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Lessons From Money Ball – 6 Billy Beane Quotes To Help Run Your Business!

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At this year's SIGMA Annual Conference in San Francisco, Oakland A's legendary vice-president and minority owner Billy Beane discussed how he's used business analytics to arbitrage baseball talent. His success has been chronicled in the best-selling book by Michael Lewis, *Moneyball: The Art of Winning an Unfair Game*, and the movie based on the book.

Beane discussed how his success came from using information that is in the public domain. An example, according to Howard Bryant of ESPN, is how Beane used available information to evaluate and identify high potential high school players. This group of talent had traditionally been ignored or undervalued by scouts using 'conventional industry wisdom'. This use of publicly available statistics enabled a successful shift, helping Beane's scouts to choose players based on an analytical analysis of their key skills.

The impact of his approach first became evident as the strategy was unveiled during the 2010 season. While the A's missed the playoffs, they led all teams in defensive efficiency, allowing the fewest runs in the AL. By 2012, the Athletics had made the playoffs under Beane, winning the American West Championship for two years in a row (2012-2013).

Interested in learning more about how Beane thinks, I found several quotes attributed to him that we can leverage in our businesses:

"We've got to think differently."

How often are you, and your management team, caught up in looking at a problem the same way? The saying 'if we use the same process and the same people we'll get the same result' comes to mind here. What Beane realized was that to win versus his competitors, he needed to have a different approach. He took the bold step of hiring a management team that knew little or nothing about baseball, and that were numbers jockeys. As you look at the landscape, do you fall into the trap of saying I can't get the best people because they're working for a bigger competitor? How can you change the game with some 'outsiders'? Are there some different metrics that you should consider?

"You're not even looking at the problem."

Related to not thinking differently is ensuring you understand the right problem. Too often we jump to a solution based upon a cursory examination of what the true problem is. I'm a believer in using the "5 Why's" approach (keep asking why) and having a devil's advocate in the room for important discussions and



decisions. This technique, which originated as part of the Toyota Business System and is part of our standard work, helps ensure that you are digging deep enough to get to the right problem.

The blog MWAB sums up Beane's approach as:

"The moral of the story is making the best of what you've got when you don't have much."

Realizing that his payroll would never match the Yankees or Red Sox, Beane built a team to match his budget, making calculated investments in players' whose talents he could arbitrage. By looking at players' contributions through a different lens than what was common practice, he was able to identify players who were undervalued by the industry.

Billy discussed how many of the managers and scouts in MLB were ex baseball players with deep domain expertise. They relied on the traditional industry conventional wisdom to manage their investment decisions in players. By studying the data, Beane successfully determined ways to have a much greater ROI on his salary investment.

Beane has great insights into how both players and managers think and act.

"[Baseball] Managers tend to pick a strategy that is the least likely to fail, rather than to pick a strategy that is most efficient. The pain of looking bad is worse than the gain of making the best move."

One of the challenges organizations face as they grow is the natural tendency to move from the risk taking damn the torpedoes approach many entrepreneurs favor to a more conservative and balanced approach. As you look at how your team tackles growth strategies, are they motivated to avoid failure, or to provide the best ROI on your investment?

"Don't listen too closely to those that have deep industry expertise and are emotionally attached to the status quo." and "If you challenge conventional wisdom, you will find ways to do things much better than they are currently done."

Are you running your business using the same metrics and conventional wisdom that you used ten or twenty years ago? There has been and will continue to be innovation in tools to

Bryant, Howard (July 27, 2009). "The Revolutionary". ESPN.com.
<https://www.espn.com/jeff-haden/15-surprisingly-inspirational-business-takeaways-from-moneyball.html>
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automate and inform your business in all areas. Throughout your core business processes - logistics and dispatch, fuel variance, pricing, and environmental compliance - if you have not challenged the 'conventional wisdom' processes that you implemented 10 years ago, there are likely some improvements you can make to improve your profitability, environmental compliance, or worker safety.

Have you challenged your team to look at the numbers to discover options to be more effective? Watching Moneyball may generate a couple of ideas for your management team to look at your business in a different light.

This may be my favorite Billy Beane quote. Baseball, and business, is all about results. Just like baseball, the results in your business are measurable and there's a quantified result at the end of every day, month and year. The simplicity of this quote is also its brilliance. Too often we get caught up looking at the wrong things. Understanding which metrics matter, and focusing on them, will help us win. Especially if we think about it differently than the industry's conventional wisdom.

As I listened to Billy speak, the parallels to fuel wholesaling and c-store retailing were apparent. Since the iPhone's launch 10 years ago, handheld computers have become standard issue, all equipment across the supply chain is becoming connected or 'smart', and business intelligence from this information enables both remote management and greater insights. The management of c-stores and fuel logistics is changing dramatically. Are you looking at the information that's available, and using it to create unfair advantage? ★

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