

All the way back in 2019, I received a message that changed the direction of this podcast forever. It was from Tristan, who is one of the co-founders of Readwise. He said, hey, I love the podcast. And he told me about the Readwise product. I responded, thanks, Tristan. Love the idea behind Readwise. I will definitely check it out. I had no idea that I would become a super user of his product. And so over the years, I've added my highlights and notes for over 300 books. I have over 20,000 highlights and notes for the books that I've read for the podcast. And because I can search every single thing I've ever done, I use Readwise every day. I never close the browser tab. The tab on Readwise is always open because as I'm reading, as I'm thinking, as I'm researching, I'm constantly going in and rereading all my notes and highlights.

And you might already know this because every other podcast I go on, I talk about Readwise. I tweet about it. I post about it constantly. I've been saying for years, it is the best app that I pay for. And because I go around shouting about how great it is from the mountaintops, I get a bunch of messages. Nearly every day, people have asked me, hey, is there a possibility that I can actually get access to your Readwise?

And this happened so much for so long. And I thought it was like a superpower of mine. So I was like, no, no, no, no. And then I started thinking, well, why is everybody want this? Why do they keep asking for this? And I thought about it. Well, if you think about this, has anybody else in the world read this many biographies of history's greatest entrepreneurs obsessively taking notes on it, obsessively highlighted it? And I was like, oh, they want access because it's the world's most valuable notebook for founders.

And I think people understood that instinctively. In fact, there's a line in poor Charlie's Almanac that said that there's answers worth billions of dollars and a \$30 history book. And I think that's the case for my notebook as well. So a few months ago, I went to the founders of Readwise, Tristan and Daniel, and I asked, hey, is there a way we can build a product together that actually mirrors what I see? I want a way for people that want to subscribe to my notes and highlights to see exactly what I see, they can search by book, they can search by keyword, they can get access to the highlights feed, which is essentially what I call smart Twitter feed. It is a feed of short little highlights and notes from all different books on one page.

And I also wanted people to see all the highlights that I've actually favored it. So so far, I've favored it 839 highlights. And so that's exactly what we built together. You can find it at [foundersnotes.com](https://foundersnotes.com). I will also leave the link down below in the show notes. And because this is brand new, it's actually half the price of what it's eventually going to be. It's not even a landing page. You just go to [foundersnotes.com](https://foundersnotes.com), sign up and subscribe, and then you get immediate access. And it's important to note that I made this for founders already running successful companies. I think that's who's going to get the most value out of it. Those are also usually the most committed people. There is no monthly option. You can only subscribe for a year. It is only made for the already committed. And these kind of founders, and I include myself in there, they just want the best way to reference the thoughts and ideas of history's greatest founders, and then they'll figure out how to apply what they're learning directly to their company. So if this is you, I encourage you to test it out for a year. You'll have access to the world's most valuable notebook for founders. And I think the value you'll receive, because the value I've gotten out of it has been incredible. And I think that'll be the same case

for you. If you wind up subscribing, make sure you keep it once you're in, make sure you just keep it in your browser. This is how I use it. The tab is always open on my computer. I'm referencing it dozens of times a day. It is a product I can get behind fully because I use it every day. You're literally seeing what I see. So if this sounds interesting to you, and you want to get access, go to [foundersnotes.com](https://foundersnotes.com). Larry Gagosian is not a household name for most Americans. But among the famous and the wealthy, and particularly among the very wealthy, he is a figure of colossal repute. He is dubious of art dealers who refer to themselves as gallerists, which he regards as a pretentious euphemism that obscures the mercantile essence of the occupation. He has always favored a certain macho bluntness and calls himself a dealer without apology. With 19 galleries that bear his name, from New York to London to Athens to Hong Kong, generating more than a billion dollars in annual revenue, Gagosian may well be the biggest art dealer in the history of the world. The business which he owns without a partner or a shareholder, or really anyone to answer to, controls more than 200,000 square feet of prime real estate. Gagosian has more exhibition space than most museums, and he shuttles among his outposts on his 60 million dollar private jet. He's been known to observe with the satisfaction of Alexander the Great that the sun never sets on my gallery. That was an excerpt from this profile written on Larry Gagosian that appeared in New Yorker Magazine. It's what I'm going to talk to you about today. It is titled How Larry Gagosian Reshaped the Art World. I loved the subtitle. He immediately drew me in. It says, the dealer has been so successful selling art to masters of the universe that he has become one of them. Okay, so before I jump back into this incredible, incredible profile on Larry Gagosian, I started reading it and I couldn't put it down. I was like, okay, that's a clear sign to me that I should do a podcast on it. I was not expecting to do a podcast on it. In fact, I didn't even know it existed before a week ago. I just did this live show in New York City with Patrick O'Shaughnessy, and there's this guy named Jackson Dahl who I've exchanged a few messages with. I was actually supposed to meet when I was in New York, and he went to the show, and me and Patrick were talking about this idea where if you look at history's greatest entrepreneurs, like, are they very introspective people? And my answer to that question was like, no, not really. They have such an extreme bias for action. They tend to just put all their energy and focus into what they're doing. And so after the show, Jackson sent this message. He says, the conversation about self-reflection reminded me of this incredible section from the New Yorker profile on Gagosian. And so he highlights this section, which I'll cover later, but I read this highlight. It is like two sentences, and I was like, oh, this is my kind of guy. So that made me read the profile, and then I love the profile so much, and I want to talk to you about it. But this is what the highlighted section that Jackson sent me was. It was fascinating. It says, Gagosian's response was that he avoids self-reflection, because that is how you quote, lose your edge. And then it quotes this art critic who knew Gagosian and describes him this way. We think of genius as being complicated, but geniuses have the fewest moving parts. Gagosian is simple. He's basically a shark, a feeding machine. That is absolutely excellent. That is something I've noticed about a lot of people that get the top of their profession. They master the fundamentals. This reminded me of one of my favorite quotes, which I keep saved on my phone, and I look at all the time as a way to kind of re-center, because there's a lot of times where I drift and I do too much, and I'm kind of over-complicating things. And so I read this. It says, a novice is easily spotted because they do too much, too many ingredients, too many movements,

too much explanation. A master uses the fewest motions required to fulfill their intention. Remember that sentence as we go through Larry Gagosian's story today. A master uses the fewest motions required to fulfill their intention. There is a genius in the simplicity that he applies to his craft. So I want to go back to that opening paragraph, because it says this speaks to the fact that he's constantly referred to as like a shark or a tiger. And it says, he is dubious of art dealers who refer to themselves as gallerists. So he says, I'm an art dealer. Other people that have the exact same job he does, they say I'm a gallerist, which he regards as a pretentious euphemism that obscures the mercantile essence of the occupation. That is a fancy way to say what David Ogrevy discovered about the advertising business. He says, we sell or else. He comes into the advertising business and he talks about, oh, these people think they're artists or they're trying to impress like the newspapers or the magazines or trying to win awards. He's like, I don't care about any of that. Our customers are hiring us to sell more of their product. And Ogrevy's point was that if you're an advertiser and you're focused on competing for advertising awards or you're trying to make your ads seem like a work of art, you're obscuring the mercantile essence of the occupation, which is we sell or else. That is going to come up over and over and over again, because his critics, Larry Gagosian's critics use that. They're like, oh, well, this is supposed to be about art, this is supposed to be about beauty, and he makes about commerce. And that is a very common sense approach that Larry Gagosian has to his business,

because he's like, yeah, you're creating something. It is a piece of art, but at some point money has to change hands or all of this falls apart. So let's not hide what we're doing here. We are selling a product. And then quickly before I move on to the next highlight, just this idea that, hey, he has a business that's over a billion dollars a year in revenue. He's got galleries all over the world and he owns it without a partner, a shareholder or anyone else to answer to. Can't help but think of James Dyson in that situation. The point of what he's trying to teach you in James Dyson's autobiography, which I covered all the way back on episode 300, and I'll cover again on episode 400, is about the importance of control. What Dyson repeats over and over again is difference

and retention of total control. And you'll see the fact that he has complete control over all aspects of his business allows him to come up with maybe different ideas than some of his competitors.

So let's jump right into that. So traditionally, the model for art dealers has been to bet on raw talent and then support these artists and to work by some of themselves well enough to cover the bets made by all others. So in the startup ecosystem, that's going to sound a lot like seed investments by angels or venture capitalists. There is no seed investment from Larry Gagosian in the system that he pioneered. He does not even bother with nascent artists. He has said plainly that an artist must achieve a certain amount of sales metrics before he'll consider getting involved. He is content to let other people do the wild catting. Let them drill the wells. He will wait till that well is producing oil to then get involved. So essentially, he uses his size to his advantage. Once they've discovered an unknown artist and nurtured her into a valuable

commodity, he can lure that artist away with promises of more money, more support, and a bigger platform. And so you might be able to guess the census that comes next because in any industry at any time, anytime somebody stacks these bunch of these unfair advantages on one

on top of another and then gets a bunch of size and then uses that size to their advantage, they're described the same way by people that lack those resources and lack the ability to do so. So it says when contemporaries, meaning his competitors, describe him, they tend to summon carnivore analogies, a tiger, a shark, a snake. His own publicist once described him as a real killer. And so on the next page, actually printed this out, it's 77 pages when you print it out, talks about the fact that there is part of his empire that is very confusing to a lot of his competitors. And then the fact that he has to have a high level of overhead and he operates on a much grander scale than any other art dealer. And so he has these lavish estates all across the world.

He hosts these really expensive parties, but they're not really parties. You can clearly see what he's doing and we'll go into that the fact that they're essentially just their sales events just disguised as a party. So I'm just going to read through this and we'll get to I think where these people are confused, but we've actually seen people use what other people think are liabilities as assets. And I'll get to that in one second. So he talks about, hey, he's obsessed with control, he wants to host the parties, right? He doesn't want to go to other people's parties, he wants to host. And so they have that he has essentially his own social calendar called Larry Parties. There's a Memorial Day party at like his beachfront mansion in Long Island. He also throws a Labor Day party there. He hosts a dinner and art basil in Switzerland. He has a Cliffside house in Capri. He throws a New Year's Eve party at his place in St. Bart's. He hosts a pre-Oscar party at his home in Los Angeles. It goes on and on and on. And so this is the line that really jumped out on me. It says, the sheer magnitude of his overhead is a source of envy and confusion. Other dealers are just dumbstruck that Larry could possibly be making any money because he has such a high overhead.

And so when I got to this section, I thought about where is the source of confusion? Like, why are they so confused with what Larry Gagosian is doing? Because if you listen to founders, I think this is obvious. Like, they, from the outside, they think these things are liabilities when we know that they're assets. And so if you go back and I've done a bunch of episodes on the people that made a lot of money in shipping. So think of Daniel Ludwig, the invisible billionaire episode 292. I've done multiple episodes on Aristotle and Nasus, and they both arrived at the same conclusion. They invested heavily, heavily in some of the world's most luxurious yachts, right? I think they owned some of the biggest, most luxurious yachts at the time that they were alive. And there's a line in the invisible billionaire where Daniel Ludwig, he's made multiple fortunes, but his first fortune was on owning a bunch of super tankers and hauling oil, right? And he said he made more money from his yacht than all of his super tankers combined. What the hell does that mean? He's not even on the yacht most of the time. I think like more than 70 or maybe 90% of the time, his yacht was just circling the globe. He wasn't on it. He would use it to close deals. So let's say you're the sovereign leader of an oil producing country, and you're spending a week or two with Daniel on his yacht. And it's one of the greatest experiences you've ever had. You're more likely to give him that contract. Just like if you're at Larry's house in St. Bart's, and the walls are covered in pieces of art, and you're like, oh, I love that art. Everything around this guy is for sale. He'll talk about this over and over again. Bernardo and all goes to his townhouse, Larry's townhouse in New York City. He's like, oh, I like this chair. And Larry's like, okay, you can have it. This still goes on today,

things like mansions, yachts, private jets. These can be assets, especially, so this happens because I know a bunch of friends. I have a bunch of friends that, you know, they run startups, they raise money, usually they're raising money from, you know, people worth 500 million, multi-billionaires. And I've heard stories. It's like, yeah, this guy wanted in on the deal. He chauffeured me and my co-founder in his private helicopter, and we landed on his Hamptons estate.

And imagine you're some 25-year-old kid that did not come from a world like this, and now you have this world-famous investor sitting across from you offering your term sheet, and you just flew you in, and you're staying at his mansion in the Hamptons over the weekend. Like, you know this has influence. The principle behind all this, the principle behind the fabulous Greeks, the shipping magnets, the angel investors in venture capitalists, private markets investors, and Gagosian selling art. It's the same principle behind all of it. And so just keep that in mind as we go through the rest of the profile, because it is, there is like, we think of genius as being complicated, but geniuses have the fewest moving parts. Gagosian is simple. He's basically a shark. He's a feeding machine. He tells you right up front, everything he's doing is serving that one purpose, which is to sell more art. He makes himself very, very easy to interface with, and he has achieved such outside success in doing so that there's a line that he's really transformed himself. He says, Gagosian has been so successful selling art to the masters of the universe that somewhere along the line, he stopped being their servant, and now he is one of them. And one thing that Gagosian understands is that outside profits flow to people that are selling things where there isn't a substitute. He sells things that aren't even for sale. Listen to this. Unlike many luxury items, artworks tend to be unique objects. They're one of one in the parlance of the trade. So then Mark Jacobs is being interviewed for this, and he's telling the writer a story about Gagosian. Mark Jacobs told me Larry sells things that aren't for sale. Typically the most coveted items become available only when the previous owner dies or gets divorced or goes bankrupt. An elite dealer like Gagosian can sometimes rest away a treasure by offering the new owner. Ideally someone he knows everything on this, everything will run on relationships. This is another huge important insight that he understood really, really early. The entire world runs on relationships. The entire art world runs on relationships. He really, he literally builds a treasure map of where all these assets are. There's no centralized directory on where the great masterpieces are. And so he'll just call, he'll make a hundred cold calls a day, mapping out who owns what, where it's at, and who I connect, and who will sell what to this other person. It's fantastic. And of course, he's sitting in the middle, creating the market, and it makes money on both sides. It's insane. So it says, elite dealer like Gagosian can sometimes rest away a treasure by offering the owner, ideally someone he knows, a whopping premium.

If you want a specific art piece, you call Gagosian to help you find one hanging on someone else's wall, and then you make the owner an offer that he can't refuse. If the owner does refuse, you then double the offer. And then if he refuses again, you double it again. It is the super rich equivalent of ordering off the menu. And then there's another surprising aspect that Gagosian built his business around. And it's the fact that there is status anxiety. Think about it. He built a business around the person who already has it all. They have all the money, they have all the toys, yet they're still even at that level, status anxiety that is not spoken about. Listen to this part. Gagosian maintains his influence by attending to the discrete status anxiety of the buyer who

already has everything. People in the art world are incredibly insecure. The richest guy walks into the room. He wants a certain painting, but he cannot get it. Immediately he becomes insecure. This is part of what Larry does. He exploits that a friend of Gagosians describes attending a dinner party at his Manhattan townhouse along with a fabulously wealthy tech founder and witnessing a look of real consternation on the young man's face as it dawned on him that for all his money and power, he was not as connected as Gagosian. This tech founder has more money than Gagosian, even though they're both very wealthy, right? But Gagosian has something that he lacks. He has the social status. He's in the right quote unquote circles. And so this is the crazy part. He inverted, talk about Gagosian, he inverted this thing where normally the art dealers were trying to emulate their clients. Larry's clients are trying to emulate him. And of course, this next section is so important. Of course, there is always a blueprint. There is a blueprint. There is always a blueprint. And of course, Larry Gagosian reads biographies. Gagosian is running the playbook of this guy that lived a long time before him that had his same job named Joseph Duveen. This is incredible. Gagosian isn't the first to pull off this transposition. He is a big reader and one of his favorite subjects is the life of Joseph Duveen, the great art dealer who helped assemble the art collections of Andrew Mellon, JP Morgan, and other robber barons. There are several biographies of Joseph Duveen and Gagosian inform me that he has read them all. One thing that Duveen did that Gagosian is also doing is Duveen made a point of showing his clients that he lived better than they did. And this is what I mentioned earlier that everything Gagosian does serves his main purpose, right? Numerous friends of Gagosian caution me not to mistake this merry-go-round of parties and gallows and super yacht cruises for a life of leisure. This guy is always working. This motherfucker works 24 seven. All of the fun dinners, they have a reason for being fun. The parties are marketing showcases in disguise. And so ever since I did that podcast on Bernard Arnault, it's episode 296 if you haven't listened to it yet, I've just been fascinated with trying to collect as many stories about him as possible. And there's actually he appears, I mentioned this earlier, but he appears in this piece. And so he's at Gagosian's townhouse in Manhattan. And he says,

Arnault expressed enthusiasm for some art on display. And I told him, everything here is for sale. You want to buy this chair? You can buy this chair. You want to buy the painting? Just ask. It is all for sale. This is what I mean about Gagosian just makes it really easy to interface with him. He's a shark for sales, right? Gagosian insisted to me that he does not sell art out of his house and then allowed that he actually, I love that. I don't do that. Oh, yeah, I actually do that. He's just hilarious. And he says a true dealer knows that everything has a price. And the best way to raise the price of something is to say that you would never sell it. That is actually not a direct quote from Gagosian, but that does describe him. So let me say it again. A true dealer knows that everything has a price. And the best way to raise the price of something is to say that you would never sell it. And so the majority of this piece focuses on Larry's business, how he built the business, what it looked like in the early days, what it looks like now. There's not a lot of family history, but it is fascinating, because you and I talk about this over and over again, that you can always understand the son by the story of the father. The story of the father is embedded in the son. They do bring up the fact that his early life, he was exposed to, his dad was a bit of a drunk and a gambler and rather financially illiterate. Another example of one of my favorite quotes from Game of Thrones, those on the margins often come to control the center. Those on the margins often come to control the center. Gagosian did not start life as an

insider. He grew up in a middle class Armenian American family. His father was an accountant who later retrained to be a stockbroker. It wasn't a happy childhood. His father liked to gamble, so he's now Gagosian is talking about his dad. His dad's name is Ara. Ara liked to gamble more than he should. He drank more than he should. Still describing his dad, his life didn't seem particularly disciplined. Most of his stockbroking consisted of trying to talk his relatives into buying securities from him. His dad dies of lung cancer at the early age of 59 years old. At that time, Gagosian is only 24. This is really interesting that Gagosian, anybody who describes him now, is super ambitious. He's working all the time. He knows what he wants and he's chasing after, but in his early life, he did not have that. His early years, meaning his early 20s, had a notable deficit of the quality that has now come to define his life, ambition. He dropped out of college twice and it took him six years to finally graduate. He held down a string of menial jobs. He worked in a record store. He worked at a grocery store. He worked a graveyard shift at a gas station. Then he became an assistant at the William Morris Agency. It's amazing how all these stories connect together. I've done it many, many years ago. I did a podcast on Michael Ovitz. I'll eventually reread that book and there's a second book about the founding of CAA, the firm that Ovitz started, that I'm going to read and make a podcast on as well. But he is actually, at this time, Gagosian is working as Michael Ovitz's assistant. I think he's working like 60 hours a week for like 90 bucks. It was working in this office environment. He's like, oh, I'm never going to work in an office environment ever. He hated the airless corporate environment and the jockeying of his colleagues, likening the experience to a knife fight in a phone booth. Ovitz was interviewed for this piece too and he says something that was fascinating. He says that he believed that Gagosian could have made a formidable agent because he said that art dealing and being an agent, the vocations are similar. You are buying and selling. That is really the view that I have of Gagosian in my mind after reading this. He's just a master salesman and he doesn't try to hide that. He understands that artists are usually internally driven. They want to create artworks of art because they have the compulsion and desire to, but he makes it easy for them to do that for a living because he makes sure that their bank accounts stay full. And you know that because how he got into the business. So he quits with the William Morris agency. He's like, I don't want to work in an office. And so he goes and gets a job as a parking attendant and he's in Westwood. This is in LA. He says that one day he noticed a street vendor selling posters at the edge of the parking lot. This is his first exposure to the art world. Selling posters of cats, right? On the street. And so he's parking cars. He noticed a street vendor that's selling posters at the edge of the parking lot that he's at. If Gagosian possesses one secret weapon that has equipped him for success, it might be his disinhibition. That is not a common, you probably know what it means, that's not a common word. So I went and looked it up. Disinhibition, the inability to withhold an inappropriate or unwanted behavior, the inability to withhold an inappropriate or unwanted behavior. Gagosian is going to be a very, very polarizing figure. You either love him or you hate him, but you are compelled to have some kind of opinion about what's going on. And so this is what they mean about disinhibition and why it is probably a weapon that he has wielded for amazing success because this is like 40 years later, he's still in this business. So he goes over to the vendor and he's just checking out what he's selling. It's a kitten, a picture of a kitten playing with a ball of yarn. So Gagosian proceeded to, in his words, copy this guy's business. Gagosian started buying directly from the firm because he found out where the poster, who's the supplier of the posters?

Figure out who the supplier of the posters for. He says, okay, I'll buy directly and I will start doing this because this is a way to make money and I can do this outside. I don't have to be inside in an office. So he starts buying directly from the firm and selling on his own. Art was an arbitrary choice. This is very important. Art was an arbitrary choice. If the guy had been selling belt buckles, Gagosian said, I might have tried to sell belt buckles. He just wanted a product that one he knew was already selling and two, then he would just sell it. But the difference between Gagosian and this guy that he found at the edge of the parking lot is the guy at the edge of the parking lot stopped there. Gagosian is relentless. He's focused on one thing and he relentlessly improves that. So what does he do? He adds a cheap frame to the kitten poster playing with the ball of yard. Why does he do that? By adding a cheap frame, he discovered he could sell a \$2 poster at a considerable markup. He started charging \$15. He starts making so much money. He's able to lease a little patio and he starts to sell these frame posters to passerbys on this avenue. Then he began letting local crafts people sell leather goods and other trinkets on his patio in exchange for \$6 a day in rent and 10% of their gross sales. He called this the open gallery. He's doing this in the year 1972. That would make Gagosian 27 years all the time and 51 years later he is still in the art dealing business. And it's important to note that he starts a business without knowing how to run a business. So he starts hiring people. When he's just a one-man shop, he's making a bunch of money. Then he leases the patio in the real estate. Then he hires a bunch of other people and he's just having trouble. His revenue sources are unpredictable.

So he's got a bunch of unpaid bills. He's got creditors chasing him down. He almost had his car repoed one time. The few employees that he does have, they know that when he issues paychecks, they literally have to run to the bank and whoever gets there first is the one that actually gets paid before those other checks bounce. So he didn't know what he was doing, but he's a very quick learner and soon he learns how to run a business. And so then he's like, okay, I don't want to just sit here and sell cat posters all day. Like what else can I do? And he figures out, this is how he becomes a very, very novice art dealer. And so his interest in defined art, he starts caring mostly prints and photographs. And he's doing this at a time where there's, in the early 1970s, in LA, there's a lot of young, they call them young Hollywood types, who were starting to collect art. And they would get drawn in by something in the window outside of Gagosian's gallery, if you want to call it a gallery at this point. And then they find themselves in conversation, it says they find themselves in conversation with the eager Gagosian proprietor. Gagosian had no training in art history, but he was a quick learner. And so this woman that he was dating at the time said, next to his bed, he had all these stacks of art books, he was really studying. And so in addition to books, he's also reading all the trade magazines, trying to familiarize himself and trying to teach himself this industry. And this is actually really important because as he's looking through a magazine one day, he comes across a series of photographs he liked. This goes back to his disinhibition. So he's like, oh, I'm just going to cold call this guy. So he calls the, he looks up who the photographer is, it's this photographer in New York named Ralph Gibson. And Gagosian gets Gibson on the phone and says, hey, I've got a gallery in the West Coast, your stuff's only available in New York. Why don't we do an exhibition, a West Coast exhibition of your photographer, and we do it at my gallery. And so at the time, Gibson is selling prints to his work for like \$200 a pop. And he says, okay, I guess we can do this. What's the downside? But you have to buy three or four of these as a guarantee to make sure



like it's worth my time. And so Gagosian does something very smart. He immediately gets on a plane, goes to New York with a check in hand to meet Gibson in person. This changes his life. A cold call changes his life because Gibson at the time was represented by maybe the most legendary

or one of the most legendary art dealers in New York at the time, this guy named Leo Castelli. A description of Leo Castelli in those days in the art world, they called him the Pope, the Pope of art dealers. And then immediately, because Gagosian knows that building relationships run everything, you have to build relationships, he starts building a relationship with a much older art dealer and Leo took a liking to him. And so Gagosian talks about like, well, why like Leo could, you know, build a relationship with any young art dealers, like why is he doing that with you? And then this goes back to the main theme, why, why, what got me interested in reading this profile to begin with. Genius is easy to understand. He makes himself unbelievably easy to interface with just like Steve Jobs did. Steve Jobs did it in three words, insanely great products.

If you're interested in building insanely great products, come work with me. If you're interested in buying insanely great products, buy my products, he's so easy to understand. And so Gagosian says that his impatience with the art world pretense may have endured him to Leo Castelli. I did not do a lot of blah, blah, blah. I think my bluntness appealed to him. So they start building a relationship. Gagosian got on the plane. That is so important. Get on the plane, gets to New York. So now he's building this relationship. He's actually moves. He moves his entire operation to New York. I think he's 40 when he does that. And so he's spending a lot of time in New York with Leo Castelli. And they're walking down the street. This is going to be a new, like another very, very important relationship. And he notices that Castelli says hi to this guy walking in the direction. And Gagosian says, who was that? And he says, that is Psy Newhouse. He can buy anything he wants. Psy Newhouse actually owned, or I think he used to, I don't know, he's passed away now, but he had a media empire and he actually used to own the New Yorker. In fact, I'm doing some research on this Anna Winter episode. And he actually hires Anna Winter and puts her, I think, the head of Vogue. I may have that wrong, but when I do the Anna Winter episode, I'll make sure I get it right. So anyways, it's just fascinating how they all connect. So he's like, oh, that was Psy Newhouse. He can buy anything he wants. Go back to disinhibition. Gagosian immediately doubles back and introduces himself and says, give me your number without an ounce of

blah, blah, blah. It was one of the most fateful introductions of his life. And so Psy Newhouse will appear again. I want to go into another genius thing that Gagosian did. And essentially, he created his own niche. And it's completely different what his mentor, Leo Castelli, was doing. So think about this. I says Leo Castelli specialized in what is known as the primary market. He guided the careers of living artists and sold their new work in exchange for commission. He took pride in spotting talent. And so Castelli would find an unknown artist say, hey, I want to represent you. And usually the commission percentages vary. But for the primary market, a piece of art that has never been sold before, it's kind of crazy. But the artist will give up about 50% to the art dealer like a Castelli. But what Gagosian realizes is like, well, you have to do what you can, where you are with what you have. And he's like, I can't do that because I don't have any relationships with artists. So his niche is going to be the secondary market. And he's going to drastically expand. And this market's going to explode. And this is where the base of his wealth is going to come from. Gagosian had no relationships with artists,

so he couldn't be a primary dealer. What he did have was a gallery in Los Angeles, access to an untapped ecosystem of West Coast collectors. So collectors in their parlance, you and I would call that customers. And Gagosian had Hutzpah. Castelli was aristocratic and civilized. Gagosian was a tiger. And then the other difference between Gagosian and Castelli is Gagosian wanted his, he wanted to build a business around the richest people in the world. Castelli said that one of the best skills and traits that Gagosian had was the fact that he knew how to deal with very rich people. And this is why he wants to deal with very rich people, because he's like, well, who owns all the art? If I build relationships with people that already own art, I can convince them to sell it. And in doing so, I'm creating my own market. In pursuing a very rich clientele, Gagosian carved out a very different niche from Castelli's, one that harked back to Duveen that shows the Duveen's relationship with the robber barons. Remember, he's reading the biographies as well, essentially going to run Duveen's playbook. The secondary market involves the buying and selling of previously owned work. Castelli had little interest in it. And this is why it was seen as a low status thing. This sounds crazy to us today, but at this time, the secondary business was perceived as a backwater by dealers. It was considered a bit distasteful. And it was also considered distasteful in Joseph Duveen's day. Duveen had supplied his nouveau rich clients, which are the robber bands, who in many cases came from poverty, now have more money, but they don't have any culture, they don't have the name, they don't have the lands, they don't have the titles. So says Duveen often supplied his nouveau rich clients by obtaining old master paintings from noble European families that had fallen on hard times. So it was looked at as a low status and distasteful from people that may have been short on money, but high on social status or titles and all the old way we thought about wealth. But Duveen didn't care about that. And Gagosian sure as hell doesn't give a shit about it either. And so the thought that came to my mind in this section, if you really think about what's happening in Gagosian's career, it's like, oh, this is an opportunity that's hiding in plain sight that is ignored by the establishment. And they have all these funny rules for why they want to ignore it. And Gagosian is just coming in from like a blank sheet of paper and is like, I don't care about any of that. I'm just, this is clearly a good idea. You have all this inventory that has been sold previously. It's hanging on people's walls. This is huge giant market. I'm just going to figure out where everything is. And I'm going to match the buyer and the seller. It reminded me of when I, one of my favorite books I've done it multiple times. It's probably, if you've read it, it's probably one of your favorite books too. It's episode 255. It's Sam Zemuri, The Banana King. And it's the book The Fish that Ate the Whale. And if you think about that, he came to this existing business. The banana trade was not a new business, right? It was already, there was already a monopoly in the banana trade. But he's coming as a 19-year-old penniless immigrant. And there's a line in the book where he's like, well, he saw a market. And the reason he thought this market existed was because they called it a calculation based on arrogance. And it's this idea where you have the monopoly players throwing these bananas away that are perfectly good. They're just throwing away now because they're not going to be good two or three days from now. And so let me read from The Fish that Ate the Whale because I think it's very similar to what is happening in this story. As far as he was concerned, ripe were considered trash only because Boston fruit and similar firms were too slow-footed to cover ground. It was a calculation based on arrogance. I can be fast where others have been

slow. I can hustle where others have been satisfied with the easy pickings of the trade. Gagosian is going to build an empire. He's going to go from being selling to the masters of the world or the masters of the universe to becoming one of them. And the opportunity was hidden in plain sight and rejected by other people that were more established players in the industry in which he's entering. And just as important, he's at the right place at the right time to run Joseph DeVine's playbook because this is in the 1980s and there's this massive, massive explosion of new money. Just like there was a massive, massive explosion of new money in the Robert Barron's day. By the mid-1980s, a new generation of wealthy Americans was eager to assemble great collections. Psy Newhouse, we're back to him. Psy Newhouse had a media empire and for more than three decades, he was the owner of this magazine, The New Yorker, and his family still owns Condé Nass, which is the parent company of The New Yorker. He was also obsessed with 20th century art. And so what is the service that Gagosian is supplying to people like Psy Newhouse? The service that Gagosian provided was not scouting out the primary market. The head market has already served. Why am I just going to go in there and compute everybody? It was being a detective on the secondary market. And so the way to think about what's about to happen here is that Gagosian was very secretive. He's still very secretive to this day. I think he would agree with the maximum that bad boys move in silence, but he's going to benefit because he's collecting all this information that no one else had. So he's going to benefit from an information asymmetry. And so says masterpieces are rare and often hard to find. There was no central registry that records the owner's locations and prices of artworks. Being a good secondary dealer requires knowing which people are collectors, where they live, what hangs inside their houses, and whether they might be induced to part with any of it. Gagosian excelled at the hunt. That is what they call this process, the hunt. And because Gagosian doesn't have any disinhibition and he doesn't apply other people's ethics to what he's doing or other people like this might be a violation of some social order that he doesn't give a damn about. Like a secret society, the art market was governed by obscure social codes. And Gagosian was so unbound in his energies and so shameless in his tactics that he immediately attracted notice and controversy. The telephone was his instrument of choice. And he made 100 cold calls a day sniffing out the location of artwork, lining up buyers, and then haggling with the owners until the work shook free. And this was the result. Significant art that had been locked up suddenly became accessible. And there was another key here, and this is why I mentioned that relationships run everything, is the fact that he had, it says he had access to a treasure map in the form of Castelli. Castelli said, I could give him a lot of information on where the paintings were because I had sold most of them. Castelli had sold them when they were on the primary art market. Now his protege and his friend is making a map of the secondary art market. And he could just go and say, Castelli, tell me what piece did you sell? Who'd you sell it to? How much did you sell it for and when? And so now he has this map, he has this disinhibition personality tendency, he is completely default aggressive. And so it says, now he's moved to New York, he says he sometimes showed up at dinner parties into which he wasn't invited. He developed a reputation for wandering away from the festivities at private homes and would take secret polaroids of any impressive art that he spied on the walls and then offered, and then he'd offer those works to his collectors. Think about how crazy that statement is. We need to pause here. This guy shows up to a party he has not invited to. He then leaves the dinner table,

walks around your house, secretly takes pictures of your artwork. The next day gets on the phone, calls up a bunch of people says, Hey, do you want to buy this Jason Pollock or whatever artist name? How much would you give it? Then he's going to call you and say, Hey, great dinner party, would you take \$5 million for that painting that's hanging over your couch in your second living room?

His hunger, aggressiveness, and stamina were so conspicuous that people began referring to him as go-go. And then what I love is throughout the piece, you got to read the whole piece, I'll link it down below. But he's always like, Gagosian will first like deny

that he does something. He's like, Oh, I don't sell things out of my house. And he's like, then immediately says, Yeah, I sell things out of my house. And so then he does the same thing here where he's just like, I didn't go around secretly taking pictures of people's houses.

And then his friend who's interviewed, this guy named Douglas Kramer says, I was in Larry's office once and I saw Polaroids of pieces that were in my house. And I think this all relates together. I think it just stems from the fact that Gagosian just believes that everything is for sale.

So Mark Jacobs is back in his piece and he's telling the writer about the time where he's having a dinner. He hosted the dinner in his apartment in Paris and Gagosian was there.

And several days later, Gagosian calls Mark and says, Hey, would you sell these two paintings that I saw in your apartment? And they wind up quickly coming to terms. And Mark Jacobs describes at the pace in which Gagosian moves. So he invites him over to dinner. He sees two paintings two days later. He says, Hey, will you sell them? They wind up hammering out the amount right away. Three days later, the money's in Mark Jacobs' bank account. And he was doing things like this all day long.

So another example, there's this family that was big art collectors, they wanted making their fortune and selling sheet metal. And so the way Gagosian established a relationship with them is very simple. He knew their names, knew they were art collectors.

He looked up their name in the phone directory, and he just cold calls them and offers to buy a specific painting that they owned. And they're like, well, if you can get \$11 million for it, we'll sell it.

He hangs up the phone, he then picks up the phone again, calls Psy Newhouse, and sold him the painting for exactly \$11 million. Now, the commission rates on the secondary market

are usually not as high as they are on the primary market. And, you know, you can negotiate just like anything else. For this kind of transaction, there's other references in the piece, highly likely it's somewhere around a 20% commission.

So you could think about that he just made \$2 million by making two phone calls. And so if you grew up in a middle class family, your dad was a drunk, and he was a gambler, you didn't have a lot of money, and now you can make \$10 million a day, you would probably work 24-7-2. And so by the 90s, he's just making a ton of money,

he's buying houses in Long Island, he's got a carriage house on the Upper East Side, he's driving a Ferrari, he's leasing in this giant new gallery space on Madison Avenue, and yet he's still not letting his foot off the gas. So they talk about, he just built out this

this gallery on Madison Avenue. One of his friends is standing next to Gagosian in the gallery looking out at the street, watching all the people go by. To his friend, maybe to you and I, those are people. That's not what they were to Gagosian, they were prospects. Listen to this.

So he says all these people walking by, he was clocking which men of extreme high net worth and which existing or potential art collectors were passing by and saying, there goes so and so.

He knew who everyone was. He saw them before they knew him. That kind of aggressiveness

and that eagle sharpness for who mattered. There was no precedent in this business for that. That's the eye of an industrialist. That is someone who is seeking to build a massive financial empire. And so this is a little bit about how Gagosian manages his empire. He does not like formal meetings. He finds bureaucracy and protocol dull. To increase his sales, he hired several people to join him as what he calls directors. So directors are given a phone and a computer and instructions to sell. There was be no mentoring from Gagosian. There's no hierarchy. There's Larry and there's everyone else. Gagosian will telephone his directors all day long. If he cannot reach them, he will call them 10 times. He will call their spouses. He will send company-wide emails demanding to know why people have not picked up the phone. Why would directors put up with this? Because there's a lot of money on the table. Directors can make 10% of the gallery's profit on a sale. And so the writer of this piece is at lunch with Gagosian and he's asking him. He's like, okay, well, there's no mentorship. Is this a succession plan or what's going on? And he says, he assured me that he has no plans to retire or to even step back a little. I enjoy what I do. I don't know what else to do. He's 78 years old when he says that, describes him. He's affable and charming, but noticeably guarded. He will happily repeat anecdotes that he's told a thousand times, but he greets any questions about his motivations or his psychology or the particulars of his business with stoned face, impassibility of a secret agent. This may be the natural result of running an operation that is reflexively discreet. Gagosian reaps huge profits from asymmetries of information, but fundamentally, he does not seem to be an introspective person. Gagosian says that he avoids self-reflection because that is how you lose your edge. And then there's that line from the art critic that knew Gagosian. We think of genius as being complicated, but geniuses have the fewest moving parts. Gagosian is simple. He's basically a shark, a feeding machine. So I think there's two things that are at play here. One is, Gagosian, like most of the people that you and I study on the podcast, they just have extreme biases for action. They don't sit around and bemoan if things are going well. They act. They know exactly what they want to do. They just keep pushing forward. In fact, this reminds me of Sam Zell. So my friend Rick Gerson was close friends with Sam Zell for like two decades. And he told me a story that is just absolutely amazing and I think is illustrative of this description of Larry Gagosian. And one time, Sam and Rick go and they're doing this pitch for this opportunity that they want to pursue. And the person that they're pitching decides, hey, this isn't something I want to do. And so a few hours later, Rick and Sam Zell are on the plane and Rick brings up the fact that, man, can you believe that meeting didn't go that well? And Sam Zell looks at him and goes, huh? Almost as if he didn't even know what Rick was referencing. And then Rick brings it up again. And Sam said something that, again, I think is genius in its simplicity. He goes, I can definitely look forward. I might be able to look left and right. I sure as hell can't look backwards. Sam had already forgotten about the meeting and moved immediately onto the next thing he wanted to do. He had an extreme bias for action. And I can't help but go back to this line. We think of geniuses as being complicated. But geniuses have the fewest moving parts. Gagosian is simple. He's basically a shark, a feeding machine. And so relentlessly and automatically he's on to the next thing. It reminds me of this line that I read in one of the Warren Buffett biographies that I think is also really, really important to remember. Genius lies in ignoring the unimportant. Looking back at a bad meeting is unimportant. The important thing is moving

forward always. And then another thing that's genius is finding value in unexpected places. One of my favorite lines in Peter Teal's books, *Zero to One*, he says, the single most powerful pattern I have noticed is that successful people find value in unexpected places. And they do this by thinking about their business from first principles instead of formulas. And so he actually, almost 30 years ago, Gagosian actually hires a scholar. And this is why. The Picasso biographer John Richardson became a consultant for Gagosian's gallery. Hiring a scholar was unconventional, but clever. Richardson curated a series of landmark Picasso shows, which drew an estimated 100,000 people. To assume that Gagosian was motivated purely by his love for Picasso would be to miss his grasp of the subtle physics of his business. The historical shows were advertisements for the gallery, affiliating the Gagosian name with some of the greatest artists of all time. And as you can imagine, somebody that's been in the same business for 51 years likes to play the long game. There was another benefit to hiring Richardson. As for the relationship with Richardson, Larry is playing the long game. He understood the involvement that John had with members of the Picasso family Richardson has said has since passed away. But now Gagosian has relationships with several Picasso heirs. In the end, Gagosian got more from his relationship with Richardson than he ever thought he could. And so the initial basis of his business was the secondary market. He becomes unbelievably successful in the secondary market. And so then he expands out and he starts building relationships. He wants money, he wants to get the money in the primary market as well. And so because he's well known, he has a success, it allows him to build now he can start building relationships with living artists. And so this is he he builds the relationship with living artists, just like he did with collectors on the secondary market, which is he just calls them over and over again incessantly. And so he wanted to build this relationship. This guy's just has recently passed away, but this this artist named Twombly. And initially Twombly would pick up the phone and immediately hang it up over and over again. Gagosian kept calling and then he finally breaks through. He says, it's the crazy Armenian do not put down the phone. Twombly was so amused that he decided to hear Gagosian out. And it's a good thing that he didn't hang up the phone because Gagosian is going to wind up being Twombly's best salesman ever. He sometimes sells the paintings that they're doing a few days after they're created. And then this is the kind of financial arrangement that they came to money is the basis of everything. Gagosian had secured a commission rate of about 30%. So he'd throw these these shows for Twombly in his gallery, he winds up selling 10 paintings in a night, and he would make \$15 million a night. And then it goes on to describe this behavior that is, you know, looked down upon by other art dealers or competitors. And his whole point is like, listen, if I have size, like if I have an advantage that my competitors lack, of course, I'm going to use that. And of course, they're going to get upset at it. And he also doesn't care about your traditions or your sense of ethics. He feels perfectly comfortable deciding what he's going to do for himself. So it says he poached artists with reckless abandon. One advantage of having satellite galleries is that he could offer shows in other cities to artists who already had New York representation. Gagosian scorns any suggestion that luring artists away from other dealers is unsportsmanlike and resents any dealer who tries to burnish his ethics on my hide. And so he constantly expands this idea that, hey, I admit that this business runs on the money, right? The rest of the art world tries to hide that fact, even though they're after the money too. And so a lot of his competitors don't like the fact that he has the size advantages or he has a suggestive nature, but his artists like it because, again, he is providing a service for them.

Not only does he sell their work and felt their bank account, but he helps them expand their ambitions. He helps them understand that there's value in their work. In fact, there's a hilarious... And the way he does this is really funny to me. There's a hilarious exchange. So there's this painter named Cecilia Brown. She grew up in England, or she grew up in England rather, and her stepmom first meets Gagosian and, you know, they're all English. And this is how they describe him. He's so American. The looks, the attitude. He is very male. And so he takes on Brown as a client, and the first thing he tells her is, like, hey, your paintings are too cheap for my customers, you need to raise your prices. And they went up having a really good relationship, but she winds up leaving after 15 years because she said that he was too commercial. And if you read this piece, I don't think Gagosian cares about that description of being too commercial

because he talks about the fact that he says, after all, art is just money on the walls. And he says that three or four decades after he's been in this industry, but he was like that from day one, where he's just like, I don't hide the commercial nature of this entire industry. And so it's good for artists. He helps artists make a lot of money, but he also helps collectors make a ton of money. And so there's all these, like, master of the universe types that are interviewed for this piece. And David Geffen is in here. And I just got to read these parts to you from David Geffen. I did his biography, *The Operator*, a long time ago. I think it's like episode 111 of *Founders* or something like that. I should read it again. I just find him a very fascinating person from where he started out to where he wound up. I'd love to meet him, actually, but he's just a character and I love characters. And so David's on the phone with the interviewer and he says, when I reached David Geffen by phone, he counted out loud. He was talking about all the pieces. He just, you know, David has houses all over the world. He's got that giant yacht. So he's just sitting in his apartment in New York on the phone and he's just counting off all the different pieces that either bought or sold by Gagosian for him. So it says, he counted out loud. One, two, three, four, five, six, six pictures just in this apartment. I spent an incredible amount of money buying pictures from Larry Geffen told me. I've never overpaid for anything. For me, they've been incredibly good investments. Most of the money that I've given away, which is well over a billion dollars, I financed by selling paintings that I owned. And so for the next two pages, I think I highlighted almost the next three pages. I've highlighted almost the whole thing. This is excellent. And there's a lot of lessons in here. So first of all, we talked about the fact that Gagosian started his business at the beginning of this massive bull run. So part of the reason that Geffen's bets have paid off so extravagantly is that Gagosian's tenure in the business has coincided with a period of staggering growth in the price of contemporary art. In 1980, when a Jasper Johns painting sold for a million dollars, the deal made headlines because it was the first known instance in which a work by a living artist had broken seven figures. So 1980, a painting by a living artist is sold for a million dollars. 30 years later, 2010, Stephen Cohen purchased another painting by Jasper Johns for \$110 million. And so Gagosian makes the point that, yeah, in 1980, huge bull run, but it's not all up, there's like ups and downs, right? Overall, the arching theme is obviously up and to the right, but he does something smart. He goes to where his customers are. There were subsequent dips to be sure, but each peak has been higher than the other one that preceded it. In 2012, he opened a gallery

on the grounds of some French airport, I'm not even going to try to pronounce, it's an airport for private jets outside of Paris, where his clients can buy art upon landing in their private jets. Everything this guy does, he just makes one smart move after another. It is very logical, very easy to understand. I'm going to call it simple and I don't mean that as a pejorative. There's a genius in this guy's simplicity. He's just constantly looking for an advantage after advantage regardless of what's going on, even during downturns. So here's David Geffen, he's not done, he's still on the story. So even during downturns, he has found ways to thrive. After the Dow Jones dropped in 1990, Geffen, listen to how they describe Geffen, right? Geffen, still as liquid as the day is long. Geffen, who was still as liquid as the day is long, swooped in looking for bargains. According to Gagosian, staff at his Madison Avenue gallery used to joke that when David Geffen stopped by, it meant that they would make payroll this month. And then during the same time period, Si Newhouse was still alive, him and his wife moved into like this apartment that had all these windows. And Larry goes to visit him and he does not like that he has all these windows. Why? Because if you have windows, you can't hang up more art. This guy is a shark, he's so easy to understand. Larry said, don't you find this view a bit boring? It's a view of the East River. Don't you find this view a bit boring? Why do you need so many windows? Windows are the enemy of the art dealer. But even the fact that they have less space on their walls, Gagosian turns that into advantage. The Newhouse has sold off part of their collection to David Geffen, including many paintings that Gagosian had helped the couple acquire. He's making money coming and going. Do you see what's happening here? For these artworks,

Gagosian landed a repeat commission. I don't like to sell paintings to the museums, he said. Then I can't get them back. Repeat Serial Commissions is a massive part of his business. He's just making money and over and over again selling the same thing for higher prices, over and over again. In 2003, Stephen Cohen bought a Jackson Pollock painting from David Geffen for \$50 million. These numbers are insane. 2003, Stephen Cohen buys a painting from David Geffen. Three years later, Gagosian asked Geffen if he'd ever sell this other painting that he owned. Geffen said, I suppose if you got me \$140 million, Stephen Cohen bought it that day. And this sentence describes why I'm reading all this to you. This is a lucrative situation in which to serve as a middleman. As David Geffen put it, if Larry represents the owner and you want it,

you've got to buy it from him. And as Gagosian recognized, the competitive drive of self-made billionaires does not go into remission once they've made their fortune.

And this also speaks to how well Gagosian knows his customer and how well he knows human psychology.

He seems to have understood that a certain kind of client is so unaccustomed to being told no, that rejection can actually become an enticement. That is a very, very old idea.

The longest book I've ever read for the podcast, I think it's episode like 98 maybe,

somewhere in there, 97, it's Enzo Ferrari. It is a thousand page biography of Enzo Ferrari.

It's so hard to find. I went to try to find another copy. Recently, I was unsuccessful in doing so.

I'm going to read an excerpt about what Enzo Ferrari, when he was alive, understood about marketing and it still resonates to this day. And it's exactly what's happening and where we are in the story of Larry Gagosian. It says, Ferrari was an absolute marketing genius.

I remember one visit from a very important and American, very important and wealthy American



client. The factory parking lots were filled with unsold cars, which we tried to hide from public view. The American said, of Enzo, I would like to buy a Ferrari. Ferrari replied, yes, of course, but we have so many requests, I'll do what I can. But I'm afraid that you'll have to wait several months before you can buy one. That was because a Ferrari must be desired. It cannot and must not be perceived as something that is immediately available. Otherwise, the dream is gone. In order to maintain the exclusivity of the brand, production has always been lower than the requests of the market for a certain kind of customer. Being told no, when they're not used to hearing no, makes them want it more. And Gagosian uses that tactic over and over again, people are always asking, hey, how can I see this? How much it is? It's like, oh, it's not for sale. And so it says, this is how Larry was able to lift the market by conjuring an atmosphere of unpredictability and intrigue. Gagosian imbues the dealing process with excitement and creates a sense that when an opportunity finally presents itself, you must seize it immediately at any cost. When a VIP spots something new on the wall, they would say, Larry, is that for sale? And he'd say, yes, but only until Tuesday. The message was clear. Move fast. We bought our first Picasso painting from him in that manner. And then what's crazy is this success that he has, this outside success he has compared to all the other art dealers in the world, it becomes a self-fulfilling prophecy where he becomes a brand. And so therefore, he's able to raise the prices of what he's selling just because he's associated with it. Listen to this, even with secondary sales, Gagosian can demand a hefty commission. The mere fact that he is the dealer endorsing and selling a work enhances its value. Whereas Gagosian started his career by adding a cheap frame to inflate a poster's price, remember the cat posters that he was selling for two bucks, or he, excuse me, he adds a \$2 frame, and then he increases the price all the way up to \$15, right? Eventually, it's his own brand that justifies the markup, meaning the fact that he is the frame. A dealer who is friends with Gagosian told me that collectors know that they're paying more when they deal with Larry and they're still happy to do it. I have tried, so this guy is trying to sell paintings too because he's an art dealer. I've tried to sell the exact same painting to the exact same collector and failed, and that person then went and bought it from Larry with a significant premium on top, willing to pay more for the exact same thing. That is the definition of a great brand. They're telling you Larry Gagosian is a brand, and he's also finds himself to be in a unique position where he's the brand, but he's also the market too. He guides the prices. So a lot of this, check this out, I didn't know this, the lack of transparency and pricing is one of the reasons that the construction of value in the art world can be so opportunistic and imprecise. Most publicly reported prices come from auctions, but auctions are estimated to account for less than 20% of the market. That is why he is always collecting, collecting, collecting information. He's collecting a ton of information and he's sharing none. And this is some of the most bad boys move in silent shit over here. People close to Gagosian have sometimes been taken aback by his cloak and dagger tradecraft. Veronica Webb, the model who once dated him, told an interview about a time when a helicopter landed on their lawn. Gagosian told her that he had to go look at a painting. When I asked him which collector in which painting he wouldn't even tell me. So there's no way he's going to tell the price, but he's not even telling his live-in girlfriend who the collector is and what painting he's even looking at. And the prices in this world seem to be completely arbitrary. There's a great line by David Ogreby where he says pricing is guesswork. Well, it isn't even a more extreme in the industry that Gagosian is operating in. So let me tell you this story. So there's this billionaire financier named Ronald Perlman. And Perlman and Gagosians are like friends and then they

wind up suing each other and then friends again. But they're telling a story where Perlman is in the gallery one day. This happened all the way back in 2011. And Perlman goes up to Gagosian and said, Hey, what is this? What is this painting cost? And Gagosian says it's eight million dollars. Of course, nothing in his gallery has a price tag on it. Okay. So it's like, this is eight million dollars. And Perlman's like, I'm not paying eight, I'll give you six. And Gagosian is like, no, I'm not budging. So Perlman leaves, he keeps thinking about the painting, however. And a week or so later, he says, Okay, I'll pay eight. Like Alfred, you told me eight, I said six, but I'll pay eight. And then what does Gagosian do? You know what he's going to do. He's not going to sell to him. Too late. Gagosian said, I just sold it to someone else. Some time later, Gagosian came back to him. And it sounds like this was like a few days later. Gagosian came back to him and said that the new owner, whose identity he would not disclose, would sell for 11.5 million dollars. Remember, he's going to be making money on every sale, both sides. So it's okay, you, I told you could sell for eight, you said no, you said six, then you came back and said eight, now I'm telling you it's 11.5 million. And Perlman, who a few days earlier had balked at paying eight million, agreed, I won't pay 11.5 million, but I'll pay 10.5 million. And it turns out that a few days before that, Gagosian had sold it not for eight, but for 7.25 million. So then Larry calls the family that had just bought it for 7.25 million says, do you want to sell me that painting? They're like, we just bought it. But then he tells them I'll sell it for you for 10.5 million. Of course, they're going to do it. They just made 3 million in a couple of days or doing nothing. I don't even think they even took possession of it. And so this is why, gives you an insight into why Larry's obsessed with all these phone calls and how lucrative his business could possibly be. In the resale to Perlman, the family made a profit of 2 million dollars and Gagosian got a million dollar commission. Absolutely incredible. Okay, so let's go back to this idea where he finds a way to insulate himself from all these like the booms and busts in the art world, the booms and busts in the economy. There is just a reminder that there is always on the planet, there's always somebody somewhere making a lot of money. And so of course, Gagosian is going to sniff it out. So there is this decrease in the American market that coincides with this massive increase in the post-Soviet Russian market. And so what he did, one way that Gagosian has insulated himself from the ups and downs of the art economy is by seeking out emerging markets. So he goes and develops his relationships with all these post-Soviet oligarchs is what they call them. And this is the result incredibly between 2004 and 2008. So that four year period, this would be what, let's say 35, this is almost 40 years, he's been in the business for almost 40 years at this point, 35 years, something like that. Incredibly between 2004 and 2008, Russian buyers were responsible for almost half of Gagosian's business worldwide. Eventually he has to shut down that part of the business because the US sanctions Russia. And so he has to stop selling to them. And then just this is just the way he looks at it from our conversations, I get the sense that Gagosian does not feel particularly burdened by ethical conundrums. And that he adheres to a simple rule. If it is illegal for him, everything goes back to simplicity, right? If it is illegal for him to do business with someone, he will not. Otherwise, it's not for him to parse the moral credentials of potential buyers. And then Gagosian being a student of history points something out, there's a ton of, throughout this piece, critics are saying, you know, money, some critics and some artists are saying, you know, money ruins art, it's all about the money, it's not about the art. And the point that they make in the piece is like, none of this is new, history doesn't repeat, human nature does.

## [Transcript] Founders / #325 Larry Gagosian (Billionaire Art Dealer)

There's nearly 500 years ago, Gejoria Vasari wrote about the lavish prices that the great artists of the Renaissance commanded and the manner in which they jockeyed for wealthy sponsors. It's the exact same thing 500 years later. And then the piece ends with actually a story about him failing to close like a young new artist and really speaks to the fact that there is like, there is no separation between Larry Gagosian and the person and the company. And it's also an illustration of his domineering and relentless nature. The artist's name is Wood. Wood wanted to know about the gallery's long term future. So she asked, what will happen when you die? What the fuck is wrong with you? Gagosian exploded talking about my death when we're trying to have a meeting. Gagosian told Wood that he wasn't going anywhere. It may have been that he was succumbing to an affliction that is common among megalomaniacal plutocrats, an inability to imagine a world in which he no longer exists. Wood excused herself to go to the bathroom. Then her phone lit up with a text from Gagosian. He sent the same text three times. She thinks it was an accident. He sent it three times. This is what the text said. The other galleries that you are considering will most likely go out of business before my demise. Gagosian's board meets twice a year. Nobody seems to believe that the board could take over should he die or retire. So the question remains, can Gagosian survive without Larry? Like Chanel after Coco? Or will there be a sale? There has been speculation in recent years of a possible acquisition by the French conglomerate LVMH. But Gagosian says that isn't happening. The Gagosian brand unquestionably has tremendous value. But so much of what has made the gallery thrive is Larry's own network and I and persona. In other words, he is the company and the company is him.

And that is where I'll leave it. Highly recommend reading the entire piece. I absolutely loved it. I thought it was incredible writing. I will leave it linked down below. That is 325 down 1000 ago. And I'll talk to you again soon. Okay, so real quick, in case that you want to get access to my version of ReadWise, which is called FoundersNotes.com, you go to FoundersNotes.com to sign up. That's Founders with an S just like the podcast, so FoundersNotes.com. So when you sign up and you get access, I'm going to tell you how what are the features that I use the most. And so at the very top is the main feature, the one I use every day. And it says search highlights and there's a search bar. And very simply, I just search by whatever keyword I'm thinking about. So it could be about hiring, about marketing, about obsession, could be about a specific entrepreneur like Rockefeller, whatever happened to be thinking about or whatever problem I need to solve at the time. So like the greatest example, and I actually made like a 30 minute like short AMA about this. It was asked like, how do history's greatest founders think about hiring? And so if you type hiring in that box, you'll see what did Jeff Bezos say about it? What did Thomas Edison say about it? What did the people that founded PayPal say about it? What did Estee Lauder say about it? And on and on and on. And so I think that's pretty self-explanatory. Again, this is a product for people already running successful companies. I think I don't have to elaborate. You already know what the value of that would be. So the highlights feed is the searching, searching the highlights is what I use the most. Now, the thing I use the second most is called the highlights feed. And the highlights feed, I'm loading it right now. Essentially, it's just like these little almost like treat sized highlights from all different books. And so it is completely randomized. And it's almost like you have history's greatest entrepreneurs speaking to and then just read through them and see what thoughts respond. So like the first thing

that came up was actually, it's actually a highlight from one of Warren Buffett shareholder letters. He's talking about diversification and its relation to risk. The next highlight is a quote from Ed Katmull, the founder of Pixar, talking about he didn't even realize at the beginning of his company how poor the communication was and that there was things going on in his company that his employees were not telling him and his thoughts on how to fix that. Then there's a quote from a book that I read like six years ago. And it's actually the biography of Ali Baban. He's talking about the importance of listening and that poor listeners actually have second rate negotiation skills. And so that is the second most used feature for me personally. This might be different for you. Third feature books. Do you have a list of all the books that are in there? I think right now says I have 307 books in here. I still have a bunch I need to put in. And then that's very simple. Like I just went through the reason I reposted the Mike Bloomberg episode, for example, is because I've been rereading the highlights. And so I went back, if I don't have time to reread the book, which I will in the future, but I just read through, I think I have like 44 highlights of Bloomberg's autobiography here. And you read through them and there's just so many ideas. And this is happening like 15 minutes. It's absolutely incredible. So that's self-explanatory. You can search my book. The last feature that I use the most is the favorites feature. You know, I have 20,000 highlights. There's a ton of information in here. And so what I'll do is as I go back through the highlights, and I've done this forever, and that's why this number will always go up. I have 839 favorites now, but you know, if you're listening to this month from now, it's going to be higher. And whether it's through searching, whether it's through rereading the highlights on a specific book, or through the highlights feed, which is the random, just showing me like the random highlights that I've done, if there's something like, damn, that's a good one. I really want to remember that. And so I highlight it, or I should not have favored it. And then now that goes into the very favorites feed. So then I have an even more like specialized feed of ideas and highlights from different books all on one page. So again, need to reiterate, I think if you are like me, and there's a good chance that you're, if you're listening to this, you're like me. If you're like me, you're already running a successful company. I think it's a, it's a no brainer. I would at least test it out for a year. There's a chance that you don't like it. I'm not going to share that opinion with you, because like I said before, I listen to it, or I should not listen to it. I use it every day. And I think what I, what this is going to be good for. And what I hope to do is like, man, like for a founder to just have a browser, this, this notebook sitting in a browser that they can tap into any time, I think that's going to be very valuable. And I can say that because it's been very valuable for me. So hopefully that makes sense. If you want to test it out, it is [foundersnotes.com](https://foundersnotes.com), again, [foundersnotes.com](https://foundersnotes.com). And I also leave a link down in the show notes. If you want to grab the link from the podcast, the show notes on your podcast layer, [foundersnotes.com](https://foundersnotes.com).