a very specific-

Malina:

Well, depending on what kind of auction it is, because sometimes it can be an online sale that we span across two weeks, for example. And then after we find buyers, hopefully for all the things in the auction, then we go into the after sale period where we, the post-sale period where we handle the logistics with the buyers and also collect the payments and then pay the seller. And that closes the loop of an auction life cycle.

Andreas:

Okay. Thank you very much. What do you like about it?

Malina:

I think the access to all these amazing paintings is really, I feel, I was in two minds about this, but I went to my first auction preview before I actually applied for my role at an auction house. And it just amazed me how many expensive or not just expensive, you shouldn't put price on art, but how many important

art that you can see in an auction preview compared to going to a museum. It's really sort of sad that also the truth that a lot of the important paintings are still privately owned. So, the access to seeing these paintings up close, the DaVinci paintings that I just talked to you about, I saw it in front of my eyes. Whereas when you go to like the Louvre, it would be two meters away or five meters away from you.

Malina:

It's very different how you interact with art when you work in the industry. And I started my career in fashion and I really like luxury. And then when you, sort of when you think about your career trajectory, you sort of want to move up sort of the luxury hierarchy. And fine is the epitome of luxury.

Andreas:

I actually guess the next case is going to be fancy real estate, something that's even more expensive.

Malina:

I doubt that there, some of the paintings that we so are more expensive than a really nice house in California, for example.

Andreas:

Okay, I'll take the house, nonetheless. I mean, it clearly is exciting that you get insights into a world that everybody kind of knows it exists, that we know is from movies and we know from stories, but hardly any of us knows how the P&L works. And I love seeing how much you can still enjoy this. Even as your job, I think you still get excited about these cool paintings and I think you also still appreciate the artistry behind it. And I guess many people that work in the field, they kind lose the sense of wonder for the art and only see the business, but looking at you and how your eyes shine when you talk about the DaVinci, it is still very exciting to you. Can you talk a little bit about the trends that kind of shaped the auction world and how the industry's developing right now?

Malina:

I think one of the biggest trends in the industry right now and everyone knew about it, is blockchain. And that is not just about selling digital art, that is NFT. That was the most expensive NFT sold, I think a couple of years ago it was sold for 69 million, which is crazy if you benchmark it against-

Andreas:

The DaVinci painting for 450 million.

Malina:

... Exactly. Or a Warhol that was so last week, that's 195 million. How do you sell a JPEG that is 69 million? That is the value that sort of blockchain brings to the art industry and also the opportunity. And it's not just that, it's also about the usage of blockchain across sort of the auction life cycle. How do you track paintings? How do you use it to authenticate registry? So blockchain is a huge trend right now in art.

Malina:

And then also, different sales channel. A lot of different auction houses are exploring different sales channel. In my last row, I sort of reframed the private sales channel and at my last auction house. And

that was a huge trend, when you have been hit by a pandemic, how do you engage with buyers and sellers and drastically change online sale, Sotheby's hiring a lot of people doing retail now, luxury diamond watches, they're doing like a retail model.

Malina:

And also how auction is sort of executed. Like I said, it's a production right now. A lot of people sit at home and watch live auction now. And it's like, live stream across, taking bits from different sale sites, really exciting to watch compared to like pre-pandemic when you watch auction is more like a mundane, sort of old school auction that you see in a lot of movies. Now it's a lifetime show.

Malina:

And then also the diversity, I guess the last trend is the diversity of the objects that is being offered now in auction. There are like artifacts that are being offered, it can be like Michael Jordan's sneakers, it's not just about art now, auction houses are looking at a lot of different areas to diversify their revenue stream and offer sort of what is in demand for their clients.

Andreas:

That's very interesting. So, I think you touched on a couple of trends. On the one hand you talked about how blockchain is impacting the art world, both in terms of enabling us as a digital ad, but also bringing very concrete methods to verify and sell existing art. I think that's very interesting as well. And then you also mentioned the different sales channel, how people go more retail, everything is happening online, you streaming stuff. I guess it's really exciting to watch how stuff's getting sold. I'm sure a lot of people tune in and they know they can't afford it, but it's fun to be but it's fun to be in the same room as people.

Malina:

Yeah. Watching an auction is really fun to watch.

Andreas:

I guess some people make fun bids and then you have to verify whether or not they can actually buy it.

Malina:

Well, we have a system, we're verifying that. We wouldn't take your bid if we don't know you can pay for it. We protect our sellers.

Andreas:

That's a pity. That was what I was going to try. And then you also mentioned the diversity of objects, how you under one, you'd sell on Monet painting, but you could also sell a sneaker or a NFT. What do you think makes something valuable? I mean, if I can go to the auction and I can buy a house, a painting, NFT or a shoe, that sounds like anything can be valuable, what makes it valuable?

Malina:

Gosh, I don't have an answer to that. And when I talk to clients, a lot of time we get asked like, "What do you see this painting's going to increase in value in how many years?" We always remind clients and at least I would do is, in the end of the day you are buying a piece of object that you really appreciate and love and you cannot put a price to that, the kind of joy that it brings you, the legacies that you can leave

to your children, like your dad leave you a van Gogh painting. So, as much as the conversations about art and business and art and finance, or value sort of more, it's more sort of acceptable in the society right now. I still think that what makes art valuable is whether you like it or not, it's a personal preference.

Andreas:

So it's the wealth of the buyer?

Malina:

Yeah.

Andreas:

So just how much I can pay is at the end what makes it valuable? I mean, we say-

Malina:

Well that's one thing-

Andreas:

... supply and demand make the price.

Malina:

... Yeah, supply and demand.

Speaker 1:

If I really want it and there's just one of it and I'm willing to pay it and it's valuable. But what I actually, what I quite appreciate is how much you are defending the emotional side of this. Because clearly people come in as investors, people come in to get returns, I'm sure there's commercial buyers and sellers that are not there for the art itself, but they try to buy up as much as are possible to increase the value and sell it again. And you are there as a defender of this being like, "No, we are not here to create returns, we are here to sell things that people appreciate and that people love." That's beautiful.

Malina:

Yes. If you have to look at the sort of number side of things, I guess there are a few things that you can look at profit [inaudible 00:19:55], adds a lot of value to an artwork. Who used to own that painting, there are big collections. Rockefeller collections that we sold before did really, really well, that's because a Monet painting is a money painting, but if the previous owner is the Rockefeller family, it has another level of mystery. We sold Elizabeth Taylor's Cartier diamond necklace, I think a lot of women would buy that because she owned that, she used to wear it, not just because of the diamond. Of course, the diamond itself values a lot. So [inaudible 00:20:36] is one thing to look at. And like you said, trend, projecting trends. There are a lot of private banks and asset management companies, JP Morgan has their own art financing company division and Citibank, all these [inaudible 00:20:56] as well, there are a lot of money managers actually advise their clients to diversify their assets and put some money into art.

Andreas:

Yeah. I mean, it makes sense.

Malina:

Yeah.

Andreas:

It makes sense to put some money into your art, but not all of your money. So if you are working on diversifying your portfolio right now, it probably would make sense to put less than 1% into art, but not necessarily put all the money you have and buy the beautiful Monet painting or even better, this van Gogh-

Malina:

Is it your German side coming out?

Andreas:

... No, that is, I take a course right now on investing in public equity and I spend way too much time discussing how to manage my portfolio. And it's all about diversifying it. But if you really want to buy, what I promise you a authentic van Gogh, do let me know and I'll print it and send it to you. I mean, there's so many exciting things about this. You get to see all this beautiful art, **you get to deal with really** **people, you can have a lot of fun.** I love hearing about all these different industries and I always wonder, how can I get involved? How could I get a job here?

Malina:

Getting a job in auction is not as hard as everyone imagine it would be. I have this Christie's tote bag that I carry with me because they make the best tote bag. And I always got stopped by undergrads asking me how do they get into the industry because a lot of people try to get in? I always tell them, just send your CV. Keep sending your CV, there's a lot of opening in the art industry. Find a few companies that you want to work for, decide yourself whether you want to work for commercial side of the art industry, or the culture side of the art industry. And then keep sending your CV.

Malina:

I got my job because I sent a CV for a company's that I put a notification on and that's how I got in. A lot of people think that you need connections, a lot of people think that you need to come from a rich family. It is true about all these things in auction, but at the end of the day, just keep trying and know what kind of companies you want to get into.

Andreas:

Okay. Fair, fair. Fair, fair. One last question. What is your favorite painting?

Malina:

One of my favorite painting that I saw was in the Ashmolean Museum in Oxford, is a Turner paintings of the Oxford High Street. And it was painted in the 1800s. It still look the same when you walk down the High Street, it still look exactly the same, minus a few foot truck. And it just always a constant reminder how lucky and privileged we are to get to live in this town and enjoy all these beautiful architectures around us.

Andreas:

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Yeah, I resonate with this. The other day I was cycling after having one or two pints and the sun was going down with golden light and I-

Malina:

It's beautiful.

Andreas:

... stopped in the street and I realized if somebody would've stopped at the same spot 300 years ago, the street would've looked the same.

Malina:

Turner have seen it

Andreas:

Turner has seen it. Talken has seen it, Lewis has seen it.

Malina:

Yeah.

Andreas:

It's just so much has happened in the last couple years, in the last decade, centuries, but some stuff just remained the same. And that is a wonderful note to end on. So thank you very much for coming over, Malina.

Malina:

Thank you so much for talking with me.

Andreas:

Thanks for taking the time. And thank you people for listening in and I hope to have your back next week with a different episode of the Future of Business Podcast. Take care everybody.