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An Analysis of the Sale of Contracts by the Athletics after the 1914 Season

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AN ANALYSIS OF THE SALE OF CONTRACTS BY THE ATHLETICS AFTER THE 1914 SEASON

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Philadelphia Athletics

- ▶ World Champions
 - ▶ 1910
 - ▶ 1911
 - ▶ 1913
- ▶ American League Champions
 - ▶ 1914

Boston Braves

▶ Year	Wins	Losses	Standing
▶ 1910	53	100	8 (Last place)
▶ 1911	44	107	8
▶ 1912	52	101	8
▶ 1913	69	82	5
▶ 1914	Last place in early July		
	▶ National League Champions (Miracle Braves)		

1914 World Series

- ▶ Braves swept Athletics 4-0

Connie Mack

- ▶ Part owner and manager of Philadelphia Athletics
- ▶ Sold or traded many key players between end of 1914 and 1917

Research Questions

- ▶ Why did Connie Mack sell, release, or trade the players?
- ▶ What was the economic results of these sales?

Classroom Uses

- ▶ Sale of assets within decision making
- ▶ Forensic analysis
 - ▶ Forensic valuation
 - ▶ Auditing, test of management intent

Why?

- ▶ Economic stress caused by competition with Federal League
 - ▶ Higher salaries
 - ▶ Lower attendance
 - ▶ Federal League had team in Newark for 1915
- ▶ Disappointment with team, begin rebuild
 - ▶ Poor World Series performance
 - ▶ Concerns about team morale due to Federal League

Economic Results

- ▶ Focus on
 - ▶ Sales price of contracts and salaries saved
 - ▶ Change in attendance

Early Player Departures

- ▶ Eddie Plank
- ▶ Charles Albert (Chief) Bender
 - ▶ Released during October 1914
 - ▶ Signed with Federal League teams for significant raises
 - ▶ Athletics received no compensation
- ▶ 1914 Salaries
 - ▶ Plank \$5,000
 - ▶ Bender \$4,000
- ▶ Both pitchers played through 1917

Eddie Collins

- ▶ Contract renegotiated during 1914 season
 - ▶ 1913 \$7,000
 - ▶ 1915 \$15,000
- ▶ Sold 12/8/14 to Chicago White Sox for \$50,000

Frank (Home Run) Baker

- ▶ Contract dispute following 1914 season
 - ▶ Salary \$9,166
- ▶ Sat out 1915 season
 - ▶ Salary \$8,000
- ▶ Sold 2/15/16 to New York Yankees for \$37,500

1915 Transactions

Player	Date	Proceeds	
Herb Pennock	6/6/15		Waivers
Bob Shawkey	6/28/15	\$ 3,000	
Jack Barry	7/2/15	\$10,000	
Eddie Murphy	7/15/15	\$11,500	

Contracts Summary

- ▶ Proceeds \$112,000
- ▶ Salaries
 - ▶ Only Eddie Collins increase from \$7,000 to \$15,000 is well documented
 - ▶ Guess about \$80,000 after increases motivated by Federal League competition
 - ▶ Note these salaries would be offset by (small) amounts paid to replacement players
- ▶ Net benefit less than \$200,000

Philadelphia Athletics Attendance

- ▶ 1914 346,641 (fifth highest in AL)
- ▶ 1915 146,223 (finished last in AL standings and attendance)
- ▶ Comparisons
 - ▶ Philadelphia attendance declined 58%
 - ▶ Major League attendance increased 9%
 - ▶ American League attendance decreased 11%
 - ▶ National League attendance increased 42%
- ▶ Local market
 - ▶ Philadelphia Phillies won NL and increased attendance 310,000 or 225%
 - ▶ Newark Federal League attendance unknown

Attendance Revenue

- ▶ Tickets seem to average about \$1 during 1910s
- ▶ Concession revenue unknown
- ▶ Implies drop in attendance caused about \$200,000 decrease in revenue
- ▶ Offset mostly by contract sales and salary savings

Subsequent Seasons

- ▶ Athletics finished in last place each year from 1915 through 1921
- ▶ Attendance ranged from 178,000 to 225,000 from 1916 through 1919
 - ▶ Ranged from 6th to 8th highest in AL through 1922
- ▶ Three additional players were sold for \$60,000 in December 1917
- ▶ Economic losses from decreased attendance seem to dominate savings through 1922

Conclusions

- ▶ Contract sales did not benefit the team in the long run
- ▶ Financial results may have been near breakeven in first year, 1915
- ▶ Focus on team morale
 - ▶ Boston pitcher quoted as saying Athletics could not hit basic curveball
 - ▶ Were the Athletics trying to win the 1914 World Series?