



FROM DABBLING

Building a successful collection requires more than just persistence and passion. It takes careful planning, execution and care — and an extensive support group.

TO DISTINCTION

AS A COLLECTOR,

making the transition from buying an occasional piece to creating a serious collection can change the rules of the game. From locating key pieces and negotiating their purchase to keeping your collection safe and displaying it properly — not to mention requirements such as financing, insurance and provenance — expanding your collection can prove challenging. The solution? Get help.

To meet these challenges, most collectors assemble a team of experts, such as a dealer, financial advisor, insurance expert and appraiser, when building a collection. As you transition into becoming a serious collector, each of these experts can play a different role while complementing your own individual strengths.

FIND A DEALER WHO FITS

A dealer can be the bridge between a collector and a certain piece of art. As a rule, most dealers cultivate relationships with professionals in

museums, auction houses, art fairs and publishing houses. They often have extensive knowledge about what other collectors may own and what pieces may soon be coming to market.

As a result, an honest, reputable dealer can become one of a collector's best allies. But take into account your dealer's interest in the sale as well, advises Michael Napoliello, co-founder and president of Hermosa Beach, Calif.-based "Gallery C."

"You want a dealer well-versed with blue-chip art, resale markets and auctions," Napoliello says. "The best collectors have many people helping them. They don't want to get boxed in by one person's agenda."

"No one goes into an investment without first contacting their brokers, accountants and attorneys for advice," says Michel Witmer, a leading art expert, advisor and American spokesperson for The European Fine Art Fair in Maastricht, the Netherlands. "It's true in this area, too."

Professional organizations of art and collectible dealers, such as those found in most major cities or national organizations like the Art Dealers Association of America (ADAA), can serve as starting points to find the right dealer.

DON'T NEGLECT THE FINANCIAL SIDE

Once a collection passes a certain threshold (which is likely to vary from collector to collector), a wide range of financial planning considerations can come into play. For example, the money you decide to devote to collecting could affect other financial decisions. So working with your financial advisor becomes important. Overall risk management may also be a factor, as the value of your collection becomes a larger part of overall net worth.

Beyond cash flow and risk management issues, strategies also exist for those “must have” purchases that can stretch even the most robust budget. For example, a line of credit, secured with parts of an already existing collection or other assets, can be arranged to help a collector extend his or her financial reach for an acquisition. Also, a gallery owner may create the opportunity to pay for an item over time, particularly with a more familiar and trusted client, or may offer generous trade-in allowances on previously purchased items. These and other strategies can help a collector make a new, potentially more expensive — but fulfilling — purchase.

Whatever the purchase method, it's important to keep in mind that collection-related decisions aren't always just financial — they're emotional investments, as well.

“It's never just an investment. It adds to our lives,” says Witmer. “At the same time nothing increases in value more than when bought at its lowest price. Even during a recession, art value doesn't diminish. It just means less people buy art.”

PROTECT YOUR INVESTMENT

Since most art and collectibles are, by definition, unique and irreplaceable, a comprehensive paper trail — encompassing as much documentation as possible for the lifespan of any given work — is crucial to protect from theft, damage or other loss. This documentation should focus on three key areas: insurance, appraisals and provenance.

When it comes to selecting an insurer for your collection, Lela Hersh, founder of Museum and Fine Arts Consulting in Highland Park, Ill., suggests you make sure to choose someone who specializes in the field.

“Specialized insurance agents are the best source when insuring high-value collections,” says Hersh, the former director of collections and exhibitions at Chicago's Museum of Contemporary Art. “They understand the market and can get you a better policy with

IS AN ART ADVISOR RIGHT FOR YOU?



Your team may be complete with the prerequisite dealer, financial advisor, insurance expert and appraiser. But if you're just getting started collecting, you may find working with an art advisor helpful.

Although some interchange art dealers and art advisors, art dealers primarily facilitate purchases, while art advisors consult and advise. Some collectors feel strongly that both provide a benefit.

“It's important to work with an advisor because the art world has expanded so widely and internationally that it is almost impossible for a private individual to be kept informed on what is happening globally,” says Kenny Goss, owner of Goss Gallery in Dallas. “Auction houses, galleries, fairs and biennials are too much for a nonprofessional to absorb alone.”

Art advisors can also be of service in recognizing forgeries and fakes, and in examining the item's condition.

“While paintings are glamorous, they are also used goods,” says art advisor Michael Witmer. “A painting that looks perfect on the surface could be the work of a restorer.”

7 GUIDELINES FOR COLLECTING

less paperwork than general insurers. It's best to take a thorough inventory of your holdings, retain all relevant documentation, and get insurance appraisals every three to five years."

The art gallery where a work was purchased will often arrange an insurance appraisal for replacement value. Appraisals, however, can serve other purposes, such as for valuing a work or a collection within your overall financial portfolio. Further, if you decide to use an independent appraiser when preparing to sell an item, make sure that person is familiar with the genre you are collecting.

Over the past few years, provenance, or the history of ownership for a particular work, has become increasingly important. Provenance can help determine the authenticity of a work, establish the work's historical importance and trace the work's legitimacy. As a result, keeping sales receipts, documents relating to provenance and detailed item descriptions in a safe location is good practice.

LEARN ON YOUR OWN

Of course, the role you play in your own collection is half the fun, and there are a myriad of opportunities to bolster your knowledge in a chosen field.

Kenny Goss, owner of Goss Gallery, an international contemporary art gallery in Dallas, advises taking a hands-on approach. "Look at as much art and listen to as much discussion by professionals as possible before making a large purchase," he says. "You can learn so much by just walking around an art fair or a museum opening."

Fortunately, fairs, biennials and art festivals happen frequently enough to find one available almost any time of the year. From Art Basel, which takes place every June and features some of the most exciting modern and contemporary art galleries from around the world, to the Chicago SOFA (Sculpture Objects & Functional Art) show in the fall, which features one-of-a-kind three-dimensional masterworks, you can be exposed to — and educated about — a number of genres.

"Knowledge is power in this area," says Witmer. "[If you want to collect art], start with an art history book, then visit museums. Art fairs and auctions are great places to learn and see what's available. Ask a ton of questions."

FOCUS ON YOUR SUCCESS

No matter how you approach it, building a major collection takes time and teamwork. Identifying experts whose knowledge complements your own will allow you to avoid setbacks and free you up to focus on the aspects of collecting that interested you in the first place. Once you've discovered your passion and found the right partners, the rest is up to you. ■

1. KNOW YOUR SUBJECT. Whatever you collect, learn about its history, availability, market prices and more. "You have to educate yourself in whatever field you're in," says John Sweeney, executive director, Larz Anderson Auto Museum, Brookline, Mass., who maintains collections of vintage cars, motorcycles and more.

2. BUILD STRONG RELATIONSHIPS. Buying from galleries or sellers you know and trust helps you build relationships that can provide leads on pieces in the future — and good advice, says Goss Gallery owner Kenny Goss.

3. RECORD DETAILS METICULOUSLY. The more you record, the better your piece fares for future transactions and valuations.

4. PROTECT THE PROOF. Make sure any collection-related documents are kept in safe, protected, fire-proof places, advises Michel Witmer, American spokesperson for The European Fine Art Fair (TEFAF) in Maastricht, the Netherlands.

5. INVOLVE YOUR INSURANCE COMPANY. And not just for coverage — insurance companies can also provide advice about protecting, displaying and storing collectibles.

6. APPRAISE FREQUENTLY. Many experts recommend getting pieces appraised every three to five years.

7. TAKE CARE OF YOUR COLLECTION. "Collectors are temporary caretakers of things. You're keeping something from going to ruin and caring for it for another generation," says Sweeney.