

FINANCIAL TIMES

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What was good for the Medicis is good for banks

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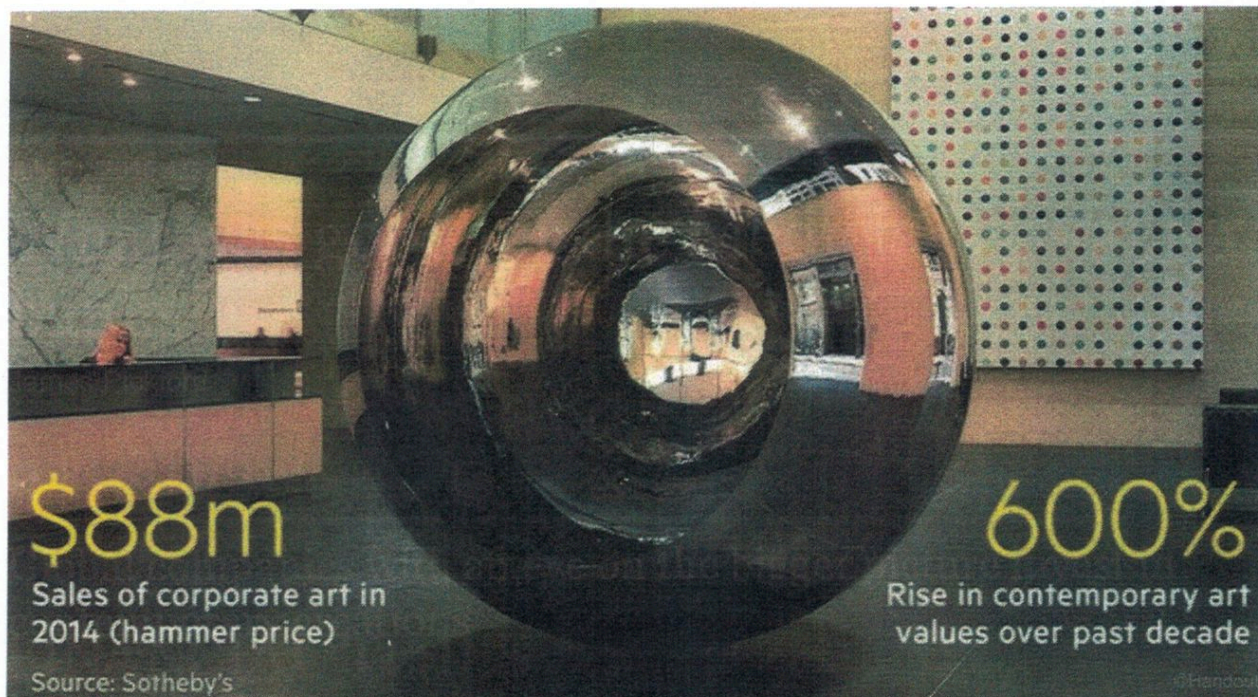


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Global companies with an eye on the bigger picture invest in contemporary creations



\$88m

Sales of corporate art in 2014 (hammer price)

Source: Sotheby's

600%

Rise in contemporary art values over past decade

Deutsche Bank's reception hall in Winchester House, London, featuring works by Anish Kapoor and Damien Hirst

Just beyond the turnstiles of Deutsche Bank's London reception sits a large object resembling several huge dollops of creamy Plasticine. As the viewer comes close, it turns out to be a sculpture made entirely of dice.

"Secretions" (1998) by British artist Tony Cragg, a trained scientist, addresses questions about the structure of the universe. But some might find the frisson of gambling it evokes entirely appropriate for the lobby of a global investment bank.

The piece, which sits alongside a polished metal sphere by Anish Kapoor and one of Damien Hirst's "spot" paintings, is part of a collection of about 60,000 works owned by Deutsche Bank.

The institution is one of hundreds of companies, typically in financial services, that see art not just as a decorative necessity but also an opportunity to stimulate the thoughts of their employees, support artists through purchases of their work and, perhaps most importantly, to project their desired image to clients, staff and visitors.

About 600 companies have collections, according to *Global Corporate Collections*, a book published last month by Deutsche Standards. Many of the biggest are focused on contemporary art.

Banks' art-related activities have expanded in recent years. Deutsche and UBS sponsor big international art fairs — Frieze and Art Basel respectively — which they use as an opportunity to gather their most important clients in one place. The draw for wealthy clients is that the banks can smooth access to the most sought-after gallerists, bypassing the need to "prove" their credentials as big art buyers.

But shareholders do not expect their capital to be used to place bets on the art market — especially not at today's prices. So in order to avoid accusations of speculating, corporate collectors typically shun auctions or the secondary market, instead going directly to artists or their dealers.

UBS, which has about 35,000 works, decided 10 years ago to buy art exclusively from the primary market.

"That means that whether we make a good acquisition or not, we've still supported the artist," said Stephen McCoubrey, UBS regional curator for Europe and Asia.

In fact, companies' willingness to buy direct and hold on to artworks for many years can work in their favour on prices: gallerists trying to establish an artist's career hate to see their work "flipped" for a quick profit. Mr McCoubrey, for instance, said he had bought work by artists in the heated Asian market at "far, far below auction prices".

Contemporary art has increasingly become the preferred medium of such collections, as businesses try to align themselves with cutting edge, innovative and creative work.

Friedhelm Hütte, global head of Deutsche Bank Art, said contemporary art had become a much more important part of people's lives. "We have more new museums and art magazines, art

The important thing is that companies run a collection professionally. They manage it, show it, and have a proper database inventory and conduct activities directed at the public

- Loa Haagen Pictet, International Association of Corporate Collections of Contemporary Art

fairs, biennales and festivals. People have more interest in museums and a lot of artists are treated almost like pop stars.”

Prices for this segment of the market have soared past those for other types of art in the past decade, their upward trajectory checked by the financial crisis but recovering since 2010. According to the Tefaf Art Market report by consultants Arts Economics, values of postwar and contemporary art rocketed 600 per cent in the decade to 2014.

In the 19th or early 20th century, corporate collections might have reflected the aesthetic whims of a powerful founder or chief executive. But these days most companies put in place formal processes for selecting and buying work and curatorial teams to oversee it. There is also an onus on lending work for public display, running tours or using collections for education.

Loa Haagen Pictet, who chairs the International Association of Corporate Collections of Contemporary Art, said: “The important thing is that companies run a collection professionally. They manage it, show it, and have a proper database inventory and conduct activities directed at the public.”

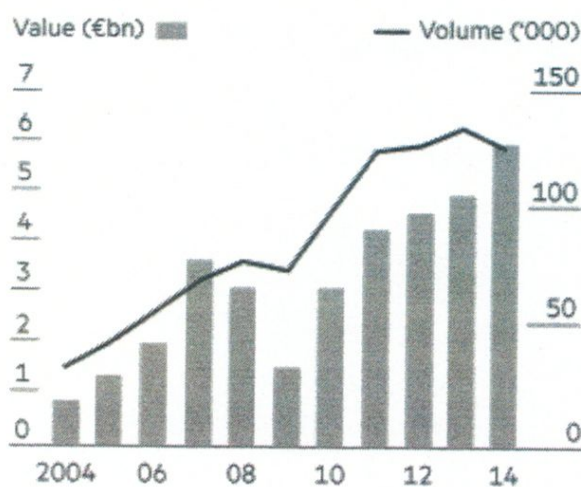
Most corporate curators disavow selling works purely for profit. Nonetheless sales happen: Sotheby's sold \$75m of corporate art in 2014 — minus the buyer's premium. There are several motives.

Even in good times companies may decide to put works on the market to fund new acquisitions or because, after buying another company, they find themselves with a collection that does not suit their preferred public image. After buying US asset manager Scudder Investments in 2002, for instance, Deutsche sold off works from its collection, typified by Midwestern agricultural landscapes.

Purchases of art largely ground to a halt in 2008 and 2009 but curators said this was because the financial slowdown halted banks' plans for new corporate buildings, whose decorative needs remain the primary motive for a buying spree.

Mr Hütte of Deutsche Bank Art said: “Stopping acquisitions was never a serious option. Of course there were times when we spent less or more. But it depends which projects are on the agenda — new buildings, exhibitions or other programmes.”

Postwar and contemporary art sales



Sources: Tefaf; Arts Economics

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Purchases have since recovered: UBS, for instance, started buying again in 2009 and its acquisitions are now back to 2007 levels.

After decades of collecting contemporary art, some companies have accumulated highly sought-after works. Most will lend them out for public exhibitions when asked, usually without a fee. But the bigger collections will sometimes put on more ambitious temporary exhibitions of their own selected works: UBS has held such shows at MoMA in New York, London's Tate Modern and Beijing's National Art Museum of China.

Companies promote the social responsibility of their art activities but corporate collecting also remains what it has always been: good for business. As Kai Kuklinski, chief executive of insurer Axa Art Group, wrote in his foreword to *Global Corporate Collections*: "Broadly speaking, the nature of the patronage afforded to art by both private and mercantile wealth hasn't fundamentally changed since the height of the Medici age."

Businesses build up their troves

Most big corporate art collections are held by financial services companies but some industrial businesses have built up sizeable troves of their own.

Statoil, the Norwegian oil and gas producer, has 1,350 works bought since the early 1990s. These are not only displayed in its administrative offices: on its Grane oil platform, a monumental portrait of a woman by artist Anne-Karin Furunes stands beside the helicopter pad, fashioned from perforated aluminium to withstand the rigours of the North Sea.

Others build public galleries for their work, such as Shiseido, the Japanese cosmetics company which owns 2,500 modern Japanese paintings, sculptures and installations. Its works are put on revolving display at the Shiseido Art House, built in 1978 and free to the public.

For most companies, contemporary art is à la mode but some set narrower criteria: Ritter Sport, the German maker of square chocolates, has assembled more than 1,000 works in a blocky public gallery near its Waldenbuch headquarters. The theme? They are either square shaped or exploring the idea of the square.

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