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Moneyball's Impact on Business and Sports

Jeffrey S. Moorad

Billy Beane

Omar Minaya

Phil Griffin

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Villanova Sports and Entertainment Law Journal Symposium

“MONEYBALL’S” IMPACT ON BUSINESS AND SPORTS

Panelists:

JEFFREY S. MOORAD, BILLY BEANE, OMAR MINAYA, AND PHIL GRIFFIN

Moderator:

HON. EDWARD G. RENDELL

DEAN GOTANDA: Good afternoon. I’m John Gotanda. I’m the Dean of the Law School, and on behalf of the faculty and students, welcome to our Annual Sports and Entertainment Law Journal Symposium.

I think you’ll find that this year’s event, exploring the impact of *Moneyball* on sports and business, is really different from any other symposium that we’ve held. Underscoring that point is today’s star-studded group of panelists and most distinguished moderator who have drawn really an unmatched crowd. Over 1,700 people registered for this event – students, faculty, alumni, and friends – making this really a historic day for Villanova Law and the entire University.

It’s now my pleasure to introduce the University’s Vice-President for University Advancement, Mike O’Neil, as we set the stage for some really exciting news.

MIKE O’NEIL: Thank you Dean Gotanda and welcome everyone. It’s nearly baseball weather out there and pitchers and catchers report in about ten days, but I think this is really the kick-off of the 2012 baseball season.

I’m truly pleased to be a part of this incredible event for the Law School and Villanova University. I’m grateful and excited that we have such prestigious and credentialed alumni who join a pantheon of Villanova greats who have returned to Villanova’s campus for events such as these. And a special thank you to former Governor Ed Rendell, Villanova Law Class of 1968, and Jeff Moorad, Villanova Law Class of ‘81, for joining us today.

It’s also a thrill for our entire community to have Billy Beane, Phil Griffin and Omar Minaya here as well. I speak for all of our

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more than 1,500 attendees when I say that this is truly a great honor.

In addition to being privileged to have you on stage, I do feel like I owe Omar an apology, a public apology for his time, his successful tenure as general manager of the Mets when I, as a Met fan, texted him, emailed him, phoned him, 17,000 times or so, like any shy New York baseball fan.

Historically, this symposium has been solely a Law School event. However, the star power of this year's distinguished guests represents a unique opportunity to bring the Law School and the entire University together. Most importantly, this year's symposium shines a spotlight on the University's commitment to our multi-disciplinary approach to achieving academic excellence across all five of our distinguished schools and colleges. This speaks directly to what we are striving to achieve in our strategic plan for the next ten years and beyond; a charge and vision that was led by our University President.

If you have met him, you know that Father Donohue is committed to being an active and visible presence on campus, in addition to displaying a tireless energy at connecting with our more than 110,000 alumni around the globe, including our more than 10,000 proud alumni from the Villanova University School of Law. He is a 1975 graduate of Villanova University, was ordained a priest in 1979, went on to receive Master's Degrees from Catholic University in 1983, and the Washington Theological Union in 1985, and then received his Ph.D. from the University of Illinois in 1992. He served as an Associate Professor and Chair of our Theater Department for many years as well.

He is currently serving in his sixth year as President and has led the University through an ambitious process of creating a new strategic plan which outlines University-wide priorities into the year 2020, as well as a campus master plan that currently undergoing at the campus today.

But most importantly, his presence is evidence of his sincere desire to celebrate what this event represents: Our commitment to academic excellence. I should also point out that it's probably perhaps providence that the logo for the Padres is a friar. So, I normally introduce him as Father Peter Donohue, our 32nd President, but I invite Padre Peter Donohue to the podium. Thank you.

FATHER DONOHUE: Thank you and good afternoon. And I must tell you before all of this starts, that as soon as this part of the

symposium is finished I have to exit the stage to attend another symposium that's going on on campus regarding philosophy and theology, and I assure you, the crowd is not as big.

But I'd like to welcome our distinguished guests this afternoon: Governor Ed Rendell, Jeff Moorad, Billy Beane, Phil Griffin and Omar Minaya. I know you all maintain extremely busy schedules so I would like to personally thank you for coming to Villanova and participating in this hallmark event for us.

It certainly doesn't hinder attendance when you have the Governor of the Commonwealth of Pennsylvania, Owner of the San Diego Padres, President of MSNBC, Senior VP of Baseball Operations for the San Diego Padres, and the General Manager of the Oakland Athletics on the panel. Not to mention, one of them played by Brad Pitt in one of the highest grossing films of 2011 helps, too. But Billy, Brad has nothing over you.

I'd also like to recognize and thank Dean Gotanda, Mike O'Neil and Anne Depold and their staffs, and Christopher Chuff and our students for bringing this event to life. What started as an intimate little panel discussion exploded into a huge University-wide undertaking, as evidenced by this terrific audience this afternoon.

I'd like to turn our attention to the event's headlining panelist, Jeff Moorad. Jeff, can you please join me up here?

Last year I took a world tour of more than thirty cities to present the Villanova University Strategic Plan to our global network of alumni parents and friends. And last June Mike O'Neil and I had the pleasure of meeting with Jeff during our trip to San Diego, California. During our visit, I enjoyed my first behind-the-scenes tour of a major league baseball park and had a chance to walk out onto the infield. And who knows, maybe I'll be invited back some day to throw out the first pitch. After all, I'm a real Padre.

We spoke quite a bit about Jeff's continued interest in Villanova and the strong connection he feels to Villanova's Law School. Villanova and Jeff have been partners for quite some time. He has been a tremendous and active volunteer with the Law School, having served as a member of the Board of Consultants since 1992, a member of the Law School's Rush Line Society and a proud advisor for the school's Sports and Entertainment Law Journal, which sponsors this very symposium each year.

If anyone knows anything about Jeff, you know that he has turned a passion for everything sports into an incredibly successful career. In our discussion, we talked about the possibility to fuse his

passion for both sports and Villanova School of Law together and an incredible opportunity emerged.

On behalf of Villanova University, I am pleased to announce that Jeffrey Moorad has committed \$5 million to name and create the new Jeffrey S. Moorad Center for the Study of Sports Law.

This transformative gift, the largest of the Villanova Law School's history, will revolutionize the face of sports law education at this University. The Jeffrey S. Moorad Center stands among only a handful of centers in the United States dedicated to the study of sports law, joining the likes of Duke, Marquette, and Tulane. Through rigorous academic courses and programming dedicated to sports law, the Center will prepare students for careers in amateur and professional sports, making Villanova a preeminent outlet for scholarship and leadership on law issues in the sports industry.

Jeff, your generous support of the Villanova School of Law is a fitting testimony to your loyalty and inspiration to your fellow alumni who extend far and wide beyond the boundaries of our campus. Our greatest priority in academic excellence we strive to deepen and broaden the critical and creative minds of our students and the Moorad Center for the study of Sports Law will do just that. I am personally grateful that you have chosen to invest in the University in such a meaningful way. Your gift will not only help Villanova to reach new level of academic distinction and national recognition, but it will also secure the future for generations of Villanova Law School students.

On behalf of Villanova University, the Villanova School of Law, our distinguished guests, and over 110,000-plus alumni, I thank you for your leadership and dedication to Villanova University and the School of Law.

JEFFREY MOORAD: Well, as I said back in the green room, it was an expensive logo. But at least I got a hat.

Thank you, Father. A quick story about Father Donohue. It's true, he and Mike O'Neil came out and visited me and they really didn't twist my arm. They left that to Dean Gotanda. But, there was a funny moment because I kind of stopped in mid-sentence and, you know, as a guy raised as a Christian out in California I didn't know quite what to call him. So I kind of stopped and I said, you know, I don't mean to ask a silly question, but am I supposed to call you Pete? Peter? Father Donohue? I'm not sure what to call you. He said just call me Father. Okay, thank you Father.

So Father, I truly am appreciative of your kind words, and Dean Gotanda as well who was certainly an inspiration to this project. A number of people worked hard to make this a reality and Colleen Belz certainly was one of those. And I'd be remiss if I didn't recognize my former law school classmate, Doris Deltosto, as I knew her. Now you may know her as Dean Brogan. But, however you know her, she's a terrific inspiration to many at this law school and was to me. In fact, the first discussion we ever had about doing something like this was with Dean Brogan when she was serving as the interim Dean of the Law School. So, I thank Doris. I can't see you wherever you are out there Doris, but thank you so much for encouraging me to give back.

And really, this is what it's about. At this stage in my career, I'm interested in giving back. I encouraged athletes to do that for 20 years. It was an important principle of the practice that we ran. We actually called it a practice. See? A little lawyer-like, even though I left that license in the drawer a long time ago. But, as I moved on to the Diamondbacks and now with the Padres in San Diego, I've had the pleasure of encouraging a couple organizations to give back. And we're very proud of what we do in the community in San Diego and creating this Center here at Villanova to me is a natural extension of that way of thinking. So, it's important, I think, for the Law School to be on the cutting edge. I am certainly committed to staying involved with the school going forward and we hope that the Sports Law Center at Villanova School can be indeed a cutting edge center for that discipline around the country.

So, thank you for being here. I'm actually more excited about this panel than I am anything. I'm sure you didn't come here to hear me. So we'll look forward to the panel and thank you very much. I appreciate it.

DEAN GOTANDA: Thank you again, Jeff. It's really a transformative gift for Villanova because it really does expand our visibility in the area of sports law. It enables us to recruit top students with a strong interest in sports law. It enables us to expand our curricular offerings, offer exciting internship opportunities, and really build the premiere repository for all sort of related legal materials about sports. The prestige of the new Jeffrey S. Moorad Journal of Sports Law will attract publications from top scholars and will have innovative programs, like the one that we have here today, year after year because of this gift. And so, again, thank you, Jeff,

for creating this opportunity for us, for your leadership, for your support, and for your loyalty. We will remain forever grateful.

And it is now my pleasure to introduce the Editor-in-Chief of our Journal, Christopher Chuff, from Villanova class of 2012, who will introduce today's moderator. Thank you, Chris.

CHRISTOPHER B. CHUFF: Hello everyone and welcome to the 2012 Villanova Sports and Entertainment Law Journal Symposium. My name is Christopher Chuff and I am the Editor-in-Chief of the Villanova Sports and Entertainment Law Journal, also known as the SELJ. The SELJ is a national legal periodical, published twice per year by a staff and board of Villanova law students for the past 19 years.

I want to take the time that I have to thank the people who made this day possible. First, I would like to thank the SELJ Symposium Editors, Krista Siladi and Erin Hehn for their hard work in organizing the symposium. Next, I would like to thank Dean Gotanda and Dean Lanctot, who is also our wonderful faculty adviser for the Journal, and the rest of the Law School administration for its continued support of the Journal. The Journal has a significant impact on students' Law School experience and post-graduate opportunities. The accomplishments of the Journal and the staff members would not be possible without your support.

I would also like to thank Billy Beane, Phil Griffin, Omar Minaya, and Ed Rendell for participating and making the Symposium a success beyond our wildest expectations.

Last, I want to take the time to thank Mr. Jeff Moorad, not only for his record-setting donation, but for making this dream-like day a reality. Mr. Moorad's generosity and loyalty truly inspire future alumni, such as myself, to strive for greatness while remaining loyal to those who help you achieve it. The Journal and this law school are extremely fortunate and grateful for Mr. Moorad. Thank you, Mr. Moorad.

I now have the opportunity to introduce a man who needs no introduction, our moderator and former Governor, Ed Rendell.

In addition to serving as a partner at Ballard Spahr, Governor Rendell writes a sports week column for the Philadelphia Daily News and is a political analyst for NBC. A proud graduate of Villanova Law, ladies and gentlemen, Ed Rendell.

GOVERNOR ED RENDELL: Thank you everyone. Good afternoon. This is fun for me. Among the many things that I do now,

the column I write for The Daily News, with a great assist from my son Jess, who's here with us today, and I also do the pre- and post-game Eagles show which is the center of a lot of controversy around the area, but I enjoy it thoroughly.

Sports is, as all of you know, a great leveler. The bank president and the shoe shine guy can have an opinion about what the Phillies should be doing and each is just as relevant as the other. So it's great to be here.

There are a lot of distinguished people in the audience and I'm going to make a mistake by not recognizing all of them, but because this is a baseball theme, I want to particularly recognize Mike Stiles, the Executive Vice President of the Philadelphia Phillies who's with us. Michael. And also with Michael is someone all baseball fans in Philadelphia owe a deep debt of thanks to, Bill Giles. Bill brought us – In his time as General Manager he brought us a great team, a great new stadium and Kite Man.

It's my job now to introduce our panelists. And we do have a great group of panelists, a fascinating combination, to talk about what was a book and then a movie that talked about something that really revolutionized the game of baseball.

I'm going to start by introducing Omar Minaya. Omar has been general manager of three teams: of the Montreal Expos, the New York Mets, and currently the San Diego Padres. Most of you know him from his stint with the Mets where he used his ability to evaluate and judge talent to assemble a very talented team of players that we got great joy in beating every year. Omar.

Next, I want to introduce someone who is really, in the modern-day media world of news and sports and entertainment, one of the most brilliant, erudite, insightful people in the entire business, Phil Griffin, the President of MSNBC, who also happens to be my boss. Phil.

Next, of course, our own and Villanova's own, Jeff Moorad. And you know about Jeff, well we probably aren't, everyone's not familiar with his incredible career. He built a great business as a sports agent. One of the most trusted, honorable and successful sports agents in any sport. And then he became the general partner of the Arizona Diamondbacks, and then, in 2009, became the Vice Chairman and CEO of the San Diego Padres. Villanova's own, Jeff Moorad.

And lastly, the guy who, the reason we're here, Billy Beane. I want to start off by asking you in the audience a question. Raise your hand if you didn't see the movie *Moneyball*. So only about six

of you didn't see the movie *Moneyball*. So you all know the story of Billy Bean.

Billy did something that revolutionized baseball and we're going to talk about what it was, how he used it, and is it still relevant today or is it still something that gives the small market teams the ability to compete. Billy is a visionary. It was incredible what he did with the Oakland Athletics. It's an incredible franchise. He's still there, he's still generating interesting and fruitful deals for the Athletics, and he's a great spokesman for baseball. And if he could've hit the curve ball, we wouldn't have been here. Billy Beane.

Our format today – I'm going to sit down in a second and we're not going to use the podium anymore. Our format today is to have a discussion and we're going to start in the order that I introduced the four panelists with sort of an opening statement to give their sort of take on why we're here and where the game of baseball stands today and then I'm going to ask questions, most of which were provided by the Editorial Board of the Journal. And we're going to cross-pollinate and ask each other some questions. Because the audience is so large, it's impossible to allow any audience participation but, again, virtually every one of the questions that I am going to ask were suggested by the Editorial Board of the Journal.

So let's get started.

OMAR MINAYA: Thank you, Governor. And, you know, I expect that being in Philly country that there was going to be a comment as far as the New York Mets and the misery that you, Philadelphia, Mr. Giles, have put the New York Mets through over the past couple of years. But that being said, we did have some very good players with the Mets and the Phillies. You know, I was just talking to Phil on the way here and once they traded, once you allowed Utley to play every day, that changed a lot the National League East and you should be proud of your team.

That being said, the reason we're here today is, as you said Governor, we're talking about the book *Moneyball* and the impact that *Moneyball* has had on the game, but also how we can correlate *Moneyball* to other parts in business and law. I'm probably here, you know, when you read *Moneyball*, as a Scout, because my history, my background is one of a talent evaluation of not only the young players, the high school players, the Latino players, the international players where quantitative analysis, if you are going to quantify that part of how you come to a conclusion on a young Sammy Sosa or a

young, you know, any Latin player, and most of the times you're signing them at a young age, there is no quantitative analysis. At least there's not much of it – put it that way – because A, they don't play in high school, there's no college, so you really have to make an evaluation based on subjective ability, history and that.

That being said, I think what, and the funny thing is Billy, I just got back from the Dominican Republic and I was with Paul Depodesta and all I remember from our early years was Carl Keel, having coffee with you sometimes in the Dominican Republic when you guys were building that academy. So Billy goes way back to that whole part of baseball in the Dominican Republic.

That being said, I'm excited to talk about, you know, *Moneyball*. And I'm speaking as a person that was able to, my first general manager's job was with the Montreal Expos and you're talking about experience and fun, well there was zero budget. There was no budget. And then I had the opportunity to go to the New York Mets where we're talking about big market, big-time decisions, and it's an honor for me to be here in Philly country and to enjoy talking baseball. Here we are in February and we can play baseball today, that's how beautiful it is outside. But it's going to be fun and thank you for having me here.

GOVERNOR RENDELL: Thanks Omar. We had a pre-call a couple of days ago, and we said Omar is here representing that scout that got fired.

Phil Griffin. Phil.

PHIL GRIFFIN: Omar and I talked on the way down. I'm a lifelong Mets fan. Omar put together four of the greatest years as a Met fan. Unfortunately, two of them were ruined by you, the fans of the Phillies. We were up seven games with 17 to go in 2007 and we lost, and we did it the next year.

But he's a great man, and I'm a big fan.

My name is Phil Griffin. I'm President of MSNBC and I'm a big baseball fan, but the reason I think I'm on this panel is because I rehabilitated a team.

Six years ago when I became head of MSNBC we were a distant third in the cable news race. We weren't making much money. CNN and Fox were killing us. We had no identity. We were trying to be all things to all people and, honestly, I think the powers that be were thinking about turning out the lights.

Six years later, today, we're a solid number two. We've beaten CNN three consecutive years. We have an identity. We have a loyal and passionate audience that advertisers love. We're one of the most profitable channels in the NBCU cable channel group and we have our eyes on Fox News.

The core values of *Moneyball* apply to my business, especially to my business, but I think they apply to all businesses and what Billy Beane did for the Oakland A's. To begin with, the number one core value that I put in is challenge authority. The thing is, is tradition will kill you. What he recognized as he was going up against a large market team, going up against the Yankees, that he had to do it differently. He's quoted early in the book, "We have to change the game." That's what I say. We were the Oakland A's, MSNBC. No money, distant third, dying. CNN was the Yankees swimming in money. We had to change and we did. So number one, challenge authority. Do not let tradition bog you down.

Number two, understand and know your business. Now you think that's pretty obvious, but I want to tell you, there are many successful executives and scouts who think they know their business and are successful that don't. You've got to understand your business, every element of it. It's like the scout that said he's got a great swing, but never talked about going to first base. Billy said, you know what it is? You know what our business is? It's manufacturing runs. You know what I said our business is? Manufacturing ratings. And we changed everything once we understood what our goal was. We set metrics and we found people that fit it. It wasn't just all stars. It was changing the game. We went out and got Rachel Maddow. She does not look like an anchor woman. All the people were talking about how people looked and they weren't talking about actual talent. You had to find positions, whether morning, daytime. You didn't want a team of all-stars; you wanted a team of people that knew what they were doing. Again, a parallel between the two.

Third thing is experience. Experience is everything. And you have to be disciplined about understanding that experience. You have the scout that said oh, that player, oh that's a good-looking player. He's going to have a great future. Really? You're going to project your business? And Billy, and I want to quote this, Billy figured it out. He understood, he studied, he figured out the metrics, he knew his goals, and he said, "The ability to control the strike zone was the greatest indicator of a hitter's future success." He learned that by studying everything he had knew about baseball. It wasn't about that guy's a good-looking guy and wears a good-look-

ing pair of jeans, I think he's going to be good. You've got to know your business.

And what I did at MSNB was I figured out against all the people that were telling us you can't change. What's our opportunity? What do we want? How do we get ratings? We're a niche business. The same things that apply for you, apply for us. The parallels are amazing. I love the book. This is going to be a great discussion and thank you for inviting me.

GOVERNOR RENDELL: Thanks Phil. And next we have the man of the hour, Jeff Moorad. And probably no one in the baseball business knows the business better than Jeff because he has been an agent, a general partner, a CEO of two different organizations, and has some great insights. He helped build the Padres to where they came within a game of winning the division at one of the most heartbreaking – Jeff and I were on the phone often during those last few days of that season. But the Padres made a great acquisition in Omar and Carlos over the off-season, so I think better days are ahead. Jeffrey?

JEFF MOORAD: Thank you. Thank you Governor. Well I do bring a variety of perspectives I guess to this group, to this panel and, you know, much like Phil said, I believe that what *Moneyball* stands for is much broader than on-base percentage or a particular evaluative look at ball players. I believe that, as many had when the book came out, I remember it was a best seller not only around the country, it was a huge seller on Wall Street. And why is that? The investment banking community loved *Moneyball*.

Billy won't say, but I will. Two nights ago where was he? He was speaking to a Goldman Sachs conference in Florida. And why is that? It's because, to me, the people that make decisions that are about discipline, that are about studying trend lines, understanding them, and then adhering to them as opposed to getting scared, getting nervous, changing direction, whatever it might be, changing philosophy, the people that make hard decisions in business, let alone in Wall Street or in the money management world, adhere to the principles that *Moneyball* stands for. And that's what I believe it's all about.

And I will say that it has influenced me. Not so much in terms of the baseball vernacular or the parts of it that talk about specific statistics and the like, but it spoke to me many years ago when I moved over from the agent business to the management side of

baseball. And I realized that you had to adopt a philosophy. I talked to a lot of people in the industry before – and Billy happened to be one of them – before I went to Arizona and said, you know, what does it take to win, what does it take to build an organization, depending on who I was talking to. I mean I quizzed them about their experience of building an organization.

What I came away from those discussions with was something that's not all that different than what *Moneyball* stands for in my mind, and that's develop a philosophy and stick with it. And one of the worst things that happens in sports, I think, is when organizations flip-flop on philosophy. You know, one year they're a player development organization, the next year they're out signing free agents. It's like, wait a minute, you're one or the other. And by the way, you can, you know, if you've got the resources to do it you can certainly flip back and forth but I believe that, at the end of the day, whether it's looking at model franchises like the Phillies or like other teams that have won consistently, it's about picking a philosophy and staying with it.

And that, to me, is what *Moneyball* stands for. It's discipline. It's a disciplined business no matter what – with all due respect to anybody from San Diego – regardless of what the fans are saying, regardless of what the media is saying. Sorry Eric Fisher from the Sports Business Journal. But, you know, you have to have a philosophy and stick with it, and if you do that, I believe you give yourselves or your organization the best chance of success. And that, for me, is why this panel made so much sense to explore kind of the philosophies that are the underpinnings of what the book and ultimately the movie stand for.

GOVERNOR RENDELL: Thanks, Jeffrey. One of the great things about being a baseball fan, and there's a difference I think between baseball fans and fans of any other sport because the died-in-the-wool baseball fan probably spends more time and has more knowledge of statistics than any other sport, virtually any other sports. We know the statistics, we know ERAs, we know on-base percentages. We know the minutia. The real fans know all of that. Which is why *Moneyball* was such an incredible book to read and to understand how someone took the statistics and used them in a way to literally change the game.

When I read *Moneyball* I was excited just because it was a great book and I'm a great baseball fan. I was also excited, Billy, because, in addition to obviously my love for the Phillies, I've been a lifelong

Chicago White Sox fan in the American League, and just at the time the book came out, the White Sox acquired Mark Teahen and, if you remember the book, when they were looking at Teahen in the draft, he was the number one choice. He was a dead certain lock he was going to get on base and hit doubles and singles and walk, and he stunk for the White Sox. Sorry, Billy.

BILLY BEANE: He was fine when we gave him to you. But, he went to the Royals first.

Let's get one thing straight Omar, you didn't have a budget in New York, either, all right?

OMAR MINAYA: I had a budget. I'm filling the contract.

BILLY BEANE: And Jeff, if you wanted to donate a sports law program to the Oakland Athletics, we're certainly willing to have that as well.

The first thing I said when I came in here, don't you guys have class? Isn't this a school? My daughter called me today too. She's in college too. I asked her the same thing because I'm paying for that one. I'm not paying for you guys.

You know, I was listening to everyone talk and it, you know, it's interesting, the last decade has been really fascinating and a lot of it's been fascinating watching the reactions. And I've known Jeff a long, Omar and Jeff, a real long time. Me and Omar go back a long way. Actually we both scouted and we were both players. Jeff and I have been very close friends. We both sort of entered the front office. So when Jeff asked me to come here, it wasn't easy on the schedule but I was certainly proud to be a part of this day and a special day for the school and a special day for Jeff.

But people ask me to describe it, and I've always stayed away from describing it. I let everybody else describe it. Because when you're sort of living it, at the time, you don't really know what you're doing. For us, it was a matter of just trying to survive. I mean, we were the lowest team on the totem pole in terms of revenue so we had to do something differently. And for us it seemed very rational. I mean we had 150 years of information that was available. But we also were in a very incestuous business.

I'm an ex-player, Omar's an ex-player. I mean when we both, I think it took him, I think you stopped hitting the curve ball before I did and I stopped hitting – I stopped hitting the slider too. But, you know, it was a very incestuous business. And even Jeff knows

that. I mean the fact that Jeff is doing what he's doing shows you how much it's changed over the last decade.

For me, the thing I think had the biggest influence on my career, and I think it's been mentioned a lot, is I worked and was hired by a guy in the front office who came from a non-traditional background, and that's Sandy Elderson who's now running the Mets. He had to teach himself the game when he came in. He read books and he was, he had no biases. And so he was able to question things. And, in turn, when I came in as an ex-player – in fact, you know, this is a true story, too, and Mr. Giles is here. A real epiphany for me was the 1993 Phillies. One of my roommates was the leadoff hitter for that team. That would be Lenny Dykstra. And before you guys wonder what kind of roommate he was, he was the neatest roommate I ever had. And this is true. Even though I used to leave puddles of chewing tobacco out there, he used to put fabric softener in the dryer. And, as a minor league player, the fact that a 21 year-old would put fabric softener in was just beyond me.

But, for me, I was learning, understanding and a real lightning bolt hit me right here in this town, and I had read something that was by a gentleman named Eric Walker. He was a little bit of a disciple of Bill James. Bill James, as many of you guys know, was a baseball academic that had been writing for years these little typed pamphlets. He took a very rational view of the game. He didn't have any built-in emotions about how players should do things. He just looked at the numbers.

And Eric was, once again, a disciple of his and I read something right here in this town in 1993 watching the Phillies playing the World Series. And when I went to look at what the Phillies were doing, I realized everything that the Phillies were doing was exactly what these guys were writing about. They were taking tons of pitches, they were walking a lot and, therefore, creating a ton of runs. And that really changed my career, right here in this town. So I just thought of that speaking here.

And for us, we were, you know, one of the advantages we also had in Oakland, too, we had a blank canvas. You know, this game has 30 different businesses and, as Jeff mentioned, there's a lot of noise in our game. I would challenge anybody in any business to say they're in a – and I would even challenge the Governor – that there's not more noise in sports than anything. Sixty percent of the people in this room when you pick up the paper, no matter what you do, you're going to read the sports page. You're going to have an emotion based on how the home team did, and it's going to be

based on a short-term result. And I'm going to be either the benefactor of your praise or your venom, one way or the other depending on how the home team did. If you don't think that affects your decision-making, you're crazy. Right Omar?

I told my wife when we first got married, I said hon, if you're going to be married to a sports executive you got to do one thing. When we win ten games in a row, read everything you can and I'm going to be a genius. And when we lose ten games in a row, don't listen to anything. And it's a true story. It's really, if you don't think – and I know the Governor knows. He faces bigger decisions and far more important than we've ever had. Noise has an impact. And for us, looking at things rationally was a way of eliminating the noise.

And once again, we had no other choice. We could do things in Oakland that Omar could never get away with in New York. Okay? We could do things that Brian Cashman can't get away with. You can't get away with it in a town like this. And so the idea that you could've taken this and just tried it anywhere, I think we had a perfect Petri dish to do it. So we did have a market advantage.

The other thing I don't think is mentioned, and if I were to say that I'm most proud of when I say the book – and once again, the genius of the book was the guy that wrote it. And Michael Lewis is a brilliant writer. But what I'm most proud of is the meritocracy that the game has now become.

When I came in, listen, I'm an ex-pseudo major league player, failed minor league player. So, therefore, I should be running a billion dollar business, right? Point being is that the game has been introduced to the best and brightest. I mean if you look at, you know, Sandy was certainly one of the first guys. Paul Depodesta, my assistant. But you look at the guys who are running baseball teams, they're brilliant young men. There are brilliant young women coming into the game. It's an incredibly diverse business style where having played doesn't necessarily mean you get a job just because you play.

And that's the thing I think I'm most proud of. I have always made a goal – and I said this, this is true. I want to make sure as the leader of the baseball operations that I'm the dumbest guy in the room and, therefore – and I've succeeded actually pretty successfully for the last ten years with that.

I'll give you a little background. I have a gentleman, when Paul went to LA we had 1,500 resumes for a \$25,000 a year job living in San Francisco, and \$25,000 a year doesn't rent you a park

bench. And we got, the young man that we hired – Well first of all, one of the young men was graduating from Oxford with an Astrophysics degree and wanted to know if he could get out there in June for the job if he got it. I said, respectfully, you're completely over-qualified to sit next to me. But we hired a young man named Farhan Zaidi whose parents were from Pakistan. He grew up in Canada, went to MIT undergraduate, and was finishing his Ph.D. in behavioral economics. Never really played sports but loved sports just like a lot of people in this room, and was introduced to sports. A lot, too, of the growth is technology.

We hired Farhan at \$25,000 a year. He's now our director of baseball administration having never played the game. He says he played in the Philippines in the Little League, but that's questionable.

But for me, that's the great thing about sports now is that it's true. We just hired – and I got to tell you, and I'm really proud of this too and I think it's worth mentioning. We hired a young woman, Kate, on Friday. She's our assistant scouting director. She went to, worked at Goldman Sachs for four years, went to Stanford Business School, and now is our assistant scouting director. And I think it's great. You know what I'm saying? I think it's wonderful. And once again, to me, that's the thing I'm most proud of is it's great, it's flattering to see the business world embrace some of the things that we were doing, but to know that anyone can walk into our office and apply for a job based on, you know, their brains and what they have to offer, to me, it's the greatest achievement I think of the book.

GOVERNOR RENDELL: Thanks, Billy. We're going to start the questions now and I've urged the panelists to jump in. I'll direct them at one panelist, but anybody jump in that wants to.

Jeff, I'm going to start with you. How accepted is this sort of evidence-based cyber metrics where the crux of *Moneyball*, how accepted is it with other big league teams? First question. And second, with the exception of the A's, and everyone knows the success the A's have, and this goes to anybody, what would be another example of a team that used this system extremely successfully?

JEFF MOORAD: Well great, both great questions. I think the answer to the first one is, it's probably best told in a story.

I sat down with Josh Burns who is our general manager today. He works with Omar and me out in San Diego. But when I was

interviewing Josh for the first time it was to ultimately make him the General Manager of the Arizona Diamondbacks. He was a young kid and had a lot of experience for a young guy. He had actually gone to school at Haverford College right up the street. In fact, he asked me last night if I was going to stop by. I said no, don't have time Josh. But he was a light hitting first basemen for them back in the day, and through a contact got a job with the Cleveland Indians and actually worked with Paul Depodesta in what was a fabulously successful front office for a number of years led by John Hart and his team, and ultimately Mark Shapiro. And Josh had gone on to become the assistant GM of the Rockies and then became the assistant general manager of the Red Sox under Theo Epstein.

So, coming out of Theo's system in Boston, you know, I sat with Josh. We determined we had been in the same room a couple times but we really didn't know each other. And so I asked him the questions. I said so – and remember, this is back in '05 so *Moneyball* was still very much a theme in the business, even more so than it probably is today although certainly the movie's revitalized the interest and intrigue with it. So I asked him the question. So are you a *Moneyball* guy or are you an old school guy? And Josh looked at me like I was from another planet, but it was a job interview so he was kind to me and certainly cordial with his response.

He said, you know, I'm really neither. I said, really? I said, well, tell me what that means. And he said look, he said I think that the best front offices will put together staffs that frankly blend philosophies. You'll have some guys who are numbers guys – you know, the number geeks or whatever you want to call them – and guys that live their life on computers and are analytical guys or gals, to be fair. But you'll also want to rely on old school thinking and traditional scouting processes and, if you don't, you're making a mistake.

In other words, he made the point that you really would be mistaken to choose one or the other. And I think that, really to your question Ed, represents how most teams approach things today. I think that even the more traditional former player or even scouting, or guys that came up through the scouting channel who are running teams as general managers, will have a series of guys who are analytical guys. And I think that you have to have both. I think you make a real mistake if you don't.

So Josh Burns was right in my opinion. We won the division and the National League West. We were the best team in the National League actually two years after he got there and I credit

Josh's thinking very much and I'm extremely optimistic about our future in San Diego because of Josh's leadership at this point.

The second question?

GOVERNOR RENDELL: What team other than the A's is a good example –

JEFF MOORAD: Oh, I'd say probably Tampa. I think Tampa's done an unbelievable job. How, to be fair, they've drafted at the top of the draft, a lot, for the last ten years but I believe that they have the kind of leadership that represents a disciplined way of thinking. They have a philosophy. It's player development, scouting. They're going to stick with it. They have. And they've competed and actually won in probably the toughest division in baseball.

BILLY BEANE: Andrew's brilliant. He represents sort of the new breed of guys and, I mean, they have drafted, but they've made some incredible decisions and –

JEFF MOORAD: And by the way, former Goldman Sachs guy.

BILLY BEANE: Bear Stearns. They're no longer in business.

JEFF MOORAD: Oh, Bear Stearns.

GOVERNOR RENDELL: You know what happened to them.

JEFF MOORAD: Their owner's a former Goldman Sachs.

BILLY BEANE: Yes, exactly. But you know, it's really about information though. And it's making probabilistic decisions. For us, everything was, we couldn't afford to not invest something and get some return. We couldn't take risk. We had to make sure, we had to make sure that when we were investing in something that we had the highest probability in return. And we had to look at things like an actuary looks at things and that's because our situation dictated it.

GOVERNOR RENDELL: Well you used statistics extraordinary well, but Billy is there a difference between looking at a high school player's statistics, a college player, or a minor league player?

BILLY BEANE: Yes, you know, and that's I think a little – Omar was talking about it. It's not that linear where you're just looking at statistics. You're looking at the probability of that player giving a number of different factors and is there a lot of – you know, you were talking about young Latin America players and how much you're investing, how far are they away. It's, I mean, using the numbers on the field, those are metrics but there are other metrics that are involved.

One of the things that we studied one year is that this isn't so much the case. The demographics had a bigger impact on whether a kid would get to the major leagues at one time than anything else.

GOVERNOR RENDELL: Well, everyone who's seen the movie knows, Billy, that you were a player coming out of high school, can't miss player, first round draft choice. How would the Moneyball system have analyzed Billy Beane the player?

BILLY BEANE: Well, you know, that's interesting. I think that they captured it pretty good in the movie. They should've just let me go to college, you know, because that's where my head was. I wanted to go to school. And I don't think it was – and listen, I will say this. There is a certain mentality to be successful in this game. I was intellectually very restless. I mean failure was not –

I'll tell you, this is a true story. I got to tell you because we're in Philly. It happened right here. I'm sitting here with Lenny Dykstra with the Mets in 1984, I believe, and we're sitting on the bench and there's this big six, seven-inch left hander throwing on the mound warming up and Lenny's sitting there next to me and he goes, hey, who's this big dummy up here? And I looked at him and I say, you kidding me? I said this is the greatest left hander of all time. I said the greatest slider of all time, throws 94 miles an hour. I said, how do you not know this guy? And I go this is Steve Carlton. And he looked at me and he goes, oh yeah, I knew that. And then he looked back and he goes, I'm going to stick him; meaning he was going to get a hit. And he got a hit. And I punched out. The point being is that that was the mentality of a successful baseball player.

And then Lenny, and Mr. Giles will tell you, had that mentality, it's a daily grind and a great hitter when he's two for two will say I'm going four for four. A mediocre player will go two for two and say, hey, at worst I'm two for four. And that separation from a mental,

you see that when you come up and threw it. And I always remember that. And I wasn't that guy before.

GOVERNOR RENDELL: That leads me to my next question which I want to address to Omar. When I was a kid there was a show called *Damn Yankees* and the best song from *Damn Yankees* was "You've Got To Have Heart." And heart and personality and being a good guy in the locker room, that's obviously important to a club. Success. I mean you hear all the time, Jim Thome, not only a great player but great in the locker room, you know, holds the team together. You know, heart is so important in any sport. How do you scout for that? And how does that fit into the moneyball system?

OMAR MINAYA: Well that's a pretty wide arrangement of a, good guy, character. And you're right, as an evaluator there's two things. You first look, you know, you look at those tools that you talk about, those five tools, and whatever that means the words tools. But for me it's, if you ask a lot of writers, a lot of time when the writers say this guy's a good guy, in New York that means that that guy is probably leaking information to that writer. That's what it means in a big market. Okay? And we see it in the Hall of Fame votes. We hear all these guys are great guys and some guys are not going to get to the Hall of Fame because Hall of Fame voters will vote, writers will vote.

So to me it's, a good guy, I mean, there's no, I just don't find, it's a good guy could be that kind of guy because he's your same religion or that kind of guy. I think that gets overplayed.

GOVERNOR RENDELL: But don't you think there's something called heart in a ballplayer? The person who just won't quit no matter how –

OMAR MINAYA: Well, I think if Chase Utley. I have the utmost respect for Chase Utley because, as Billy says, here's a guy that you know, hey, whenever that game is going, you know, you're talking about I don't want to see this guy up there and he's the kind of guy that if he has to be hit, he's going to be looking for that fourth hit. As an evaluator, as a teammate, as a guy on the field, Billy, you connect with that. You see that.

And there are some guys, as far as, yes, there are guys that make a difference. I use the word they make a difference because A, they're consistent in how they play the game. They go all out.

Those things are things that you see that you, you may not be able to quantify these things.

I mean, perfect example. I thought this past World Series, and I was doing some work for MLB.com and I think Tony La Russa who's a great champion, you know, watching the game really and being beaten by this guy. A difference maker? Was the catcher Molina? The interaction, the things that were going on with Molina, what he does behind the play, he's a difference maker. They beat us in '06 and it was all about the intelligence, the anticipation before that famous at-bat of Carlos Beltran, before those great three curve balls, the pitch sequence was supposed to be different. Now when you're, internally when you're in the game, when you look at that film, you watch Molina and he changed what they were supposed to pitch to Carlos because of history and that's, as far as, that's the part as an evaluator that you can't quantify but, as you said, we talked about what the book is about, we talk about experience. Phil, you talked about what makes things successful. There's an experience factor and there's a now factor and for me, a guy, as far as gray guys, character is very debatable, very hard to put it down. Of course, if a guy goes out there and, you know, kills somebody or hurts a teammate, that's not a good guy.

GOVERNOR RENDELL: To be more specific about heart, one of the things that I would consider heart in any sport is how does that player do in the clutch? When you did your system for the first time, did you have a breakout of a guy – I know how you hit with runners on base, but did you have a system that showed you when the game was on the line how did that person hit?

BILLY BEANE: Well I think history shows you most guys – you take Barry Bonds. When he was in Pittsburgh he was supposedly a guy who didn't hit in the clutch. He was like two for 17 in '92 or '91 when he was with the Pirates. So he spent the next 10, 15 years until he got to the Giants being considered a guy who didn't hit in the clutch. Then in 2002 he set the all-time home run record in the World Series. So you got a little, small amount of data.

Listen, if you're going to make decisions based on data, you need a lot of it. And you know, you take a guy like Derek Jeter, probably at the end of the day, given his at-bats, his career average is probably be close in the post season as it was as a regular player.

So, you know, numbers only mean something if there's a lot of them. They don't, you've got to be careful and I think that's the

one thing we want to do. And really, this is all about getting as much information to make a decision. That's what scouting is about. Essentially you're trying to get as much information as you can to make the most educated decision you can.

I want to go back to one thing. You asked what teams are using it. When Paul was here, my assistant in Oakland, he did a lot of the stats work for us, but he also had another job. We had one statistician ten years ago and Paul, it was dual duties for Paul. We still have one. The Yankees have 21. So you ask about teams. There's not a team at some level who's not using it. Because there's, the technology has allowed us to gather more information, more accurate information, and all these things that we're talking about at some point we're going to be able to measure.

GOVERNOR RENDELL: You talked about Lenny Dykstra. What is that thing you talked about when you were sitting next to him?

BILLY BEANE: You know what's interesting? I don't necessarily—I don't think it was an intangible. The bottom line was it was a skill. Okay, Lenny, the baseball game is great hitters shrink the strike zone; great pitchers expand it. And the ones who control that strike zone, that's the box. And whoever does it the best on both sides of the ball, they win.

GOVERNOR RENDELL: Yes, but don't you think, Billy, there are players in all sports who want to be up when the game's online, who want the ball in their hands in basketball?

BILLY BEANE: Yes, no question. I mean –

GOVERNOR RENDELL: How do you gage that? Easy to gage it when they're in the big leagues. How do you gage that when they're coming up?

BILLY BEAN: It is difficult. I think, you know, listen, the stage, the higher up you go the bigger stage you are, people are going to react different. But the more times you're there, the better you're going to react more often than not. So it's really about getting a lot of information and being careful not to apply terms just based on short term results, real small amount of data.

I mean it's like, you know, you're talking about metrics overall. I mean you know as well as anybody, elections have come down to

counties determining who the President is, whether it be in Pennsylvania here, whether it be in counties in Ohio. You know, New York's going here, California's going here, Texas is going here. What's this county's going to do when elections essentially have been run like that over the last ten years? And I think at some point technology allows us to get this information [inaudible]. Absolutely you guys know as much as anything, Phil. And so it's not going away. The genie's out of the bottle.

And what's interesting, I always have this question. You've heard about chemistry right? There's chemistry in business? Have you ever heard – and I'm a general manager. Whenever we have a really bad year, at the end of the year I don't go, you know, we really sucked this year but we had great chemistry. We're going to bring everybody back.

My point being is that chemistry, when you're having a great season, guys are having great years, and your having a great time, you're hugging each other, Big Papi out there in front. But when you're striking out and you're a business that's losing money, everyone's pointing fingers and everybody's – you don't have chemistry. And I've always thought chemistry was something, I can't measure it. So in Oakland, I can't invest in it. But if we invest in players who win, I have a feeling they're going to get along pretty well because they're all going to paid at the end of the year and it's just like a business.

So that's kind of how I viewed it. But, you know, I have to. And the other thing I said, if it was all about chemistry I'd sign Tom Hanks to play left field for me cause he's a great guy.

GOVERNOR RENDELL: Well, you know it's interesting. We talk about the parallels between *Moneyball* and other businesses, and evaluating talent is important in any business. Phil, when you evaluate talent and, I'm particularly focusing on the people you want to put on the air, the hosts who the viewers are going to tune into night after night after night, is there any system you have other than your gut? I mean it seems very difficult because there are no statistics. I mean there are ratings, sure. But you took Al Sharpton, for example, and most of the people in the business, including some people who work for us, would call me and say did you see what Phillip did? Al Sharpton. No one's going to watch Al Sharpton. He's too this and he's too that. How do you evaluate talent? Do you use anything close to *Moneyball*?

PHIL GRIFFIN: I use exactly what *Moneyball* did. For years MSNBC put on all these different people: Jesse Ventura, Phil Donahue, Deborah Norville, the list goes on, and they all failed. And by the time I got in charge I said, God, I've lived through this, I cannot do it. Also, it's ulcerous. You put on somebody that you've never seen on your air but you just think looks good – you know, has the good swing. And then you get on and you just pray to God that it works.

Well then I realized, what if we actually built player, watched them, a minor league, bring them on, sign them as contributors first. Bring them on and see how the audience reacts. Then have them fill in. Oh, the audience likes that person. Hey, that's pretty good, looks actually don't matter. Actually brains matters. Their performance matters. The biggest one was Rachel Maddow. She came out of nowhere. She was on radio. She started appearing on some of our shows. She was smart –

GOVERNOR RENDELL: As a fill-in host.

PHIL GRIFFIN: And then we couldn't wait, every time Keith Olbermann was off our air, we tanked. He was our top, top performer, highest ratings, changed the network. He'd go on vacation and we lost everything. Rachel was good and we saw it. She felt good and she was, every time she was on we popped. The ratings popped. I couldn't wait after the election to get Keith to take a vacation to put Rachel in.

GOVERNOR RENDELL: You did get Keith to take a very long vacation.

PHIL GRIFFIN: Let's not go there. Rachel filled in and the first day, I'll never forget, at 4:00 our ratings come in on Tuesday. Holy cow, she held Keith's ratings. Tuesday, Wednesday at 4:00 she held his ratings. I said Keith, you got to go on, I called him up, stay another week. And the second week out I said, she's going on 9:00, because it was performance. She did it. We didn't just put on somebody abstractly. Just to finish this, so now everyone we put on begins as a contributor, starts in another place and if they elevate they get into prime time.

Reverend Al's been a contributor for five years. I love the guy. We had him filling in for Jenk. I started having him fill in for Ed. He held the audience. He fit who we were. That was not a risk.

Everybody hated that decision saying, what is he doing? And he's been a huge success.

I'm going to finish it. CNN went with two, they went with Elliot Spitzer and Kathleen and Piers Morgan. Put them in the two key prime spots – 8:00 and 9:00 at night. Never had appeared on their air. Ever. They just looked good. They look good in blue jeans. They put them up and obviously Elliot Spitzer failed and Piers is just barely holding on. The fact is, I do it the way you do. I look at the numbers. You don't get into our prime time until I look at the metrics and figure it out.

JEFF MOORAD: I also, I think that Billy raises a good point when he talks about teamwork, teambuilding, whether it's makeup, whether it's chemistry. It applies, certainly it applies to the club that we put on the field, but it also applies, I think, across businesses and leadership teams. In San Diego, we added them up the other day. We have a front office made up of roughly 300 people. Probably 200 in the building and another 100 out in the field. And we added up the other day, since we've got there three years ago we've changed out 151 of those jobs. Now, that's a lot of change. But each and every one of those changes was either a result of managing someone out, someone deciding to leave that they didn't fit the culture that we were building, or frankly, us upgrading positions proactively. And in some cases, adding new positions.

We've done that with a firm philosophy that it's all about adding the right kind of people. Now, of course, everybody thinks that they're doing that when they hire but, you know, Omar knows, I mean one reason we sit up here both wearing our SD on our lapel is because that's who we are, and we believe that it's important to speak that to our community. In some cases, even to other communities. But it's important to have a makeup in business that I think is as important as the club on the field. And we have to all be pulling together. We have all-employee meetings. Not every week or every two weeks, but probably every six weeks and they're meaningful. We recognize promotions, we do the things that all businesses do, I'm sure. But there's a spirit in the room about pulling together that I think is critically important in business.

I also know it's important in sports and I represented hundreds of athletes over the years and had the pleasure of representing Super Bowl winning quarterbacks like Troy Aikman and Steve Young and representing some wacko baseball players, too, like Manny Ramirez and the like. But I will tell you that what distin-

guishes those in the front office to me is very similar to what distinguishes those in the clubhouse. It's the people or the players that are willing to go the extra mile, to have a work ethic like none other.

You know, Manny Ramirez had a little crazy reputation at the end of his career in Boston, but you look at the first six years of his career up there – two World Series. Every player on that team would tell me the same thing. He got to the ballpark before anybody else. He'd be there at noon for a 7:00 night game and would begin working at that time. So, you know, the crazy, dreadlocked Manny is what we remember, but the reality is the kinds of players that succeed are the ones that put in the extra time, that put in the extra effort and that are committed to winning, and figure out a way to not feel the pressure but focus on the ultimate goal.

It's the same thing in the front office. It's the same thing in our business where those 300 people that support the club on the field and the Minor League system as well, they have to pull together in an impactful way. There's a makeup in a front office that's real important, too, and I'm in any business for that matter that I think is critical in ultimately allowing even the players on the field to feel it. And they do, because, you know, I hear the players talk and they see it. They see more than you give them credit for sometimes. But they have a feel for how to gain success.

GOVERNOR RENDELL: Jeff, speaking of the business of baseball, how has *Moneyball* and the cyber metric system changed contract negotiations, arbitration hearings, and of course, the business of being an agent?

JEFF MOORAD: Well, that's my past life but I'll try to recall.

GOVERNOR RENDELL: Contract negotiations and arbitrations are your present life.

JEFF MOORAD: That's right. Look, like Billy said, technology has created a path toward information gathering that is like nothing our country, our society has ever experienced so that there's really no limitation. I mean, in San Diego we've built a proprietary data system that we've invested millions of dollars into over the last several years and it's a system that, you know, Omar knows it well, you can pull up virtually any fact on any player, whether it has to do with where he came from, how much money's he's made, you know, statistics are just the core of it. But you can pull up video,

you can pull up motion capture technology. I mean it's unbelievable what's available.

And so, I believe, whether it's *Moneyball* or whether it's the advent of technology, I think that front offices, baseball front offices, today are just smarter. They're smarter than they used to be because they have the information at their fingertips that allow them to be that way.

OMAR MINAYA: Yes, I think, you know, *Moneyball* for me has changed the game. How has it changed the game? I think what *Moneyball* has done, because as we said before, it was such a well-written book, and it was a book, or is a book that, you know, the decision makers of baseball teams, but not only baseball teams, were able to read this book and connect their business experience, how they made decisions and how they quantify something to come to a decision. I think what *Moneyball* has done since the book was out, is that the Mr. Giles of the world, the team owners, the Jeff Moorad of the world, read something that made sense and asked the question, okay, how do we come to this decision?

Now, baseball as we see right now is, if I'm not mistaken, close to a \$6-7 billion industry. So the stakes are so much higher now than they ever been before. I was raised by people that, you know, whether it was the Al Campanis of the world, believe it or not, and the Howie Haaks of the world, the Paul Richards of the world, those are the people that taught me the game. Sandy Johnsons of the world. The game was different then. The ability for a scout to say, hey look, you know, he's got a good body and let's just take this guy at number one. The stakes are so much higher now. The bonuses are bigger. And the difference of a club being successful and not successful.

So now what *Moneyball* has done is bring in, the decision makers now. We're talking about the owners are hiring, they're demanding more from the decision makers because they're asking more questions. Hey, how did we come to this decision? How did we decide to give this player that amount of money? Whether it was Major League or Minor League. And I think *Moneyball* has been, I think very good for the game, as Billy says, because now when you go sit down, the question was asked, hey, do you believe in scouting or do you believe in, you know, quantifying analysis to come to that end decision? Well that end decision now, it's a \$100 million decision. It's a huge decision.

So now owners have read the book and I think what the, and I think the book whether it was Wall Street or whether it was a law firm, people, those decisions, it's all about as Billy says, information, how you use that information, and it's really about preparation. You really have to prepare. A baseball player, I mean we have advanced scouting, they prepare by looking at what the history of that pitcher is and what they've done. Scouts are forced now not to be that, hey-guy and say hey, you know, I liked him because he reminded me of something. No, he's got to be more than I like him. What is the information? Okay, so now, and then there's the high school quantification, the college guy which you have more history, and I always go back to that young international guy. But even the international market, I mean we're going to, the industry's about to give a Cuban player close to \$20-30 million dollars? And what is the information?

So what *Moneyball* has done is forced the decision makers – first, the ones that are hiring, that are scouting the records, to say hey, I need people, if I'm going to give that money, I need, you got to give me more than hey, I like the way he looks in a uniform. That's what *Moneyball* has done and I think it's opened the whole, you know, it put people in different areas. It's become very inclusive. It's increased the game and I credit you Billy and I credit the writer and even as we are seeing in the *Moneyball* movie, and baseball has always been a way, back from Jackie Robinson, to interest us about the game, but how the game reflects upon our daily walk.

GOVERNOR RENDELL: Interesting. We're going to have two last questions and I urge everyone to jump in. The first one I'm going to address to Billy, but please jump in, and last one to Phil.

Billy, I thought the most amazing part of the book and the movie, to me, was the Scott Hattenberg story. Just an amazing way to find value in someone who went on to be an incredibly productive player for you and the fact that you were able to even go beyond and switch him and bring him into a new position. And most people who don't know baseball think first base is an easy position, and –

BILLY BEANE: It's incredibly easy.

GOVERNOR RENDELL: Yes, incredibly. But I think the movie made it clear that it's not so easy at all. But of all of the players that came through the system where you used this cyber

metrics, who's the most undervalued who surprised – not surprised you, but pleased you the most? And then the second part of that question, in the entire Major League baseball, who do you all think are the most undervalued players out there today?

BILLY BEANE: Well, let me answer the first one here. And just to give an overview, I think there's a lot of themes in the book and once again, I got to give credit to Michael Lewis. It's business cultures, it's changing cultures, it's also in one simple way, I mean I saw this – I'm going to plagiarize because I saw this and I thought this captured it from an analysis standpoint. It says using metrics to challenge conventional thought in a traditional business if you were trying to use a thesis. And that made sense. And I saw it somewhere and I think that's a good way to wrap it up.

But you asked, the Hattenberg one was, well, you know, everything in business is about risk and reward. I think the challenging thing we had that year, we were losing Giambi. We were never going to find Jason Giambi. And I remember when we signed Scott, and I'm not sure if they said it in the movie or not, but we, me and Paul, kept telling him, don't tell anybody we're switching you to first. We don't want people to think that you're our choice to replace Jason because Jason was a high profile guy. We wanted to keep it on the low. We didn't want them to think we were insane any earlier than they figured it out.

But for us, it was really about the performance. And I think we paid Scott \$900 grand that year, and Jason was earning \$18 million. It was not that he was going to replace Jason's numbers; it was that what kind of value can we get for \$900,000? I mean that's, for us it was always about, quite frankly, getting higher performance than what we were paying for and trying to multiply that by 25. That was the arbitrage we were trying to create was, well, basically underpay our players.

And then, as I said, and then like Menudo, when they got to a certain pay rate, we kicked them out of the band and sent them somewhere else.

GOVERNOR RENDELL: Was Scott probably the best example?

BILLY BEANE: It was, because it was, it wasn't, he had traditional numbers that didn't indicate that he was going to be a good enough offensive player. But there was some hidden metrics that

indicated that we thought he was a better offensive player than he was. Therefore, we moved him, we wanted him to move into first.

And he was a great guy. I mean, you know, the reason he's a character in the movie and in the book is because he's a really bright, intelligent guy and it was just, in the whole story I'm just trying to hide the fact that like, don't tell anybody, you know, that you're going to be the first baseman. But there's a lot. I mean listen, you can bring up any failures too. We got quite a few of those, too. But Scott was one of my favorite ones.

GOVERNOR RENDELL: Who's the Scott Hattenberg out there in the big leagues today?

OMAR MINAYA: Well, I go back to, you know –

JEFF MOORAD: Don't tell anybody Omar.

OMAR MINAYA: I got to be careful about that one. Look, there are guys out there, of course, that I've, you know, zeroed three players that are producing a lot. And I know this guy, his contract, but I'm big on the catching position and I think that Bengie Molina, what he brings to the party, what he does, and to understand winning, what he brings to the party. And he was signed to a very good contract earlier on. You know, that's a player. And I know it's a name but that's, his value to winning it's unbelievable.

GOVERNOR RENDELL: Well sure, and catcher defies statistics in a way because so much of what catching is all about is handling pitchers and that's difficult to quantify. I mean I guess you can do it by the ERA of the, of a staff that's basically the same when a new catcher comes along. Is he responsible for that or is that the pitching coach or whatever. But that's a key component. And catcher's always been a leadership position.

OMAR MINAYA: Well it's a leadership position and, as you can tell, I am the Scott in the room when you start talking about a catcher and his value, as far as that. Yes, it's a key position. It's a key position and to me that's, you know, you can't really know the extra that he does. Now there are some guys that from a quant – when you can quantify the statistical, you know, I just go on, to me I was taught that, you know, there's the catching position, I think it was – I don't know, was it Yogi Berra who said or maybe Casey Sten-

gel who said, you know, are you guys going to take this guy first? And he says, well, somebody has to catch the ball. And this might've been the year when Reggie Jackson, you know, you need to have a catcher first. And of course he took a catcher over Reggie Jackson. But to me, the catching position is the most, well you guys got great pitching when you got a Halladay, so you need to have – but the catching position for me it's crucial. And if you have, to win championships most of the times you just have to have a very good receiver, and I believe this guy is, and I say this, not something you can't quantify but what he brings to the party.

JEFF MOORAD: Well I'll answer the question probably a little like Omar. I believe that undervalued players generally fit into the category of makeup players. So, similar to what Omar said, although you focused on catchers, at the end of last season which was a disappointing one for us – after winning 90 games in '10 we won 71 last year and finished last in our division. And in our post-season discussions, I don't get overly involved because it's not my job, but I love talking with, at the time, Jed Hoyer and now Josh Burns about the makeup of the team. You know, what do you think it was? What did we miss? And the assessment that we really focused on was what I mentioned earlier. It was chemistry. It was, we lost some guys from the prior year. I told a few of the writers earlier today, guys like Tory Alban, Jerry Hairston and David Eckstein. Guys that weren't necessarily stats guys, but they outperformed their value because they were leaders on the club.

And so I argued that – I didn't argue, I basically said that I thought we should create a makeup pot and, you know, not that this is any trade secret, Billy. Hopefully you won't laugh at this. But I said look, we need \$5 million, which in our market's a lot of money, about 10% of our payroll –

BILLY BEANE: Apparently not, Jeff.

JEFF MOORAD: I didn't say it wasn't a lot of money, Billy.

PHIL GRIFFIN: You should give more than that if it's not a lot.

BILLY BEANE: See, I am a Catholic and I did call him father.

JEFF MOORAD: Anyway, so I said look, let's put \$5 million in a pot and that's our overpay money for players that we think are go-

ing to make a difference in terms of their makeup or their chemistry. And I said look, you know, so the guy said to me, I don't care if I'm overpaying the guy who's supposed to get \$1,250,00 and he's a makeup guy that's going to make an impact in our clubhouse and we give him an extra \$500 grand. To me, that's a legitimate expense out of that makeup pot. And you know what? That's what we've done this off season. We've signed a couple guys – Mark Kot-say being an example. You know, probably could've signed him, his market value is probably \$750 thousand to a million and we gave him \$1,250,00. And we gave it to him because, and I even shook his hand and said, you know, he wanted a \$1,300,000 desperately and I said you win the World Series and I'll contribute \$50 grand in your name to a charity you want to give it to.

But you know, again, those are makeup guys. That's what I think, I think those are the undervalued assets of baseball that you want to buy.

GOVERNOR RENDELL: I understand that. Billy, I assume you'd agree with that, even though those are impossible things to measure by an analytical and evidence-based cyber metric system.

JEFF MOORAD: That's the point. They're the guys that don't measure up statistically so you almost have to, you have to go against your instincts as an analytics guy and say even though this might be, not be the pure stats guy, it's a guy that could make a difference in the clubhouse in ways that are harder to quantify.

BILLY BEANE: Yes, one of the roles that David Jess has played for us that year in '02, it was a leadership role. And one of the reasons we did because he understood what we were trying to do as a team. He did it, when he was in New York, in Cleveland he was in a similar job. That you got on base, he understood the strike zone, he understood the power of taking pitches. And for us, even though it was the end of his career, he had a huge impact. And I've had Mark, so I'm a big Mark Kotsay fan, so I know exactly the value you're talking there. But if you give me like nine Albert Pujols, I bet you I still beat you. That's the kind of makeup I like.

GOVERNOR RENDELL: Since we're talking about the business of sports, obviously sports and the success of any sport, is tied to TV. And Phil, we talked a little bit about this in our pre-call a couple days ago. Sports is exploding because of cable. NBC, our network, has now essentially set up a mini-ESPN or an ESPN-to-be.

When you look at baseball, and I know you're a fan, but step back from being a fan. What's baseball's future as a TV sport, number one? And number two, if you had the power to do so, what would you do to the game to make it more attractive to TV viewers? And again, I think baseball had a great year. The last day of the season was absolutely unbelievable. I can't remember any season in my lifetime where baseball was so exciting that within six minutes two division races were decided, or rock hard races were decided. It was an incredible season, an incredible World Series. But with that background, what's its future?

PHIL GRIFFIN: Let's answer the second one, because if the Met's had signed Albert Pujols that would've been great for baseball and TV. TV, and this is going to be another burden on the smaller markets, TV is everything. It's just everything. It's everything in TV. I mean sports is everything in TV. It's a unique thing in that it has nothing to do with the DVR. You have to watch it at a specific time. You're going to watch the commercials. You don't change the channel. It's an event.

Right now in this new world of hundreds of entertainment outlets, there's a unique thing that events provide whether it's Dancing With the Stars, American Idol something else will come out. But all those are live events and nothing is better than sports. We just saw it in the Super Bowl. We were talking about earlier, the pressures that the Mets have, because once the Mets got SNY they had to be good the first year. There was too much riding on it. And there's too much money to be made in television.

GOVERNOR RENDELL: SNY for –

PHIL GRIFFIN: SNY is the local channel in New York that is owned partially by the Mets and partially by Comcast, but it is a big revenue generator. It's unbelievable. And the Yankees have YES that gives them more money than the Yankees can generate. Every big market now is cutting a deal so that they have some ownership in it and it is driving those teams. So that's another burden for Oakland and Kansas City and Tampa because they'll never get the money that SNY is.

But again, going to how important. ESPN, forget about it. It's great that Comcast and NBCU have now got our own sports channels. If we can just do a fraction of the success that ESPN's doing,

we're going to make a lot of money on it and it's going to be a huge, valuable assets.

GOVERNOR RENDELL: Is it fair to say ESPN is the most successful story in cable television?

PHIL GRIFFIN: It's the most successful story in TV, period. They got these things called sub-fees which are what the cable affiliates pay to the, the MSNs and the cable affiliates, what they pay to the companies per customer. ESPN gets \$5. That's something over \$4 billion before they ever sell an ad. It is crazy how successful it is. Also demographics. It is perfect. You know, a big issue is who's going to get the next Major League Baseball TV contract? I know ESPN is selling one thing that nobody else has, Fox doesn't have, nobody. We have young men, the most appealing demographic in all of television.

So sports is huge on TV. One of the greatest nights was the night before the end of the season when you had three games that were determining down at Tampa Bay and St. Louis, I forget. It was one of the greatest nights in baseball. But, you know, I don't think you have to do a lot of bells and whistles to change the game. You know, graphics, all that, will make it work, but it is going to be, continue to dominate the big markets and make the –

GOVERNOR RENDELL: Before we close let's let everyone jump in. Omar?

OMAR MINAYA: Okay, yes, I think, as you said Phil, and Billy alluded to earlier, when you in Oakland, you're able to do certain things. The marketplace allows you to do that, and that creativity can come out. I can speak to that because being in Montreal you're allowed to be more creative. You're allowed to make trades and take chances on guys I think because of the TV factor, because of clubs, the clubs having these local – not only the national package, now it's the local packages. That you are forced now to go out in the marketplace and you want to get viewers. The cable network is investing in you and you are forced to go out and get free agents because at the end of the day we can talk all about those minor leaguers – markets really, what you want to see is you want to see people in those seats and you want to see people following the Major League Club, and the only way you do that is by winning. And now you're forced to do certain things that will go against some of

the creativity that was done in Oakland, and it was done in smaller markets.

I think, you know, what we saw, especially those years in 2002 with what you did Billy, what Minnesota did – look, a perfect example. Minnesota with a new stadium. I mean their payroll is \$100 million now. So they were forced to go out and do certain things and I think that was a special period and of course I wish you the best in getting that new stadium. But once you get that stadium, you're going to be forced to go out because of the business part and forced to sign a certain amount of free agents and now you're really going to just, really the question I say to myself is you know, you were able to find, you were able to manage and put your product together and find the weaknesses in the market. And I say this, what is going to be that next weakness, because there is always a weakness in the market. There always is one. And that's the challenge going forward. But I think the business part, business and sports are together and when TV and sports are together, it's about stars.

GOVERNOR RENDELL: Omar, the best example of what you're talking about is what the Marlins did with the opening of their new stadium. Jeffrey?

JEFF MOORAD: You know, I think TV is obviously a critical element. I'm pretty stubborn Governor. I still believe that, and maybe I'm just a *Moneyball* disciple and I'm not going to change, but I believe that irrespective of the pressure from revenue to spend, we're going to continue developing our organization because we're in a small market. That's not going to change. We're the 26th market in baseball, insofar as the TV market's measured, out of 30, and that's not going to change. Or at least it's not going to change dramatically.

We're going to continue, even though we're on the verge of setting up an RSN in our market, likely partner will be Fox – not official yet although widely reported. And once Fox San Diego gets underway, Fox Sports San Diego, we think it will produce greater revenues to our club. But it's not going to change our philosophy. We will continue to build from within. We're going to invest in the draft to the extent that the new CBA allows us to and we're going to invest in amateur talent and try to develop that talent from within. Not just because we want those players to be Major Leaguers and succeed at the Major League level, but because we want to have a

currency that we can make trades like with the Chicago White Sox for Carlos Quentin. When we traded what we considered to be our 20th and 30th best prospects for Carlos Quentin, the 20th best prospect's now ranked at the 7th best prospect in the White Sox organization.

The point is, is that we've created a wealth of talent in our system and we want to maintain that. Now, we obviously want some of those players to grow into Major League stars, but I don't believe we'll change our philosophy irrespective of an influx of TV money that's likely on the horizon?

GOVERNOR RENDELL: Billy, close us out?

BILLY BEANE: Yes, so if I get a new stadium I'm going to have more money to spend on more players. That stinks. You're right, we better stop that. Omar makes a point. And it's a market dynamic too, that you're in a big market and you get involved and some guys you may not want to. But I think for us a new stadium would mean we could keep what we developed, drafted and developed. I think that's what we would all want. I think even Omar, when he was in New York and in Montreal, if you could draft a player like Jason Giambi and you could keep him through his career or, you know, I think we would all take that deal. I think any, even a large market, team would say that.

GOVERNOR RENDELL: Exactly. People refer to that as the Cleveland Indian model.

BILLY BEANE: Oh yeah, which is the best. They've really done better.

GOVERNOR RENDELL: But they did it with Jacobs Field.

BILLY BEANE: Yes, but they, you know, the genius, and you know, that's a story that should be written because nobody has opened a new venue better than the Cleveland Indians and they did it, they had the guts to strip it down, start completely over and really take their lumps. And most people thought for 15 years that a new venue was the reason people came to the park. But what happened was it's a new venue with a great team. The Phillies are doing it here as well. And it took a long time for people to figure that, hey, you got to have a good team in there and the Indians were brilliant in the execution. They essentially sold out that city for about 460-

70 games before the Red Sox broke the record. And I don't know that anyone's ever done it better than they have. And, you know, they kept those guys. They were the ones who invented the long term contract for young players. None of us did those. Jeff, we didn't do them. The Indians created that model, and that's, as a result they were, I think, arguably the best team during that decade. And not only on the field, but off the field as well.

GOVERNOR RENDELL: Well, I think it's been a great panel. We want to very much thank Omar and Phil and, of course, Billy for coming here and joining us today. And Jeff, you made this a special day not just by your terrific participation on the panel, but by your incredible gift, that small amount of money, \$5 million. So thank you all for coming to Villanova Law School.

DEAN GOTANDA: Thank you so much. It's really been an amazing panel. We really appreciate everyone for coming out. We hope you join us next year. It will be hard to top this event, but we hope to see you all here next year. Thank you again for coming and good afternoon.

