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Negate Failure and Legal ("N-F-L") Optimizing Player Decision-Making in the National Football League (NFL™)

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Executive Summary

On-field failures and off-field transgressions of players represent business, fiscal and public relations risk to National Football League (NFL™) franchises. In this era of emerging economic uncertainty and fiscal pressure in the NFL™ due to the league-specified salary cap (preventing teams from simply 'buying out' their personnel mistakes), those risks are magnified. Recognizing, quantifying and minimizing that risk to optimize personnel decision-making remains an enormous challenge for NFL™ franchises, with that player selection/retention process still largely an inexact science.

We developed a Negate Failure and Legal (N-F-L) player selection and pricing model to meet this challenge. Relying on historical data adjusted to reflect today's NFL™, our model strives to optimize the drafting of (college-age) eligible players and the signing of players already in the NFL by quantifying the probabilities of success both on and off the field for every player investment considered by an NFL™ franchise.

Identification of Business Problem

The specific business problem currently confronting the NFL™, seemingly emerging more frequently and not currently adequately addressed, is one of significant player/personnel investments failing in such high profile ways as:

- Salaries paid to players inconsistent with their achievements lead to losses on the field and locker room strife emanating from those performing at levels consistent with their salaries.

- Off-field incidents, arrests and prosecutions tarnish the organization's image and make fans reconsider their financial

commitments (ticket and paraphernalia purchases) to the teams they support.

Such outcomes lead to short-term impacts on the field (more losses) and long-term damage to the image and income potential of the professional franchises.

The player investment process–despite attempts by franchises to better quantify it with significant investments in scouting departments and extensive physical and psychological evaluation practices–remains a deeply inexact and subjective "science," requiring actuarial expertise to better quantify and predict the seemingly unquantifiable and optimize the hit-or-miss player selection and investment decision-making methodology currently used by NFL™ franchises.

Description of Business Impact

The decision-making problem faced by NFL™ franchises has numerous costs and risks, as well as opportunities if the personnel decisions and outcomes improve from proposed upgrades to the current assessment process.

On the field, the costs and risks inherent in the current process include:

- Selection of substandard players yields more losses and reduced chances to participate in the playoffs and win championships (also impacting the financial bottom line–via lost ticket and merchandise revenue–and reducing the prestige/standing of the franchise among its peers).

- Off-field transgressions of players serve as a distraction and translate to inferior preparation and execution on the field by those players, resulting in the deterioration of the skills of those once-prized assets.

The jeopardizing of the health and careers of other valued, oftentimes highly compensated assets–for example:

- Poor play from offensive linemen, those paid to protect the skill position players (e.g., quarterbacks [QBs], running backs [RBs]) and make space for those players to excel, increases the opportunities for the defense to level injury-causing hits/tackles on those players.

- Inaccurate throws from an inferior QB jeopardize the health of his wide receivers (WRs) as those receivers expose more of their bodies to hits from the defense in attempts to catch wayward throws.

Off the field, numerous costs and risks also exist for maintaining the current failing model:

- Declining morale/locker room discontent–players performing at/above expected levels but not compensated for that, while overpaid peers perform at inferior levels, may be more likely to create discord in the locker room, reduce performance from current levels, and/or seek another employer due to perceptions of compensation/rewards not tying to current performance.

  - Bottom line financial impacts may be felt in the short term, as poor play and more losses equate to lost revenue via: Reduced ticket sales and/or the need to reduce prices to sell tickets (fewer will pay a premium price for an inferior product).

  - Reductions in attendance also decrease related highly leveraged revenue–revenue that doesn't count toward the league-imposed salary capsuch as luxury box sales, parking, concessions, and merchandise sold in franchise-owned stores.

  - Diminished leverage in negotiating advertising and local TV/radio contracts (those contracts are another leveraged area not subject to league salary cap rules).

- Over the longer term, greater financial and public relations damage results if an organization repeatedly fails:

  - Financial inflexibility and salary cap trouble–with rules in the NFL™ specifying the maximum amount of total annual salaries that may be paid, continued failures in the compensation decision-making process jeopardize the ongoing ability of franchises to make critical investments in worthy players, as the salary cap system prevents past mistakes from being entirely "wiped off the books" and limits the future ability of franchises to pay additional players that may maximize the team's chances for success.

  - Public perception/lack of confidence in the organization– as "isolated police incidents" accumulate or fewer, larger incidents occur as a result of the actions by players selected by one franchise, perceptions can quickly sour

and spiral into a public relations fiasco that may do great and lasting harm to not only the franchise's name, but also the financial bottom line (people will find other avenues to spend their entertainment dollars).

The aforementioned costs and risks also present opportunities with optimization to the player selection/compensation decision making:

- No franchise has developed an especially successful player selection system–a few have more successful systems in place than others (e.g., New England), but in a 32-team league, that leaves great opportunity for growth and distancing yourself from most of the pack.

- The NFL™ remains wildly popular–poor public and media perceptions (and the resulting impact on revenue) can be quickly transformed into sales, buzz, and restored faith with even incremental improvements in the compilation of the player roster.

- Although the NFL™ mandates a 53-man roster, just a few successful selection decisions and surgical cuts may be needed to reverse the fortunes of a downtrodden franchise–the timeline for such a reversal may be as quick as 1 to 2 years, particularly if a team optimizes its selection of leadership positions such as QB.

Proposed Solution

Our proposed solution–the N-F-L player selection and pricing model–to address the inexact and still oftentimes subjective player selection process incorporates the following elements:

- Compilation of upwards of 25 years (i.e., the modern-day NFL) of statistical information for players with documented success (e.g., multiple years of All-Pro designations, results that placed those players in the upper half of their peers, quantifiable outstanding individual performance in multiple pressure situations [e.g., playoff games]).

- From that database of successful players, quantification and assignment of credibility (and irrelevancy) to the following elements perceived by NFL™ franchises to be relevant:

  - Background–sizes (big/small) of and coaching at the high schools and colleges attended (any indicated track record of success); family (athletic/NFL pedigree, personal highlights or red flags); optimal ranges for height and weight at each position (e.g., opt for the taller or shorter QB, the leaner or heavier tight end [TE]?).

- Performance and longevity–on the field (does a longer track record of pre-NFL™ or early NFL™ success predict further success, or does it mean the player has already achieved all he can and can't, or won't, give any more?) and in other testing (are certain speed, strength, or other athleticism measures [e.g., 40-yard dash, bench presses, agility tests] more indicative of success in the NFL than others? Are certain tests meaningless?).

Psychology–rather than rely on the extensive battery of intelligence and psychological tests currently used to assess the mental make-up of their potential investment, our analytics will establish the streamlined questioning needed to measure the intelligence and psychological capacity required for players to individually succeed on the field, work collaboratively in a team environment, and participate in the broader community positively.

NFL™ franchises enlisting our services will thrive, as our objective and streamlined approach will:

- Optimize the player selection/retention process and inspire confidence in the currently subjective and inexact process.

- Free up resources to focus on player/system development and evaluation and broader business development/market expansion opportunities, to better utilize the franchises' personnel/expertise.

Our company/firm will also prosper from our proposed solution in several ways:

- Vast potential client network and funding for project/engagement opportunities within the arena of football and other sports analyses, given the specific popularity of the NFL™, the broader popularity of other professional and college sports, and the revenues available in those sports to fund transformational analytics.

- Expansion of our profile and potential customer base outside of the sports world, resulting from our demonstration of knowledge and business acumen outside of the traditional actuarial realm.

- Avenues for crossing over into other sports and potential collaboration with other like-minded sports analysts (e.g., actuary John Dewan, who revolutionized the field of sports statistical analysis with his baseball analytics).

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