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Speaker 1:

The future of business is responsible

Speaker 2:

[foreign language 00:00:13].

Speaker 3:

Conscious [foreign language 00:00:13] growth and impact.

Speaker 4:

[foreign language 00:00:13]

Speaker 5:

The future of business [foreign language 00:00:16]

Speaker 6:

[foreign language 00:00:16].

Speaker 7:

The future of business is intentional and transparent.

Speaker 8:

[foreign language 00:00:23].

Susheel Siram:

Hi, welcome to the Future of Business podcast. This is Susheel, I'm one of the co-hosts of the podcast, and today I have a very special guest with me, my friend and classmate Brooke Reese has a career in the art industry. She's worked at galleries, museums, and in the art market, and I'm going to let her describe what she did and how her experience has been so far.

Brooke Reese:

Thanks Susheel, really excited to be here on the Future of Business podcast and speak more about an industry I'm extremely passionate about.

Susheel Siram:

All right. So first of all, I think this is so different from what we normally do. There was an odd episode that we recorded last year, but I think this one's really going to be different from that in terms of the themes that it touches on.

So let me start with the question we've been asking all of our guests this season. Could you talk a little bit about a preconceived notion you had prior to the NBA? Either about the business world or business school that's been dispelled since you came here?

Brooke Reese:

Definitely. I think one of my biggest preconceived notions was the makeup of my cohort and where everyone would be coming from. I think I had this idea that most of my cohort would be coming from what I deemed classical business industries. And coming from the art world, it made me a bit nervous, coming from an industry that wasn't what I defined as classically a business focused industry. But when I arrived at Said, I just saw this wealth of knowledge and this ecosystem of people that have all these incredible experiences from all over the world.

And I think that I'm able to learn from so many of my classmates that are coming from financial services, consulting, impact careers, nonprofits and everything in between, or maybe have started their own companies or are about to. And it's just been such an amazing place to hear about all these different perspectives and all these different stories and learn and engage and have these conversations that I don't know where else I would've had. I think also as a young woman, I'm extremely excited to be part of Said's cohort this year, being 48% female and learning from all of these amazing women.

Susheel Siram:

I'd love it if you could just tell us what you did, what your job looked like, and how the art industry was as a professional for you?

Brooke Reese:

Definitely. I think a great place to start is just a little bit about my background. So I was an art history major before going into the art world as an undergraduate. And during my time as an undergraduate I worked, I had the pleasure of working at galleries and in a museum while at school and interning at some auction houses. So I got kind of a wide breadth of experience across multiple big stakeholders in the market. And after graduating, I decided to go into auction because I felt like it was a great starting point for me to learn all the different parts of the art market and interact with a lot of the main players and stakeholders.

So I was working in an auction house in New York. I had the pleasure of working for their high value sales in the contemporary space. So that was kind of anything that was transacted over a million dollars, which seems like a pretty big number.

Susheel Siram:

Yeah, it is.

Brooke Reese:

And while I was there, I did a multitude of things from looking at data to working with the art itself, logistics, legal, marketing, kind of everything that goes on behind the scenes of these very theatrical and incredible art auctions that you see online. And had a really interesting way of engaging with multiple parts of the market.

Susheel Siram:

Got it. That sounds super cool, but also could you maybe give us a quick walkthrough of what the art market looks like? How does it work? Because it's fairly unique in the way it's set up and the people that operate within that space, even the buyers and sellers are fairly unique. So could you give us a sense of how that market works?

Brooke Reese:

Definitely. I think the art market can be divided into two primary places. So you have your primary market and secondary market. And within these ecosystems you have galleries operating, collectors operating, curators, art dealers, art advisors, art critics to name a few. I mean also you have museums, auction houses and artists. And there's all these interactions playing between all of these spaces and all of these different stakeholders, whether it's power dynamics, business dynamics, politics, economics, it's a really interesting market to be a part of because it's a market with a really unique asset that then you get to see all of these themes that we talk about in business school here play out.

The primary market is kind of the first sale that is made. So that artist has made a work of art and that artist wants to sell the work of art to its first buyer. So when I think of the primary market, I think of galleries. A lot of artists will sell through galleries to their first buyer. And then the secondary market where I worked is mainly from that first buyer, maybe that second buyer, other collectors selling to collectors. So our auctions basically have a collector coming to the auction house wanting to sell a work and the auction house brokering the deal to a new buyer.

Susheel Siram:

Interesting. You mentioned as you were speaking how the asset that's being dealt with here is fairly unique. And I think you can't really DCF an art piece. So can you explain to us how an art piece is valued? What goes into it and how do different factors play together to actually determine what an art piece gets sold at?

Brooke Reese:

Yeah, so when we look to value art, it's a mix of things. I mean, you can start to look at how we're learning how to value companies here at Said, but I think with art you have a lot of unique factors that go into its valuation. There is a database which most people outside of the art world don't realize. But there is a database with price history from the last 50 or so years, maybe a little less. And that's prices where art has sold at auction. So that's publicly listed prices. Those are prices that aren't occurring behind closed doors. So there's still a lot of transactions that aren't on that, but it's a great place to start when looking at valuation because a lot of specialists and collectors and other art market participants will go there and look for that work or similar works, or works by the same artist. And start to see what kind of level previous works have sold at, whether that's works of the same year, works of the same caliber, works that they kind of see as similar enough to the work they might be looking at.

Another few things that a lot of specialists will look at is conditions. So what kind of condition is the work in? Has it ever been damaged? Is there any kind of inconsistency with the paint? Has it ever been restored? There's all these kind of things that can happen to a work depending on how old it is. And so a lot of collectors and specialists like to make sure the condition of the work is sellable or in good condition in terms of what they're looking for. And that varies from artist to artist, from material, different kinds of media, but it's a thing that's really heavily looked at. I think another thing is just quality and freshness to the market. How unique is the work in the artist's oeuvre and has it ever been sold before at an auction house in a gallery? How long ago was that?

If a work was sold one or two years ago at auction, that might affect the value than if it's never been sold at auction. And again, I think a couple of other factors are just honestly the aesthetic judgment. Will this work of art appeal to a commercial audience or to a set of potential collectors? What's its ownership history or what we call provenance? And ownership history is just anything from when it's left that artist's hands to who's owned it today, if that ownership history has a king or queen or a famous celebrity in it, will that affect the value? Probably. And so those kind of metrics that are intrinsic and can't necessarily be captured in data are things that people are thinking about. And also where has

it been exhibited? Has it been in a major museum's collection like the Tate? Or has it been in a famous work of literature? Those are all things that specialists who are evaluating the works of art and collectors who are looking to maybe value the works of art themselves are looking at.

Susheel Siram:

So that's fascinating, thanks for that. And you spoke briefly about the theatrical nature of auctions themselves. Could you talk a little bit about what working in that environment was like and what did you learn from it?

Brooke Reese:

Yeah. Historically auctions have actually been around since 500 BC and art auctions since the Renaissance. So it's been something that's been happening but maybe hasn't been at the forefront of everyone's mind. But art auctions today are actually public events, people don't realize. Where anyone can come to an auction house, view works of art on sale and decide whether or not they want to participate. So if you decide, let's say you walk into an auction house and you want to participate, you can register to bid in advance of the auction, and this kind of allows that auction house to complete any due diligence required and make sure that you as a registered bidder are all set to participate. Most major auctions happen in what we call English style. And so that's something we were actually learning about right here at Said in one of our classes, you might remember. But English style auctions are open to where participants compete and the highest bid wins. And so each bidder is bidding higher and higher and higher amongst the competitors. And whoever's kind of left at the end is that winning bidder.

Susheel Siram:

Right.

Brooke Reese:

There's also multiple types of bidding. So at a typical auction, you could be bidding in person with a paddle, you could be bidding on the phone via specialists. So I've been on the banks before where I'm on the phone with a client and they're bidding through me for that auction. Or even now in our online world, you can bid online. You could also, I guess register a bid in advance of a sale for a certain work, and it's what we call an absentee or commission bid. And that bid just, your giving a level in advance of the sale and that's what you want to bid, and you don't want to actively participate in the auction itself on the day.

And I guess another thing about auctions is that when a work comes to auction, it's mostly due to the fact that something's occurred in the collector's life that's forced them to want to liquidate or adjust part of their collection. Sometimes it's due to their desire to invest in other works of art or change where maybe the focus of their collection is. But most of the time it's what we call due to the three D's death, debt, or divorce. Which is an interesting metric, but unfortunately those are things that plague the human experience and things that sometimes lead to collections being auctioned.

Susheel Siram:

Interesting. So I'd like to get into the actual crux of the episode. But before that, I'm just going to preface it by saying that in the discussion we are going to discuss themes related to gender and art. And we acknowledge that not everyone fits into the neat gender binary way that we are going to be discussing themes in this episode. So we acknowledge that people who don't identify as male or women also face

these issues. And that can be a whole other episode in itself. But for the rest of this episode, the focus is more on how people who identify as women maybe don't do as well in this market as people who identify as men. And on that note, I think Brooke, I just wanted to ask you a little bit about the gender pay gap in the art market, which is what prompted us to record this episode in the first place. So could you give the listeners a sense of what is the scale of the problem and more importantly, what is the problem itself?

Brooke Reese:

Yeah, I think it's an area of the art market that I started to look into in my undergraduate research, and something that I've become more and more passionate about and think it's an apt topic for today, as we discussed. I think one of the biggest statistics I can bring into the conversation just to give an overview of the magnitude of this problem, a 2019 report that came out that of \$196.6 billion spent at art auctions over a 10 year period between 2008 and 2019, work produced by artists identifying as women accounted for only 4 billion of those transactions or about 2% of the total sales. I mean, that number in itself just to me shows that the art world still has a massive gender pay gap, in that artists identifying as women receive a fraction of the price compared to similar works by male artists sold at the market.

The gender pay gap even increases exponentially as you enter into what we call blue chip art, an area I was working in auction where works are selling for 40, 50, 60, a hundred million dollars. A classic example that's kind of been publicized in a few different online papers and has been shown is that there was a work that sold by Leonardo Da Vinci called Salvator Mundi, and it sold for \$.450 million that is the highest price ever achieved for a work of art at auction. And Leonard Da Vinci identifies as a male artist.

A comparable record for a female artist was less than 10% of that value, and it was Georgia O'Keefe's work of art that sold for \$44.4 million. And that just gives you a sense of the drastic difference that master works are selling based on the gender of the artist. Helen Gorrill's recent book, Women Can't Paint actually detailed the fact that artists' signatures on works of art play a key factor in value as well, and gender plays a role in it. So when men sign a work of art, it increases in value compared to a painting that's unsigned. So where the artist's name isn't on the canvas or on the corner of the paper. But when women sign a work of art, it actually is shown to decrease in value, which makes gender just another really, really interesting metric to look at within the market.

Susheel Siram:

Yeah, that's interesting. And these art pieces that you discussed, they're basically historical art in some sense. Do you see this trend carrying through into the contemporary art market? How is that different?

Brooke Reese:

Yeah honestly, I think the trend still exists in the contemporary market. If you're looking in this arena for living artists or work that's selling at auction where the artists are still alive, you have Jeff Koons selling a piece of work for \$91 million and Jenny Saville selling her work for \$12.5 million, and that just is happening within the last 10 years. And so those are things and metrics that are still impacting the market today, in a large discrepancy between prices achieved for male and female artists.

Susheel Siram:

And that sort of begs the question, why is this happening? And I think we discussed this a little bit in the past in the classroom, but I know you'd like to deep dive into this particular aspect. What do you think might be the causes behind this discrepancy? Is it cultural? Is it something else?

Brooke Reese:

Yeah, I think it's a mix of why the gender pay gap exists in any industry. But if you're looking at art specifically, in some of the research I've been able to do, you're looking at maybe subject matter or access to art schools and studios and how that's existed over the last 400, 500 years. I mean back in the Renaissance, women weren't allowed to study art in the same way that men were, due to indecency concerns and access to materials and access to expertise. And I think even that exists into the last century. And so while there may or may not have been women artists working, it wasn't as aptly historically documented as maybe how I would put it. And a lot of research is going into today to finding these stories and bringing them into modern art historical discussion.

Susheel Siram:

Got it. And is there a difference in... Because art encompasses a bunch of different art forms and you would think that we've discussed paintings so far, so I'm assuming those are the ones that are considered the most prestigious and therefore valuable. Do you see works or art forms that are typically associated with women being undervalued relative to those that are created by men? Do you see a trend in that as well?

Brooke Reese:

Yeah I think, yeah you could go into that and say that's, that's been apparent. Paintings are what art critique for the last hundred or so years has deemed as the most valuable, sits at what I would envision as the top of the pyramid in terms of type of media that's valued the highest in terms of the contemporary art market. Then you might have sculpture, and then you go into maybe printmaking and then textiles, ceramics, and photography. And when you start to look at these different kinds of media, you start to see, okay which ones were maybe more accessible and which ones were less accessible? And does gender play a role in it? Is photography and ceramics and textile making more accessible geographically and to a certain gender, versus sculpture and painting? How does the cost of those different materials used for each form of media interplay with the dynamics of how artists were able to create and able to maybe even sell their creations on the market?

Susheel Siram:

That's fascinating. And that brings us to today. So the digital art market is booming, especially over the last few years there's been chatter about NFTs. And even before that I think it's been really prevalent. So have you seen digital art, which is anything digital is considered to be democratizing something that was inaccessible, right? Has digital art helped change these themes to some extent, or are those problems still prevalent there?

Brooke Reese:

Yeah, it's actually an area I'm actively researching at the moment and looking at this most recent disruption to the art market or what we call NFTs or non fungible tokens, you can still see this gender dynamic playing out. In 2021, a study was published that only 5% of the money generated from NFT sales was going to female artists existing in this space. And while I'm still kind of looking into this area, I think that staggering percentage over a 21 month period of NFTs becoming what I deem is more mainstream at that time, is still quite...

Susheel Siram:

Skewed.

Brooke Reese:

Yeah.

Susheel Siram:

Yeah. No, that's fascinating. And I think what that tells you is, it's not as much of an issue maybe of technology or accessibility anymore, but it's something more fundamental than that. But let's maybe talk about shifts in this particular issue. Are there any bright spots you've seen over the course of your research into how things are changing to the advantage of women? And what do you think the future of this particular issue is as a result of that?

Brooke Reese:

Yeah, I think there's been a lot more research and accessibility being put into this space and finding and figuring out what's been happening in art history. I think at a really interesting dynamic that just happened in 2022 is that we're seeing that artists under the age of 30, there's a larger proportion of female artists selling at auction than male artists. So what a recent report by an art market analytics firm just found was that these ultra contemporary women artists, I think two thirds of the market in 2022 was captured by them. And that hasn't really happened before. So personally, I'm super interested to see how this plays out over the next five, 10, 15 years and see if different generations and different generational tendencies in terms of how we think of gender and gender inequality will start to impact this marketplace. I think another interesting thing is that there's this book written by a famous art historian that's pretty much been read by everyone I know called The Story of Art.

And in this book that's detailing the history of art, he mentions one female artist in it's 600 plus pages. So I'm currently reading this new book that just came out this year called The Story of Art Without Men, written by Katy Hessel. And it's a book that's in a direct response of this bestselling art history book. And in its pages, it's all about women that have been in the art industry since the Renaissance. So it starts off with some famous women that even as an art historian, I had never heard of, working in the 15, 16, 17 hundreds to today. And it details their practices and how they were working and where they were working and what they were doing and the innovations that were going through their brushes and their sculpture and the different materials that they were using.

And I think it's a really great step in the right direction of combining this more comprehensive look at the history of art rather than a skewed view of it. So I'm really excited to see where future art historians take this and more research going into the area and really excited to see where this goes.

Susheel Siram:

All right, awesome. And it sounds like with this particular theme, if you're an art historian that's trying to understand female artists historically, it's almost like detective work.

Brooke Reese:

Yep.

Susheel Siram:

We are trying to find out who these people were, what were their stories. And it's probably just going to take a while till you find out those stories and maybe that does something to the value of the art that they've produced.

Brooke Reese:

Yeah, definitely. I think as we just get more and more information on artists and figure out different art, maybe that hasn't been accessible on the market, that might play into valuation metrics of the art market today. Because back to our conversation on value, I mean, we're looking at these data points that are captured in history and if the data points and the data set is skewed in one direction, we're not going to be able to value things in a more equal way, in my opinion of course. But I'm hoping as hopefully I can have an impact in this space and we can get more data points on record and we can figure out some of the work that hasn't been discovered.

Susheel Siram:

Yeah. And I think just to put a bow on the subject, this is a fascinating discussion and I'm sure the listeners have enjoyed it so far. But I wanted to ask you, since we are talking about the future and this is the Future of Business podcast, what do you think the future of this particular theme will be in a hundred years from now? So 2123, how do you think things will be different?

Brooke Reese:

Well, I hope you have me back on the podcast then so we can speak about it. But I think when we were talking about this earlier in this question, there's a quote from one of my favorite female artists that comes to mind, Grace Hartigan, where she said that "A woman and a man creating feel very much in the same way." And through a lot of my research, I tried to show that this was the case and it almost went against what I was seeing in the marketplace, that maybe a woman and a man creating feel very much in the same way, but they weren't being valued in the same way.

So I guess my hope for the future is that that is the case and that we start to see that play out in the art market and that I'm able to come back in a hundred years and talk about all the innovative research and artists, and things that we've found through deeper historical research and have played into adding more data points to what's already known. I think also the super interesting developments and technology will play a huge part in the art market. And we briefly touched on NFTs and there's other concepts of blockchain and generative AI. And while they're affecting other industries like art, I think that I'm really excited to see where those developments go.

Susheel Siram:

All right, great. So that's going to be a wrap on the episode. I hope you guys really enjoyed it and a couple of things. So one, we'd love it if you guys could follow us on Spotify, Apple Music, wherever you guys get your podcasts. And the second thing is, we are always looking for new guests. So if you are interested and think you have an interesting perspective to bring to our podcast, we'd love to have you reach out to us and try and see how we can get you on here. With that, thanks Brooke, this was excellent. Really enjoyed it and I hope you had fun too. But yeah, that's going to be the episode and we hope to see you next time.

Brooke Reese:

Thanks for having me.

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