

utives in 1992; five years later, 15 percent did. The pay gap shrank: Women earned 52 percent as much as men in 1993, but 73 percent in 1997.

Pay gap? Yes, there is one—the women in this study earned \$900,000 on average in 1997, while the men pocketed \$1.3 million. But the gap is not quite what it appears to be, according to the authors. (Both are economists, Bertrand at the Graduate School of Business at the University of Chicago, Hallock at the University of Illinois at Urbana-Champaign.) It's explained by several different factors. Most notably, women were most underrepresented in the biggest corporations, which also offer the biggest pay packages. The women in the study

were also five years younger than the men, on average, and were less likely to occupy one of the top four positions.

Accounting for those differences, the authors find that “the unexplained gender compensation gap for top executives was less than five percent.” There's no evidence of a “taste for discrimination against women,” which is still not the same as saying there's perfect equality.

The most salient questions now, say Bertrand and Hallock, are these: what distinguishes companies that do promote women to top jobs from those that don't? And why do women fare relatively well in smaller corporations while they're “virtually absent from the ‘very top’ of the U.S. corporate world”?

Re-engineering: Act II

“The Superefficient Company” by Michael Hammer, in *Harvard Business Review* (Sept. 2001), 60 Harvard Way, Boston, Mass. 02163.

The man who gave us corporate re-engineering has a new idea. Call it the mating of the giant corporations.

The aptly named Hammer, head of the Hammer and Company consulting firm, was an early advocate of breaking down the walls between units of the corporation, “getting people to work together and share information,” thereby achieving new efficiencies—and costing many people their jobs. Now, he says, the time has come to break down walls that divide corporations from one another.

One company that has shown the way is IBM. In 1998, the company determined that it cost \$233 to handle each order it received from its corporate customers, in large part because an IBM sales representative handled each transaction. So IBM set up a new computer system that let customers place orders directly and track their progress through IBM. In effect, it collapsed the wall between its sales division and its customers' procurement offices. Both sides won, says Hammer. Companies that resell IBM products to others, for example, have been able to cut their own costly inventories of IBM products by 30 percent.

The Internet and other information technologies may enable the process Hammer describes, but “the more important innovation is the change in the way people think and

work. Rather than seeing business processes as ending at the edges of their companies, [they] now see them—and manage them—as they truly are: chains of activities that are performed by different organizations.”

It's not just a matter of streamlining. For example, when General Mills realized it was spending a lot of money sending partly empty refrigerated trucks carrying Yoplait yogurt and other products to many different stops, it looked around for a partner. It found one in butter and margarine maker Land O'Lakes. A sophisticated system of coordination now allows the dairy products to ride in General Mills trucks, which thus carry more goods on shorter routes. The savings have been so large that the two companies are now planning to integrate their order-taking and billing processes too. Hammer thinks that the entire balkanized U.S. trucking fleet is ripe for such collaborative efforts: At any given moment, 20 percent of the trucks on the road are traveling empty.

“It's natural for a company to get nervous about tearing down the walls that enclose its organization. . . ,” Hammer concludes. “But most companies were nervous about breaking down the walls between their internal departments and business units, too.” Workers, recalling the old saying about what happens when two elephants mate, may be nervous too.