

THE RECRUITER'S BOOKSHELF

Moneyball: The Art of Winning an Unfair Game
by Michael Lewis

Article by Raphael Franze, Esq.

A book that took the baseball world by storm and inspired a popular Brad Pitt-fronted movie adaptation, *Moneyball: The Art of Winning an Unfair Game* by Michael Lewis has become a favorite not only across the professional sports world but the broader business spectrum as well. With intensely metrics-based themes coupled with Lewis' talent for spinning a yarn, it can be an enjoyable and even transformative read for anyone in the recruiting business – recruiters, managers and owners alike – even if they're not particularly a baseball fan.

At the heart of *Moneyball* is the Oakland Athletics professional baseball organization (commonly referred to as the "A's") and particularly Billy Beane, a former high school baseball prodigy who was deemed by the baseball establishment to be a "can't-miss prospect" in the early 1980s before effectively washing out by the middle of the decade. Following his playing career, Beane transitioned through various scouting and front office roles within the A's organization before ascending to the position of General Manager (effectively overseeing all baseball-related matters for the organization, which includes its Major League Baseball team in Oakland and its minor league affiliates). Beane's past as a bust in professional baseball and his resulting emotional baggage are featured prominently in the book as Beane seeks to better understand the framework of professional baseball and the inefficiencies that lay therein.

The Oakland Athletics are what is known in professional sports as a "small market team," a team based in a smaller city and/or media market that generates less revenue and holds less appeal in the recruitment of talent. Unlike other major sports leagues, Major League Baseball operates without a salary cap; as a result, larger market teams with higher payrolls such as the New York Yankees and Boston Red Sox are better positioned to attract elite veteran talent than their smaller market rivals. For the 2002 baseball season (in which the story of *Moneyball* is centered), the Yankees had the highest payroll in baseball at \$126M while the A's came in at only \$40M (second lowest and ahead of only the Tampa Bay Devil Rays at \$34M).

Prior to Beane's tenure with the organization, the A's had done more than their share of winning since arriving in Oakland in 1968. The team had won four World Series titles in the '70s and '80s under ownership willing to spend during a time when player salaries were much lower and the wealth discrepancy across the league was less pronounced. Under new ownership in the mid-'90s, however, the A's front office was instructed to operate under a much tighter budget while also encouraged to find innovative ways to still put a winning team on the field.

While innovation in the assessment of baseball did exist in the decades prior, it generally existed outside of the sport's establishment as the powers-that-be chose to ignore the overtures of baseball outsiders (most notably Bill James, an economist by education who wrote almost exclusively about baseball as a way to unwind from his job as a night watchman at a pork & beans cannery). Beane, however, had been paying attention and leaned into these principles well in advance of his contemporaries. Over the years, James' work would

attract the voices of other intellectually astute baseball fans (including physicists, life science professors, statisticians, lawyers, and other economists) whose job it was to find stable relationships in an unstable world.

Oddly enough, it would be the growth of fantasy baseball that inspired a profitable market for baseball analytics as it was fans taking up the hobby (and not the baseball establishment) who most sought out new baseball information at the time. With more intricate statistics flooding the market and the work of James and others like him gaining a following, professional baseball's management hierarchies could no longer ignore the relevance of what was occurring. In time, former derivatives traders would get in on the game and break down baseball to its finest parts. As a result, player traits and statistics and team strategies began to be valued more accurately.

As early adapters to such knowledge and resources, the A's would gain unique insights into the proper current valuation of certain traits and statistics as well as a better understanding of the myths and truths about the game in general. For instance, with the A's prioritizing increased run production over better pitching (which was relatively costlier), and understanding that a baseball team can only generate runs within an inning prior to accruing three outs in that same inning, their primary objective in assessing a player was their likelihood of not generating outs. With on-base percentage measuring the probability that a batter will not make an out, it was identified as the most critical attribute to the success of a baseball team. It was so undervalued in baseball at the time that it also happened to be the one attribute the A's could afford to buy. (It was far cheaper than more popular attributes like batting average, home run production, or foot speed).

Having identified this extreme inefficiency in the market for talent, the A's opted to center their entire culture around this one statistic. This included adding managers at every level who bought into the organization's vision, going after undervalued players who got on

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base often by whatever means necessary (by hit, walk, etc.), and getting rid of those players throughout their system who did not prioritize the importance of simply getting on base.

In short order, and with the implementation of additional analytics-based strategies influenced by new baseball knowledge, the A's would gain a reputation as a ruthlessly efficient machine for scoring runs and winning games. From the 2000 season through the 2003 season, the A's would make the playoffs in all four of those seasons with a payroll at around one-third of their playoff rivals. In the years that followed, many of Beane's subordinates would move on to take leadership roles across Major League Baseball and, thus, level out the A's competitive advantage. However, *Moneyball's* message of embracing innovation and new thinking may just be Beane's true ongoing legacy.

While the book has a professional baseball organization as its backdrop and is centered around a protagonist who redeems himself and his reputation in the reformation of said organization, *Moneyball* at its core is an economics lesson on how to extract greater value out of what you can control in the face of what you can't.

As recruiters, what is it that we can control in our unpredictable profession for the sake of extracting greater value from our efforts?

Put differently, are our desks the "ruthlessly efficient machines" for placing attorneys that we'd prefer them to be?

One aspect of recruiting that I find reflected in *Moneyball's* message is in our own use and comprehension of ratios and what is often referred to as "recruiter math." When I first got into legal recruiting two decades ago, conventional recruiting wisdom closely correlated phone time to increased revenue. I also was introduced by colleagues and trainers alike to the standard "recruiter ratios" of needing a certain amount of initial correspondence, resumes, submissions, interviews, and offers in order to ultimately fulfill one job order. While such perspectives and rigid ratios may have been innovative for their time (and still may be useful for getting novice recruiters up and running), adhering to them is outdated, overly simplistic, and potentially problematic.

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For the A's to build their winning culture, they not only had to develop a better understanding of professional baseball but also practice greater self-awareness throughout the organization. They had to come to terms with their lack of resources and realize that they could not win games against larger market teams on the field if they tried playing the same game as them off the field. It was only then that the A's could more thoroughly understand the game and how to carve their place in it.

How might a recruiter practice greater self-awareness? Much as the A's main objective was to generate runs and gain a better understanding of where they come from, a recruiter's main objective should be to generate placements and, therefore, gain a better understanding from where they come. In my experience, arriving at this better understanding is a personal process contained in a recruiter's past placements (particularly the ones that play out most efficiently) and the specific metrics and ratios borne out of these placements unique to the recruiter's practice.

In tandem with a recruiter's better understanding of their own past activity, an investment in newer technologies (metrics analysis software, subscription databases/directories, advanced social media networks, etc.) can help broaden the recruiter's understanding of their target markets and better assess how value is assigned to prospects and employers alike.

Personally, I have found compelling insights into my own recruiting practice through my evolving ratios and gained a better understanding of who my target prospects should be (both by traditional and nontraditional criteria). What I discovered is that not only did the right type of prospect generate significantly more interest and activity throughout the recruiting process, but did so far more quickly than prospects who were not quite on-point (within a few weeks in most cases, as opposed to a few months). This did, however, highlight an inefficiency on my desk that had largely gone ignored: an increasing abundance of offers for such prospects with all but one ultimately left unfilled (since each candidate can accept only one offer). As a result, my efforts (enhanced by our investment in newer recruiting technologies) have been redirected to quickly find facsimiles of the initial prospect as the recruiting process for the first prospect gains momentum.

In conclusion, the analytics principles espoused by *Moneyball* can serve as a template for success on any recruiter's desk. While perfectly efficient 1:1 ratios in our profession may be hard to come by, a recruiter in time may be pleasantly surprised by how closely they can come to such ratios with an understanding and dedication to these principles.



Raphael Franze, Esq. is the founder of LegalSummit Search Consultants, and a NALSC Board Member as well as a NALSC Newsletter Committee member.

P: (404) 242-5702
E: rfranze@legalsummit.net
W: www.legalsummit.net