

Playing billy beane



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Since publication in 2003, Moneyball has entered the baseball dictionary. When a team decides to brush off traditional strategies, they are said to be playing moneyball.

This is what Billy Beane, the general manager of Oakland Athletics and the hero of Moneyball, is best known for. Beane, as a player was not so great, but as the A's manager at the sidelines, he started a revolution.

In a nutshell, Beane knows how to do more with so much less. The A's \$55 million salary fund would pale in comparison to the Yankees' \$205 million (Hammonds 84). Given the economics, Beane admits they can't do the same things the Yankees do. But with roughly one-third of the Yankees' salary cap, the A's still managed to finish big with the second-best win-loss record in the league—next only to the Yankees.

How did Beane do it?

Beane's tactics and exploits off the field were the center of Michael Lewis' Moneyball: The Art of Winning an Unfair Game. Professional baseball is a sport divided by teams who have much and teams who have none. It is a derby between big-market teams who wave hefty paychecks temptingly under the noses of star players and smaller clubs who scarp for what's left.

That is the first managerial philosophy of Beane—scooping up potential team assets that rivals have ignored and undervalued. As far as Beane is concerned, statistics and math work but only when they properly correspond to a player's economic value. (86) The Beane formula is to find players on the rise, potential superstars who are not red hot at the moment but could

catch fire later on. He will keep them until market catches up, give them away at a point he can no longer compete.

A classic example was when Oakland signed 28-year-old Matt Stairs, a washed-up outfielder from the minor league. Beane got him for \$130, 000 per year in 1996. Everyone thought it was a bad catch, everyone except Beane. But the former first round pick was right. Over the next four years, Stairs hit the ball. In 2000, his performance dipped as his market price went up. Then Beane let him go for a pitcher.

For Beane, every recruit has a potential to make it big. Every move has its own risk but also its own purpose.

Instead of looking at a player's batting averages, fielding, or getting fascinated with his home runs, Beane focused on walks, on-base percentages and power. (85) Oakland sought for players who can get on base like patient hitters who could tire out the opponent and finish it with a walk or a base hit. The A's type of player is one who can contribute in ways other ball clubs do not value as much.

Beane is an expert in exploiting market mismatches. He firmly believed that the criteria and standards set by scouts and managers in spotting players have been previously illogical. Beane is gutsy, he takes risks. But unlike most general managers, he finds a way to reduce the risks as the season progresses.

He has learned the importance of calculated opportunism and this was evident in the 2002 draft when the A's went the all-college approach.

Gone are the days when general managers judge potential players by their sheer abilities. These days, in a sport that has become a serious money-making venture, economic feasibility prompts every decision. At the same time, as general manager, he says he had to evaluate players not only by their current feasibility but also his future trend.

Citing all the numbers and statistics, Beane says baseball is predictable.

(87) He says there is always a way to least risk. Like a true economist, he believes there is a great chance that the team will get some return on a particular asset.

With Beane's unconventional sports economics, Moneyball has been recognized not only by sports critics but also by economists. Beane knows the baseball market place. He acknowledges the gap between the market and the player's value. Knowing that market price and a player's performance do not follow the same rules, he made sure to leave a way to narrow the gap.

Considering the fact that Oakland cannot afford much, Beane has learned to thrive within windows of opportunity. Like a baseball analyst says, the A's are in a "commodity-management business". Beane's philosophy is to keep the organization as flexible as he can. He is good at creating options and the same time knows how to look at things the grown-up way. Players are commodities with a tag price and the good thing is he knows whether that commodity is sinking or rising.

As a general manager, Beane also knows that he has to rebuild. The stakes evolve and therefore expecting continued success by doing the same things

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over and over has become impossible. For Beane, it's a matter of "identifying the moment." One has to be creative enough to know when to trade off existing players and start fresh. He cautioned however that when one chooses to rebuild, he must give it all. No hesitations. All or nothing. It's either a team rebuilds or not.

As general manager, Beane also makes sure the players and the coaching staff knows who's the boss. Beane says he takes full responsibility of what happens in and out of the field. He believes in giving his directors autonomy but during critical decision-making, he says he has to be there and cast his lot.

A baseball club has a tight inner circle. There is no bureaucracy and hours of organizational meetings fishing for hundred different opinions do not happen.

Beane's managerial style deviated from the traditional. He acknowledges that all he can afford is to operate within windows of opportunity. He has perfected the formula of matching a player's performance metrics with his economic value. He knows how to use his guts and correspond it with the statistics on paper that other teams might ignore.

Oakland is an underfinanced team and it cannot afford superstars. As the boss, Beane is expected to think differently, take risks, and effect changes. At a time when scouts judge players by computers, Beane decided to oversimplify the thought. Baseball's traditional sabermetric community has been critical about this approach saying baseball's math is much complex than Beane likes to admit.

However, Beane insists that he recognizes the importance of statistics and that numbers are still at the heart of what the A's do when they are out in the field. The only difference is that Beane does not content himself with just what percentages or averages say. He has learned how to relate this with how much a player is truly worth.

As a baseball insider, Beane understands that the sport is predictable. This gives Beane the chance to play the casino. There is no way he could lose.

The painful truth however is that building and sustaining are two different things all together. With the A's doing much with less, it is safe to assume that Beane as general manager has been successful in building. The question now is can he sustain it? Will the A's keep on winning? Between building and sustaining, the latter is much difficult to come by.

Works Cited

Hammonds, Keith. "How To Play Billy Beane." Fast Company Magazine. April 2003: 84-87.