

Opinion: This NFL exec's technique for assessing football players also works on stocks

By [Michael Lombardi](#)

Published: Sept 29, 2018 9:03 a.m. ET

5 rules to follow when collecting and assessing data

When someone asks me what I do for a living, I usually say that I am in the data collection and appraisal business. And what I learned in more than 30 years of evaluating NFL talent applies equally to picking stocks.

Hall of Fame coach Bill Walsh always believed his leadership skills were universally applicable, not limited to just football. He claimed he could show up at Apple and successfully run the company, even though his expertise wasn't in computers or technology, because he understood how to create a culture and select talent.

Walsh, for whom I worked as a scout, took a businesslike approach to his scouting methods and never let emotions dictate a decision. So while star wide receiver Freddie Solomon helped the San Francisco 49ers win Super Bowl XIX, he was an aging and declining player. As hard as it was emotionally on Walsh to make a change, he trusted his research and cut him from the team before the draft later that year. New England Patriots coach Bill Belichick, with whom I first began working in Cleveland during the early 1990s, has the same approach.

Investors also are in the business of information and data collection. So here are five rules — some borrowed from Coach Walsh and Coach Belichick — that all good investors must practice.

1. Never begin with the end in mind

Whether evaluating a company or an NFL player, you must remain completely objective and without bias. Don't buy into hunches or gut feelings; ignore them. If any bias enters the data collection process, then all data will lean toward that predetermined result. Equally, collecting only specific data causes mistakes, whether in choosing investments and or drafting players.

Before any decision is final, the evaluator must take the same approach as a judge hearing a case: Wait until all the evidence is available, then rule. Ahead of the 1984 draft, we collected data on all the top receivers, and it initially appeared that Eddie Brown was by far the best. However, with further analysis we concluded that Jerry Rice would serve the 49ers best and made him the selection.

2. Look to the past, but not for the reasons you think

The one-year success story, whether it be about an investment or a player, is deceiving. Many people may think that one good year means there is much more to come.

In scouting, we always took the approach of looking back, not ahead: Why did a player not play well in prior years? Why did it take so long for his talent to shine? Researching the past allows us to wager on the future with a clearer understanding.

Look no further than Tom Brady. He struggled to start consistently at the University of Michigan. But once Belichick understood the reasons for his lack of playing time were more political than to do with ability, he

selected Brady in the sixth round. Brady has now won five Super Bowl rings and is considered one of the game's greatest quarterbacks.

3. Don't fall into the 'two-solution trap'

Whether in football or investing, decisions are made every second, every hour, every day. Employees present a problem, offer two viable solutions, and expect the leader to make the right choice. Even Monty Hall from "Let's Make a Deal" provided contestants with more options than that.

The best leaders, like Walsh and Belichick, always search for many ways to best solve the problem. It was never just A or B with them; they spent time finding C, D, E, and F. Just looking at a player's stat sheet never works, or looking at a company's financials. Dig deeper and determine the reason for the success. The how and the way players or stocks have performed. Often, the right conditions make a stock or player rise, and coaches like Walsh or Belichick then evaluate those conditions to determine if they can be duplicated.

4. Never take the path of least resistance

Falling prey to conventional wisdom is easy — and often wrong. It's hard to ask tough questions, to go down an unfamiliar path, yet so necessary to get the right answers.

Great leaders and investors never settle, they never ask simple questions, they never cross anything off their list until they have done all the work, asked all the questions, and challenged those around them. They subscribe to the belief that smart people learn from their mistakes, and the smartest people learn from other people's mistakes.

When we drafted an offensive lineman in the mid-80s, we knew nothing about steroids. Once we realized player performance was enhanced, we spent the next year studying the use of performance drugs on players to better predict when their bodies would start falling apart — similar to spotting the signs of when to sell a stock.

5. Understand the four P's of scouting

Each evaluator has their own set of skills. As the leader, evaluating the evaluator is as essential as making a solid recommendation.

There are four types of scouts, and they all begin with the letter P. The first is the "poor" scout, who is easy to identify because he lacks the skills needed to evaluate and is always wrong.

The second is the "picker," the scout who finds one thing to "pick" on regularly and never lets go. He picks and picks and picks until his evaluation is blinded.

Let's say a running back couldn't match Barry Sanders of the Detroit Lions in being elusive in the open field. If a scout picks on the lack of elusiveness, he might not see the other skills the runner might possess.

The third is the "production" scout — all this scout does is look at production as the basis of his recommendation. Numbers — whether in football or investing — can tell a portion of the story, but they don't tell the whole story.

And finally, the last scout is the best one: the "projector." This scout can evaluate talent and project it forward based on his understanding of the player's skill set and how it might evolve. The Patriots drafted a run-blocking guard named Shaq Mason in the fourth round. No one in the NFL thought he could ever learn to pass protect,

but because he was inexperienced and had no bad pass-blocking habits, the Patriots felt he could develop into a good pass blocker. And he did, and the team rewarded him with a five-year, \$50 million contract.

Michael Lombardi was most recently on Bill Belichick's coaching staff in the New England Patriots' front office, after 30 years of working for the San Francisco 49ers, the Oakland Raiders, and the Cleveland Browns (where he was general manager for two years). He is the author of "[Gridiron Genius: A Master Class in Winning Championships and Building Dynasties in the NFL](#)." Follow him on Twitter [@mlombardiNFL](#).