

Does Money Buy Wins?



It's all about the money! With hundreds of millions invested in Major League Baseball (MLB) each year, this couldn't be truer. Teams are signing players with salaries averaging well over \$3 million per athlete, in efforts of putting together the winning team.

In 2012, the San Diego Padres had the "lowest" payroll with an average salary of \$1,973,025 for each player! Additionally, in 2007 Alex Rodriguez of the New York Yankees signed a 10 year \$270 million dollar contract! With this kind of money being invested, it begs the question, does money buy wins?

As the MLB season comes to an end, my mind turns to what goes on behind the scenes. A lot of things need to happen for a team to be successful. A team's success is comprised of both talent and the ability to work together. To give the team the best possible chance at success, hours are spent researching each player and deciding the roster that will be put on the field.

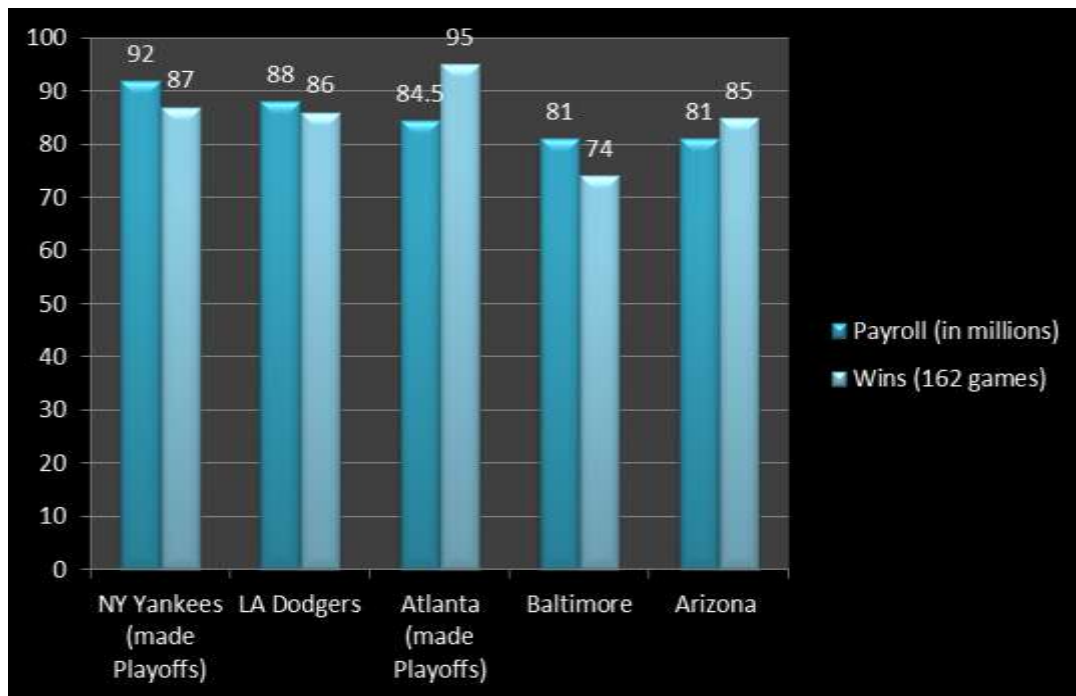
In sports there are the "underdogs," or teams that no one expects to win, but with hundreds of millions of dollars spent creating these teams, one would expect to see results. Through my research, I will determine whether there is a correlation between a team's payroll and its success. Collecting data from the last 13 seasons, I will classify a team that makes it to the playoffs as having a successful year and a team that wins the World Series as having a very successful year. I will break down the data and create various bar graphs and a frequency table to draw conclusions from this information.

2000 Season

In the year 2000 the NY Yankees had the highest payroll of any team. Out of all the teams that made the playoffs they had the lowest amount of wins (87). Although they barely made the playoffs, the Yankees eventually won the World Series. The graph below shows the teams with the highest payroll in 2000. As you can see, only two of the highest payroll teams made the playoffs. Four out of the five teams ended the year with a winning record but baseball is a game of numbers and the majority of the top payrolls didn't have a successful year. According to my classification of a successful year (making the playoffs) only two of the top payrolls had a successful season in 2000. The New York Yankees had a very successful season.

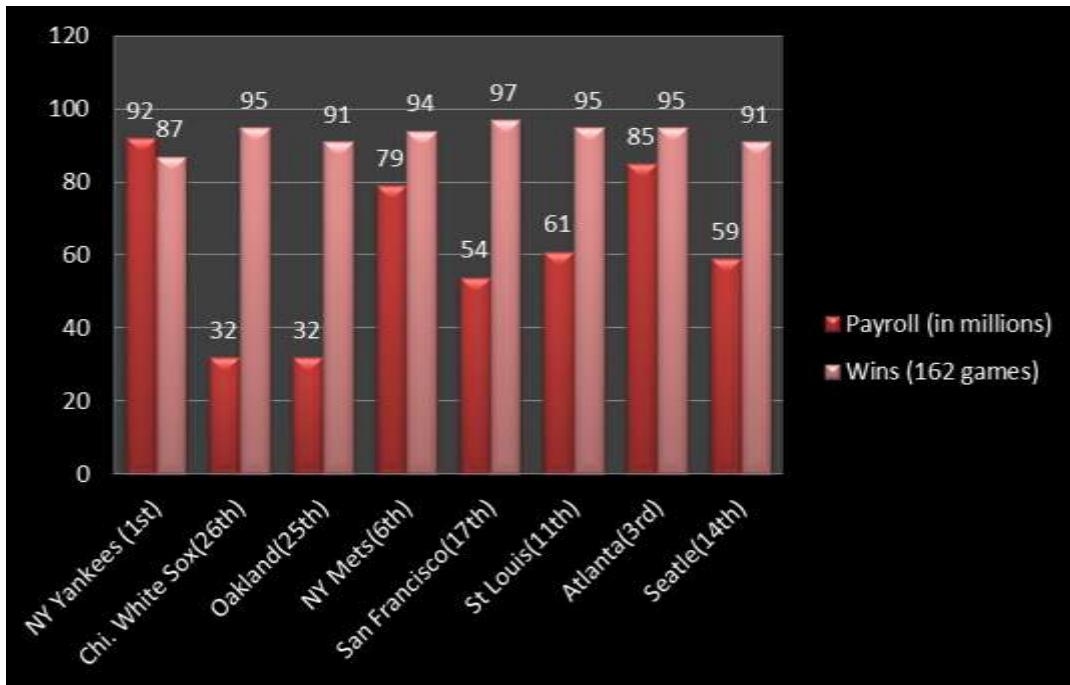


Highest Payrolls 2000



The graph below shows all the teams that made the playoffs in the year 2000. Of all the teams that made the playoffs, the NY Yankees had the highest payroll (\$92 million) and they had the least amount of wins (87). They did however win the World Series that year facing the NY Mets (\$79 million payroll, 94 wins). The Yankees won the World Series while having the highest payroll in the league. In this particular year the high payroll paid off for the Yankees and the Mets, both of which made the playoffs, but for the other three of the top 5 payroll teams, it didn't pay off to spend big.

Playoff Teams 2000



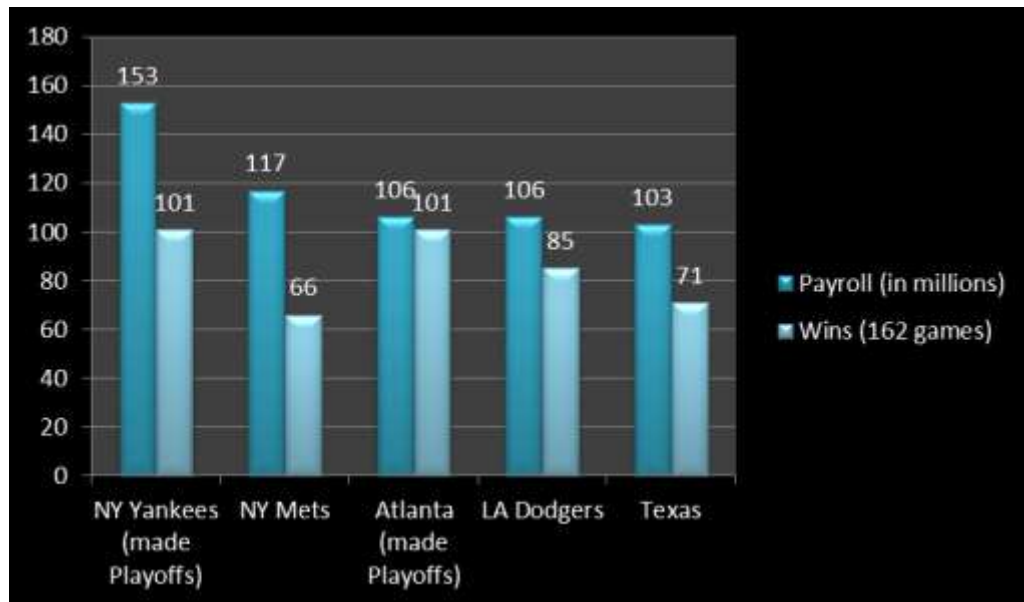
2003 Season

In 2003 we saw some of the highest paying teams lose a lot of games. The New York Mets spent \$117 million and only had 66 wins (2nd worst record in MLB). The Texas Rangers also spent substantially (\$103 million) and had just 71 wins while the LA Dodgers spent \$106 million, only had 85 wins and failed to reach the playoffs. The World Series



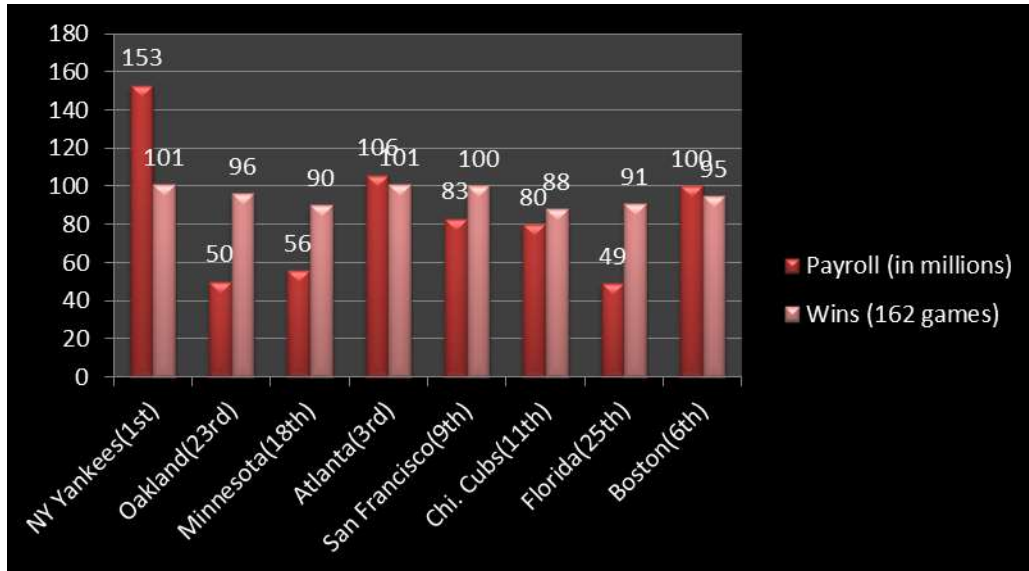
winning Florida Marlins paid less than 1/3 of what the NY Yankees did! The Marlins had the 25th highest payroll out of 30 teams. Does money buy wins? Not in 2003!

Highest Payrolls 2003



In 2003, team payroll went up drastically. Teams spent substantially more to get more wins. The New York Yankees once again had the highest payroll of any team at \$153 million. They ended the regular season with a league tying best 101 wins. The playoffs however consisted of only two teams in the top 5 of payrolls. The Florida Marlins won the World Series this year. The Marlins had one of the lowest payrolls in the league at just \$49 million.

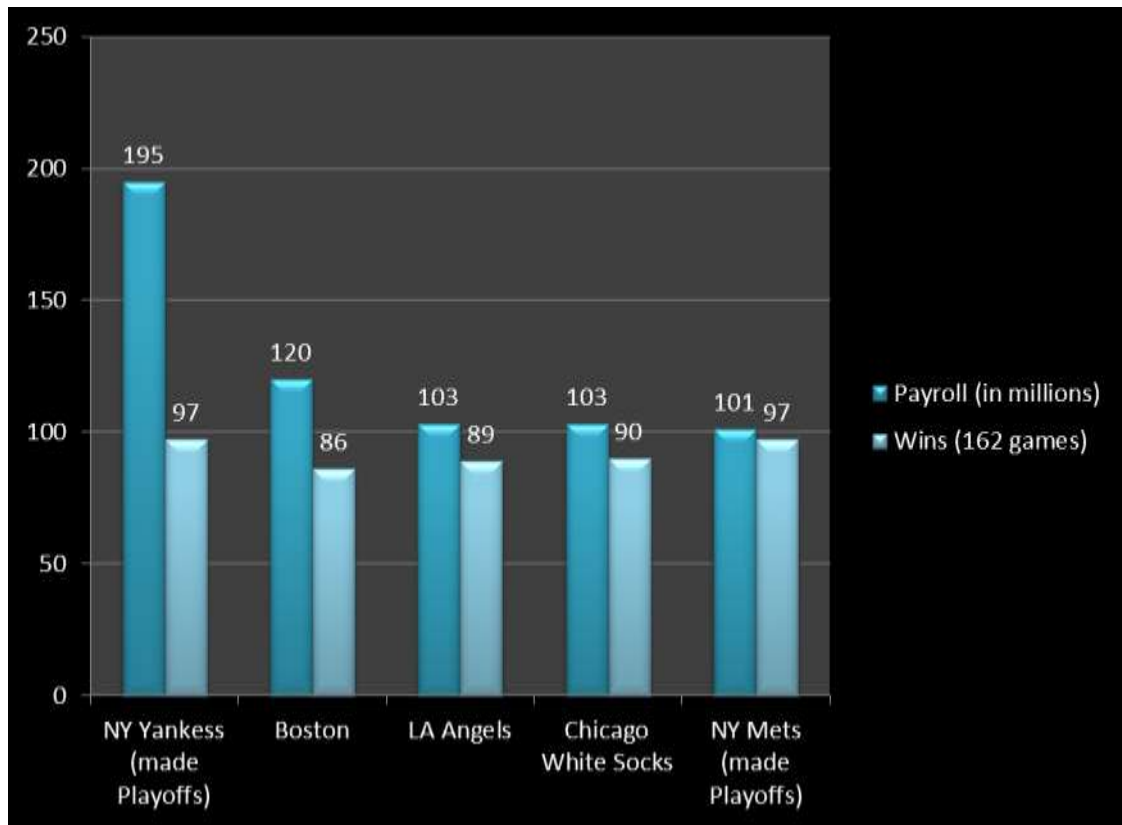
2003 Playoff Teams



2006 Season

In 2006 the St Louis Cardinals won the World Series. The Cardinals had the 11th highest payroll at \$89 million. The graph below shows the highest payrolls of 2006. Only two of these teams made it to the playoffs and had successful seasons. Once again 3 of the top 5 spending teams made it to the playoffs and had successful seasons. Once again 3 of the top 5 spending teams had an unsuccessful year. Team payroll went up once again. The Yankees spent \$195 million! With only two of the top five teams in payroll making the playoffs, this year proved to be a failure for the “high spenders” Once again no team from the top 5 in payrolls won the World Series and once again paying the “big bucks” didn’t pay off.

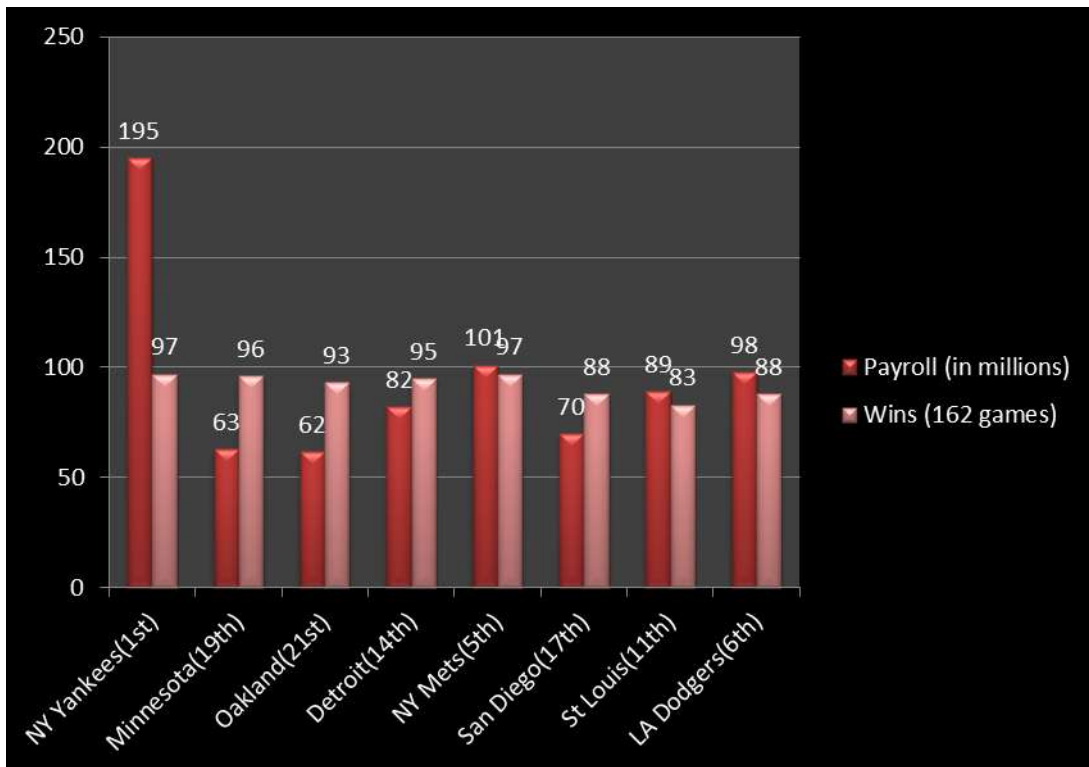
Highest Payrolls 2006



The playoffs for 2006 only consisted of two of the top five payroll teams. Many teams with payrolls in the lower half of the MLB made the playoffs and the St Louis Cardinals with a payroll of just \$89 million won the World Series. The Cardinals didn't spend nearly as much as some of the other teams and yet won the World Series.



2006 Playoff Teams



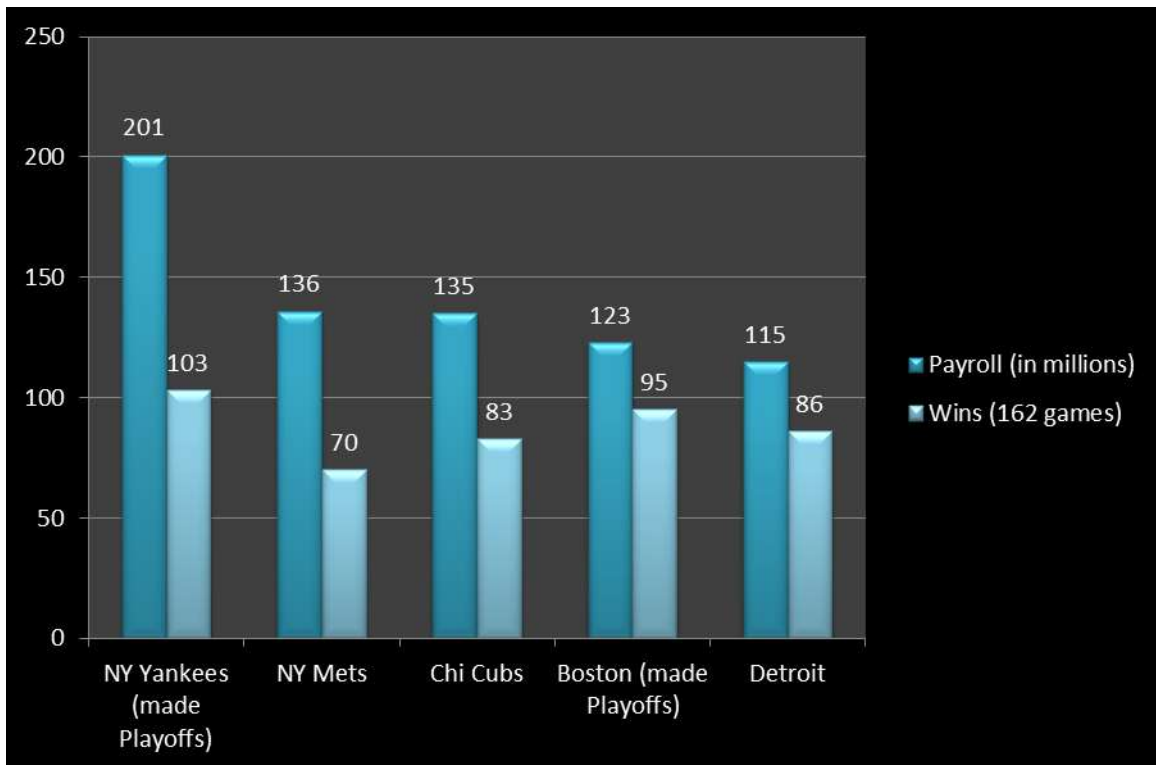
2009 Season

Once again the teams with the top 5 payrolls struggled to make the playoffs. Teams with high spending had little success. This year again showed the highest paying team (NY Yankees) winning the World Series. The pattern continued with the top five spenders struggling to make the playoffs.

This Year can be classified as a very successful season and it paid off for them to spend what they did.

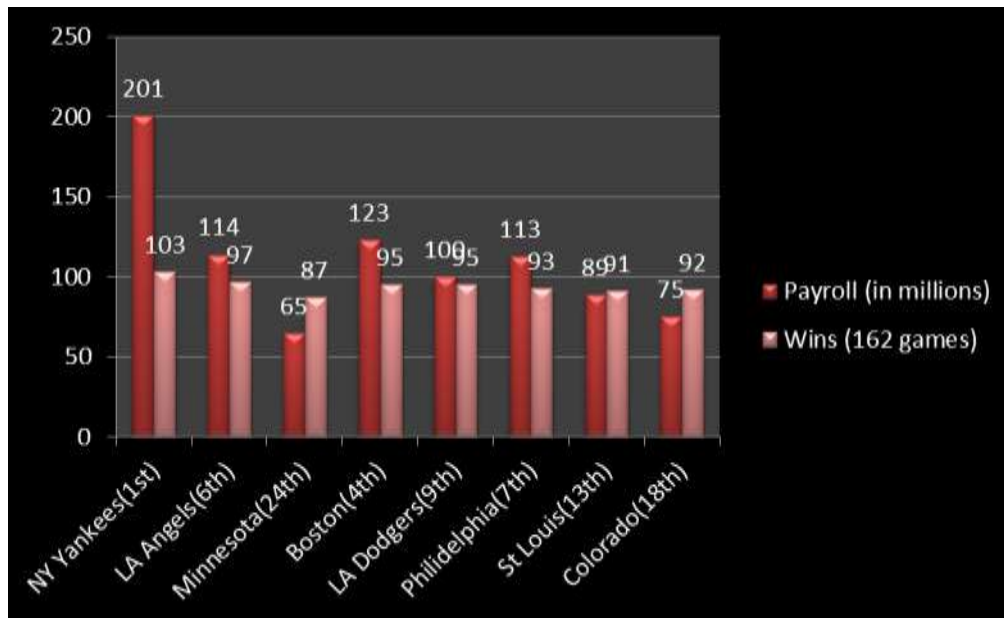


Highest Payrolls 2009



In 2009 the team with the highest payroll won the World Series. The New York Yankees spent \$201 million, won 103 regular season games and eventually became the World Series champions. Once again, only 2 teams from the top 5 payrolls made the playoffs. This year finally showed success from the team with the top payroll. In this year it paid off for the Yankees to spend over \$200 million.

Playoff Teams 2009

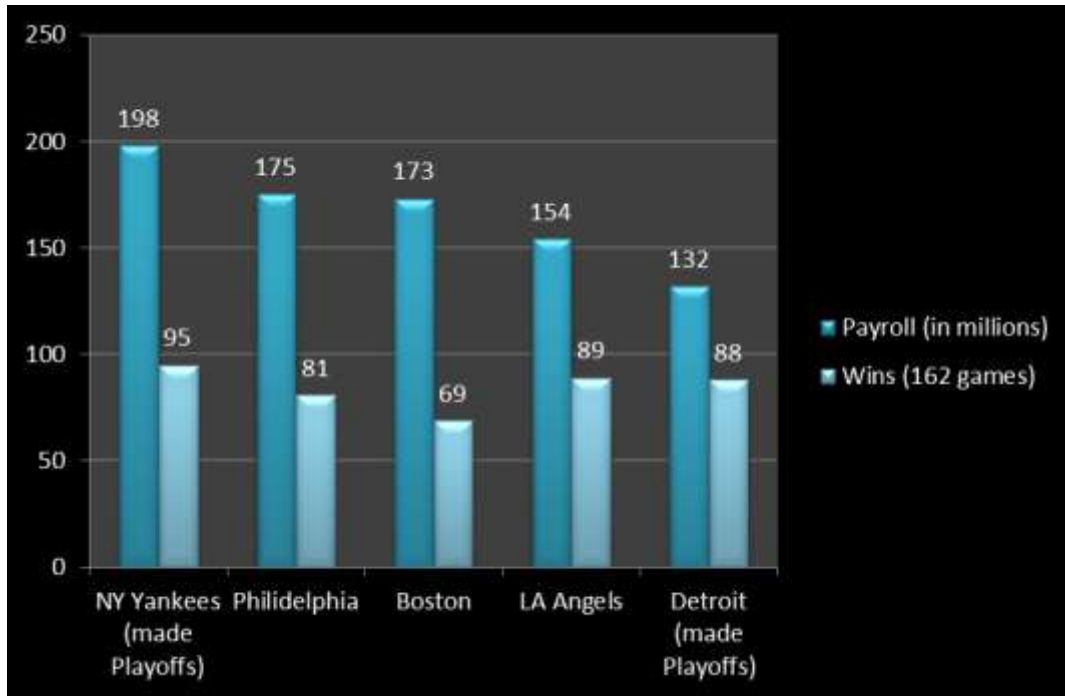


2012 Season

Out of the teams with the highest payroll in 2012, the majority had disappointing years. The NY Yankees made the playoffs but definitely had higher expectations. They paid Alex Rodriguez \$29 million this year and he ended up sitting on the bench in the playoffs. The Detroit Tigers made it all the way to the World Series but were also a disappointment as they were swept in 4 games to the Giants. With the expanded playoffs of 10 teams, it was even more disappointing for the high spenders that didn't make it to the playoffs. As we can see, the pattern continued with the majority of the top 5 spenders missing out on the playoffs.

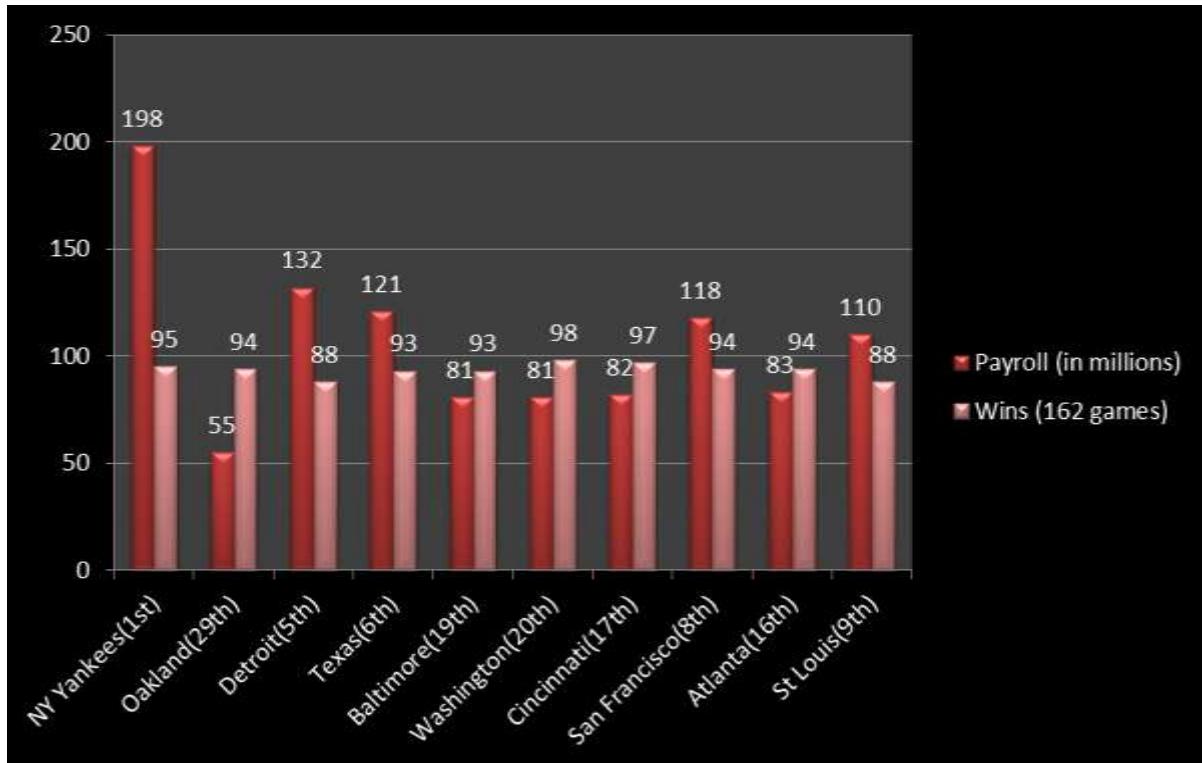


Highest Payroll 2012



In 2012 we saw the pattern continue, with the teams with the highest payrolls failing to make the playoffs. Just two teams made the playoffs with payrolls in the top 5: the NY Yankees and the Detroit Tigers neither of which won the World Series. Even with more teams making the playoffs than before (10 instead of 8) we didn't see more high payers with much success. The San Francisco Giants (8th highest payroll) won the World Series this year.

Playoff Teams 2012



Continued Research

Of the 5 years I made graphs for, there seemed to be a continuing pattern that the majority of the teams that spent in the top 5 payrolls struggled to have successful years (making the playoffs) but had very successful years twice. The top spending team (the NY Yankees) won the World Series twice and made the playoffs each of the years. From my research of the selected five years, there seemed to be a pattern. Many of the high payroll teams failed to make the playoffs but those that did seemed to do well in the playoffs. Twice the top five spending team won the World Series. With 2/5 (.40) of the World Series champions being from the top five payroll teams, the odds go to show that spending big is

worth it. I decided to look more in depth at the other years since 2000 to see what the data would show. The chart below shows the data I collected.

Chart 1

<u>Year</u>	<u>World Series Winner</u>	<u>Payroll</u>
2000	New York Yankees	\$93 million (1 st)
2001	Arizona	\$81 million (8 th)
2002	Anaheim	\$62 million (15 th)
2003	Florida	\$49 million (25 th)
2004	Boston	\$125 million (2 nd)
2005	Chicago White Sox	\$75 million (13 th)
2006	St Louis	\$89 million (11 th)
2007	Boston	\$143 million (2 nd)
2008	Philadelphia	\$98 million (11 th)
2009	NY Yankees	\$201 million (1 st)
2010	San Francisco	\$98 million (10 th)
2011	St Louis	\$105 million (10 th)
2012	San Francisco	\$117 million (8 th)

To better understand the data from chart 1, I made a frequency table that breaks down the World Series champions and their payroll.

Frequency Table for Chart 1

Payroll Ranking	Frequency	Relative Frequency	Cumulative Frequency
1-5	4	4/13 or .31	4
6-10	4	4/13 or .31	8
11-15	4	4/13 or .31	12
16-20	0	0/13 or .00	12
21-25	1	1/13 or .08	13
26-30	0	0/13 or .00	13
Total	13	13/13 or 1.00	13

The frequency table shows some surprising results. As I was doing the bar graphs for the five years (2000, 2003, 2006, 2009, and 2012) it looked like not many of the top 5 teams in payroll had much success. I classified it a successful year for a team if they made the playoffs and very successful year if they won the World Series. With that definition of a successful year, the majority of the top 5 teams in payroll rarely had successful years. However, seeing the frequency table broken down it really shows quite a large portion (.31) of the top 5 teams in payroll won the World Series. In baseball hitting .300 is considered great. Looking at the information with that in mind, it appears that money may not always bring success (playoff appearances) but it often brings the ultimate goal in a World Series win. Breaking down the frequency table even more it shows that 8 out of 13 (.62) World Series champions were in the top 10 of payroll and 12 out of 13 (.92) were in the top 15 teams in payroll. Only one

team (Florida Marlins 2003) out of the 13 years won the World Series while being in the bottom half of the league in payroll.

In conclusion, I found through research that success (making the playoffs) doesn't necessarily come with higher payrolls. In most instances the majority of the teams that made the playoffs weren't in the top 5 in payroll teams. Interestingly enough, I found that the majority of World Series winners were higher payroll teams. Of the 13 years studied, the NY Yankees were the team with the highest payroll every year. They also made the playoffs 12 out of the 13 years. With the proof from these statistics it seems there is a fairly strong correlation between spending money and having very successful years. Those teams that are in the top 50% of payroll have greatly increased their chances of winning the World Series. It is very rare that a team from the bottom 50% of payroll wins the World Series. Conclusions can be made that we will continue to see franchises spending more as they put together their teams. There is a common trend of payroll increases each year and I believe that will continue.

Some franchises may have different opinions and definitions of a successful season. A team that rarely makes the playoffs would most likely rate a playoff appearance as a successful season while the NY Yankees, who have grown accustomed to making the playoffs, may only define a successful season as winning the World Series. In my opinion, if a franchise wants to win the World Series, then that franchise needs to be in the top half of the league in payroll. There is enough evidence from the research performed, that chances of winning the World Series greatly increase if the team is in the top half of payroll. It's all about the money and in professional baseball, it is no different. If you want to win, you have to be willing to pay the price.

Work Cited

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