

When a literary agent knows he or she has a property that will entice multiple publishers due to the celebrity status of the author or based on the marketability or newsworthiness of the project, most top literary agents today will either immediately notify the publishers and editors chosen by the agent to contact that the book will be sold by means of an auction or wait until he or she has some further indication of the amount of interest in the project. While some agents may still have luncheons with the publishers and editors they've worked with on previous projects, the days when such loyalties determined who would be chosen by an agent for a project based on informal meetings have long since gone by the wayside in favor of auctions that bring out the best possible terms or at least the highest offers of an advance for a writer.

Once a literary power agent sees that there are more than one book publisher or editor interested in a book project, he or she will usually send out an e-mail to all of the other editors who have received the manuscript or book proposal of the agent's intent to hold an auction outlining the rules of the auction, including the time and date, and may request that the bidders to also submit a marketing plan.

Once the editors are notified that a book is going to auction (a notification that can backfire if made when the editors are first presented with a book proposal and there is no interest in the book), the acquisitions committee at the publishing house must work quickly instead of taking weeks or months before deciding to acquire a project and what the publishing house should offer for the project. As one editor has stated, upon learning that a book will be sold at auction, sometimes that makes the editor want it more if they really love the book, and sometimes it makes them want it less if they're not that all that interested in the first place.

For an editor to want to participate in an auction, the editor must truly love the book and its marketability. Only if they love it, will they feel it's worth it to ask the acquisitions committee to read the manuscript quickly, schedule other committee meetings, and basically drop everything else to concentrate on this one project (in between all the other "drop everything" projects).

For a publisher to participate in an auction, there must normally first be at least one if not two or three positive reads by members of the editorial department. Only then will the editorial director approve its distribution to the rest of the editorial committee. With a book going to auction, these actions are accompanied by deadlines that speed up the normal acquisitions process.

If a publisher or editor wants a project desperately for their list, they may try to pre-empt it, by offering a lucrative offer they feel may be enough money to persuade the agent to take the project out of auction. Publishers want to do this to avoid overpaying for a project they are extremely interested in, when the bidding gets out of hand. A pre-empt, however, is usually given for a limited period of time, usually twenty-four hours.

If the super agent or power attorney feels that the pre-empt offer isn't sufficient, he will try to turn the preempt into a floor, a minimum guaranteed amount and terms for the author. The publisher who is given the floor bid has the right to top the best bid by ten percent if the book auction takes place and bids other than the floor bid are received.

The auction can last for hours, days or weeks, depending upon the amount of interest in the manuscript. Usually they last for one to two days.

In the rules the agent sets for the auction, the most important rule that must be set is that the author will not be bound by the winning bid but rather reserves the right to choose an offer based on all the terms of a publisher's proposal and not simply the amount of the advance.

A "Rolling" or "Rounds" auction takes place by telephone or e-mail (and sometimes fax for confirmations) with the first bid (or the best preliminary bid) becoming the floor for the minimum advance guaranteed to the author by the publisher. The publishers through their editors are then asked to make higher bids and the bidding continues until there is only one editor left standing, the winning bid.

In more detail, in a typical "Rolling" or "Rounds" auction, once all the initial bids are received from the interested editors, the lowest bid is given the opportunity to make a bid that exceeds the highest bid, based on the advance to be given to the author. Following that, the next-lowest bid is given the opportunity to re-bid at an amount higher than the current highest bid. Those who don't re-bid for a higher amount than the highest bid drop out of the auction, and the rounds continue with each round starting with the lowest bidding publisher. Once the publishers have given their highest bid and/or dropped out of the bidding, and one bid stands out above the rest with the highest bid being the largest advance guaranteed to the author, the auction ends.

A “Best Bids” or “Best Offer” auction on the other hand, typically requires the publishers and their editors to submit their best bids by a certain time and date. Contrary to the “Rounds” or “Rolling” auction which primarily focuses on the amount of the advance to be given by the publisher to the author for the project, a “Best Bids” auction also takes into account other factors such as the marketing plan and publicity, where the book will fit into the publisher’s list and their commitment to the project, the royalty rates and the levels of book sales at which they kick in, the rights acquired as well as the amount of the advance.

The rules of any auction can be varied by the agent or attorney. There are no requirements that the auction take place only in one form or another. If the auction develops the interest of other publishers at a late date, the rules of the auction may also be changed by the agent.

Even after an auction, the writer is not obligated to sign a contract with the winning bid. The author can consider all the factors such as the strength of a publisher before choosing to sign with the winning bid or a lesser bid for other reasons, trading for instance a higher advance for a higher royalty.

A third type of auction is an informal auction where an agent haggles over several days with the publishers interested in the project until one bid is selected. This type of auction may occur where there are only a small number of publishers interested in the project.

Finally, it should be noted, some books are sold without auctions at all. Auctions are utilized when there is interest in a project by two or more publishers, and usually three or more.

In representing the best interests of an author, it is often best to conduct a “Best Bids” auction that allows the independent publishers who don’t have the money to compete in a bidding war based on the amount of the advance given to the author but who can persuade an author and his or her agent that they’ll promote the book and support the author more extensively than a larger publishing house with so many big names under it’s umbrella.

Having independent publishers participate in an auction can cause the other publishers to offer terms in association with their offer they might not otherwise when bidding simply on the basis of the amount of the advance and when they know they are only competing amongst the other conglomerate publishing houses.

In the case of a project that has film or television potential, the agent determines when it would be best to offer the project to film and/or television studios, producers or stars with their own production companies. A project can be offered at the same time it's offered to book publishers or as is more common, after a book publishing deal has been struck.