**In-class Exercise for Week 8: Sourcing Talent through Baseball Analytics**

**Objective:** Analyze and understand how data-driven management can be used to transform an organization.

**Learning Outcomes:**

* Develop strategies for applying quantitative metrics to novel domains.
* Reduce qualitative notions of performance to quantitative metrics.
* Understand the role of “conventional wisdom” in resistance to data-driven management initiatives.

**Step 1: Individual (15 minutes)**

Read the case Moneyball: What Are You Paying For? Make notes on the basic facts of the case, including:

* What is the fundamental problem, whether real or perceived, with the state of competition in Major League Baseball described in the case?
  + Describe the scouting system. Do you think this helped or hurt this inequity?
* What aspects of baseball lend themselves to analytics? Name and briefly describe some of the measures of player performance.
* What do you think it says that the wealthiest teams were not always the ones that won the championship (see Exhibit 4)?
  + What implications does this have for baseball analytics?
  + Why do you think that the use of “baseball analytics” was so controversial?

**Step 2: Small Group (15 minutes)**

In groups of three, discuss how this philosophy could apply to hiring new employees. Specifically:

Consider your own organization (or some other job you’ve had in the past):

* What are the metrics that characterize your performance?
  + Are these the same metrics used to assess your performance?
  + Are these metrics correlated with the performance of the business unit?
* What characteristics do successful people in your job function have in common?
  + How would you quantify these characteristics?
  + What pre-hire indicators might be effective metrics for these characteristics?
  + Is there an informal set of criteria for assessing candidates that would run contrary to these metrics?

**Step 3: Class Discussion (20 minutes)**

* In your small group discussion, how much of a disconnect did you find between how performance is measured and actual performance?

* Can you predict a good performer before they are hired?

* What legal, regulatory, or cultural problems could you run into if you adopted a purely metrics-based approach to hiring?