

# General Manager Scenario

You have just been hired as the general manager (GM) for the Oakland A's baseball team. After a successful year last year, your team has fallen short of winning the championship.

Expectations for the upcoming year are high, but in order to change the situation, you feel like you need more money to get your job done.

You scheduled a meeting with the team owner to request more money so that you can hire some of baseball's best players, but he refuses. He claims there is no additional money that he can budget to wards players. You are shocked and worried because you don't feel like you can do better than the previous year without more money. Other teams in the league, like the Boston Red Sox, operate with a budget that is ten times the size of yours. How is it possible to do better than them with so much less money?

After the meeting you sit in your office and consider the possible choices you face:

**Option A:** Quit now. There's no way you can possibly do better with less money. All the time spent last year was a **sunk cost** at this point.

**Option B:** Rearrange your current budget to hire last year's All Star Home Run leader. They have an **absolute advantage** in hitting home runs, and runs help you win games. The rest of the players don't really matter that much.

**Option C:** Consider **comparative advantages** of possible players. There are A LOT of players who don't have teams yet and other players don't want them. You can use them according to their relative strength. Since you're using cheaper alternatives, you can create a replacement for one expensive home run hitting by combining a team of players with specific talents.

**Option D:** Talk to the best players in the league and try to get them to join your team for less pay. If you're nice enough, perhaps they'll play for **free**.

Discuss each option among your group and be prepared to explain why the decision is a good or bad decision using economic terminology.