SPOTLIGHT

Diana D. Brooks

Leading Sotheby's Quiet Revolution

WHEN THE OPENING GAVEL came down at Sotheby's autumn auction of contemporary art on November 1, the room was crowded with elegant buyers eager to see how prices would move at the start of the new season. And tucked into the breast pockets or handbags of many of these buyers was a bidding tool new to the refined Sotheby's saleroom: the American Express card.

The ability to charge a Monet landscape or Chippendale table may not seem revolutionary to most Americans, who are accustomed to using plastic at the mall and the bank. But at Sotheby's, where the flick of a bidding paddle passes for spending money and where financing is negotiated in the back room, the introduction of credit-card shopping is a significant change.

Presiding over this quiet revolution is Diana D. (Dede) Brooks, who has just finished her first six months as president and chief operating officer of Sotheby's Holdings, Inc., the parent company of the auction house, real estate firm, and finance operation. Brooks, a 15-year veteran of Sotheby's, has the weighty assignment of positioning the 250-year-old company for the 21st century. This means shoring up lagging sales while guarding Sotheby's extraordinary franchise as one of the two premier auction houses in the world.

Brooks, who is 44, came to her new post last April with impeccable business credentials—and seemingly no competition for the job. A Yale American studies graduate, she left a lending job at Citibank to join Sotheby's and rapidly rose through the corporate ranks. After only three years at the auction house, she was named chief financial and administrative officer. In 1987 she became president of the crucial North and South American operations. And in April 1993 she was made head of the worldwide auction operation.

A glance at Sotheby's five-year operating figures shows the pressing nature of the challenges she faces. In 1989, the peak earnings year, auction sales totaled \$2.9 billion—a figure that had plummeted to \$1.1 billion by 1991 before easing back up to \$1.3 billion last year. Net income for the period fell from \$112 million in 1989 to just under \$4 million in 1992 and then rose to \$19.3 million in 1993. Half-year 1994 figures show a 9 percent increase in auction sales. Meanwhile, Sotheby's stock has followed a similar trajectory from its 1989 high of \$37 to a low of \$10 and a current price of about \$13.

COURTESY SOTHEBY'S (2)

Diana Brooks with Henry Wyndhym (left), chairman of Sotheby's United Kingdom, and Simon de Pury, chairman of Sotheby's Europe, at Sotheby's 250th anniversary party in London last March.

Brooks is a direct, enthusiastic businesswoman who can insist in the same breath that she "loves change" and is a "great traditionalist"—and you believe her. The change she envisions for Sotheby's encompasses everything from the American Express arrangement to identifying new clients and markets ("the core of our business") to investigating how to use new technology. "I can see a time when much of what is now on paper is on CD-ROM," she says. Buyers may be able to "view" treasures by computer and bid by teleconference.

But Brooks's balancing act requires that she also maintain the image of Sotheby's as a preserve of connoisseurship. "The engine of this place really is the expert departments," Brooks says. "If we have that right, we'll do just fine."

A tall blonde with an open manner and ready laugh, Brooks wins kudos from many employees, who praise her hands-on management style in all areas of the business and her willingness to take risks. A marked contrast to her more corporate predecessor, Michael Ainslie, Brooks has made it a point to know as many employees as possible—a difficult task in a company that encompasses 36 countries and 24 time zones.

Last summer, for example, Brooks convened an all-staff meeting to discuss AIDS. Sotheby's has been hit hard by the disease, and the health of one of its beloved employees, senior auctioneer and decorative-arts guru Robert Woolley, had begun to decline. Woolley and Brooks, as well as Mary Fisher (daughter of Sotheby's vice chairman Max Fisher), who described her own experience with AIDS, addressed the group.

Another issue important to Brooks is providing role models for women. She reports proudly that her policy of giving parents flexibility in their work schedules has led to a particularly high rate of women returning to work after childbirth. She notes that 60 percent of Sotheby's senior vice presidents now are women and that 5 of the 14 U.S. board members are women. The holding company still has only one woman on its board: Brooks.

But she, too, feels the lack of role models. A mother of two teenagers, Brooks says she experiences tremendous guilt about the toll her job takes on her family—despite the support of her husband, Michael C. Brooks. "I wish I had a woman [mentor] who could say, 'I'm not going to tell you it's easy, but you're not destroying your kids as long as you are there for them,'" she says.

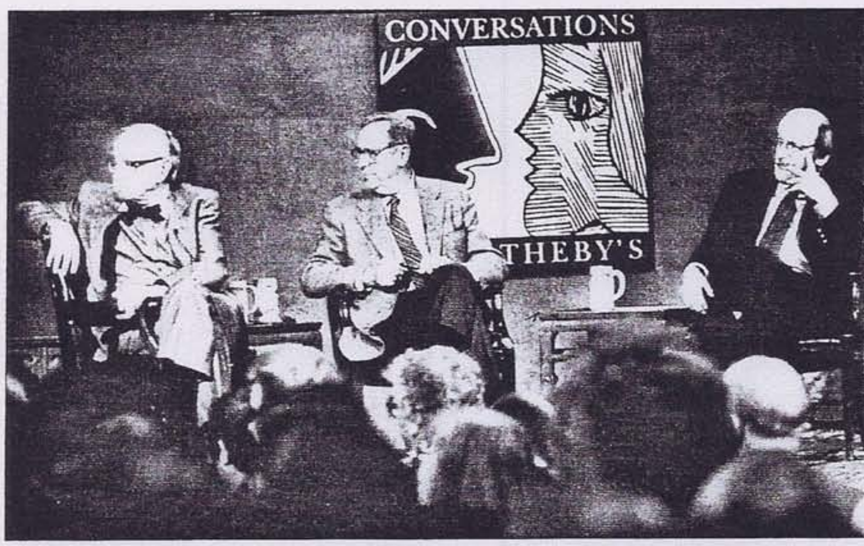
Brooks's travel schedule takes her away from home an average of two weeks every month—and lately much of that time has been spent at Sotheby's struggling London operation. By the time Brooks succeeded Ainslie last April, her cost-cutting and management strategies were well in place in the North American operation. But in London, where the recession had ravaged sales, change has been slower in coming.

In one of her first acts there, Brooks moved the Bond Street executive offices off the remote floor where they had long resided and right into the heart of the operation—a switch designed to make managers more accessible to the rank-and-file. And, along with "modest" staff cutbacks, Brooks remade the European management team: George Bailey was named the new British managing director; Simon de Pury became chairman of Sotheby's Europe; and Henry Wyndhym, chairman of Sotheby's United Kingdom.

Her strategy in London has earned her some detractors. When Impressionist-art expert and auctioneer Julian Barrans asked to be moved from Paris to London last year, the 23-year veteran of Sotheby's was told there wasn't room on the Bond Street staff, due to cutbacks. He resigned, claiming that such reductions were affecting the scholarship of the auction house.

Brooks maintains that it's absolutely not true that the company is scrimping on that layer of talent. In fact, she argues, the firm employs more experts today than it did ten years ago—and has worked hard to enhance the overall level of its expertise. She points to recent hires Paul Needham, the former curator of printed books at the Morgan Library, who is now in charge of the New York book department, and Suzanne Mitchell, former Asian art director at the Detroit Institute of Art, who now directs the Asian art department in New York.

The past decade saw the market heat up to unprecedented levels—and then decline precipitously for both Sotheby's and its rival Christie's. Wall Street bankers who had benefited from the mergers-and-acquisitions mania suddenly lost their bonuses—or their jobs—and stayed away from the sales. Japanese buyers, who had been responsible for much of the price increase in the Impressionist painting category, quickly withdrew. Collectors stopped selling major work, awaiting a market correction. And dealers found themselves saddled with expensive inventory they couldn't sell. Many left the auction market embittered and have yet to return in large numbers.



COURTESY SOTHEBY'S

As part of the plan to entice new people through its doors, Sotheby's has begun a lecture series, featuring the likes of (from left) Arthur M. Schlesinger, Jr., John Chancellor, and E. L. Doctorow.

"I don't have anything good to say about the auction houses," complains a major New York contemporary art dealer, who asked not to be identified. "They make no investment or commitment to anything." He and other dealers complain that by pricing work too high and by allowing too much mediocre material into the sales during the 1980s, the auction houses "burned" the prices of major work by respected artists for a long time to come. "If they ruin the art market, they don't care," the dealer continues. "They have diamonds and stamps and real estate and everything else to sell."

Jennifer Vorbach, director of New York's C&M Arts, agrees that "there are times when more editing [of auction material] would be appropriate." But, she adds, "nobody complained about the prices when they were going up."

"There is a real underpinning of bitterness because Sotheby's and Christie's have [allegedly] driven down prices," Brooks acknowledges. But she contends that the auction houses don't create the art market but rather reflect it: "We can only put up for sale what people give us."

Still, Brooks sees a rapprochement with dealers as one of her most pressing tasks. The absence of the dealers from the auctions has made the market more "fragile." Whereas a sale used to be considered successful only if virtually everything sold, Brooks says, "without the dealers participating, I now consider a sale successful if we sell 70 percent of what we're offering."

Much of what dealers grouse about has been going on for the past several decades, as the distinctions between private galleries and auction houses have blurred. Sotheby's and Christie's used to slap a reproduction of a painting in a catalogue; it was then up to the client to investigate the artist and the picture's merit. Today, auction catalogues are sought after for their scholarly content. "When the auction was a clearinghouse, they never wrote blurbs, they never put work in context," Vorbach says. "That used to be the province of the dealer."

Brooks clearly sees Sotheby's as less and less of a passive clearinghouse. She recently plowed resources into the company's client advisory division, which operates "kind of like a private banking operation" for select clients. The ten professionals in this area contact clients when certain works come up for sale, put them in touch with experts, and work out financing strategies. And the experts the company has long employed are being urged to hone their "people skills" to court clients; in some cases, employees who are unable to adapt to this marketing role are being let go.

Sotheby's also says it is "receptive" to other deals like the one it pioneered in 1990, under Brooks's leadership, with New York art dealer William Acquavella. In that venture, the auction house and Acquavella bought outright the $142.8 million inventory of the Pierre Matisse Gallery, which they have been selling gradually through auction and the gallery. Sotheby's also provided the financing for the arrangement, marking the first time an auction house had purchased works of art outright.

Understandably, the transaction made many dealers nervous. But New York gallery owner André Emmerich maintains that the joint venture was an "affirmation" of the vital role galleries play in selling art. "Acquavella's a full half-partner," Emmerich notes. "Why? Because they need him."

Sotheby's has used its 250th anniversary this year to demystify itself and entice new people through its doors. Brooks hired consultant Inger McCabe Elliot to organize lectures drawing on New York's artistic and intellectual talent, including such people as Jules Feiffer and Maurice Sendak. The series has been selling out, with proceeds going to the Lenox Hill Neighborhood House. Elliott also has been throwing dinner parties to introduce Brooks to prominent New Yorkers—that is, potential clients.

The American Express deal, announced to cardholders in their summer newsletters, is a key component of this push for new buyers. Brooks and her marketing executives believe that Sotheby's has been viewed by many potential buyers as too remote, unapproachable, and even arrogant. American Express will offer the auction house a broader marketing base and should help break down some of the barriers new clients might feel. Brooks also believes that the charge card will solve currency-exchange problems for many customers who buy at auction in different markets around the world. As it does with all its members, American Express will assume the financial risk of collecting for purchases made with the card; Sotheby's will pay American Express the standard 5 percent commission.

Brooks credits her marketing department with the idea, and she gave it the go-ahead after what must have been a period of careful review: after all, it is rather jarring to open an American Express newsletter and find Sotheby's and Fay's Drugs, a discount chain, side by side.

Talk to anyone who knows Brooks and the one word used to describe her is "energetic." And she's going to need every ounce of that energy to accomplish the goals she has set for herself—"to build a worldwide organization that exemplifies scholarship and expertise, is based on teamwork, provides superior service to clients whether they are in Hong Kong, Frankfurt, London, or New York, and acknowledges its position and responsibility as a member of the international art community." GAIL GREGG

Gail Gregg is a New York painter and writer.