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A General Manager's Dilemma

Every off season, the time between the end of the playoffs and the start of the subsequent season, teams need to decide what to do with their players. Do they re-sign them? Give them a contract extension? Trade them off for a player more worth their money? There are many choices that a team can make, but it is up to the General Manager, GM for short, to make weigh these choices and figure out which direction is the best course of action for the team.

In the off season before the 2014-2015 season, Bob Myers, GM of the Golden State Warriors had a difficult decision to make. He had to choose what to do with Klay Thompson, a player that he himself advised the team to draft 4 years prior. Throughout those 4 years, Klay Thompson slowly became a formidable player on the court. In the 2013-2014 season, Klay Thompson started every game that he played in, missing only one game, averaged 18.4 points per game, 3.2 rebounds, and 2.1 assists, but he also turned the ball over 1.7 times. These stats, especially his points per game, for Klay Thompson was not even the main scorer on the team, were impressive enough for other teams to offer up deals for a trade. He also did well enough that Klay Thompson started asking for a max extension on his contract, guaranteeing him \$70,000,000 over the next 4 years. This averages to \$17.5 million, which would be the 3rd high salary for a player in his position.

One of the biggest trade offers that the Warriors got was from the Timberwolves, who offered Kevin Love for Klay Thompson. For comparison, Kevin Love average 26.1 points per game, 12.5 rebounds per game, and 4.4 assists per game, which is very good for a player in his position. Looking strictly at stats, this seems like a no-brainer. Kevin Love has higher averages

in all 3 of the major stat categories. The only problem is that Kevin Love was asking for a whopping \$110,000,000 over the next 5 years. Doing some quick math, one can quickly realize that this is \$22 million dollars a year. Almost \$5 million more than what they would pay Klay Thompson, and for another year too. But would it be worth it? And so, Bob Myers was struck with a dilemma.

Luckily, Bob Myers went to the esteemed UCLA and majored in Business and Economics. Yes, Myers did play for the UCLA basketball team, but he was a walk on, so he made it into the school on academic merit alone, which is not an easy thing to do! So in order to make his decision, Bob Myers locked himself in his room with his laptop and crunched the numbers. He wanted to find out, between Klay Thompson and Kevin Love, which player would give him a better bang for his buck, based on the previous years statistics. After running the statistics and salaries of all of the players from the previous season through a linear regression, he was able to find out how much both players were approximately worth. Sure enough, he found that Klay Thompson would provide his team more for the money he was going to pay him, and he would save money for other players while doing so.

So the Golden State Warriors agreed to a contract extension with Klay Thompson, and it turned out to be the right move. Thompson increased his averages for all 3 stat categories and his points per game by over 3 points per game. Kevin Love however, signed with the Cleveland Cavaliers and saw a drop in stats across the board. These were things that Bob Myers obviously could not have foreseen, but either way, things worked out for the Warriors. Klay Thompson and the Golden State Warriors went on to defeat the Cavaliers (the team with Kevin Love) in the finals to win their first Championship in 40 years. So it seems that Bob Myers' patience and linear regressing paid off for the Warriors, who also went on to win 3

championships in 4 years. As it is now 2018, it is time for Bob Myers and Klay Thompson to make another decision, so we will see how that turns out this time.