

Moneyball Book Summary, by Michael Lewis (archive)

by Allen Cheng

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Moneyball: The Art of Winning an Unfair Game is the story of the 2002 Oakland Athletics and their general manager, Billy Beane. Beane assembles a winning team on a shoestring budget, by using an analytical and scientific approach to evaluate each player's contributions. Although the A's have many players with atypical physical attributes and unusual hitting or pitching styles, they excel in overlooked statistical categories, like on-base percentage, that were typically dismissed by baseball traditionalists. This enables Beane to get maximum efficiency from his team, earning wins at a fraction of the price paid by the rest of the league.

1-Page Summary of Moneyball

The 2002 Oakland Athletics, pegged by baseball insiders as a mediocre club at the outset of the season, **expose much of the sport's conventional wisdom as flawed** when they post a 102-60 regular season. They do this with a roster composed of players who have largely been overlooked by the insiders—pitchers with unusual pitching technique, fielders who are overweight or can't run quickly, and

hitters who struggle to hit home runs. In short, the 2002 Oakland A's are a team of players who don't look like players at all.

****Baseball's old guard—a consortium of coaches, scouts, general managers, owners, former players, and sports journalists—have rigid conceptions of what a good player is ****and how teams are supposed to win games. But the success of the 2002 Oakland A's proves that much of this conventional wisdom, propagated by baseball's traditional gatekeepers, is hopelessly wrong.

Moneyball: The Art of Winning an Unfair Game is the story of this team and how an iconoclastic, convention-defying general manager named Billy Beane manages to turn the baseball world on its head and call into question everything that everyone thought they knew about the game.

A Failed Playing Career

Let's start back in 1980. **** Billy Beane is an extraordinarily talented high school baseball player****—immensely talented and fiercely competitive, he is an all-around natural athlete. His rapid ascent to the major leagues seems all but assured.

But Billy also has dreams of going to Stanford University (where he had been admitted) and getting a world-class education, dreams that will be closed to him if he decides to go to the majors. **He is, in fact, highly ambivalent about embarking on a career as a professional baseball player.**

Nevertheless, he is drafted in the first round by the New York Mets in 1980 as one of their top prospects, signing with the club for a \$125,000 bonus before being assigned to one of their minor league affiliates. He sacrifices his dream of studying at Stanford, which promptly rescinds his offer of admission once he decides to go pro instead of playing for the university's baseball program.

Once he becomes a professional player (albeit in the minor leagues), **he begins to crack under the enormous expectations that have been placed upon him** and is emotionally unable to cope with failure on the field. Although endowed with natural athletic ability and a keen understanding of baseball, he is unwilling to be patient with the game and is paralyzed by his fear of failure: a failure which he had been told throughout his young career he would never experience due to his talent.

Billy has a middling MLB career throughout the 1980s, in the course of which he is traded from the Mets to the Minnesota Twins to the Detroit Tigers, and finally, to the Oakland A's. In 1990, he accepts his status as a draft bust, retiring as a player that spring. After walking off the field, he takes a job with the team's front office, in the lowly position of an advance scout, a shocking move for a former blue-chip baseball prospect.

As a scout, and eventually as GM, Billy will butt heads with the men who make up the scouting department. Scouting is the stronghold of baseball conventional wisdom, of men who believe that they can predict a player's future success in the majors simply by observing with their own eyes how well they can hit a ball, throw a pitch, or steal a base, even if they only see that player play a handful of times. To Billy, **these are the same men whose preference for subjective wishful thinking over objective analysis had raised his expectations**, waved away his obvious psychological flaws, and set him on a path to failure.

As a scout, Billy is determined to never repeat their mistakes. He learns from both their failure and his own. **He looks for players whose statistical performances indicate a likelihood of success in the major leagues.** He is determined to never draft the next Billy Beane.

Undervalued Vs. Overvalued Metrics

In 1995, as Billy Beane is working his way up the ranks of the Oakland organization, **the new owners of the A's demand that the team drastically reduce payroll.** The team must now economize, making sure that every dollar spent on players contributes to on-field success.

This occurs during an era of skyrocketing player salaries, driven by the rise of free agency, which profoundly changes the economics of professional baseball. Rich teams like the New York Yankees and the Boston Red Sox are able to spend unlimited sums in order to acquire the biggest stars on the free agent market. But relatively poor teams like the A's are forced to take a new approach to player acquisition, **looking for players who are undervalued by the market and can be gotten on the cheap.**

At this time, many of baseball's most widely used statistics to evaluate baseball players are coming under fire. These critics (including the A's general manager as well as a baseball writer named Bill James) note, for example, that **team batting average is overrated because it overlooks the importance of walks to a team's total offensive output.** Likewise, James criticizes the RBI as a product of luck: a batter must have the good fortune to be at bat when other players are already on base to be able to bring them home with a hit. It is a matter of luck to even have the opportunity to score an RBI.

James contrasts this with statistical measures that had been overlooked by professional baseball. On-base percentage, he argues, has a better correlation with run production than batting average, because it accounts for all the ways a player can get on base and contribute offense—: including walks.

Despite this, players with high batting averages and low error counts are highly valued, while players with lots of walks and a high on-base percentage (but who aren't flashy sluggers with high batting averages) are deeply undervalued. Yet teams continue making poor (and expensive) personnel decisions based on flimsy information, despite the availability of better data.

The world of professional baseball is hostile to this statistics-based criticism, refusing to take seriously ideas from which they would clearly benefit. But Bill James does have one devoted reader, who soon puts his ideas into practice at baseball's highest level—Billy Beane.

Underpriced Talent Through the Draft

****In 1997, Billy Beane becomes GM of the Oakland A's.** He is determined to use sabermetrics to build a successful team with very little money, and to do so, must look for underpriced players. ****By 2002, he assembles a sabermetric-focused team in the front office, most notably his Assistant GM Paul DePodesta, who had graduated from Harvard with a degree in economics and has never played professional baseball.** Billy is a micromanaging GM, deferring very little in the way of trades, drafting decisions, or even on-field tactical decisions to his scouting staff or even the manager.

Going into the 2002 draft, Billy's mandate is to acquire effective players on the cheap—and the draft is the best way to do this. When a team drafts a player, they acquire the exclusive rights to sign him, after which they have exclusive rights to his first seven years in the minor leagues and six in the majors. This gives the drafting team enormous leverage in the contract negotiation process, enabling savvy drafters to get good players for a fraction of what they would cost on the free agent market.

Billy has been burned in previous drafts by his scouting staff's insistence on drafting high school players over college players, despite the objectively better performance history of the latter group. Based on his own experiences as a high school draftee, Paul DePodesta's statistical analysis, and his insights from reading Bill James, **Billy Beane establishes a new rule for his club going into the 2002 draft: no high school players.**

Billy and Paul create a shortlist of 20 players they wish to select, many of them overlooked and undervalued, but nevertheless, extremely talented college players with a talent for getting on base. But getting most of them, or even some, is difficult. Whether or not they are still available depends on what the other teams do. The picks any team ends up with depends on a combination of prioritization, strategy, and pure luck.

At the top of Billy's shortlist are two amateur players—fielder Nick Swisher and catcher Jeremy Brown. Swisher is one of the relatively few players about whom both the traditional scouts and the sabermetric-focused newcomers are in agreement: the young player is a surefire MLB star.

Brown, on the other hand, is a highly unconventional pick. Most of the scouting on Brown assigns him a very low place in the draft, if, indeed, he is to be drafted at all. Although he has what appear to be great stats coming out of college, most of the scouting world (including the A's own staff) has dismissed him as being too heavy to make it as a major league baseball player.

As the draft unfolds, Billy and his staff can't believe their good fortune. As the rest of the league makes shortsighted draft choices (including many high school players), more and more of the A's targeted players are available. The team snags 13 of the 20 players they had targeted, including Jeremy Brown (typically, getting three or four is considered a success).

Billy Beane and Paul DePodesta profit from the irrationality of their competitors, who overvalue athletic attributes like speed and strength which aren't necessarily effective at winning baseball games. The A's, instead, select players using a process of rational, scientific, data-based analysis, which is better at predicting their likelihood of succeeding in the major leagues.

A Value-Driven Philosophy

As a cash-strapped club, the Oakland A's adopt a practice of developing players on their own through the draft and then trading them a few years later when they become free agents, after which such players will be too expensive to retain. After the 2001 season, they lose some major stars—through trades and free agency—whose contracts they are no longer able to afford.

Despite the team's lack of financial resources, the A's are remarkably successful on the field under Billy's leadership. The 2001 A's finish 102-60. The 2002 iteration of the team goes on to a 103-59

record, good for first place in the American League West Division and second overall in the league, despite having what appears to be an inferior roster.

They achieve this through shrewd, value-driven management of their most important asset: the players. No one on the team is treated as irreplaceable. DePodesta is able to quantify the net runs each player contributes to the team (by adding runs through offense and preventing them through defense). Every action taken by a player has an expected run value.

Taking this a step further,** DePodesta calculates that the team will likely need to win 95 games to make the playoffs. **To win 95 games, they will need to have a net run differential of approximately +135. And this makes the team's task a lot clearer. They need to find a combination of players whose net run production will offset the loss of Isringhausen, Damon, and Giambi, plugging in those holes to get the run differential they need.

Assembling the Pieces

The team is simply the sum of its parts. While certain star players obviously contribute more runs than others, their output can be replicated. **The production of a Giambi might not be easily replaced by another _single_ player, but it can be replaced by a _combination_ of other players**, each of whom can do their part to fill in the gap left by his departure.

They don't need to find the total package in a new player—they just need to find a fraction of that package, which will form part of the whole when joined with other players. They aren't looking for the next Giambi, nor, frankly, can they afford to. They need to find the parts of Giambi, which can be obtained for far less.

Isringhausen and Damon had been overvalued players—Isringhausen because he was a closing pitcher (who only came into games once the outcome was already likely decided) and Damon because he had a poor on-base percentage. Thus, Billy is able to trade them off for more than they're worth or let them walk away in free agency and allow another team to overpay them. The loss of Jason Giambi is tougher, but not impossible, to replace.

The A's bring in Scott Hatteberg, David Justice, and Jeremy Giambi (Jason's younger brother). These are players whom most of the rest of the league has written off as inadequate or defective, which, of course, is why the A's are able to so easily acquire them. **Yet they all boast above-average on-base percentages, largely due to their patience at the plate and ability to draw walks. **

DePodesta stresses the importance of _process_ over results. By adhering to a sound process, the team is likely to win more games than they lose over the long haul of a 162-game season, even if individual games might be lost due to chance events.

The Trade Deadline

The 2002 trade deadline is on July 31. Billy Beane excels at the trade deadline. Since 1999, his A's have always performed remarkably better in the second half of the season, after the deadline, than they had in

the first half. The A's organization has quantified the value of every player in their system, as well as every player in the systems of the _other _teams. ****Billy's advantage over his rival GMs is better information: he has a better understanding of true value, which enables them to get more from trades than they give up. ****

At the trade deadline, weak teams that are no longer in playoff contention are looking to offload their stars, creating a glut in the market which lowers their price. Billy will be able to acquire players that he could never afford at the beginning of the season.

He also uses the trade deadline as an opportunity to get rid of his own players whom he believes are overrated by other GMs. Billy deals the overvalued Carlos Pena to Detroit in exchange for ace pitcher Jeff Weaver and \$600,000 in cash. He then trades the pricey Weaver to the Yankees (who think nothing of his \$2.6 million salary) in exchange for two excellent prospects and the highly underrated pitcher Ted Lilly. It is a classic Beane trade, trading an inferior player for a superior one, while cutting costs.

Rethinking Pitching

The A's apply their sabermetric approach to finding pitchers as well as hitters. Instead of valuing pitching velocity for its own sake, Beane and the A's believe that pitchers ought to be judged solely on their success in making outs, preventing runs from being scored against the team, and contributing to the team's positive run differential.

Around this time, a new method has been created to better evaluate pitchers—defense-independent pitching statistics (DIPS). DIPS eschews measurements like

hits and earned runs against, as they depend too much on fielding to be of much use in judging a pitcher's performance. Instead, **DIPS rates pitchers mainly on the basis of walks, home runs, and strikeouts, aspects of the game for which the pitcher was solely responsible.**

One DIPS standout for the A's is Chad Bradford, a "submariner" pitcher who costs the team a mere \$237,000 per year. With his unusual throwing style, Bradford has been overlooked by most teams, but the A's see nothing but upside in him. Even the White Sox, who had drafted him, attribute his early success with them to mere luck—good major league pitchers simply don't throw the way Bradford does. But Billy Beane rejects this subjective and superficial discounting of what is clearly a talented player, and he acquires him from the White Sox before the 2001 season for nothing more than the price of a minor league catcher.

Final Results

After Billy's wheeling and dealing at the trade deadline, the A's are reborn, going on to qualify for the playoffs and win the AL West Division with a 2002 regular season record of 103-59—just behind the Yankees for the best record in all of Major League Baseball. Their hot streak after the deadline includes what was then an American League-record 20-game winning streak. Their strategy of investing in unglamorous on-base percentage heroes rather than flashy home run hitters yields great results on the field.

The team's success is a testament to their value investment strategy in building the team and a stunning rebuke to decades of conventional wisdom about what makes a winning ballclub. Still, many baseball traditionalists, particularly former player-turned-TV-commentator Joe Morgan, appear to be actively rooting against the A's in the playoffs. They seem to not so much _disagree_ with Billy's ideas about how to win baseball games as to be outright _offended_ by them. Winning games without flashy home run sluggers or lighting-speed pitchers, to these keepers of baseball's conventional wisdom, is a violation of the natural order of things, a perversion of the noble tradition and spirit of America's national pastime. Morgan is part of an insider's club of pundits, writers, scouts, and ex-players, which never seems to face accountability for its failures. They are a social club that values loyalty over competence.

Unfortunately, the A's fall in the first round of the playoffs, losing three games to two in a best-of-five divisional series to the Minnesota Twins. Although the naysayers hold this up as proof that sabermetrics and on-base percentage are not what makes a successful baseball team, **DePodesta attributes the playoff failure to the small sample sizes of the playoffs, in which random on-field events have an outsized impact on the outcome of a series.** He notes that during the regular season, the A's allowed an average of only 4 runs per game, but that they allowed 5.4 during the series against the Twins, largely due to two bad games by pitcher Tim Hudson.

After the season, the Boston Red Sox offer Billy a five-year, \$12.5 million contract to take the GM job in Boston, but Billy declines. Out of high school, he had made the decision to sign an entry-level contract with the Mets. It was the only decision he had ever made for money—and it had been the worst decision of his life. He vows that he will never do that again.

Billy has finally fulfilled his destiny as a winner, but in the front office rather than on the field. In his 20+ year journey through the world of professional baseball, Billy has finally proved his value—and there is no putting a price on that.

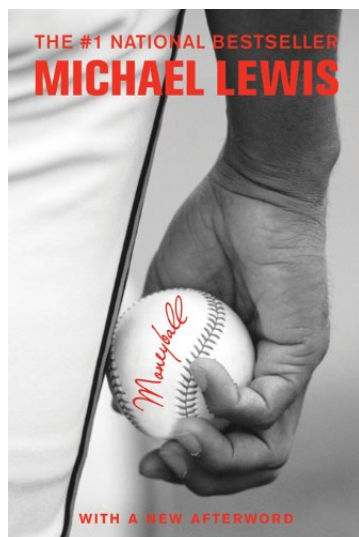
Full Summary of Moneyball

Introduction

Anyone involved in playing professional baseball or managing a professional team cannot escape the weight of the sport's history. As America's national pastime, it's been played in the United States since before the Civil War. And this long and storied tradition has created a century and a half's worth of conventional wisdom about best practices and how the game _ought_ to be played.

Baseball's old guard—a consortium of coaches, scouts, general managers, owners, former players, and sports journalists—have rigid conceptions of what makes a good player and how teams win games. ****But the central...**

---End of Preview---



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Here's what you'll find in the **full Moneyball summary**:

- Introduction
- Chapter 1: Billy Beane, Baseball Burnout
- Chapter 2: New Approaches to Baseball
- Exercise: Challenging the Conventional Wisdom
- Chapter 3: Draft Day
- Chapter 4: Filling in the Gaps
- Exercise: Discovering Your True Value
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