

Analysis: Optimum Hotel Brokerage versus Open Listing

Goal	Optimum Hotel Brokerage Marketing	Open Listing
Accountability	Responsible for all aspects of marketing and negotiating processes	Little direct accountability to seller. Increased possibility of “dual agency”.
Accuracy	Comprehensive and detailed property information and due diligence	Probability of inaccuracies in property and financial information
Commitment	Legally and ethically committed to achieving highest possible value.	No formal commitments obligating broker to seller
Communication	Frequent, consistent, accurate and direct two-way communication between broker and seller, and between broker and buyer.	Fragmented process, increasing probability of miscommunications.
Confidentiality	Professionally obligated to conduct marketing process in highly confidential manner according to seller’s needs, reducing possibility of operational disruption or loss of seller’s bargaining position.	Little confidentiality and greater risk to disruption of operations
Consistency	Consistent communication and execution of formal marketing plan	Lack of consistent communication and property information between brokers and sellers.
Control	Exclusive broker works directly with seller to achieve marketing goals	Little seller control over marketing process
Legal and Ethical	Legally and ethically obligated to represent best interests of seller	No documented exclusive agency relationship with seller
Marketing Synergy	Cooperative marketing with other brokers	No formal co-brokerage relationships.
Motivation	Deliver highest value.	Deliver quickest bid.
Negotiations	Controlled process with broker protecting sellers position	Open process often placing seller in reactive, subordinate position
Objectivity	Commitment and openness in agency relationship creates objectivity in evaluating offers.	Brokers, in competition with other brokers, are motivated by self-interest for quick sale and lose objectivity in evaluating the merits of any offers.
Optimization of Value	Broker working with seller for highest best offer	Brokers working only to bring first buyer to closing table. Motivated to bring “lowball” offers.
Professionalism	Highly experienced and reputable broker with 25 years experience in the industry and professional designations.	Varying degrees of experience and professionalism. Lack of individual brokers’ credibility reduces perceived value of asset.
Quality	Legal commitment promotes professional quality in all sales activities.	Inconsistent quality in marketing materials and presentation.
Representation	Sole agency relationship with broker manages all qualified buyers in the process. Exclusive brokerage contract can be used as leverage in debt arbitration and workout negotiations with third parties.	Inconsistent with increased probability of marketing “overlap” of prospective clients, reducing seller’s bargaining position. Unethical buyers capitalize on multi-broker marketing to gain inside information and increase bargaining leverage.
Sales Process	Consistent, professional communication and management of qualified, motivated buyers to compete for sale through serious, non-contingent offers. Management of details to closing.	Open, inconsistent, disjointed and inaccurate sales activities by brokers motivated only by commission.
Time Management	Exclusive broker relationship reduces owner’s time commitment to sales process	Multi-broker relationship creates excessive time demands on seller