

'Moneyball' & Management

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You get on base, we win. You don't, we lose. And I hate losing, Chavy. I hate it. I hate losing more than I even wanna win.

– Billy Beane

THE MOVIE

The movie is based on the book Moneyball by Michael Lewis. The story is about Billy Beane, coach of Oakland Athletics who, along with his assistant Peter Brand, assembles a team which sets a record breaking spree of 20 consecutive wins despite financial woes. The team utilized a branch of statistics known as Sabremetrics, which is radically different from the traditional measures used to analyze players.

WHAT A MANAGER CAN TAKE AWAY FROM THE MOVIE

The first aspect of Billy Beane which would strike the viewer is his ability to make decisions under constraints. He was faced with a situation where his top players were on their way out, and with an inadequate budget, he had to make a competitive team for the next season. This required him to make some tough calls. When things weren't going right with his team of scouts he had to fire one of them who questioned about his decision to go with Peter Brand's techniques.

The concept of blue ocean strategies has taken the world by storm since the time it was first propounded. What Billy decided to do more or less falls within the ambit of a strategic blue ocean. His decision to rely on Peter Brand's nontraditional statistics was a chance he took. It was unprecedented in the world of baseball. There was huge risk involved as well. But in the end, the rewards were commensurate.

In management parlance, he was able to discover a competitive advantage which set his team apart from the rest.

Analytics is an important backbone of most knowledge-based businesses. It can be defined as use of data to aid decision making process. In this context, it is important to understand the right data to be used since vast amounts of it are available.

When Peter Brand came out with a set of statistics

which was different from the traditional method of using batting averages, etc., Billy was quick to realize its importance. He was ready to go ahead with it despite very vocal opposition. He dug out the right set of metrics to evaluate performance.

We often see in businesses that the parameters used to evaluate performance don't really measure what is required. Here comes the necessity of using the right numbers for evaluating. This is not a set of numbers which will eternally point how well your business is doing. There is a need to delve deep and understand these numbers are really giving us what we need.

In the movie, Peter Brand was able to do that and convince Billy Beane too.

Asking the right questions is a key skill for continuous learning and improvement. At many points in the movie Billy is seen asking questions to his team and scouts, and he repeatedly talks of understanding the problem. This is a very important aspect of understanding a business problem.

Digressing slightly, let us take the example of Kodak to see the importance of asking the right question. They invented the digital camera back in 1975. But they did not try to make a business out of it fearing they wouldn't be able to sell their films. Kodak was asking itself "How do we sell more of our product" instead of asking "What business are we in."

If businesses do not ask the right question, they might well find themselves in the situation that Kodak is in today.

Human resource management is another learning from the movie. Billy has to deal with a number of people of different capacities. He is answerable to the owner for the team's performance. Despite wanting an increase in the salary cap he is not able to get the owner to agree. His coach is worried about his future and asks for a fresh contract. Billy has to deal with him the hard way since things are not going well.

This creates a rift between them and affects the team performance to an extent. He had to act against his experienced team of scouts for going ahead with the new idea. He had to motivate his motley collection of players to perform well. He had to manage the ego of

players like David Justice who was a big name in an otherwise unheard of team.

This can be compared with a modern day company where a manager would have to deal with many people every day. The higher the manager is in the corporate ladder, the more the number of people he would have to talk to. For instance, a CEO will have to talk to the board members for important decisions, to his employees to keep them motivated, and so on. In the company he will have many managers reporting to him with various problems. Finally, it boils down to talking to the people in the right manner and making them realize that it's a team effort which is required to achieve success.

When Billy decided to go against the vast experience of the scouts who had seen thousands of games and analyzed even more players, and finally reaped success, it showed that something was wrong in the way scouts were thinking. What probably happened was that over time, the scouts had become tuned to a particular way of thinking which had so far proven successful. The decision making used by these scouts involved judgment. But in the face of the right statistics, the scouts who were skeptical about Billy's choices were proven wrong

Once businesses start tasting success they tend to get little complacent. This can be dangerous since success

is a result of continuous and persistent effort. The need to change with the times is an essential component of staying ahead in business and this might require going against set patterns at times. Billy was able to do it.

Billy's decision to trust Peter Brand also shows his risk appetite. He knew that he had to do something radically different to stay competitive in the league given his salary cap. His solution to the problem was risky, but risks can be managed if backed up by proper analysis of data and smart decision making. In fact, in this situation, all the data was showing was what exactly a player was good at. So his decision which looked risky initially was actually just looking at data which was available to everyone in a different way.

Businesses too need to realize the importance of managing risk. There will be situations where certain components of risk cannot be managed. But with proper analysis, risk can be diversified to achieve success. It might just require some out of the box thinking.

Thus, watching Moneyball helps one learn some very important management skills through Brad Pitt and Philip Seymour Hoffman with a baseball theme in the background.