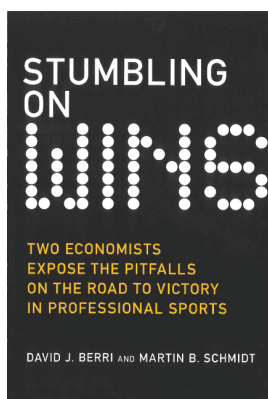


Calling the Shots



STUMBLING ON WINS: TWO ECONOMISTS EXPOSE THE PITFALLS ON THE ROAD TO VICTORY IN PROFESSIONAL SPORTS

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BY DAVID J. BERRI AND MARTIN B. SCHMIDT

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In *Stumbling on Wins*, David J. Berri and Martin B. Schmidt, economists at Southern Utah University and the College of William and Mary, respectively, examine why “experts” in sports so often make decisions that lose both money and games. Drawing on behavioral economics, which suggests that the rational decisionmaker of standard economic theory represents an incomplete depiction of actual human behavior, Berri and Schmidt argue that we often are reluctant to accept information that contradicts our current world view, even if it means repeating the same mistake again and again. And we often misinterpret the information we do have, or overestimate its predictive power.

The solution, they maintain, is “useful” numbers — numbers that are actually connected to outcomes (wins) and numbers that are consistent over time (for instance, numbers that will tell you something about a player’s performance from year to year). In their 2007 book *Wages of Wins*, written with Stacey L. Brook, now at the University of Iowa, Berri and Schmidt developed a metric called “Wins Produced” (WP) to evaluate basketball players. WP uses regression analysis to measure the effect of individual player box score statistics on team wins. The authors find that a player’s contribution to wins depends primarily on shooting efficiency, rebounds, turnovers, and steals. In *Stumbling on Wins*, the authors extend the WP framework to analyze fourth-down play calling in football (coaches play it safe too often); the value of hockey goalies (less than the goalies would like to believe); and whether coaching matters in basketball (not much, apparently, unless the coach is Phil Jackson), among other things.

The factors that make a player valuable to his team should, in general, be the factors that determine his salary. Berri and Schmidt find that the most important determinant of pay in the National Basketball Association (NBA) is points scored: Five more points per game equals an extra \$1.4 million per year. The problem is that a player can score more points simply by taking a lot more shots, and ignoring other aspects of his game — to the detriment of the team as a whole.

Case in point: the New York Knicks of the mid-2000s. New general manager Isiah Thomas spent millions acquiring a roster of high-scoring free agents. But despite having the biggest payrolls in the league, the Thomas-era teams also had some of the worst records. In a chapter of the book that may surprise many sports fans who have vilified Thomas, Berri and Schmidt conclude that he simply showed the same preference for high scorers as the rest of the league — but had more money to spend on them. “It’s not clear that other general managers would have made different choices given the budget Isiah had at his disposal,” Berri and Schmidt write.

Berri and Schmidt also examine a long-debated question: Are black quarterbacks in the National Football League (NFL) underpaid? Comparing quarterbacks using “Wins Produced per 100 Plays” (WP100) instead of the NFL’s Quarterback Rating — which they deem “complicated, and furthermore, incomplete and inaccurate” — the authors find persistent bias in the evaluation of black quarterbacks. On average, black quarterbacks produce more wins than white quarterbacks; they are also much more likely to run with the ball than to throw it, and therein lies the rub. Regressing salary on various performance measures, Berri and Schmidt find that the number of passing yards has the most explanatory power for salary, while rushing yards are not significant. Because white quarterbacks on average are paid more than black quarterbacks, the authors conclude that the black players are “doing something extra that helps their respective teams win games, but this extra effort is uncompensated.”

Decisionmakers also have difficulty evaluating the performance of future players (as fans of the Portland Trail Blazers, the team that picked Sam Bowie ahead of Michael Jordan, know all too well). Draft day decisions illustrate a key aspect of decisionmaking. More data make us feel like we’re making better, more informed decisions — but the human brain can process only so much information, a concept economists call “bounded rationality.” So we sometimes don’t focus on the most useful information.

In both the NFL and the NBA, Berri and Schmidt find that a player’s productivity (as measured by Wins Produced) doesn’t have much to do with his draft position. Quarterbacks get picked one round earlier if they’re an inch taller or score higher on an IQ test. A college basketball player who plays in the Final Four of the NCAA tournament can improve his draft position by a full 12 spots — if he declares for the draft that same year. If he returns to school, the effect on his draft position (and, thus, potentially millions of dollars) is lost the following season. Although

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